The State Board of Higher Education met June 16, 2011, in the Conference Center, 3rd Floor, Student Center, Minot State University, 500 University Avenue West, Minot, ND. The board president called the meeting to order at 8:50 a.m. CT.

Members present:
  - Mr. Jon Backes, President
  - Mr. Grant Shaft, Vice-President
  - Mr. Duaine Espegard
  - Ms. Melissa Bonner, Student Member
  - Dr. John Girard, Faculty Advisor, by phone

Members absent:
  - Mr. Richie Smith

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/Exec. Director of CTEC
  - Mr. Randall Thursby, Chief Information Officer
  - Ms. Cynthia Wagner Goulet, Assistant General Counsel
  - Mr. Bill Eggert, Director of Internal Audit and Risk Assessment
  - Ms. Erika Lorenz, Secretary

Presidents and campus dean participating:
  - Mr. Dave Clark for Dr. Larry Skogen, BSC
  - Dr. Richard McCallum, DSU
  - Dr. Gary Hagen, MaSU
  - Dr. Dean Bresciani, NDSU
  - Dr. Ray Nadolny, WSC
  - Ms. Barbara Bang for Dr. John Richman, NDSCS

Board President’s Report

- **Confirm salary ranges for Chancellor, General Counsel, and Vice-Chancellors**

  It was moved by Mr. Espegard, seconded by Mr. Lembke to approve the 2011-12 salary ranges for the Chancellor, Presidents, General Counsel, and Vice-Chancellors. Haugen, Espegard, Diederich, Lembke, Bonner, Shaft, and Backes voted aye. Smith was absent. The motion carried.

- **Update on UND logo/nickname**
President Backes said he and Chancellor Goetz met with the North Dakota Attorney General. The Attorney General is agreeable to meeting with the SBHE regarding the UND logo/nickname. President Backes suggested that a meeting with the Attorney General occur after any meeting with the NCAA.

Chancellor’s Report
Chancellor Goetz said he has announced his retirement as of August 31, 2012. He said he looks forward to working with the Higher Education Interim Committees, including the UND SOMHS Study Interim Committee. The NDUS will continue to work on efficiencies and strategies of reinvestment with increased focus on quality rather than enrollment numbers. He said he will be developing a NDUS Communications Initiative Task Force that will focus on internal and external communications, creating communications strategies, and taking advantage of the communications expertise throughout the system. Chancellor Goetz said he will be developing a proposed concept for a NDUS Endowment Fund for the purpose of SBHE and legislative consideration. He said it is an important vehicle for integrating private giving with state funding. He said he believes renewing the Higher Education Roundtable process is essential, and is one of his goals this year. Chancellor Goetz highlighted NDUS accomplishments over the last year. He announced the new Staff Adviser to the SBHE will be Ms. Janice Hoffarth, a UND employee.

North Dakota Student Association (NDSA) Report
Mr. William Woodworth, NDSA President, reported NDSA is finishing out the business of the year and reviewing the outcome of the legislative session. One of the issues students have voiced concerns over was the removal of funding for mental health services from HB 1003. Students believe mental health services are a vitally important and lifesaving service that should be offered at all NDUS institutions.

Council of College Faculties (CCF) Report
Dr. Girard said CCF has not met since the last SBHE meeting.

Board Business
Approve May 9, 2011, meeting minutes and May 9 and 10, 2011 SBHE retreat minutes
It was moved by Lembke, seconded by Espegard, to approve the May 9, 2011, meeting minutes and the May 9 and 10, 2011 SBHE retreat minutes. Diederich, Haugen, Lembke, Espegard, Bonner, Shaft, and Backes voted aye. The motion carried.

Board Policy Manual Revisions
Introduction and first reading
Section 900 Facilities policies
It was moved by Lembke, seconded by Haugen, to approve the introduction and first reading of Policy Section 900 Facility policies. Lembke, Haugen, Diederich, Bonner, Espegard, Shaft, Backes voted aye. The motion carried.

706.1 Board Member Per Diem Payments
It was moved by Espegard, seconded by Lembke, to approve the introduction and first reading of Policy 706.1 Board Member Per Diem Payments. Diederich, Haugen, Lembke, Bonner, Shaft, and Backes voted aye. The motion carried.

Introduction and final adoption
HR Policy 7.1 Sick Leave
It was moved by Espegard, seconded by Lembke, to waive the second reading requirement according to Policy 330 and approve the introduction and final adoption of HR policy 7.1 Sick Leave. Diederich, Haugen, Bonner, Lembke, Espegard, Shaft, and Backes voted aye. The motion carried.

