The State Board of Higher Education met June 17, 2010, on the campus of North Dakota State University in the Memorial Union, Prairie Room. The board president called the meeting to order at 9:00 a.m. CT. Members present:

Mr. Richie Smith, President
Mr. Jon Backes, Vice President
Ms. Sue Andrews
Mr. Jon Backes
Mr. Duaine Espegard

Mr. Michael Haugen
Mr. Claus Lembke
Mr. Grant Shaft
Dr. Jon Jackson, Faculty Advisor

Staff members present:

Mr. William G. Goetz, Chancellor
Ms. Debra Anderson, Public Affairs & Marketing Director
Ms. Laura Glatt, Vice Chancellor for Administrative Affairs
Dr. Michel Hillman, Vice Chancellor for Academic & Student Affairs
Dr. Marsha Krotseng, Vice Chancellor for Strategic Planning/Executive Director of CTEC
Ms. Erika Lorenz-Perry, Secretary
Mr. Pat Seaworth, General Counsel
Mr. Randall Thursby, Chief Information Officer

Presidents and campus dean participating:

Dr. Larry Skogen, BSC by phone
Dr. Ken Grosz, DCB
Dr. Dick McCallum, DSU
Dr. Mike Bower, LRSC
Dr. Gary Hagen, MaSU

Dr. David Fuller, MiSU
Dr. John Richman, NDSCS
Dr. Richard Hanson, NDSU
Dr. Robert Kelley, UND
Dr. Steve Shirley, VCSU
Board President’s Report

Mr. Smith thanked Ms. Hadland, Dr. Jackson, and Ms. Andrews for their service on the board. He introduced new SBHE member, Kirstin Diederich, Senator Flakoll, and Senator Grindberg.

Chancellor’s Report

In reference to the NDUS Strategic Plan, Chancellor Goetz said the Board’s involvement and input resulted in a visionary, strategic plan. This effort has been very positive for the university system. He said the presidents’ goals and objectives have been tied to the strategic plan. He gave a brief overview of the task forces that have recently met. He said the community college awareness initiative has increased public awareness and understanding of community colleges. He said faculty led efforts to review general education requirements are underway and will ensure graduates have the skills and knowledge to be successful. Chancellor Goetz said the Lumina Foundation and the NDUS Adult Learners Council will address NDUS policies supporting the Non-Traditional No More effort. He said upcoming technology improvements include the data warehouse, system wide calendaring, and an updated NDUS Web site.

North Dakota Student Association (NDSA) Report

Mr. Andrew Brown, NDSA President, They will be working to raise awareness of NDSA on their campuses.

Council of College Faculties Report (CCF)

Dr. Jackson introduced Dr. Jake Glower, NDSU, as the new CCF President.

Elect a representative to the Centers of Excellence Commission

It was moved by Backes, seconded by Andrews, to elect Mr. Smith to the Centers of Excellence Commission for a term ending June 30, 2011. Andrews, Haugen, Lembke, Espegard, Hadland, Shaft, Backes, and Smith voted aye. The motion carried.
**Board Policy Manual Revisions**

*Introduction and first reading*

350.1 State Board of Agriculture Research and Education

*It was moved* by Andrews, seconded by Lembke, to table the introduction and first reading of amended Policy 350.1 State Board of Agriculture Research and Education until input from SBARE can be received regarding the proposed change. Lembke, Shaft, Haugen, Andrews, Hadland, Espedard, Backes, and Smith voted aye. The motion carried. EXHIBIT A

350.3 School of Medicine and Health Science Advisory Board; Reports
402 Delegation of Admission Authority
406.1 Academic Calendars

*It was moved* by Backes, seconded by Hadland to approve the introduction and first reading of new Policy 350.3 School of Medicine and Health Science Advisory Board; Reports, and amended Policies 402 Delegation of Admission Authority; and 406.1 Academic Calendars. Haugen, Espedard, Shaft, Andrews, Lembke, Hadland, Backes, and Smith voted aye. The motion carried. EXHIBITS B, C, D

*First reading and final adoption*

308.1 Code of Conduct
805.3 Application, Course, Program and Other Miscellaneous Fees
830.1 Student Payment Policy

*It was moved* by Andrews, seconded by Hadland to approve the first reading and final adoption of new Policy 308.1 Code of Conduct; and amended Policies 805.3 Application, Course, Program and Other Miscellaneous Fees; and 830.1 Student Payment Policy. Andrews, Shaft, Haugen, Hadland, Lemke, Espedard, Backes, and Smith voted aye. The motion carried. EXHIBITS E, F, G

Policy 340.2 Foundations
Some SBHE members indicated they have received concerns from foundations regarding proposed Policy 340.2 - Foundations. Mr. Seaworth said the Administrative Affairs Council reviewed and proposed the policy change related to financial statement information. Later, the policy was further amended based on feedback from the Chancellor’s Cabinet. Mr. Backes said he understands the concerns of the foundations, but with regard to the financial statement deadlines, he does not believe the State Auditor’s Office will continue to push back the financial statement timeline. Thus, in order for the NDUS to meet the required financial statement timelines, foundations will need to meet the proposed September 15th deadline. If not, he believes there will be a qualified opinion, so in his opinion there is no option on the financial statement related deadlines. Ms. Glatt pointed out that in order to meet the financial statement timelines for FY2010, the policy changes need to be adopted at this meeting so the foundations can appropriately schedule their work. Mr. Espegard said he understands the financial statement deadline requirements, but would like to see a consensus with the foundations on the remainder of the policy changes. Mr. Seaworth said he would work with the Cabinet and the foundations to get input on the other proposed amendments.

**It was moved** by Backes, seconded by Lembke, to approve an amendment of Policy 340.2 Foundations, which is limited to the recommended revision contained in section 3e which would state: “A requirement to provide the institution with GAAP-compliant financial statements, including separately reported current assets, noncurrent assets, current liabilities and noncurrent liabilities on the face of the financial statements and an annual GAAP audit of the foundation by September 15th each year for: 1. all entities considered component units of the NDUS under GASB 39, and 2. all other related organizations that are not component units, whose total assets exceed $1 million and total program expenses exceed $100,000, for the previous fiscal yearend;” and excluding all other sections. Hadland, Espegard, Andrews, Shaft, Lemke, Backes, and Smith voted aye. Haugen voted nay. The motion carried. EXHIBIT H

*Second reading and final passage*

402.1.1 Standardized Test Scores

402.2 Beginning Freshman Applicants - Baccalaureate Programs

402.1.2 Student Placement into College Courses
403.9 Developmental Courses

It was moved by Backes, seconded by Espegard to approve the second reading and final passage of amended Policies 402.1.1 Standardized Test Scores and 402.2 Beginning Freshman Applicants - Baccalaureate Programs; and new Policies 402.1.2 Student Placement into College Courses and 403.9 Developmental Courses. Shaft, Andrews, Espegard, Lembke, Haugen, Hadland, Backes, and Smith voted aye. The motion carried. EXHIBITS I, J, K, L

In response to a question from Mr. Shaft regarding system uniformity for the ACT and ACT writing requirements, Dr. Hillman explained that DSU is the only campus to require the writing portion, and current policy permits campuses the flexibility to not require the writing portion of the ACT. Mr. Shaft commented the state administered ACT does not include the writing component and the writing component can’t be taken separately. Dr. Hillman said he will ask the multi-agency committee that advises on the scholarship program, and assessments, to consider this as a part of the negotiations with ACT.

Budget, Audit, and Finance Committee Recommendations

Approve internal audit plan – Phase I

Mr. Backes gave an overview of the internal audit plan and said a risk assessment is needed to have a better understanding as to how the internal audit position(s) would work. The system office has consulted with an outside company for this assessment.

It was moved by Backes, seconded by Espegard, to approve Phase I of the internal audit plan. Andrews Haugen, Lembke, Espegard, Hadland, Shaft, Backes, and Smith voted aye. The motion carried. EXHIBIT M

In regards to a comment by Mr. Lembke regarding only one audit staff person being recommended instead of auditors at each campus as recommended by State Auditor’s Office, Mr. Smith said he feels the legislature is unwilling to fund the additional positions. Mr. Backes said without a risk assessment there is no way to know how many auditors will be needed. He believes, at a minimum, one more person at the system office is needed to coordinate the effort.
Approve FY2011 NDUS Office and SBHE budgets, including exception to SBHE FY2011 annual salary increase budget guidelines for the NDUS Office

It was moved by Backes, seconded by Espegard, to approve the FY2011 NDUS Office and SBHE budgets, including the exception to SBHE FY2011 annual salary increase budget guidelines for the NDUS Office to permit an overall average salary increase of less than five percent. Haugen, Espegard, Shaft, Andrews, Lembke, Hadland, Backes, and Smith voted aye. The motion carried. EXHIBIT N

Approve 2011-13 capital budget

It was moved by Backes, seconded by Shaft, to approve the 2011-13 capital budget, as recommended by the Chancellor.

Mr. Backes said the Budget, Audit, and Finance Committee reviewed the proposal but forwarded it to the full SBHE without recommendation, for full SBHE consideration. The SBHE discussed how the materials should be presented and communicated to the legislature to ensure there is a clear understanding of priorities. Ms. Glatt gave a brief overview of the SBHE policy which addresses the prioritization process for capital projects. She said the budget must be submitted to the OMB by July 15th.

Senator Tim Flakoll said he is cognizant of the SBHE role in the capital projects process. He said a combined ranking of all capital construction projects would be best, instead of within different categories.

Mr. Backes, with the consent of Mr. Shaft, withdrew his motion to approve the 2011-13 capital budget as recommended. Without objection, Mr. Smith announced that discussion and approval of the capital budget would be postponed until the June 24th SBHE meeting to allow additional time for SBHE consideration of priorities.

Approve TIAA-CREF 403(b) plan universal availability
Mr. Backes said the proposed change would make the 403(b) plan available to all university system employees, including student employees and those that work fewer than 20 hours per week.

**It was moved** by Backes, seconded by Espegard to approve the TIAA CREF 403(b) plan universal availability for all employees. Lembke, Shaft, Haugen, Andrews, Hadland, Espegard, Backes, and Smith voted aye. The motion carried.

**Financial and Facility Consent Agenda**

**It was moved** by Andrews, seconded by Hadland, to approve the following financial and facility consent agenda requests:

- Ratify Chancellor’s interim authorization to seek Budget Section approval for a change in cost and scope of the DCB Entrepreneurial Center for Horticulture (ECH) project from $2.0 million to $700,000, to be funded from federal ($350,000) and private ($350,000) grants; further, SBHE authorize DCB to proceed with construction, contingent on Budget Section approval.

- Ratify the Chancellor’s interim approval authorizing DSU an increase of $200,000 for the Stickney Hall Renovation Project from $1,033,000 to $1,233,000 with the $200,000 increase to be funded from 2009-2011 state general fund deferred maintenance funding; further, SBHE authorization to proceed with the project.

- Approve DSU request to proceed with a staged lighting/paving project at the parking lot on West Campus supporting the Agriculture Building, the Indoor/Outdoor Arenas, and the Badlands Activities Center at an estimated cost of $400,000 funded from 2009-2011 state general fund deferred maintenance funding.

- Ratify Chancellor’s interim action authorizing MaSU to increase the Science – Library Renovation and Education Addition project authorization by $180,000 to a total of $5,138,328 to be funded from 2009-2011 deferred maintenance funds, as needed; and furthermore, to seek Budget Section authorization of a change in project scope consistent with NDCC 48-01.2-25; further, SBHE to proceed with the project, contingent on Budget Section approval.
• Approve MaSU request to proceed with Old Main building improvements at an estimated cost of $400,000 to be funded from the 2009-11 campus deferred maintenance appropriation.

• Approve MiSU request to proceed with landscape improvement project for $301,350, paid for with $150,000 from the 2007-2009 biennium state general fund capital carryover funds, and $151,350 local institutional funds ($38,821 from the sale of bookstore inventory, and $112,529 interest income).

• Ratify the Chancellor’s interim action authorizing MiSU to seek Budget Section approval to increase authorized cost of Phase I of the Health & Wellness Center project from $10,924,000 to $12,770,000, and following Budget Section approval authorize MiSU to proceed with the project to be funded from $1,305,000 in institutional funds and $541,000 from private funds collected over a period of years; however, should the private funds not materialize as noted, MiSU would utilize institutional reserves for the balance, if needed.

• Approve NDSCS request for approval to terminate the Skills & Technology Training Center Partnership Agreement with NDSU.

• Approve NDSU request to name the research arboretum at the North Dakota Ag Extension Service (NDAES) Absaraka Horticultural Research Site the Dale E. Herman Research Arboretum.