302.9 Faculty and Staff Advisers
It was moved by Lembke, seconded by Haugen, to waive the second reading requirement according to Policy 330 and approve the introduction and final adoption of Policy 302.9 Faculty and Staff Advisors effective immediately. Bonner, Espegard, Diederich, Haugen, Lembke, Shaft, and Backed voted aye. The motion carried.

506.1 Immunizations; TB Testing
It was moved by Haugen, seconded by Lembke, to waive the second reading requirement according to Policy 330 and approve the introduction and final adoption of Policy 506.1 Immunizations: TB Testing effective immediately. Diederich, Espegard, Lembke, Haugen, Bonner, Shaft, and Backes voted aye. The motion carried.

Second reading and final adoption
605.1 Academic Freedom and Tenure; Academic Appointments
It was moved by Lembke, seconded by Bonner, to approve the second reading and final adoption of Policy 605.1 Academic Freedom and Tenure; Academic Appointments effective immediately. Haugen, Espegard, Diederich, Lembke, Bonner, Shaft, and Backes voted aye. The motion carried.

Consent Agendas
Financial and Facility Consent Agenda
It was moved by Espegard, seconded by Lembke, to approve the following financial and facility consent agenda items:
Approve BSC request to proceed with the completion of the 4th floor in the National Energy Center of Excellence, at a total cost of up to $4,335,000, with $3,300,000 of 2011-13 capital asset funds and $1,035,000 from federal and/or private funds.

Approve BSC request to proceed with the construction of a Physical Plant Building at a total cost of up to $1,500,000, from 2011-13 capital assets appropriation.

Approve DCB request to proceed with re-paving of campus roads at an estimated cost of $700,000 to be funded from 2011-13 state capital assets funds.

Approve DSU request to increase the project amount from $400,000 to $1,100,000 for the West Campus parking lot lighting/paving project, to be paid from 2009-2011 state general fund deferred maintenance funding.

Approve NDSU request to rename the Seed Processing-Research Laboratories Building Addition to the Ernie French Center at the NDSU Williston Research Extension Center, as the Neil Riveland Seed Processing-Research Laboratories building addition.

Approve NDSU request to proceed with the execution and delivery of an equipment lease/purchase agreement with respect to the acquisition, purchase, financing and leasing of certain equipment (energy efficiency improvements) under an Energy Services Agreement with Energy Services Group/Honeywell; authorize the President, Vice President for Finance and Administration or Controller of NDSU to execute the lease at an issuance of not to exceed $8,200,000 in Lease/Purchase Financing at a proposed interest rate not to exceed 4%, and approximate final date upon which the principal amount of the obligation will mature or become payable of 15 years; and appoint the firm of Arntson and Stewart, P.C. as the bond counsel.

Approve NDSU request to increase the amount of the AES Research Greenhouse project from $8,775,316 to $9,412,816.

Approve UND request to increase from $350,000 to $2.0 million, the total cost in construction of infrastructure and other related improvements associated with the Alumni Center construction on adjacent UND property, with funding for all costs donated by the UND Alumni Association and Foundation; according to section 7 of SBHE Policy 902.3, authorize the UND Alumni Association to make those improvements on adjacent UND property as specified by UND officials; further authorize UND to seek Budget Section approval to accept the donation according to ND 15-10-12.1

Approve UND request for authorization to proceed with projects in the amount of $1,000,000 for modification and renovation of mechanical and electrical systems in multiple buildings for facility energy efficiency improvements, to be funded from Department of Commerce ARRA funding.

Approve UND request to proceed with construction of a “Scale Up” classroom within O’Kelly – Ireland Hall at an estimated cost of $1,131,381, with $525,000 from 2009-11 deferred maintenance funds and $606,381 from 2009-11 appropriated and local funds.
• Approve UND request to proceed with construction of an addition and renovation to Wilkerson Hall Dining Center, at an estimated cost of $14 million, to be funded with auxiliary revenue bonds.

• Ratify Chancellor’s interim action authorizing VCSU to proceed with multiple energy efficiency projects at an estimated cost of $629,657 to be funded through a grant awarded by the Department of Commerce Energy program.

• Approve WSC request to seek legislative authorization under NDCC section 48-01.2-25 for a change in project amount for the Residence Hall project from $9,875,000 to $9,975,000, from private gift funds.