• Ratify Chancellor’s interim action permitting NDSU Forest Service to seek Budget Section approval for an increase in authorization for the North Dakota Forest Service to construct a Greenhouse at the Towner State Nursery by $91,000 from $300,000 to $391,000 to be funded from income carryover; further, SBHE approval to proceed with the project, contingent on Budget Section approval

• Ratify Chancellor’s interim action authorizing NDSU to seek Budget Section approval to accept and spend grant/contract funds for the construction of an addition to the Research I facility, including equipping costs, of $29,361,750; further, SBHE authorization to proceed with Phase I construction ($9,011,750) and $13,700,000 in equipment to be moved from Research 2, contingent on Budget Section approval.
• Approve NDSU request to increase the project authorization and scope on the Heating Plant Generator Upgrade by $274,000 from $826,000 to $1,100,000 to be funded from $109,000 in 2009-2011 deferred maintenance funds and $165,000 in utility sales; further, SBHE authorization to proceed.

• Approve NDSU request for authorization to seek and accept funding from the ND Department of Commerce /DCS ARRA Energy Efficiency Improvement Program for State Facilities in the approximate amount of $1,000,000, further, SBHE authorization to proceed.

• Approve NDSU request for the North Dakota Forest Service to proceed with an exchange of state forest land with private landowners and to sell state forest land to the State Historical Society of North Dakota per N.D.C.C. 4-19-08 and the attached agreement.

• Ratify Chancellor’s interim action to authorizing UND to proceed with modifications to the existing EERC research building to accommodate installation of a temporary hydrogen generation and refueling station at an estimated cost of $700,000 funded by EERC research funds.

• Ratify Chancellor’s interim action authorizing UND to seek Budget Section approval, under NDCC 48-01.2-25, for the link and renovations to the Northern Plains Center for Behavioral Research and the adjacent College of Nursing Building, including the construction of a building link, or skywalk, joining the third floors of the two facilities together at a cost of $409,000 to be funded from $169,326 appropriated funds (general fund and tuition income) and $239,674 local departmental institutional funds; further, SBHE authorizes UND to proceed with the project contingent on Budget Section approval.

• Approve UND request to proceed with mechanical/electrical improvements to the Steam Plant in the amount of $425,000 to be funded from steam plant replacement funds derived from steam sales.

• Approve UND request to proceed with mechanical and electrical maintenance, including replacement of the chiller at the Chester Fritz Auditorium in the amount of $350,000 to be funded from 2009-2011 state general fund deferred maintenance funds.
• Approve UND request to proceed with general renovation work including electrical and mechanical upgrades and chiller replacement to the Chester Fritz Library in the amount of $649,000 funded from 2009-2011 state general fund deferred maintenance funds.

• Approve UND request to proceed with renovation in the amount of $2,031,000 to space that will be leased from the Department of Defense and located on the Grand Forks Air Force Base to be funded from a Centers of Excellence Enhancement Grant for Unmanned Aerial System.

Shaft, Andrews, Espegard, Lembke, Haugen, Hadland, Backes, and Smith voted aye. The motion carried.

**It was moved** by Shaft, seconded by Espegard, to:

• Ratify the Chancellor’s interim action authorizing UND to seek Budget Section authorization to proceed with renovations to the EERC Building 184 at an estimated cost of $1.9 million and further, proceed with project, contingent upon Budget Section approval.

Andrews, Haugen, Lembke, Espegard, Hadland, Shaft, Backes, and Smith voted aye. The motion carried.

Responding to a question from Mr. Shaft regarding multiple funding sources, Mrs. Brekke said when the EERC does research work there can be movement in the funding due to different partners. The split between the sponsor’s funding may change due to the research being done. Ms. Glatt suggested combining private and federal and funds into one sum. Ms. Brekke said there may be movement between private, federal, and local funding. Ms. Brekke said the challenge with a research project is timely revisions due to the research being done. Ms. Glatt noted that typically the funding source is spelled out very specifically.

**It was moved** by Backes, seconded by Shaft, to approve the following facilities and financial consent agenda items:

• Approve VCSU request under SBHE Policy 910.1 to amend a lease agreement for private development on campus land to authorize the Valley City/Barnes County
Economic Development Corporation to construct a new building or addition to its Tech Park.

- Ratify Chancellor’s interim action authorizing VCSU to seek Budget Section approval to change the funding sources for the renovation of Snoeyenbos Hall from $3.5 million revenue bonds to $3,430,000 revenue bonds and up to $70,000 local institutional funds; SBHE authorization to proceed with renovation of Snoeyenbos Hall at cost not to exceed $3,500,000, contingent on Budget Section approval; and, request approval of the Resolution Approving the Issuance of Not to Exceed $3,500,000 State Board of Higher Education of the State of North Dakota, Valley City State University, Housing andAuxiliary Facilities Revenue Bonds.

- Approve VCSU request to proceed with five improvement projects impacting the interior and exterior of Vangstad Hall at an aggregate estimated cost of $461,800 to be funded from $387,000 State Capital Asset Appropriations, $37,400 existing Student Technology Fee revenue, $37,400 tuition revenue.

- Approve joint powers agreement between SBHE and Valley City Public Schools relating to operation and maintenance of VCSU Lokken Field. EXHIBIT O

- Approve VCSU request for authorization to proceed with a fundraising campaign in the amount of $700,000 for the installation of artificial turf at Lokken Field to support project total estimated cost of $880,000. VCSU intends to also utilize $180,000 in 2009-2011 deferred maintenance in support of the project.

- Approve WSC request to proceed with construction of Science Addition to Stevens Hall at an estimated cost of $2,200,000 to be funded from $1,610,000 in State general funds and $590,000 in private funds from the WSC foundation; further, require that all foundation funding be available (or guaranteed by the Foundation) prior to construction.

Espegard, Shaft, Haugen, Hadland, Lembke, Andrews, Backes, and Smith voted aye. The motion carried.

**Academic Consent Agenda**

**It was moved** by Espegard, seconded by Lembke, to approve the following academic consent agenda requests:
• Approve BSC request to terminate A.A.S. and P.C. in Basic Hotel Management
• Approve BSC request to terminate A.A.S. in Basic Restaurant Management
• Approve BSC request to terminate A.A.S. in Hospitality Management
• Approve DCB request to offer a Program Certificate in College Studies to be offered both traditionally and at a distance
• Approve NDSCS request to offer A.A.S in Dental Assisting
• Approve NDSU request to offer Ph. D. in Psychological Clinical Science
• Approve NDSU request for an Institutional organizational change from Department of Sociology, Anthropology, and Emergency Management to Department of Sociology and Anthropology and to Department of Emergency Management
• Approve NDSU request to offer new program in Master of Natural Resources Management
• Approve UND request to terminate Minor in Business Education Teaching
• Approve UND request to terminate Minor in Secretarial Administration
• Approve UND request to offer M.Ed. in English Language Learners (ELL) Education both traditionally and at a distance
• Approve UND request to offer Graduate Certificate in ELL Education both traditionally and at a distance
• Approve UND request to offer Graduate Certificate in Community Based-Literacy as Applied Linguistics
• Approve VSCU request to offer a Graduate Certificate in Library and Information Technologies both traditionally and at a distance
• Approve VSCU request to offer a Graduate Certificate in Teaching English Language Learners both traditionally and at a distance
• Approve VSCU request for Institutional Organizational Change: Great Plains STEM Education Center
• Approve WSC request for an Institutional Organizational Change from Great Northwest Career and Technical Education Center (GNCTEC) to Northwest Area Career and Technology Center
Haugen, Espegard, Shaft, Andrews, Lembke, Hadland, Backes, and Smith voted aye. The motion carried.

In response to a question from Mr. Espegard regarding review of academic programs, Chancellor Goetz said that the academic requests are reviewed thoroughly by the AAC and the Chancellor’s Cabinet. These groups discuss duplication and program quality. He said he sent a request for a Master’s in Public Health at NDSU and UND back to the institutions for further review of collaboration.

**Personnel Agenda**

*Approve appointment of Ms. JoAnn Rodenbiker to the North Dakota State Board of Agriculture Research and Education*

*It was moved* by Lembke, seconded by Hadland, to approve the appointment of Ms. JoAnn Rodenbiker to the North Dakota State Board of Agriculture Research and Education for a term ending July 1, 2014. Lembke, Shaft, Haugen, Andrews, Hadland, Espegard, Backes, and Smith voted aye. The motion carried.

*Approve appointment of Mr. Paul Langseth to the North Dakota State Board of Agriculture Research and Education*

*It was moved* by Backes, seconded by Andrews, to approve the appointment of Mr. Paul Langseth to the North Dakota State Board of Agriculture Research and Education for a term ending July 1, 2015. Espegard, Shaft, Haugen, Hadland, Lembke, Andrews, Backes, and Smith voted aye. The motion carried.

*Approve appointment of Mr. Mike Belz to the North Dakota State Board of Agriculture Research and Education*

*It was moved* by Espegard, seconded by Hadland, to approve the appointment of Mr. Mike Belz to the North Dakota State Board of Agriculture Research and Education for a term ending July 1, 2014. Hadland, Espegard, Andrews, Haugen, Shaft, Lembke, Backes, and Smith voted aye. The motion carried.
Approve appointment of Mr. Doyle Lentz to the North Dakota State Board of Agriculture Research and Education

It was moved by Espegard, seconded by Hadland, to approve the appointment of Mr. Doyle Lentz to the North Dakota State Board of Agriculture Research and Education for a term ending July 1, 2014. Shaft, Andrews, Espegard, Lembke, Haugen, Hadland, Bakes, and Smith voted aye. The motion carried.

Major Policy Discussions & Special Reports

Presentation on NDSU Research-"Public-Private" Partnership

Dr. Philip Boudjouk, Vice-President of Research, Creative Activities and Technology Transfer, gave an overview of research at NDSU and said NDSU ranks 39th out of 554 US research universities without a medical school. Dr. Boudjouk said the NDUS system is entrepreneurial in nature. The Centers of Excellence program is a unique program and the private sector partnerships fall under six centers: ND Economic Development Centers of Excellence programs (ED-COE), Center for Nanoscale Science and Engineering (CNSE), Center for Nanoscale Energy-Related Materials (CNERM), Bio-Energy and Product Innovation Center (BioEPIC), and Center for Computationally Assisted Science and Technology (C-CAST). Dr. Boudjouk said research at NDSU has grown from $44.6 million in 1999 to over $114.2 million in 2009. Senator Grindberg gave an overview of the technology/research park, some of its partnerships, and its mission.

In response to a question from Ms. Andrews regarding needs for future growth, Dr. Boujdouk responded a plateau has been reached because most of the research university peers are much larger than NDSU in numbers of research faculty. He suggested the next stage may be to increase the numbers of research faculty and begin bringing in faculty who have proven ability to generate research funding.

Annual report of the North Dakota Higher Education Consortium for Substance Abuse Prevention

Dr. Hillman introduced Ms. Jane Vangness, Director of the North Dakota Higher Education Consortium for Substance Abuse Prevention. Ms. Vangness said the North Dakota Higher
Education Consortium for Substance Abuse Prevention (NDECSAP) is a system initiative under the guidance of the Student Affairs Council. NDECSAP’s goal is to promote students’ safety and success. The consortium ensures compliance with federal regulations, advocates for prevention policies, and provides assistance to campuses. She said the consortium has representation from all 11 campuses as well as Jamestown College and is hoping to add a graduate research assistant. Work by the consortium has resulted in increased campus networking, a single point of contact for higher education, partnering on state and national levels, and the ability to apply for research and grants. Ms. Vangness said alcohol is the drug of choice on campuses, but the high risk use of alcohol is slowly declining. The consortium was awarded a $326,000 grant from the US Department of Education to provide late night, alcohol-free programming, on-line alcohol education for first year students, and prevention as indicated to students at high risk for alcohol related problems. Core drug and alcohol numbers, student surveys, and the number of alcohol related infractions will be used to evaluate the effectiveness of the grant activities.

Presentation of 2008-09 Tuition Discount Report
Ms. Glatt reported the university system provided $27 million in tuition discounts; however, students receiving a discount paid $16 million in tuition, $10 million for on-campus housing and meal plans, and $6 million in mandatory fees. She said discounts were provided to 7,707 students; half of those discounts were given to North Dakota residents. North Dakota students paid less tuition than non-resident students.

In response to a question from Mr. Backes regarding nonresident students staying in North Dakota, Ms. Glatt responded it is difficult to track foreign students because they do not have social security numbers. Dr. Hillman said approximately 40% of non-resident students, which includes both students that received and did not receive a waiver, were still in the state one year after graduation.

Dr. Jackson commented that non-resident graduates become part of a global “network” in recruiting foreign students.

Update on UND SOMHS Bismarck Center for Family Medicine
Ms. Alice Brekke gave an update on the Bismarck Center for Family Medicine. The legislature appropriated $5.4 million for this project, which originally included funds for the purchase of land. Since that time, a site option, that met all the project needs, became available for a 50-year, $1 lease. There will be some site development costs, but those are unknown at the present time. UND will be giving an update to the Budget Section in June.

A**pprove presidents’ objectives for 2010-11**

Chancellor Goetz said he has had numerous conversations with the presidents regarding their objectives which have quantitative, measurable goals tied to the strategic plan. He said the GoalShare program is being used which will add consistency.

In response to a question from Mr. Backes regarding campus-specific issues, Chancellor Goetz said he will review these issues, along with financial reports to the system office, on an individual basis.

Mr. Haugen said he would like to see more specific terminology rather than “start” and “create.” He thinks it would be easier for the Chancellor to do evaluations if tighter goals were established.

**It was moved** by Espegard, seconded by Hadland, to approve the presidents’ objectives for 2010-11. Andrews, Haugen, Lembke, Espegard, Hadland, Shaft, Backes, and Smith voted aye. The motion carried.

**Chancellor’s objectives for 2010-11**

Mr. Smith said the chancellor’s objectives are aggressive goals but he would like to see the objectives structured more like the strategic plan. Mr. Espegard said he would like to see more specific and measurable objectives. Chancellor Goetz said his position is very broad and it is very difficult for him to enter quantifiable outcomes. Mr. Backes said he is happy to see increased communication between system office and campuses as one of the goals. In regards to a question from Mr. Espegard regarding the evaluation of this goal, Mr. Smith said the Board can
talk to presidents at meetings to determine if the increased communication is being achieved. Several board members stated the chancellor’s objectives should have more specific outcomes.

It was moved by Espegard, seconded by Hadland, to approve the Chancellor’s objectives for 2010-11. Backes and Smith voted aye. Haugen, Espegard, Shaft, Andrews, Lembke, and Hadland noted nay. The motion failed.

Chancellor Goetz said his objectives are structured according to the strategic plan and it is difficult to quantify the objectives and work a chancellor does on a day-to-day basis, but he will review the objectives and resubmit them to the Board in September.

Approve 2010-11 campus presidents’ contracts
Chancellor Goetz gave an overview of the recommended presidents’ salaries. He said there have been large differences between the presidents’ salaries and those at peer institutions, but progress was made over the past few years to bring salaries into alignment with peers. The current salary range has not been updated since 2009. The average overall increase for all presidents combined is 1.58% with a range from 1% to 2.75%. Chancellor Goetz said he used the matrix and salary ranges as recommended by the Executive Compensation Task Force in submitting these salary increase recommendations.

It was moved by Shaft, seconded by Espegard, to approve the 2010-11 campus presidents’ contracts. Shaft, Haugen, Andrews, Hadland, Espegard, Backes, and Smith voted aye. Lembke voted nay. The motion carried. EXHIBIT P

Approve 2010-11 Chancellor’s contract
Mr. Smith said Chancellor Goetz’s salary is somewhat low in the salary range and, as a result, he is recommending a 2.75% increase. Mr. Espegard said the matrix showed that Chancellor Goetz is below the range and should be compensated appropriately due to the service he has provided.

It was moved by Backes, seconded by Espegard, to approve the Chancellor’s 2010-11 contract with an annual salary of $213,720, an additional $11,000 annual vehicle allowance and an annual
$20,000 housing allowance. Espegard, Shaft, Haugen, Hadland, Lembke, Andrews, Backes, and Smith voted aye. The motion carried.

Review annual accountability report
Ms. Glatt, Dr. Hillman and Dr. Krotsgn provided an overview of the 2009 annual accountability report. Chancellor Goetz said the accountability report shows quantitative results as to what is taking place on campuses and the good job campus presidents are doing.

It was moved by Backes, seconded by Shaft, that the SBHE accept the annual accountability report for 2009. Hadland, Andrews, Haugen, Shaft, Lembke, Backes, and Smith voted aye. Espegard was absent. The motion carried.

Approve new NDUS Strategic Plan objectives 3.11 and 3.12
Dr. Krotsgn said the two new objectives regarding research commercialization and entrepreneurship were requested by the SBHE at the retreat in May. She said the vice-presidents for research at UND and NDSU had input on the objectives which are now more quantifiable. In regards to a question from Mr. Smith regarding increasing the number of students by a specific number or percentage, Dr. Krotsgn responded that this issue was given consideration in developing this objective. The research vice presidents are creating a matrix consisting of a number of performance measures that will be monitored in the area of research commercialization.

It was moved by Haugen, seconded by Hadland, to approve the NDUS Strategic Plan objectives 3.11 and 3.12. Shaft, Andrews, Espegard, Lembke, Haugen, Hadland, Backes, and Smith voted aye. The motion carried.

College and university presidents’ briefings
Dr. Bower said that he has received many comments regarding the high quality of marketing for the two-year colleges.

Public Comment
Ms. Janice Hoffart and Ms. Janine Trowbridge, North Dakota Staff Senate, addressed the SBHE and requested non-voting representation on the SBHE for the Staff Senate. Responding to a question from Mr. Backes regarding staff senates, Ms. Trowbridge said that each campus has a staff senate but each senate is unique.

Mr. Smith said the SBHE will meet at 10:00 a.m. on June 24th at VCSU to consider the capital budget.

Ms. Glatt will send out a list of ranked projects from results received from SBHE members.

The meeting adjourned at 3:03 p.m.

[Signature] [Signature]
Executive Secretary  President

9/16/10
Date
SUMMARY AND RECOMMENDATION
INTRODUCTION AND FIRST READING
AMENDED SBHE POLICY 350.1 AND
NEW SBHE POLICY 350.3

Summary

SBHE Policy 350.1 concerns the State Board of Agricultural Research and Education (SBARE). The policy implements chapter 4-05.1 of the North Dakota Century Code, which provides for appointment of SBARE members and establishes SBARE duties and responsibilities. Consistent with powers and duties of the SBHE set out in the state constitution, SBARE responsibilities – according to chapter 4-05.1 – are subject to policies of the state board of higher education. SBHE members have asked that NDSU and SBARE officers report annually to the SBHE regarding SBARE functions and the chancellor has communicated that request. A recommended amendment to Policy 350.1 codifies that requirement.

The UND School of Medicine and Health Sciences Advisory Council is established under NDCC section 15-52-03 and Advisory Council duties are enumerated in NDCC section 15-52-04. The SBHE Policy Manual lacks a policy recognizing the Advisory Council and duties and responsibilities of that group. That will be rectified in new SBHE Policy 350.3. Consistent with the proposed amendment to Policy 350.1 and recent SBHE member requests regarding regular Advisory Council reports, Policy 350.3 includes a requirement that the SOMHS dean and Advisory Council chair shall at least annually report to the SBHE regarding the work of the Advisory Council.

The chancellor’s cabinet reviewed these policies at a recent meeting and I have visited with NDSU and UND officials regarding the policies. The presidents and other officials support the recommended policies.

Recommendation

I recommend the SBHE adopt the following motion:

“That amendments to SBHE Policy 350.1 and new SBHE Policy 350.3 as shown on the attached drafts are approved on introduction and first reading.”

[Signature]

William Goetz, Chancellor

Date of Meeting: June 17, 2010
POLICY

1. The State Board of Agricultural Research and Education (“SBARE”) is constituted pursuant to NDCC ch. 4-05.1. The State Board of Higher Education shall make appointments to SBARE in accordance with that chapter.

2. Subject to provisions of the state constitution granting to the State Board of Higher Education full control over and supervision of North Dakota State University and the agricultural experiment station and policies of the Board, Board invests SBARE with the responsibilities set forth below for budgeting, supervision, and policy-making responsibilities associated with the agricultural experiment station and extension service. In discharging its statutory responsibilities, SBARE shall:

   A. In concert with the experiment station director, extension service director and the NDSU vice president for agriculture and president and subject to guidelines and procedures established by the Board and chancellor, develop an annual budget and a biennial budget request for the operation of the experiment station and extension service;

   B. Develop ongoing strategies for, and make recommendations to the experiment station director, extension service director, NDSU vice president for agriculture and president, chancellor and Board concerning the provision of research solutions to negate adverse economic impacts on crops and livestock produced in this state;

   C. Make available financial resources, equipment and facilities to implement strategies developed under subparagraph B of this policy, subject to approval of the Chancellor or Board and, in concert with the experiment station director, extension service director and NDSU vice president for agriculture and president, maximize the use of existing financial resources, equipment and facilities to generate the greatest economic benefit from research efforts and to promote efficiency;

   D. Annually evaluate the results of research activities and expenditures and report the findings to the legislative council and Board;

   E. Advise NDSU officials regarding the recruitment and selection of the vice president for agriculture, experiment station director and extension service director; and

   F. Advise the director of the extension service regarding the dissemination of research information and the best practices for management of the extension service.
3. The NDSU president and vice president for agriculture and the experiment station director shall serve as members of SBARE and shall assist SBARE in carrying out its duties and responsibilities. The NDSU president shall ensure that representatives of SBARE are involved in recruitment and selection of the vice president of agricultural affairs, the experiment station director and extension service director.

4. NDSU may, consistent with this policy and Policy Section 305.1, adopt additional policies necessary to implement NDCC ch. 4-05.1.

5. At least annually, the NDSU president and vice president for agriculture, with the SBARE chair, shall report to the Board regarding SBARE duties and responsibilities, including its report to the budget section, activities, recommendations, annual budget and development of biennial budget request.

REFERENCE: N.D. const. art. VIII, Section 6; NDCC ch. 4-05.1

Amendment SBHE Minutes, October 28, 1999.
Amendment SBHE Minutes, June 16, 2000.
NORTH DAKOTA STATE BOARD OF HIGHER EDUCATION
POLICY MANUAL

SUBJECT: GOVERNANCE AND ORGANIZATION   EFFECTIVE: 

Section: 350.3 School of Medicine and Health Sciences Advisory Board; Reports

POLICY

1. The UND School of Medicine and Health Sciences is under the administrative authority of the UND president. The UND School of Medicine and Health Sciences Advisory Council is established under NDCC section 15-52-03 and Advisory Council duties are enumerated in NDCC section 15-52-04.

2. UND and UND SOMHS officials shall collaborate with other agencies, associations and institutions represented on the Advisory Council and assist the Council in studying and making recommendations regarding a UND SOMHS strategic plan and UND SOMHS programs and facilities.

3. As stated in NDCC section 15-52-04, a biennial report of the Advisory Council shall be submitted to UND and other entities represented on the Advisory Council and the legislative council.

4. At least annually, the SOMHS dean and Advisory Council chair shall report to the Board regarding the work of the Advisory Council and its studies and recommendations, SOMHS response to Advisory Council studies and recommendations, the SOMHS strategic plan and progress on strategic plan goals and objectives and related matters.

5. In order to have timely recommendations for biennial budget preparation, the SOMHS, in consultation with the Advisory Council, shall submit its biennial report and budget request to the SBHE in or before February of each even-numbered year. The budget request should support the SOMHS strategic plan directions and address Advisory Council recommendations regarding programs and facilities.

REFERENCE: NDCC ch. 15-52

HISTORY: New Policy.
SUMMARY AND RECOMMENDATION
INTRODUCTION AND FIRST READING
AMENDED SBHE POLICY 402

Summary

SBHE Policy 402 delegates to the institutions general authority to adopt policies and procedures governing admission. Although institution officers and employees have broad discretion under this delegated authority to establish standards and rules governing admission (relative both to general admission and admission to specific programs), it is important that all institutions have uniform practices regarding data collection and information required on all student applications. For federal and state reporting, tracking student progress and success and for other valid reasons, it is critical that all institutions require certain information from all students and that common definitions apply.

The academic and student affairs councils recommend an addition to Policy 402 stating that all institutions shall use a common undergraduate application and a common graduate admission application. It should be noted that the amended policy does not restrict institution authority to supplement or add to the NDUS applications in order to request additional information not solicited on the common NDUS forms. Institutions are using supplemental application materials now and they may continue doing so, in addition to a common NDUS application form.

The chancellor’s cabinet reviewed the policy at a June 2, 2010 meeting and presidents support the recommendation.

Recommendation

I recommend the SBHE adopt the following motion:

“That amendments to SBHE Policy 402 as shown on the attached draft are approved on introduction and first reading.”

[Signature]
William Goetz, Chancellor

Date of Meeting: June 17, 2010
1. The Board delegates to the institutions authority to adopt policies and procedures governing admission of students to the institutions and programs consistent with Board policy.

2. Admission decisions must be consistent with federal and state laws and Board policy regarding nondiscrimination.

3. In addition to other authority delegated under Policies 402.1 and 402.2 or other policies, institutions may adopt policies and procedures restricting admission or readmission based on a determination that a person is a threat to the safety or security of the campus community, other people or property. Institution policies or procedures shall include criteria for making such determinations and a process for appeal or reconsideration.

4. The chancellor shall approve and all North Dakota University System institution shall use a common undergraduate application and a common graduate admission application.

Amendment, SBHE Minutes, June 17, 2004.
SUMMARY AND RECOMMENDATION
INTRODUCTION AND FIRST READING
AMENDED SBHE POLICY 406.1

Summary

SBHE Policy 406.1 mandates a common academic calendar for the NDUS. As part of the common calendar, the policy establishes common add, drop and withdrawal dates. However, language establishing the common add, drop and withdrawal dates does not include clear guidance regarding required transcript entries resulting from course drops or withdrawals. Consequently, there is a lack of uniform, consistent practices.