• Approve WSC request seek legislative Budget Section authorization under NDCC section 48-01.2-25 for a change in project amount from $1,500,000 to up to $3,000,000 for Phase I and II of the campus branding project, $1 million to be funded from the 2011-13 permanent oil trust fund appropriation and $2,000,000 from private foundation funds; furthermore, following Budget Section approval, proceed with the project.

• Approve TIAA-CREF plan change to Premier Share Class effective 2nd quarter of CY11 for 401(a) defined contribution retirement plan; 403(b) tax deferred annuity plan; 457(b) deferred compensation plan; 401(a) executive compensation plan; and 403(b) executive compensation plan for applicable options.

• Approve an increase in TIAA-CREF 401(a) plan contributions rates of two percent on January 1, 2012 and another two percent on January 1, 2013, with 50% paid by the employer and 50% paid by the employee, consistent with legislative action.

Lembke, Haugen, Diederich, Bonner, Espegard, Shaft, and Backes voted aye. The motion carried.

WSC Workforce Training Center Project
Ms. Deanette Piesik, Executive Director, WSC TrainND, said due to a large increase in the demand for petroleum industry training WSC is experiencing a shortage of space to provide this training. She said companies who pay for the training are reluctant to also give money to build training facilities. In response to a question from Mr. Lembke regarding legislative intent, Ms. Glatt said the request is within the debt limit authorized by the legislature and if WSC cannot raise the additional private and/or workforce training revenues the project would need to be scaled back.

It was moved by Lembke, seconded by Espegard, to approve the WSC request to seek legislative Budget Section approval for an increase in WSC Workforce Training Center project amount from $2,225,000 to $3,910,000 to be funded $500,000 from state general fund, and up to $3.4 million from Bank of ND loan, to be repaid from workforce training revenues, and at a minimum in $10,000 donated costs; seek legislative Budget Section approval to increase the borrowing authority under section 4 of HB1003 (2011) to $1,725,000 to up to $3.4 million; and, further, upon Budget Section approval, SBHE authorization to proceed with the project,
following consultation with the Chancellor on final project scope and funding sources, subject to legal counsel review. Espegard, Haugen, Diederich, Bonner, Espegard, Shaft, and Backes voted aye. The motion carried.

**It was moved** by Lembke, seconded by Espegard, to approve the following financial and academic consent agenda items:

**Academic Consent Agenda**
- Approve BSC request to offer an A.A.S. and P.C. in Water and Wastewater Technology both traditionally and at a distance
- Approve MiSU request to offer a B.S.W. in Social Work at a distance
- Approve NDSU request to offer a M.S. in Materials and Nanotechnology
- Approve UND request for program terminations:
  - M.S. and M.Ed. Special Education Strategist
  - M.S. and M.Ed. Special Education/Cognitive/Developmental Disabilities
  - M.S. and M.Ed. Special Education/Early Childhood
  - M.S. and M.Ed. Special Education/Emotional Disturbance
  - M.S. and M.Ed. Special Education/Learning Disabilities
  - M.S. and M.Ed. Special Education/Visual Impairment
- Approve UND request for a new program Minor in Astrophysics
- Approve UND request to offer a Graduate Certificate in College Teaching traditionally and at a distance
- Approve UND request to offer a Graduate Certificate in Social Entrepreneurship traditionally and at a distance
- Approve VCSU request to offer a Bachelor’s Degree in Business Process Integration Management to be offered traditionally and at a distance

Espegard, Lembke, Haugen, Bonner, Shaft, and Backes voted aye. Diederich was absent. The motion carried.

**Personnel Consent Agenda**

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

**It was moved** by Lembke, seconded by Haugen, to approve the appointment of Mr. Rodney Howe to the North Dakota State Board of Agriculture Research and Education. Haugen, Lembke, Espegard, Bonner, Shaft, and Backes voted aye. Diederich was absent. The motion carried.

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

**It was moved** by Haugen, seconded by Lembke, to approve the appointment of Mr. Doyle Johannes to the North Dakota State Board of Agriculture Research and Education. Espegard,
Haugen, Bonner, Lembke, Diederich, Shaft, and Backes voted aye. Diederich was absent. The motion carried.

**Approve professorial tenure request for Dr. Denise Korniewicz**

It was moved by Espegard, seconded by Haugen to approve the UND tenure request for Dr. Denise Korniewicz. Haugen, Espegard, Lembke, Bonner, Shaft, and Backes voted aye. Diederich was absent. The motion carried.