Following much discussion, the academic and student affairs councils recommend amendments to establish explicit rules requiring uniform practices regarding transcript entries. The intent is that a course drop or withdrawal by one student will result in the same transcript entry as an equivalent drop or withdrawal by another student at the same or other NDUS institution.

The chancellor’s cabinet reviewed the policy at a June 2, 2010 meeting and presidents support the administrative affairs council recommendation.

Recommendation

I recommend the SBHE adopt the following motion:

“That amendments to SBHE Policy 406.1 as shown on the attached draft are approved on introduction and first reading.”

William Goetz, Chancellor

Date of Meeting: June 17, 2010
NORTH DAKOTA STATE BOARD OF HIGHER EDUCATION
POLICY MANUAL

SUBJECT: ACADEMIC AFFAIRS

EFFECTIVE: June 19, 2008

Section: 406.1 Academic Calendars

1. Except for the School of Medicine and Law, University system institutions shall operate under a common academic year calendar approved by the Chancellor. The Chancellor shall approve academic year calendars at least two years in advance and may approve a perpetual calendar.

2. Academic year calendars must include at least 160 class days, including test days, but excluding class holidays and days reserved for orientation, registration and commencement. Institutions may designate one class day before finals each semester as a reading/review day.

3. Academic year calendars are subject to the following additional guidelines:
   a. Class holidays are Labor Day, Veterans’ Day, Thanksgiving Day and the Friday following, Martin Luther King Day, Presidents’ Day, and the Friday before and Monday following Easter Sunday;
   b. Fall semester ends before Christmas;
   c. There is at least a two week break, including Christmas and New Year’s Day, between Fall and Spring semesters;
   d. There is a one week Spring semester break beginning the Monday following 40 class days;
   e. Finals week begins on a Monday unless a campus identifies the penultimate Friday of the semester as a reading/review day, in which case final exams may begin on the Saturday following the Friday reading/review day;
   f. Campuses may identify programs that shall continue to hold class meetings during finals week; and
   g. For a standard 16 week semester, the last day to add or drop a course without a record is the 10th calendar day in the fall term and the 11th calendar day in the spring term. For course drops or institutional withdrawals after the 10th calendar day in the fall term or 11th calendar day in the spring term but not later than the last business day of the 12th week of class, a “W” shall be recorded. The last day to withdraw without having grades entered is the last class day of the 12th week of classes. Add, drop and withdrawal dates for summer terms or other sessions not 16 weeks in length shall be proportionate to the standard 16-week term. Registration day is the first day of a standard 16-week academic term. Grades reported at the end of the term shall include those of students who fail to drop the course or withdraw from the institution according to the dates listed above. Requests for reconsideration or appeals and exceptions to these requirements, based on hardship or other good cause, shall be
addressed following established institutional procedures.

4. Campuses may adjust course meeting schedules when the holiday schedule differentially affects courses that meet once a week.

**HISTORY:**  
New policy. SBHE Minutes, June 8-9, 1983, pg 5143.  
Amendment SBHE Minutes, September 24-25, 1987, pg 5632.  
Amendment SBHE Minutes, September 12-13, 1989, pg 5891.  
Amendment SBHE Minutes, April 17, 1998, pg 6874.  
Amendment SBHE Minutes, June 19, 2008.
SUMMARY AND RECOMMENDATION
INTRODUCTION AND FINAL ADOPTION
NEW SBHE POLICY 308.1

Summary

In response to fraud cases such as Enron and Worldcom, a new Statement of Auditing Standard 109 was adopted in 2006. SAS 109 requires that auditors assess the control environment and risk of material misstatement of an organization’s financial statements when performing an audit. In doing so, auditors must review such things as management philosophy, integrity and ethical values of management and governing boards and relevant operating policies, procedures and training. As a result of SAS 109, the SAO office has since 2006 focused more on review of areas such as fraud awareness training, codes of conduct and structures of accounting and internal audit departments. In 2008 and 2009 audits, the SAO recommended several steps to increase awareness of risk and minimize risk and related potential fraud. The NDUS and its institutions have already taken action responsive to several recommendations and other steps are underway. For example, the NDUS now has a fraud hotline, there is fraud awareness training for NDUS employees and NDSU and UND internal audit staff reporting has been re-aligned.

One SAO recommendation is that the SBHE and NDUS institutions adopt a comprehensive Code of Conduct. Responding to that recommendation, the administrative affairs council recommends a new SBHE Policy 308.1, setting forth a Code of Conduct for the SBHE and university system. The code is consistent with the Committee of Sponsoring Organization of the Treadway Commission (COSO) standards. The policy includes a requirement that the system office and each institution adopt an equivalent code of conduct and new employees must agree to comply with the code. In addition, all “benefitted” employees (generally, employees employed in regular positions at least one-half time) must annually certify that they have reviewed and agree to comply with the code.

The academic and student affairs councils had an opportunity to comment on Policy 308.1. The chancellor’s cabinet reviewed the policy at a June 2, 2010 meeting and presidents support the administrative affairs council recommendation. In order to implement the code without delay, it is recommended that the SBHE waive the second meeting requirement and immediately approve the recommended policy.

Recommendation

I recommend that according to SBHE Policy 330, the SBHE waive the second meeting requirement and immediately approve second reading and final adoption of attached new Policy 308.1 following introduction and first reading, effective immediately.

William Goetz, Chancellor

Date of Meeting: June 17, 2010
1. Introduction and Application.

This Officer and Employee Code of Conduct governs the State Board of Higher Education and its members and establishes minimum standards for all NDUS officers and employees. The Board and entire NDUS are committed to uphold the highest ethical and professional standards. All Board members and NDUS officers and employees must, at all times, comply with all applicable laws, regulations, policies and procedures. Activities that achieve results unlawfully or in violation of applicable policies or procedures or by unethical behavior - including, but not limited to, payments for illegal acts, indirect contributions, rebates, or bribery - are not tolerated and must be reported. All conduct must meet or exceed minimum standards established by law.

The Board has established its Beliefs and Core Values in SBHE Policy 100.5 and in SBHE Policy 100.6, the Board sets forth Authority and Responsibility of the Board, including its Guiding Principles. SBHE Policies 100.5 and 100.6 establish a foundation or framework for Board action and conduct of its members and NDUS officers and employees; this Code of Conduct reinforces and supplements those policies.

2. General Conduct.

The Board supports an environment that is free of discrimination or harassment. All Board members, officers and employees are expected to conduct themselves in a businesslike manner. Unlawful consumption of alcoholic beverages or use of illegal drugs, being at work while under the influence of alcohol or drugs, disruptive behavior, unlawful gambling, unauthorized use of public property or resources and other unauthorized activities that disrupt the efficient and economical administration of the NDUS, are prohibited. Violation of applicable laws or policies governing possession and use of alcoholic beverages or drugs, including the Drug Free Workplace Act, SBHE Policy 615 or applicable system office or institution policies, are prohibited. Likewise, sexual or other harassment (including actions contributing to a hostile work environment) in violation of federal or state law or SBHE Policy 603.1, is prohibited.

3. Conflicts of Interest.

All Board members, officers and employees are expected to perform their duties conscientiously, honestly, and in accordance with the best interests of the NDUS. All Board members, officers and employees must comply with applicable federal and state laws. Board members, officers and employees may not unlawfully use their position or the knowledge gained as a result of their position for private or personal advantage. All Board members, officers and employees are responsible for their own actions. Any individual who has concerns or questions regarding a perceived or potential conflict or regarding application or interpretation of federal or state law or SBHE policy is encouraged to communicate with a superior or with legal counsel.
4. Outside Activities and Employment.

Board members, officers and employees share responsibility for good public relations, especially at the community level. Their readiness to help with religious, charitable, educational, and civic activities brings credit to the NDUS and is encouraged. However, officers and employees must comply with applicable federal and state laws, policies in Section 611 of the SBHE Manual and related system office and institution polices. At all times, employees must avoid outside activities that create an excessive demand upon their time and attention, thus depriving the NDUS of their best efforts in fulfilling their job duties or that create a conflict of interest, or an obligation, interest, or distraction that interferes with the independent exercise of judgment in the NDUS’ best interest.

5. Relationships With Clients and Suppliers; Conflicts of Interest.

Board members are not NDUS employees and may have other full or part-time employment and other professional, civic and personal responsibilities and activities, in addition to their part-time service as Board members. Nevertheless, Board members must be familiar with and comply with applicable laws governing conflict of interest that apply to Board members and should strive to avoid other activities that create an obligation, interest or distraction that interferes with the independent exercise of judgment in the best interest of the NDUS. They should avoid investing in or acquiring a financial interest for their own accounts in any business organization that has a contractual relationship with the NDUS or NDUS institution, or that provides goods or services to the NDUS, if such investment or interest could influence or create the impression of influencing their decisions in the performance of their duties.


Excluding only \textit{de minimus} contributions, such as purchase of a meal at reasonable value as part of a conference or other event with no conditions attached to such purchase and as permitted under applicable federal and state laws, Board members, officers and employees may not accept entertainment, gifts, or personal favors that could influence, or appear to influence, decisions in favor of any person or organization with whom or with which the NDUS or NDUS institution has, or is likely to have, business dealings. Similarly, Board members, officers and employees may not accept any other preferential treatment under circumstances that because of their position with the NDUS, the preferential treatment may influence or be perceived as influencing their official conduct. Board members, officers and employees may not receive payment or compensation of any kind from any source for NDUS duties and responsibilities, except as authorized under applicable law or NDUS pay policies. Specifically, the acceptance of “kickbacks” or commissions in any form from vendors, suppliers or others is prohibited.

7. NDUS Funds and Other Assets.

Board members, officers and employees who have access to NDUS funds and other assets in any form must follow the prescribed procedures for recording, handling, and protecting money and other assets as detailed in applicable NDUS procedure manuals or other explanatory materials. Any person who has information concerning possible fraud or dishonesty shall immediately report such information to a superior or to legal counsel.

Board members, officers and employees responsible for spending or approving expenditure of
NDUS funds or incurring any reimbursable expenses must comply with all applicable laws and policies and use good judgment on behalf of the NDUS to ensure that good value is received for every expenditure. NDUS funds and all other assets are for NDUS purposes only and not for personal use or benefit. NDUS or other public equipment, supplies and other property or assets may not be used for private or personal use, except as authorized under SBHE Policy 611.5 or other applicable law or policy.

8. NDUS Records and Communications.

Accurate and reliable records of many kinds are necessary to meet NDUS legal and financial obligations and to manage the affairs of the NDUS. NDUS books and records must reflect in an accurate and timely manner all business transactions. Board members, officers and employees responsible for accounting and recordkeeping must fully disclose and record all assets and liabilities and exercise diligence in enforcing these requirements. Board members, officers and employees must not make or engage in any false record or communication of any kind, whether internal or external, including, but not limited to, false expense, attendance, enrollment, financial, or similar reports and statements, or false advertising, deceptive marketing practices, or other misleading representations.


Board members, officers and employees must take care to separate their personal roles from their NDUS positions when communicating on matters not involving NDUS business. They may not use NDUS identification, stationery, supplies, and equipment for personal or political matters. When communicating publicly on matters that involve NDUS business, Board members, officers and employees may not represent that they speak for the NDUS, unless that is one of their duties or they are otherwise authorized to do so. When dealing with anyone outside the NDUS, including public officials, Board members, officers and employees must take care not to compromise the integrity or damage the reputation of the NDUS or any institution.

10. Prompt communications.

In all matters involving communication with NDUS students, customers, suppliers, government authorities, the public and others, Board members, officers and employees must endeavor to make complete, accurate, and timely communications and respond promptly and courteously to all proper requests for information and complaints.

11. Privacy, Confidentiality and Open Records.

Board members, officers and employees must at all times comply with applicable laws, regulations and SBHE policies concerning privacy, confidential records, access to open records and records retention.

12. Reporting Suspected Violations; Procedures for Investigating Reports.

Officers and employees shall report suspected violations of this Code to their superior, some other senior manager or administrator or legal counsel. In addition, the NDUS shall maintain a fraud hotline and suspected violations may be reported by use of that hotline. Any officer or employee who makes a report in good faith shall be protected against retaliation of any kind; any
officer or employee who retaliates or attempts retaliation in response to a good faith report shall be subject to dismissal or other discipline. Failure to report known or suspected violations is in itself a violation and may lead to dismissal or other disciplinary action.

Board members who have information concerning a possible violation of this Code or are uncertain about application or interpretation of any legal requirement should report the matter to the chancellor, legal counsel or the attorney general.

Alleged violations of this Code involving NDUS officers or employees shall be investigated by the appropriate NDUS officer. All officers and employees shall cooperate in investigations of alleged violations. A violation of this Code is cause for dismissal or other appropriate disciplinary action, in addition to any criminal or other civil sanctions that apply.

13. Institution Codes.

The NDUS office and each NDUS institution shall adopt and implement a Code of Conduct consistent with this Code and Committee of Sponsoring Organization of the Treadway Commission (COSO) standards. NDUS office and institution codes shall include:

a. A statement of the organization’s values;
b. The people or groups of people affected;
c. A brief description or list of key behaviors that are accepted and not accepted;
d. How to identify and resolve conflicts of interest;
e. How to report violations and to whom;
f. Consequences of violating the Code;
g. Consequences of failure to report known or suspected violations; and
h. How reports will be investigated.

The NDUS office and each institution shall require that each new employee review the Code of Conduct and sign a statement certifying the employee has read and agrees to comply with the Code. Further, all benefitted employees are required to annually certify in writing or electronically that they have read and are in compliance with the Code of Conduct.

HISTORY: New policy.
SUMMARY AND RECOMMENDATION
INTRODUCTION AND FINAL ADOPTION
AMENDED SBHE POLICY 805.3

Summary

SBHE Policy 805.3 governs application, course, program and other miscellaneous student fees. Section 2.d., relating to program fees, imposes restrictions on use of program fees, requires student input regarding program fees and requires SBHE approval to institute or raise a program fee.

The administrative affairs council recommends an amendment to section 2.d. to clarify the process for submission of new program fee requests and requests to increase program fees. Added language would require that requests for program fees for new programs must be submitted as part of the new program request and requests for new or revised fees for existing programs must be submitted when the SBHE acts on annual budget guidelines. It makes sense that the SBHE consider any proposed program fees when the SBHE has under consideration a new program approval and, for existing programs, that the SBHE consider program fee requests at the same time the SBHE acts on tuition rates and other fees. The cabinet reviewed the proposed amendment at a June 2, 2010 meeting and the presidents support this recommendation.

In order to implement the policy without delay, it is recommended that the SBHE waive the second meeting requirement and immediately approve the recommended policy.

Recommendation

I recommend that according to SBHE Policy 330, the SBHE waive the second meeting requirement and immediately approve second reading and final adoption of attached amended Policy 805.3 following introduction and first reading, effective immediately.

William Goetz, Chancellor

Date of Meeting: June 17, 2010
SUBJECT: FINANCIAL AFFAIRS  

EFFECTIVE: November 6, 2008  

Section: 805.3 Application, Course, Program and Other Miscellaneous Fees

1. Institutions shall charge these fees:

a. An application fee charged all students applying to an institution at either the undergraduate or graduate level or to a professional program. The undergraduate application fee shall be the same at each institution. The graduate application fee shall be the same at each graduate institution. The Chancellor shall approve application fees. Upon an institution’s request and documentation of special circumstances, the Chancellor may approve a waiver of the application fee.

b. An audit fee for courses available for audit not less than one half of the per credit hour resident tuition charge for the course. Institutions shall waive the audit fee for on-campus courses for persons 65 years of age or older and may adopt policies providing for waiver of the fee under other circumstances defined by those policies.

c. A course challenge fee to students who elect to earn credit for a course through testing rather than regular enrollment, not to exceed fifty percent of the regular per credit hour tuition charge (resident or nonresident) for the course. This fee does not apply to students who earn credit by taking a standardized test for credit or advanced placement.

d. A fee approved by the Chancellor, on a per credit hour basis, to students seeking postsecondary credit pursuant to articulation agreements with secondary schools.

e. A technology fee to be used for networking or technology purposes. Fee revenue sufficient to retire bonds used for campus networking issued pursuant to N.D.C.C. chapter 15-55 shall be dedicated for that purpose pursuant to applicable law. Additional fee revenue shall be used for technology purposes, including acquisition of technology and software, infrastructure, technology support staff, training and related expenses. Institutions shall establish procedures providing for student input concerning the amount of the fee and use of fee revenue. The Chancellor shall approve the amount of the fee at each institution.
The Vital Link to a Brighter Future

f. A fee approved by the Board for administrative, financial and student information systems replacement costs.

g. A fee approved by the Chancellor, not to exceed fifty percent of the regular per credit hour tuition charge (resident or non-resident), for attached credit. “Attached credit” means credit for instruction sponsored or approved by an institution taught by an instructor not employed or paid by the institution.

h. A fee approved by the chancellor, not to exceed fifty percent of the regular per credit hour tuition charge (resident or non-resident), for prior learning credit.

2. Institutions may charge these additional fees:

a. A capacity enrollment fee, in addition to the application fee, to students applying to programs for which enrollment is limited.

b. A distance learning access fee to students taking distance learning courses. The fee may not exceed the resident per credit tuition charge for the course, except with approval of the Chancellor.

c. Special course fees to cover added and unique costs specifically related to a particular course. Such fees may include, but are not limited to, laboratory fees, welding fees, data processing fees, fees for required periodicals, tests or liability insurance.

d. Program fees, restricted to students enrolled in a particular program to support programs that have exceptional and critical needs that are not adequately funded through other sources. Program fee revenue must be allocated for the primary benefit of students enrolled in that program. Such benefits may include, but are not limited to, instructional and support staff, library, equipment, supplies and student stipends. Program fees are intended to meet exceptional and unique needs in a program and not those common to all programs; they are not intended as an extension to course fees or other fees that are generally charged all students. Institutions shall establish procedures providing for student input, including input from students enrolled in affected programs for which a program fee is collected or proposed, concerning program fee proposals and allocation of fee revenue. A summary of student reaction to the proposal shall be included with any request to establish or change a program fee. A program fee may be instituted or increased only with Board approval. All requests for new program fees to support new academic programs must be submitted for Board consideration as part of the new program request. All requests for new or revised program fees for existing academic programs must be submitted for consideration when the Board acts on annual budget guidelines, including tuition rates and other fees. Program
The Vital Link to a Brighter Future

fee requests must be submitted on a form approved by the Chancellor for that purpose.

c. Parking fees and such additional incidental fees as may be necessary to facilitate the operation of the institution.

Amendment SBHE Minutes, June 16, 2000.
Amendment SBHE Minutes, June 20-21, 2002.
Amendment SBHE Minutes, April 6, 2006
Amendment SBHE Minutes, November 6, 2008
SUMMARY AND RECOMMENDATION
INTRODUCTION AND FINAL ADOPTION
AMENDED SBHE POLICY 830.1

Summary

SBHE Policy 830.1 establishes a student payment policy and delegates authority for institutions to set up payment plans and extend credit or make other arrangements with students for payment of student charges. Recently, questions have surfaced regarding applicability of state statutes establishing limits on late fees and, if those statutes apply, whether institution practices comply with the laws. In order to provide clear guidance to institutions, the administrative affairs council recommends amendments referencing state law limitations. Specifically, the council recommends language limiting institution late fee charges to not more than 1.75% per month, on student charges past due for one month or more. Also, the administrative affairs council recommends deleting language stating institutions may impose an additional 1% “carrying charge” after 60 days.

The cabinet reviewed the proposed amendments at a June 2, 2010 meeting and the presidents support the recommended changes.

In order to implement the policy without delay, it is recommended that the SBHE waive the second meeting requirement and immediately approve the recommended policy.

Recommendation

I recommend that according to SBHE Policy 330, the SBHE waive the second meeting requirement and immediately approve second reading and final adoption of attached amended Policy 830.1 following introduction and first reading, effective immediately.

William Goetz, Chancellor

Date of Meeting: June 17, 2010
1. All tuition and fees payable by a student shall be paid by the fee payment date designated by the institution. Except as otherwise provided by this subsection 1, the designated fee payment date must be within the first 12 scheduled class days of the term. Institutions may establish a different fee payment date or grant extensions permitting later payment of tuition and fees with documentation of:

   a. Classes scheduled outside of the traditional academic calendar or classes that don’t begin at the beginning of a traditional academic term, provided a separate payment deadline is established within 12 scheduled class days of the beginning of the class or classes;
   b. Expected payment of tuition and fees by an employer or other third party under a contract or plan approved by the institution;
   c. High school students enrolled in dual credit classes;
   d. Any other plan approved by the institution providing for later payment by or on behalf of designated students;
   e. Students expected by the institution to receive financial aid at a later date;
   f. Students that register or add a class or classes after the first scheduled class day; or
   g. Any other student based on financial hardship or other good cause as determined and approved by an authorized institution official.

2. Financial aid disbursements may be applied directly to student charges to accomplish payment of institutional for tuition, fees, room, board, and other expenses. Such crediting for financial aid disbursements and appropriate distribution or collection of any resulting balances shall be in accordance with the institution's payment schedules.

3. Tuition, fees, room, board and other charges may be billed to a third party payor, including a governmental agency or private organization that has provided an approved billing authorization. Payment for such bill shall be due prior to the end of the enrollment period for which billed.

4. Institutions may provide for a 30 day "billing" period for collection of flight fees, parking fines and other payments not practical on an advance "cash payment" basis. Room and board charges or rent shall be paid according to the room or board or housing contract.

5. Institutions may assess a late fee and implement other penalties such as not to exceed 1.75% per month on past due student charges for tuition, fees, room, board or rent and other charges. Late fees must be limited according to NDCC section 13-01-14 to a maximum of 1.75% per month, beginning after charges are past due for one month. Institutions may impose additional sanctions,
including a hold on transcripts or future enrollment of students who have not complied with or been granted an extension under this policy. Institutions may also assess a carrying charge of up to 1% per month on any charge not paid within 60 days of the date of the charge. Absent documentation of attendance as provided in Policy 440, institutions shall cancel registration of students who have not complied with or been granted an extension under this policy.

REFERENCE: NDCC chapter 13-01

HISTORY: Replaces Article IV, Section 2-F, page IV-4. 
SBHE Minutes, June 7-8, 1984, page 5256.
Amendment SBHE Minutes, April 4, 2000.
Amendment SBHE Minutes, December 20, 2007.
SUMMARY AND RECOMMENDATION
INTRODUCTION AND FINAL ADOPTION
AMENDED SBHE POLICY 340.2

Summary

SBHE Policy 340.2 requires that each institution enter into an operating agreement with institution affiliated foundations. The agreements must, among other items, describe the services the parties provide each other, identify all payments between the parties and require that foundations solicit input from institutions relating to foundation needs and priorities.

The administrative affairs council recommends edits regarding annual foundation audits to assure that audit information is complete and audits are timely filed with institutions. Further, following chancellor cabinet review and discussion, the cabinet recommends significant new requirements for the agreements, including: a description of reporting relationships and appointing authority for employees appointed by both entities or employed by one entity but with assigned duties and responsibilities to the other; acknowledgment that institution officers have ultimate authority and responsibility regarding all institution functions, including institution functions delegated to foundations; provisions governing access to, disclosure and security for confidential information and application of open records laws; provisions relating to use of institution names, symbols and marks; language addressing conflicts of interest; and, a provision to address disposition of foundation assets upon dissolution of a foundation. Also, language is added concerning chancellor or SBHE involvement relating to disagreements or a breach of an agreement and resolution of those matters.

In order to implement the policy without delay, it is recommended that the SBHE waive the second meeting requirement and immediately approve the recommended policy.

Recommendation

I recommend that according to SBHE Policy 330, the SBHE waive the second meeting requirement and immediately approve second reading and final adoption of attached amended Policy 340.2 following introduction and first reading, effective immediately.

William Goetz, Chancellor

Date of Meeting: June 17, 2010
1. The purpose of this policy is to promote and strengthen the operations of an institution’s foundations, alumni associations, athletic clubs and other related organizations, hereinafter referred to as (“foundation”). The following provisions set forth a framework which enables and enhances a sound and mutually supportive foundation/institution relationship. The foundation-institution relationship is derived from a shared interest in the institution’s development. An institution’s participation in and support of foundation operations are, therefore, appropriate and desirable.

2. For the purposes of this policy, a foundation is defined as an independent, non-profit organization that exists solely primarily to support and advance the mission and objectives of an institution or institutional functions. Foundation activities may include soliciting or assisting the institution with solicitation of gifts or donations, soliciting or assisting the institution with solicitation of grants and contracts or providing services to an institution. Foundation activities must focus on the best interests of the institution.