**Budget, Audit and Finance Committee Report**

**Approve NDUS 2011-12 office budget**

Mr. Espegard gave an overview of the planned reductions in office budget during the 2011-13 biennium, including reductions to subscriptions, memberships, printing, IT, and surveys. Mr. Espegard said the committee was very conscious not to pass along costs to the campuses, and continuation of any of the proposed unfunded activities in the NDUS Office budget, will be at the campus or Board discretion. He said the SBHE will need to approve an exception to its annual salary guideline which requires an overall minimum average salary increase of 3%, as the FY2012 NDUS Office overall salary increase is 2.75% broken down as follows: Chancellor 3%; Vice Chancellors/Legal Counsel average 2.1%; all other staff average 3.15%.

It was moved by Espegard, seconded by Lembke, to approve the NDUS 2011-12 office budget, including an overall FY12 salary increase for the NDUS Office of 2.75%. Lembke, Haugen, Bonner, Espegard, Shaft, and Backes voted aye. Diederich was absent. The motion carried.

**Approve allocation of $75,000 to NDSU and $75,000 to UND for educational leadership programs**

It was moved by Espegard, seconded by Lembke, to approve allocation of $75,000 to NDSU and $75,000 to UND from a $150,000 legislative appropriation for educational leadership programs. Espegard, Haugen, Bonner, Lembke, Shaft, and Backes voted aye. Diederich was absent. The motion carried.

**Approve graduate credit tuition rates for DSU and MaSU**

It was moved by Espegard, seconded by Lembke, to approve the 2011-12 graduate credit tuition rates for DSU of $247.22 and MaSU of $238.22. Espegard, Lembke, Haugen, Bonner, Shaft, and Backes voted aye. Diederich was absent. The motion carried.

**Approve of NDUS funding model (performance and base) principles**

President Backes announced that the discussion on this item will be postponed to a future meeting.
Approve UND Law School request to revise the designated school for the Norway Exchange Program from the University of Oslo Faculty of Law to any college or university in Norway, limited to law

It was moved by Espegard, seconded by Lembke, to approve the UND Law School request to revise the designated school for the Norway Exchange Program from the University of Oslo Faculty of Law to any college or university in Norway, limited to law. Bonner, Espegard, Haugen, Lembke, Shaft, and Backes voted aye. Diederich was absent. The motion carried.

Major Policy Discussions & Special Reports

Annual report from the UND School of Medicine and Health Sciences Advisory Committee
Dr. Joshua Wynne, Vice President for Health Affairs and Dean, UND School of Medicine & Health Sciences presented an overview of the UND School of Medicine and Health Sciences Advisory Committee annual report. He highlighted North Dakota’s aging population, rural nature, and physician workforce shortage and distribution. He said the need for more family medicine practitioners in the rural areas will be an ongoing issue and by 2025, North Dakota will be short at least 210 physicians in meeting North Dakota’s healthcare needs.

Approve Workforce Training Business Plan
Dr. Krotseng presented a brief overview of the Workforce Training Business Plan. She noted that the plan has been approved by the regions’ respective advisory boards.

It was moved by Lembke, seconded by Espegard, to approve the Workforce Training Business Plan. Haugen, Lembke, Espegard, Bonner, Shaft, and Backes voted aye. Diederich was absent. The motion carried.

Annual report from the State Board of Agriculture Research and Education
Mr. Rodney Howe, SBARE President, thanked the SBHE and NDSU for their support. He presented an overview of the history, purpose, and composition of SBARE. Mr. Howe said SBARE is looking forward to the areas of innovative stewardship, biofuels, and agri-medicine. He said the return on investment for agriculture research and programs can be as high as 200 to 1. Dr. D.C. Coston, NDSU Vice President Agriculture and University Extension, said, as an example of return on investment, varieties of spring wheat that resist scab have represented more than $1 billion in sales in the state. Dr. Coston said the extension service has direct contact with more than 500,000 citizens annually.

Report on Carnegie Research Classifications
President Bresciani, NDSU and President Kelley, UND presented an overview of the Carnegie Classification system. The Carnegie Classification System is widely used in the study of higher education, both as a way to objectively represent and control for institutional differences, and
also in the design of research studies to ensure adequate representation of sampled institutions, students, or faculty. Rankings are derived from empirical data on colleges and universities.