Foundation/Institution Relationship

3. A foundation is a private legal entity separate from the institution and must be governed accordingly to protect the foundation’s private, independent status. However, because the State Board of Higher Education is responsible for ensuring the integrity and reputation of the University System, it must be assured that any affiliated foundation will adhere to standards appropriate to such organizations. Therefore, each institution’s president shall enter into a written operating agreement that outlines the relationship between the institution and its foundation(s) and defines the role and activities of the foundation(s). The agreement must include:

a. A description of the services and benefits the institution and foundation provide each other and any payments made, including use of institution or foundation facilities, equipment, or employees by the other party or payments by one party to the other or to the other party’s employees;

b. A description of reporting relationships and appointing authority for all employees employed by both a foundation and institution and employees employed by one entity with assigned duties and responsibilities to the other;

c. Acknowledgment and agreement that the institution and institution officers have ultimate authority and responsibility regarding all institution functions, including institution functions delegated to a foundation and foundation officers or employees;
d. A process to ensure that the foundation will solicit input from the institution before defining the major needs and priorities of the foundation;

e. A requirement to provide the institution with GAAP-compliant financial statements, including separately reported current assets, noncurrent assets, current liabilities and noncurrent liabilities on the face of the financial statements and an annual GAAP audit of the foundation by September 15th each year for:
   1. all entities considered component units of the NDUS under GASB 39, and
   2. all other related organizations that are not component units, whose total assets exceed $1 million and total program expenses exceed $100,000, for the previous fiscal year-end;

f. How gifts, grants, and endowments are accepted and accounted for; and

g. The terms and conditions that govern any joint fundraising efforts and fundraising for institution capital projects, including language requiring Board approval to begin a formal fundraising campaign for new building construction, major renovations, or major building additions, as required by SBHE Policy 902.1;

h. A provision governing access to, disclosure and security for confidential information;

i. A provision acknowledging application of North Dakota’s open records laws to records relating to government functions delegated to the foundation and foundation activities paid for with public funds;

j. A requirement and mechanism for foundation disclosure, reporting and accounting relating to any intellectual property assigned by the institution to the foundation under SBHE Policy 611.2, including, but not limited to, provisions requiring that the foundation report to the institution regarding patents and patent applications, licensing and licensing agreements and other or additional developments and improvements;

k. A provision governing use of the institution’s name, symbols and trademark or marks;

l. A provision that addresses conflicts of interest or potential conflicts of interest involving institution and foundation officers or employees; and

m. A provision that addresses disposition of foundation assets upon termination of a required agreement or dissolution of the organization.

Agreements shall be reviewed annually, and updated as necessary. A copy of each agreement shall be filed with the NDUS General Counsel.

4. Institution presidents shall inform the Chancellor of concerns regarding foundation activities they are not able to resolve by informal discussion. Institution presidents shall promptly report to the Chancellor any breach of an agreement or failure on the part of foundation officers or employees to adhere to standards appropriate to such organizations. Foundation officers may inform the Chancellor of any breach of an agreement or failure on the part of institution officers to adhere to appropriate standards. The Chancellor shall take reasonable and appropriate action responding to such reports, which may include informal discussion with the parties, a request or recommendation to the parties, a report to the Board or recommendation for Board action. Board action regarding foundations may include, but is not limited to, communication of guidance to a foundation relating to action required by the foundation to comply with this Policy 340.2 and standards appropriate to such organizations, or a directive to an institution president instructing the president to terminate all agreements and cease doing business with a foundation.
SUMMARY AND RECOMMENDATION
SECOND READING AND ADOPTION
AMENDED SBHE POLICIES 402.1.1 AND 402.2
AND NEW SBHE POLICIES 402.1.2 AND 403.9

Summary

The North Dakota Commission on Education Improvement, through its Curriculum, Assessments, Scholarships, Technology, Transition to Work and College (CASTT), has asked that the NDUS define preparation for college by adopting uniform standards for placement into developmental and college level courses. The objective of uniform standards is to provide clear guidance to high schools, students and their parents regarding appropriate academic preparation for college. The Academic Affairs Council undertook the task of responding to this request. Due to time constraints, the AAC was not able to engage in extended discussion and review of placement standards. Two separate conference call discussions led to consensus on several recommendations, although it would be fair to say that some institution representatives may prefer slightly different standards.

The consensus recommendations include: Amendments to Policy 402.1.1 to clarify a requirement that most applicants must submit scores from the ACT or SAT test and delete language under which institutions were authorized to permit substitution of the ACT compass; a new Policy 402.1.2 relating to student placement into college courses, which, effective with the Fall 2011 term, will require minimum ACT English sub-test scores for enrollment in English 110 or other non-developmental English course and minimum ACT Mathematics sub-test scores for enrollment in Mathematics 103 or other non-developmental mathematics course at NDUS four-year universities; amendments to Policy 402.2, relating to admissions requirements for older-than-average students; and a new policy 403.9, which adopts a uniform definition of developmental courses. In addition, the AAC recommended minor edits to Policy 402.4, relating to transfer students (addressed in recommended amendments elsewhere on the meeting agenda).

Adopting these common placement standards is consistent with P-20 best practices and other education policy discussions and NDUS presidents support these consensus recommendations. The SBHE approved introduction and first reading at the April 8, 2010 SBHE meeting. Since the April SBHE meeting, the academic affairs council has recommended minor edits to Policy 402.1.2 (shown on the attached draft with overstrike or double underlining) adding flexibility to allow the chancellor to approve assessments that are equivalent to ACT sub-tests. I concur with these suggested edits and recommend approval of amendments incorporating these edits in the policy the SBHE approved in April on introduction and first reading.

Recommendation

I recommend the SBHE adopt the following motion:
“That new SBHE Policy 402.1.2 is amended on second reading, as shown in the attached draft, and new SBHE Policy 402.1.2 as amended, new SBHE Policy 403.9 and amended SBHE Policies 402.1.1 and 402.2 shown on the attached drafts are approved on second reading and final adoption, effective immediately.”

William Goetz, Chancellor

Date of Meeting: June 17, 2010
1. Except for those exempt under subsection 2 of this policy, every applicant for undergraduate admission into a bachelor's, associate in arts or associate in science program shall submit the scores from the official administration of American College Test (ACT) battery (preferred) or the Scholastic Aptitude Test (SAT). Students applying to enroll in these programs who have not met the ACT or SAT requirement may be admitted provisionally but may not register for courses in a second term until they satisfy this requirement. Beginning with students applying for admission for the fall 2006 term, ACT tests must include the writing essay component.

2. The following students are exempt from the requirement in subsection 1:

   a. Students age 25 or older on the first day of class.

   b. Students from foreign countries other than Canada.

   c. Students transferring 24 or more semester credits acceptable into a degree program at the receiving campus.

   d. Students granted exemptions under established campus procedures.

   e. Students not otherwise exempt who have not taken the ACT or SAT but are permitted under established campus procedures to enroll and substitute the ACT Compass or the College Board Accuplacer, provided that campuses systematically share results of these tests with North Dakota high schools.

3. Applicants to undergraduate certificate, diploma and associate in applied science programs are strongly encouraged to take the ACT battery (preferred) or the SAT exam; however, institutions may admit such applicants based on ACT Compass or College Board Accuplacer scores under established institution procedures.

4. The Chancellor shall adopt a procedure providing for an annual report to the Board concerning implementation of this policy.

Amendment SBHE Minutes, March 8-9, 1990, page 5957.
Amendment SBHE Minutes, June 20-21, 2002.
Amendment SBHE Minutes, November 18, 2004.
NORTH DAKOTA STATE BOARD OF HIGHER EDUCATION
POLICY MANUAL

SUBJECT: ACADEMIC AFFAIRS

EFFECTIVE:

Section: 402.1.2 Admission Policies – Student Placement into College Courses

1. Effective with by the Fall 2011 2012 term, an ACT English sub-test score of 18 or higher or an ACT COMPASS writing skills scale score of 77 or higher equivalent assessment approved by the chancellor is required for a student to enroll in English 110 or any other non-developmental English course. Students without qualifying ACT or ACT COMPASS test scores must successfully complete a developmental English course before enrolling in a non-developmental English course. Institutions may adopt policies requiring higher qualifying scores or additional placement criteria based on the history of student experience at that institution.

2. Effective with by the Fall 2011 2012 term, an ACT Mathematics sub-test score of 22 or higher or an ACT COMPASS Algebra scale score of 52 or higher equivalent assessment approved by the chancellor is required for a student to enroll in Mathematics 103 (College Algebra) or any other non-developmental mathematics course at DSU, MaSU, MiSU, NDSU, UND or VCSU. An ACT Mathematics sub-test score of 21 or higher or an ACT COMPASS Algebra scale score of 47 or higher equivalent assessment approved by the chancellor is required for a student to enroll in Mathematics 103 (College Algebra) at BSC, DCB, LRSC, NDSCS or WSC. Students without qualifying ACT or ACT COMPASS scores must successfully complete a developmental mathematics course before enrolling in a non-developmental mathematics course. Institutions may adopt policies requiring higher qualifying scores or additional placement criteria based on the history of student experience at that institution.

3. An ACT Social Sciences sub-test score of 21 or higher and an ACT Science score of 24 or higher are associated with a 50% chance to earn introductory college course grades of a “B” or higher and a 75% chance to earn introductory college course grades of “C” or higher; therefore, students are highly encouraged to prepare themselves to achieve at least these minimum scores.

4. It is highly recommended that all students take the ACT Comprehensive Objective (ACT) exam in their junior year. This exam provides important admission, placement, advising and scholarship qualification information. Completing the exam in the junior year provides the student with the senior year and the summer before and after the senior year to address any academic deficiencies at the high school level before entering college.

HISTORY: NEW POLICY.
1. A beginning freshman applicant who is a high school graduate may be admitted to baccalaureate programs subject to this policy.

2. Admission to baccalaureate and graduate institutions requires completion of the following high school curriculum, except as provided in subsection 5 of this policy:

   4 units of English
   
   3 units of mathematics, algebra I and above
   
   3 units of laboratory science, including at least 1 unit each in 2 or more of the following: in biology, chemistry, physics, or physical science
   
   3 units of social studies, excluding consumer education, cooperative marketing, orientation to social science, and marriage/family

   The following high school courses are also strongly recommended: A mathematics course in each year of high school including Algebra II (advanced algebra) and 2 units of a single classical or modern language, including American Sign Language and Native American languages.

3. International students shall be considered for admission if their high school preparation is judged to be equivalent to the above, subject to meeting the TOEFL requirements of Policy 402.9(3).

4. The university system office shall maintain a manual describing specific secondary courses that comply with the above requirements.

5. Students who graduated from high school prior to 1993 age 25 or older on the first day of class are exempt from the requirement stated in subsection 2. In addition, Dickinson State University, Mayville State University, Minot State University and Valley City State University may enroll 10% and North Dakota State University and the University of North Dakota may enroll 5% of the previous fall’s new freshmen enrollment who have not had the required high school courses, subject to guidelines established by the Chancellor. Each baccalaureate institution shall admit such students through a review procedure established by the campus. Campuses will must track and, under implementing procedures approved by the chancellor, report the progress of all students admitted under this exception.

6. Baccalaureate institutions may establish additional criteria beyond the core curriculum stated in subsection 2 for the admission of students to the institution.
Amendment SBHE Minutes, December 17, 1992, page 6309.
Developmental courses are basic academic skills courses designed to prepare students to complete regular academic degree-credit courses. Effective with the Fall 2010 term, all NDUS courses numbered less than 100 and English 100 and Math 101 and 102 are developmental courses. Developmental courses may count toward a student's full-time course load. Math 102 may be used to meet degree credit requirements in certificate, diploma and A.A.S. programs.
TO: Members, SBHE Budget, Audit and Finance Committee

FROM: William Goetz, Chancellor

DATE: June 8, 2010

RE: Internal Audit Plan-Phase I

Memo #M-10-17

In addition to the long standing SBHE policies and procedures on employee roles and responsibilities, the SBHE will have taken several additional steps in recent months to strengthen NDUS accountability and transparency. These include:

- implemented a mandatory fraud awareness training for all benefitted employees (Feb. 2010 SBHE action)
- implemented an anonymous fraud awareness hotline (Feb. 2010 SBHE action)
- changed the reporting relationship for internal audit staff to report to the SBHE BAFC on all audit plans, reports and recommendations. Hiring, dismissal and pay decisions are also subject to BAFC review (Feb. 2010 SBHE action)
- adopted a code of conduct for the SBHE and all NDUS employees (anticipated June 2010 SBHE action)
- modified capital project policies in Oct. 2009, and in May 2010 directed a review and additional changes, as appropriate, to the capital project process
- strengthen Presidential goals and evaluation process on financial accountability and responsibility

In order to further minimize risk, it is important to ensure proper internal controls are in place and working properly. Following consultation with external experts, I recommend the SBHE consider taking the following additional steps at this time:

1.) Contract for completion of System Office and individual campus risk assessment at UND, NDSU and one other campus. This effort will develop the knowledge base and template that would hopefully allow the remaining campuses to be completed in house. Although the NDUS Office, in working with the campus controllers/accountants has started the risk assessment, given the level of staff resources available at the campus level and the NDUS Office, it will take a significant number of years to complete this task. In order to accelerate completion to a period of an estimated 6-12 months, external assistance is necessary. The risk assessment will allow us to ensure proper controls, training, and monitoring are in place first for those areas where we are at greatest risk. Furthermore, it would also provide solid information upon which the SBHE could later consider necessary staffing requirements, both in number and required skill set. The cost of the risk assessment would be shared between UND, NDSU, the other remaining campus, yet to be identified, and the NDUS Office. A more specific funding plan would be provided to the SBHE once a more solid cost estimate is available; however, it is estimated that this work could cost in the range of $50-100,000.
2.) Add an internal audit staff position in the NDUS Office. This position would assist with coordination and completion of the risk assessment, and as a result, would also be able to later assist the other campuses in completion of the risk assessment. It is anticipated that this position would later become part of a more comprehensive internal audit unit. Currently, the Director of Financial Reporting is leading the coordination and development of the risk assessment project. While she has expertise and experience in this area, she does not have the time needed to devote to this project, given more than half of the year is dedicated to year-end financial statement preparation and other audit and accounting issues. The cost of this position would be assessed to the campuses based on variables, including financial size.