In response to a question from President Backes regarding criteria for very high research universities, President Bresciani responded the category is based on annual research expenditures. President Kelley added that only grants are considered, not contracts. He also said the return on investment for the cost of the research function to the state of North Dakota is exceedingly high at approximately a seven to one return. In response to a question from President Backes regarding the state’s investment in the research enterprise and increases in institutional classification, President Bresciani said the state’s investment is largely in personnel.

North Dakota Higher Education Consortium for Substance Abuse Prevention (NDHECSAP) annual report
Ms. Jane Vangsness Frisch said she will report at the Department of Education Safe and Drug Free Schools Office national meeting on the NDHECSAP best practices and approaches. Dr. Hillman said the consortium takes a campus/community approach rather than a higher education approach. Ms. Vangsness Frisch said the NDCORE Survey identifies high-risk drinking predictors for North Dakota college students and is used to develop evidence based interventions specific to North Dakota and for each NDUS campus. She said the average number of drinks per week, peak blood alcohol content, and the numbers of students who used alcohol within the last 30 days have all decreased, but the number of students who have used marijuana in the last 30 days has increased slightly.

Presentation on mobile technology
Dr. Josh Riedy, UND CIO, Dr. Tim Pasch, Mr. Nick Zaccardi, and Mr. Corey Quirk presented a demonstration on UND’s mobile application. Dr. Riedy said licensing for the application is dependent on the number of users and is very economical. UND is very progressive in getting students connected and because of how the application operates there has been no disruption of the bandwidth on campus. Dr. Riedy said the log-in is secure and UND is working on encrypting all applications. Mr. Thursby said the NDUS licenses Microsoft products for faculty and staff as well as any institutional machines. He noted that UND has allowed other campuses to try this application.

Approve presidents’ objectives for 2011-12
Chancellor Goetz said he has reviewed the president’s objectives and they are consistent with the NDUS Strategic Plan.

It was moved by Lemke, seconded by Espegard, to approve the presidents’ objectives for 2011-12. Haugen, Espegard, Lembke, Bonner, Shaft, and Backes voted aye. Diederich was absent, the motion carried.
Approve Chancellor’s objectives for 2011-12
President Backes said he has reviewed the Chancellor’s objectives and they are consistent with the NDUS Strategic Plan.

It was moved by Lembke, seconded by Espegard, to approve the Chancellor’s objectives for 2011-12. Lemke, Haugen, Bonner, Espegard, Shaft, and Backes voted aye. Diederich was absent. The motion carried

Approve presidents’ contracts for 2011-12
Chancellor Goetz said he has visited throughout the year with the presidents regarding their progress on their objectives and that the GoalShare system has been working well.

It was moved by Espegard, seconded by Lembke, to approve the presidents’ contracts for 2011-12. Espegard, Haugen, Bonner, Lemke, Shaft, and Backes voted aye. Diederich was absent. The motion carried.

Approve Chancellor’s contract for 2011-12
It was moved by Espegard, seconded by Lemke, to approve the Chancellor’s contract for 2011-12. Bonner, Espegard, Haugen, Lembke, shaft, and Diederich voted aye. Diederich was absent. The motion carried.

College and university presidents’ briefings
Mr. Dave Clark said BSC staff and faculty have been helping with the flood efforts including trying to address housing issues for students in the fall.

President Bower said FEMA and state agencies have been utilizing LRSC facilities. LRSC has received certification from the American Wind Energy Association for wind energy technicians. The OSHA safety certification for the Wind Energy Association was developed by LRSC.

President McCallum said the DSU Business Challenge enrollment is seeing an increase of participants who enroll for consecutive years. DSU will enter the Frontier Athletic Conference in the fall of 2012.

President Hagen said MaSU may have reached an all-time record for summer enrollment.

President Nadolny said WSC’s recruitment efforts are being affected by wage inflation and a lack of child care.
President Kelley said UND students recently won a national robotics competition for remotely piloted vehicles intended for use on the moon.

President Shirley said the VCSU Prairie Waters Education and Research Center hosted the ND Geographical Summer Institute and the Great Plains STEM Education Center staff have been holding workshops on math and science curriculum at Sitting Bull College for K-12 teachers.

President Backes presented a plaque to Ms. Bonner in appreciation of her service on the SBHE.

**Announcements**

 future Board Meetings
  - September 15 – DSU
  - November 17 – VCSU
  - December 15 – Conference Call

The meeting adjourned at 1:44 p.m.

Executive Secretary                President

Date

9-15-11