3.) Request the State Auditor’s Office staff review select areas, as identified by the BAFC, as part of their regular audit process(es). The SAO has indicated a willingness to do this, within reason. The cost of this additional work would be borne by the individual campuses as part of their routine audit work.

I believe this plan is a positive first step and will enable the NDUS to better manage risk.
TO:  Members, State Board of Higher Education
FROM:  William Goetz, Chancellor
DATE:  June 11, 2010
RE:  2010-11 Annual Budget for NDUS Office

SBHE policy 302.7 - Budget and Finance Committee - states: “b.) The Committee shall review and recommend to the Board an annual operating budget for the system office; and c. Develop and recommend to the Board an annual and biennial budget for the Board including Board initiatives, programs and related activities.” The SBHE Budget, Audit and Finance Committee will be asked to review this budget plan at their June 8th meeting. Earlier, I distributed the office budget plan two weeks in advance of the meeting date, and also sent a copy to all SBHE members for their information. That document has been revised to now include all remaining budget components.

Attachment (1) reflects the proposed 2010-11 line item budget plan for the NDUS Office, including all student and system grant programs and system projects. Attachment (2) shows the proposed 10-11 SBHE budget for travel and per diem. The major changes between fiscal years 09-10 and 10-11 are highlighted below:

Salaries and Fringe Benefits – The 2010-11 salaries and fringe benefits line reflects an increase of $149,183 (6.1%) from 2009-10.
• An overall average salary increase of 4.47 % is included for all NDUS Office employees, excluding the Chancellor. This is less than the requirement outlined in the approved SBHE annual budget guidelines which requires “campus/entity wide average salary increases be a minimum of 5% per year, unless an exception is provided by the SBHE.” Thus, under this plan, the SBHE will need to approve an exception for the NDUS Office related to salary increases being less than the minimum average 5% for FY11 at the June SBHE meeting.

Consistent with SBHE policy 702.4-Administration of Salary Increases-the NDUS Office based salary increases on the following:
1.) General across the board increases-legislation and SBHE annual budget guidelines required $100 per month minimum for those employees with documented satisfactory performance;
2.) Merit based on documented work performance, according to the following criteria: a.) did employee successfully accomplish annual goals, unless accomplishing goals were not within the control of the employee; b.) did employee perform at a level appropriate for the position and the job responsibilities; c.) did employee contribute toward helping the NDUS meet its overall goals including being a good internal customer within the NDUS office and the NDUS (e.g. timely, dependable, mutually respectful, responsive, team player, trustworthy); d.) did employee help foster an environment for the university system office staff that is productive, mutually respectful,
Memo to Members, SBHE  
June 11, 2010  
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personally and professionally rewarding and enjoyable; e.) did employee seek out new tasks, innovative solutions and assist in meeting NDUS goals.

3.) Market to address documented areas of competitiveness with national, regional and local salaries. Market matches were based on the closest job match between the NDUS position and market peer group in the following areas: comparable job duties, level of responsibilities, supervisory responsibility, time allotted to various duties, and value of duties to the organization. The following market groups were used in determining the market salary: Support staff: local Bismarck market; Professional staff: CUPA-HR data, or other, as necessary; Vice Chancellors: SHEEO counterparts

Furthermore, merit and market increases were weighted as follows:

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<td>Support staff</td>
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<td>Professional</td>
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- A new data analyst position is included in the budget for an estimated ten of the twelve months of the year. In March of this year, I outlined in memo form to SBHE members the need for this position. That memo in part stated:
  "The State Board of Higher Education strategic plan includes several specific and measurable objectives. In addition, state law mandates reporting on almost thirty accountability measures. Also, the NDUS will be moving toward incentive (i.e. performance) funding in the near future, which could create additional measurement and reporting requirements. Even more importantly, the NDUS needs to better track student performance and success, so improvements can be made, where necessary.

The NDUS is in the process of implementing its own data warehouse—a place for storing and accessing data. We are also working cooperatively with the state in the design and implementation of the statewide longitudinal system database, to allow cross-agency information analysis. These tools will be important, but they will be limited in use without having the staff personnel needed to extract, analyze and report data in ways that are meaningful to policy makers and managers.

Currently, the NDUS, in cooperation with several other state agencies, share staffing resources in the FINDET Office. This office, under NDUS administrative oversight, is assigned two FTE positions who assist with data analysis and reporting. For example, this is the office that historically has allowed the NDUS to report on how many graduates we retain in the state after graduation. One of the FINDET positions has been vacant for an extended period of time, but is currently being filled. The NDUS access to these staff resources is shared with the other partner agencies (Dept. of Commerce, Job Service, etc.) limiting the amount of work that can be accomplished for the NDUS."

- Transfer current 2.0 FTE filled positions from Follow-up Information on ND Education and Training (FINDET) to System Information Technology Services (SITS). These positions will support the NDUS data warehouse project housed in SITS. I proposed this change in a memo to
the SBHE on March 18, 2010. Also in that memo, I noted the need to add a new research data analyst position. While I still believe that position is critically important for accountability, performance tracking, and management use the internal audit function must take priority.

- The funding for the ND Higher Education Consortium for Substance Abuse Prevention (NDHECSAP) director was transferred from UND to the NDUS office on December 1, 2009. The original position was physically located in Grand Forks at time of hire. The current director, when hired lived in Fargo, and now operates from the NDSU campus. Administering the position within the NDUS office eliminates the need to transfer funding between institutions when there is a change in personnel location in the future.

Operating and Equipment - The 2010-11 operating and equipment budget ($1,131,132) includes funding for the NDUS Office, Articulation and Transfer, NDHECSAP and the State Approving Agency. FY11 budgeted expenditures are $62,815 (5.3%) less than the adjusted 2009-10 operating budget. Significant changes/factors contributing to the decrease include:

- Transfer of FINDET operations to SITS reduced operating expenditures $27,442.
- 2007-09 operating carryover totaled approximately $340,500, of which about $280,000 will be expended in 2009-10. This included a legislatively mandated transfer to VCSU of $200,000. It is anticipated the remaining $60,000 will be expended in 2010-11, resulting in a decrease of $220,000 from 2009-10.
- Increase in SBHE travel and per diem budget of $15,000, for a total SBHE fiscal year budget of $86,930.
- The 2009-11 biennial operating appropriation for the NDUS Office includes $808,355 for a “system project pool,” to fund system-wide projects that benefit the NDUS. The 2010-11 operating budget includes $418,400, which is an increase of about $160,000 over the 2009-10 expenditures. The anticipated uses are noted below. In addition, part of the funding for the new NDUS audit position will be funded from this source.

The use of funds from the “system project pool”, by year, is as follows:

**System Project Pool:** The following projects were funded in 2009-10.

- System Expertise Database subscription [COS] ($73,000)
- Needs Assess[CC Benefits] ($24,500)
- Accountability Surveys ($95,000)
- Project Vital Link publications ($51,272)
- Other System Projects [Financial Reporting System Upgrade, Website Logo Redesign, ITD Enhancement for Financial Aid programs] ($14,700 total)

**System Project Pool:** It is anticipated that the following projects would be funded in 2010-2011, at an estimated cost of $418,400. Consistent with the previous year, we would disclose the actual use of the funding to the SBHE in the next annual budget process.

- System Expertise Database subscription[COS]
- Needs Assess [CC Benefits]
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- Accountability Surveys
- Project Vital Link publications
- R & D Summit Hosting Costs
- NDUS Audit Position-partial funded
- Other System Projects [Website Redesign Project Manager, additional financial reporting system upgrade, Additional ITD enhancement for financial Aid programs, Capital Projects Review/Study, Capital Projects Special Investigation]

Student Grant Programs – Overall, the 2010-11 budget for the student grant programs will increase approximately $6.25 million (52%) over the 2010-11 adjusted budget.

- The 2010-11 budget for the State Grant Program is almost $2.9 million higher than 2009-10 expenditures. The FY11 budget reflects approximately 9500 awards at $1,200 each, although some students may receive less than $1,200 because of their enrollment status, i.e. less than full time. In FY10, about 7,866 students were awarded state grants of $1,200 (for full-time students) or less. The FY10 adjusted budget is net of refunds. (For academic year 2009-10, we projected we had sufficient dollars to support 8303 students with a $1,200 State Grant each year of the 2009-11 biennium. Accordingly, for the first year of the biennium, we made a total of 11,239 awards (various awarding cycles throughout the year). Of the 11,239 awards, approximately 7,866 students received either a full $1,200 State Grant or a reduced or no State Grant because of circumstances such as, graduating early, not enrolling, not enrolled full-time, not meeting satisfactory academic progress, not having financial aid unmet need after other gift aid was applied, or chose not to attend college. At the end of the first year of the biennium, there was a larger than anticipated number of awardees who did not use their State Grants and, as a result, we have sufficient remaining dollars for the second year of the biennium to support approximately 9,500 students.

- The increase of $236,726 (25.4%) in the Scholars Program will allow us to fund 10 more freshmen than were funded in 2009-10, or a total of approximately 65 new freshmen in 2010-11, as well as continuing funding of all upperclassmen. In addition, one-time annual stipends of $2,000 will be awarded to all incoming freshmen. The original 09-11 goal was to award 60 new scholarships per year; however, larger than anticipated rejections resulted in funding of only 55 new freshmen in 09-11, thus, we are recommending an increased number of new awards in 10-11.

- The $189,900 budget for the ND Indian Scholarship Program includes an increase of $2,668 (1.4%) over the 2009-10 adjusted budget. This increase is due to a carryover from 09-10 to 10-11 with awards not accepted. We are still in the process of awarding summer awards that have not been accepted as of to date.

- In the PSEP program, the $258,274 (19.4%) increase continues state funding for existing students and is anticipated to fund the following new student slots in 2010-11: 5-Veterinary medicine; 7-Dentistry; 8-Optometry. Awards have not been finalized for 2010-11, and may change depending on final student acceptances within each program. The $1.59
million budget for 10-11 includes $453,104 from the student loan trust fund, to continue funding for the 13 students currently enrolled in the veterinary medicine program at Kansas State University, and to add 5 additional freshmen in 2010-11 and also 1 deferral student from FY10. It should be noted that the 2009-10 PSEP budget was developed assuming potential changes in the cost of MN dentistry slots in 2010-11 or beyond.

- The $1.535 million budget for the Education Incentive Program will provide loan forgiveness ($1,000 per year, up to 3 years) for currently funded individuals in the Teacher Shortage Loan Forgiveness Program, as well as funding new $1,000 awards in FY10 for 158 individuals. It will also provide loan forgiveness ($1,500 per year, up to 4 years) for currently funded individuals in the STEM (formerly known as Technology Occupations) Loan Forgiveness Program, as well as funding new $1,500 awards in FY10 for 177 individuals. The legislature added $1 million for a STEM loan forgiveness program, which replaces the Technology Occupations Loan Forgiveness Program. This funding increased the awards from $1,000 for three years to $1,500 for four years.

The awards for the Teacher Shortage and STEM Loan Forgiveness Programs aren’t made until the end of the fiscal year, so the number of applications received for each program may change from the estimates included in the above projected allocation. In addition, the FY10 budget included the $260,000 base allocation (total for the biennium) to UND and NDSU in support of doctoral programs, which explains the net decrease in total for Education Incentive Programs.

- The North Dakota Academic Scholarship and the North Dakota Career and Technical Education Scholarship Programs are scholarships based on merit and to provide North Dakota high school graduates to take more rigorous high school curriculum and to remain in North Dakota for their postsecondary education. The scholarship has been approved for $3 million with the award of $1,500 per year for a maximum of $6,000 per applicant. The first awards for this program will be given in FY11, which explains the $3 million increase over FY10.

- One half of the funds appropriated from the permanent oil trust fund, or $350,000, are budgeted for Tribal Community College grants, the same level that was provided during the 2007-09 biennium. $350,000 has been expended for FY10 and $350,000 will be expended in FY11.

System Grant Programs and System Projects:
- The EPSCoR program received a $1.4 million increase for the biennium, $400,000 of which must be used for the NASA EPSCoR program. The $3,525,000 budget is for one half of the 2009-11 appropriation ($7.05 million). $3,525,000 has been expended in FY10 and $3,525,000 will be expended in FY11.

- The 2009-11 Title II Grant budget is based on projections from DPI. DPI manages this program, on behalf of the NDUS, and the federal funds are distributed on a competitive basis to institutions of higher education and organizations to provide services to elementary and secondary teachers to improve the teaching-learning process in mathematics and science.
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- The $550,000 budget for the Professional Liability Insurance is one half of the 2009-11 appropriation ($1.1 million). Half of the biennial appropriation is transferred to UND each year of the biennium, for medical malpractice coverage premiums and continued coverage for student internship programs.

- The $15.5 million that is included for System Information Technology Services (SITS Pool) is the amount that was approved by the SBHE in the annual budget guidelines.

- The allocation of the $1.5 million STEM Teacher Education Enhancement funds was approved by the SBHE and transferred to the campuses in FY10.

- The legislature approved $800,000 for Two-Year Campus Marketing, of which $417,941 will be expended in FY10, and the balance in FY11.

- The SBHE approved the allocation of the Security & Emergency Preparedness funding in the amount of $700,000 for FY10 and $50,000 in FY11.

- The $100,000 for the ND Space Grant Consortium at UND was included in the Executive Recommendation, and was allocated to UND after July 1, 2009. There will be no expenditures in FY11.

- The College Access Challenge Grant Program (CACGP) is a formula grant program that is designed to foster partnerships among federal, state and local governments and philanthropic organizations, to significantly increase the number of underrepresented students who enter and remain in postsecondary education. CACGP provides two-year grants to states to meet the needs of underrepresented students and families. A total grant award of $660,000 has been awarded, of which $230,687 will be expended in the current year and $238,588 in FY11.

- Roughly half of the $11.3 million appropriation for campuses’ state bond payments is budgeted in the Capital Assets line. Rather than appropriating the bond payments to each campus, the legislature includes it in the NDUS Office budget, and the Industrial Commission bills our office as payments come due. We have expended $5,425,762 and anticipate $6,013,603 in FY11.

Attachments

g:terry/goetz/letters/memo #m-10-18.docx
<table>
<thead>
<tr>
<th></th>
<th>(1) Proposed Budget 2010-11</th>
<th>(2) Adjusted Base Budget 2009-10</th>
<th>(3) $$$ Increase (Decrease)</th>
<th>(4) %%%%% Increase (Decrease)</th>
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<tbody>
<tr>
<td>Systems Governance (Operations):</td>
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<tr>
<td>Salaries &amp; Fringe Benefits</td>
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<td>Operating &amp; Equipment</td>
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<td>Student Financial Assistance Grants</td>
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<td>Subtotal all funds</td>
<td>6,013,603</td>
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<td>587,841</td>
<td>10.8%</td>
</tr>
<tr>
<td>Less estimated income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.0%</td>
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<tr>
<td>Subtotal general fund appropriation</td>
<td>6,013,603</td>
<td>5,425,762</td>
<td>587,841</td>
<td>10.8%</td>
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<tr>
<td>TOTAL</td>
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<tr>
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## 2010-11 Annual SBHE Per Diem/Travel Budget

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<th>2009-2010 Budget Proposal</th>
<th>2009-2010 Budget Estimate</th>
<th>2010-2011 Budget Proposal</th>
<th>2010-2011 Per Diem @ $100</th>
<th>Travel amount</th>
<th>Total Proposed</th>
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<tr>
<td>Duaine Espe gard</td>
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<td>10,100</td>
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<td><strong>Total</strong></td>
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<tr>
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<th>2010-2011 Travel amount</th>
<th>2010-2011 Total Proposed</th>
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<tbody>
<tr>
<td>John Girard</td>
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<td>49,630</td>
<td>83,430</td>
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<th>2010-2011 Travel amount</th>
<th>2010-2011 Total Proposed</th>
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<tr>
<td>John Girard</td>
<td>33 3,500</td>
<td>3,500</td>
<td>3,500</td>
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<table>
<thead>
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<th>Per Diem</th>
<th>Travel</th>
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<tr>
<td>$33,800</td>
<td>$53,130</td>
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| History 07-08 | $62,300 | 39% |
| History 08-09 | $62,930 | 61% |
| History 09-10 | $71,830 | |
| History 10-11 | $96,930 | |

C:\DOCUME~1\jglat\LOCALS~1\Temp\Пер дием и Travel Budget SBHE 2010-2011.xlsx\FY11 Budget Proposal
JOINT POWERS AGREEMENT
State Board of Higher Education and
Valley City Public Schools

THIS JOINT POWERS AGREEMENT is made this 17 day of June 2010, between the North Dakota State Board of Higher Education ("Board") and the Valley City Public Schools ("VCPS").

PRELIMINARY STATEMENT

The Board is created by Article VIII, Section 6, North Dakota Constitution, as the governing board of North Dakota public colleges and universities, including Valley City State University ("VCSU"). VCPS is a public school district under North Dakota Century Code Section 15.1-07-01. The parties have authority to enter into a Joint Powers Agreement under North Dakota Century Code Sections 54-40-01, 54-40-08 and 54-40.3-01 and Article VII, Section 10 and Article VIII, Section 6 of the North Dakota Constitution.

The parties desire to enter into an agreement governing use of and maintenance and improvements to an athletic track facility located at Lokken field on the VCSU campus.

THEREFORE, according to North Dakota Century Code Chapters 54-40 and 54-40.3, and Article VII, Section 10 and Article VIII, Section 6, of the North Dakota Constitution, the parties agree as follows:

1. Purpose. The purpose of this Agreement is to provide for the use and set responsibility for improvements and maintenance of the Facility during the term of this Agreement. The Board dedicates the Facility for use during the term of this Agreement as provided in this Agreement.

2. Effective Date. This Agreement shall become effective on the date signed by the last party to sign the Agreement, following required approval by the Attorney General and approval and execution by both parties.

3. Facility. Facilities subject to and governed by this Agreement ("Facility") consist of the track and field event areas for track practice and competition including restrooms, concessions stand, and parking lot.
4. **Administration, Management and Operation.** General administration and management of Facility shall be under direction of the Track Maintenance Committee. Subject to that direction, VCSU shall continue to operate Facility.

5. **Track Maintenance/Capital Improvements Committee.** In order to provide for joint management of the Facility, a Track Maintenance Committee (Committee) has been established. The members of the Committee are:

   a. The VCSU Vice President for Business Affairs;
   b. The VCSU Athletic Director;
   c. The VCPS Superintendent;
   d. The VCPS Activities Director;
   e. Two additional members appointed by the VCSU President;
   f. Two School Board members appointed by the VCPS Superintendent and the VCPS Board President;

Members of the Committee shall serve until their successors are appointed and qualified. The Committee members shall elect from among their members a chair, a vice-chair and secretary-treasurer, who shall serve two-year terms and until their successors are elected. Officers may be re-elected to successive terms. The members shall serve without compensation from the Committee.

The Committee is not an independent entity. It is an administrative entity without separate legal existence from the parties to this Agreement, with powers limited to those delegated by this Agreement. The Committee shall have the following powers and duties:

   a. Coordinate planning, funding, maintenance and improvements to the (Track) Facility;
   b. Subject to necessary approvals as may be required by law, solicit bids and award contracts for repairs and improvements, subject to availability of funds, and further provided that improvements must be consistent with the VCSU facilities master plan and design of all improvements is subject to approval of the VCSU president, which approval may not be unreasonably withheld;
   c. Solicit and receive contributions, donations and pledges;
   d. Identify potential donors and develop fundraising strategies for long range resurfacing/reconstruction projects;
e. Expend available funds, including those received from
the parties to this Agreement, donations and other
sources for improvements, repairs, maintenance and
other purposes consistent with this Agreement;
f. Schedule annual meetings to consult with and keep
informed the parties to this Agreement;
g. Review fiscal activity related to the track maintenance
funds referenced in this Agreement and recommend
expenditures for track maintenance and improvements to
the parties of this Agreement;
h. To perform other acts consistent with this Agreement
necessary to implement the intent of the parties

6. Annual Maintenance Fund. The Facility requires annual
maintenance. The parties agree to participate equally in
joint funding of the annual maintenance costs. Beginning
with the fiscal period of July 1, 2010 – June 30, 2011, the
parties agree to contribute $1,000 each, annually to a
track maintenance fund held by VCSU. Annual maintenance
expenditures will be drawn against the track maintenance
funds. Any costs in excess of the track maintenance fund
will be shared equally by VCSU and VCPS. Upon termination
of this Agreement, all remaining funds will be shared
equally by VCSU and VCPS.

Approvals for expenditures from the track maintenance fund
are as follows:
   a. Expenditures less than $1,000 will be approved
      jointly by the VCSU Athletic Director and the
      VCPS Activities Director, subject to available
      funds;
   b. Expenditures equal to or greater than $1,000
      require the approval of the VCSU Vice President
      for Business Affairs and the VCPS Superintendent,
      subject to available funds.

7. Improvements; Financing of Improvements. The Facility
requires periodic capital improvements. The parties agree
to participate equally in joint funding of the periodic
capital improvements. Beginning with the fiscal period of
July 1, 2010 – June 30, 2011, the parties agree to
contribute $7,500 each, annually to interest bearing
capital improvement funds held by each party. All
improvements and contracts for such improvements shall
comply with applicable state laws and Board policies and
School District policies concerning public improvements,
bids and contracts and require approval of the VCSU Vice
President for Business Affairs and VCPS Superintendent. Upon termination of this Agreement, all remaining separately accumulated funds will be retained by VCSU and VCPS respectively.

8. Title to Improvements. The Board owns all real property and fixtures located on land owned by the Board (VCSU). Upon termination of this Agreement, all real property and fixtures shall remain the property of Board and temporary structures and removable property not owned by the Board shall be removed by the owners or disposed of as directed by the VCSU Vice President of Business Affairs.

9. Use of Premises - Scheduling Preferences.
   a. VCSU’s Athletic Director will coordinate and approve practice schedules to meet the Facilities needs of both VCPS and VCSU;
   b. VCPS is entitled to use of the Facility without charge. VCPS track and field practice schedules shall be established by VCPS and Facility use shall be approved by the VCSU Athletic Director. VCPS will have priority practice schedule consideration over non VCSU entities;
   c. VCPS shall notify the VCSU athletic Director by December 1 each year, of track meet dates for the following spring track season and VCPS track meet dates shall have priority over other uses;
   d. Use of the Facility by other entities during the high school track season is permitted, provided such use does not conflict with School District’s use for high school track and field events;
   e. Scheduled use of the Facilities by other entities for invitational meets shall be communicated to VCPS officials by the VCSU Athletics Director;
   f. Priority of competition scheduling shall fall to VCSU for the weekends and VCPS for the weekdays.

    a. VCSU shall be responsible for performing or contracting for approved maintenance and repair of the Facility;
    b. VCPS shall be responsible for keeping the track, the high jump and the pole vault areas clean within two hours after practice sessions and within two hours after meets. VCSU is responsible to keep the track, high jump and pole vault areas clean at all other times;
c. VCSU shall be responsible for cleaning the stadium areas including restrooms and concessions stand after VCPS track meets;
d. VCSU shall be responsible for securing the facilities after VCPS meets and practices;
e. Expenses incurred by VCSU will be billed to VCPS in cases where the track competition area cleanup is not adequately completed or additional expenses are incurred due to damage to the stadium facility;
f. VCSU shall furnish necessary utilities to the Facility, including water, sewer and electricity.

11. Concessions. VCSU has the right to operate concessions for all track meets at Lokken Field. VCSU shall provide an accounting of concessions revenues and expenses and share 20% of net profits from concessions with VCPS.

12. Gate Admission Fees. VCPS has the right to charge and keep gate admission fees for VCPS home meets.

14. Term. This Agreement shall remain in force for a period of 99 years, unless earlier amended or terminated by agreement of the parties.

15. Liability and Insurance. Each party shall maintain, from an insurance company or companies, or government self-insurance fund or pool or reserve, liability insurance coverage in minimum amounts consistent with state law requirements for state agencies or political subdivisions, respectively. Each party shall be responsible and liable for its own acts and omissions and the acts and omissions of its employees, and to the extent permitted by law and subject to available appropriations and limits of liability insurance, each party shall hold the other harmless in that regard. VCSU shall maintain property coverage on the Facility, as provided by state law for state agencies. In the event of any damage to the Facility, which damage is covered by the property insurance coverage maintained by VCSU, the insurance proceeds shall be used to restore the Facility to its previous condition.
Dated this 17 day of June, 2010

NORTH DAKOTA STATE BOARD OF
HIGHER EDUCATION:

By: 
President

Attest:

By: 
Secretary

Dated this 24th day of June, 2010

VALLEY CITY STATE UNIVERSITY:

By: 
President

Dated this 24 day of June, 2010

VALLEY CITY PUBLIC SCHOOLS:

By: 
VCPS Board President

By: 
Superintendent

Approved for legal sufficiency according to North Dakota Century Code section 54-40.3-01:

By: 
Date: June 2010

Tom Trenbeath
North Dakota Chief Deputy
Attorney General
# 2010-11 President Salary Recommendations

Prepared for June 17, 2010 SBHE Meeting

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<tr>
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<th>Proposed Salary</th>
<th>Vehicle</th>
<th>Housing</th>
<th>Other</th>
<th>Total</th>
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<th>Proposed Length of Contract</th>
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## 2010-11 Salary Ranges

- **2 year** - $135,200 - $171,600
- **4 year** - $156,000 - $192,400
- **Minot** - $182,000 - $202,800
- **UND/NDSU** - $286,000 - $338,000

[g tercer.industries.com/10-1107/10-11 presidenital salary recommendations.xls]