ND State Board of Higher Education
Minutes – February 23, 2012

Members present:
Mr. Grant Shaft, President
Mr. Duaine Espegard, Vice-President, by phone
Dr. Terry Hjelmstad
Mr. Robert Vallie, Student Member
Ms. Janice Hoffarth, Staff Senate Advisor
Dr. John Girard, Faculty Advisor, by phone
Mr. Claus Lembke
Mr. Mike Haugen, by phone
Ms. Kirsten Diederich
Mr. Richie Smith

Staff members present:
Mr. William G. Goetz, Chancellor
Mr. Pat Seaworth, General Counsel
Ms. Laura Glatt, Vice Chancellor for Administrative Affairs
Dr. Michel Hillman, Vice Chancellor for Academic & Student Affairs
Mr. Randall Thursby, Chief Information Officer
Mr. Bill Eggert, Director of Internal Audit and Risk Assessment, by phone
Dr. Marsha Krotseng, Vice Chancellor for Strategic Planning/Exec. Director of CTEC, by phone
Ms. Erika Lorenz, Secretary

Presidents/Dean participating:
Dr. Gary Hagen, MaSU
Dr. David Fuller, MiSU, by phone
Dr. Dean Brescia, NDSU
Dr. John Richman, NDSCS
Dr. Paul LaBel for Dr. Robert Kelley, UND
Dr. Steve Shirley, VCSU
Mr. James Foertsch for Dr. Raymond Nadolny, WSC

The State Board of Higher Education met Thursday, February 23, 2012, at 8:45 a.m. CT, in the Plains Room, NDSCS Student Center, 800 North 6th Street, Wahpeton, ND.
A moment of silence was held in memory of four NDSU students killed in an auto accident. They were Jordan Playle, Danielle Renninger, Lauren Peterson, and Megan Sample.
Board President’s Report
Mr. Shaft presented a certificate to Mr. Glen Schmalz for his years of service to Valley City State University and the University System.

Mr. Shaft gave an overview of recent campus accomplishments.

Update on Chancellor Search Committee
Mr. Shaft said the Chancellor Search Committee met on February 9th to interview five semi-finalist candidates and the field has been narrowed to four candidates. The remaining four candidates will travel to Bismarck February 28th and 29th for meetings and interviews.

Appointment of State Board of Higher Education Oversight Committee
Mr. Shaft said he will Chair the SBHE Oversight Committee and Dr. Diederich and Dr. Hjelmstad will also serve on the committee. The committee met yesterday and received presentations that included information on lecture capture systems.

Chancellor’s Report
Chancellor Goetz introduced Mr. John Irby as the interim NDUS Public Relations Consultant.

Ratify DSU President’s contract
Chancellor Goetz said DSU President Coston’s contract includes a salary of $205,320, provision of a campus owned home, and mileage reimbursement consistent with other presidential contracts.

Mr. Shaft recommended that President Coston’s contract term carry through DSU’s accreditation process which is slightly outside the three year SBHE limit on contract term. He suggested that at the end of the current fiscal year he would recommend another contract of three years that extends through the accreditation period.

It was moved by Smith, seconded by Hjelmstad, to approve DSU President Coston’s contract which includes an annual salary of $205,320, for the period January 19, 2012 – January 18, 2015 and subject to adjustments as approved by the Board thereafter, plus fringe benefits including retirement plan
contributions and employee health plan coverage and other fringe benefits provided by law and policy, all payable twice monthly and subject to payroll deductions as provided by law; further, President Coston is required to reside in the house provided, with public areas furnished, and use the house for entertaining purposes designed to further the interests of the institution, as provided by Policy 705.1; and President Coston is entitled to use of a state vehicle or mileage reimbursement for business use of personal vehicle, as provided by Policy 705.1 and is entitled to reimbursement of moving expenses limited to mileage for one round trip prior to start date, plus mileage for one vehicle one way to destination, and reimbursement of costs to transport household goods (not to exceed 15,000 pounds). Haugen, Hjelmstad, Smith, Diederich, Vallie, Espegard, and Shaft voted yes. Lembke voted no. The motion carried.

Update on LRSC Presidential position
Chancellor Goetz reported that President Bower has submitted his resignation effective June 30, 2012. Mr. Shaft thanked President Bower for his work at LRSC. Dr. Bower said NDUS institutions work collaboratively as partners to support student success and this is a great reflection on the state of North Dakota.

North Dakota Student Association Report
Mr. Woodworth, NDSA President, said NDSA has met twice since the last SBHE meeting. He said NDSA continues to support the Maximizing Results through Efficiencies initiative and has passed a resolution supporting a system-wide lecture capture system and review of low enrollment programs. Mr. Woodworth said NDSA is concerned about the high cost of textbooks and will recommend abbreviated textbooks be allowed for use. This will be brought forward to the Student Affairs Council. He said NDSA supports seeking adequate funding for institutions in western North Dakota.

Council of College Faculties (CCF) Report
Ms. Ann Smith, CCF President, introduced Dr. Douglas Munskie as the new Faculty Advisor to the SBHE. She said CCF held elections and Ms. Smith was elected President, Fernando Quijano, DSU, was elected Vice President, and Greta Paschke, MaSU, was elected Secretary. Ms. Smith said CCF supported a motion to strike language from Policy 833 regarding tuition waivers for faculty and staff. A final report will be presented to the SBHE in April.
Staff Senate Report
Ms. Hoffarth thanked Vice Chancellor Glatt for agreeing to serve as the NDUS liaison for the Staff Senate. She said the Staff Senate/CCF Tuition Waiver Task Force is working toward a workable agreement on faculty and staff tuition waivers. Mr. Shaft said he met with NDSA and the UND Faculty Senate members and he will continue to make himself available for meetings regarding the Maximizing Results through Efficiencies initiative as needed.

Approve January 19, 2012, meeting minutes
It was moved by Lembke, seconded by Vallie to approve the January 19, 2012, meeting minutes. Lembke, Smith, Haugen, Diederich, Vallie, Hjelmstad, Espegard, and Shaft voted aye. The motion carried.

Budget, Audit, and Finance Committee (BAFC) Report
Approve NDUS 2011 financial statement audit report responses
Mr. Espegard said the financial statement audit opinion was unqualified, which is very good. The audit also included recommendations on areas for improvement and the NDUS and campuses are in agreement with the recommendations.

It was moved by Vallie, seconded by Lembke, to approve the NDUS 2011 financial statement audit report responses. Diederich, Smith, Haugen, Vallie, Lembke, Hjelmstad, Espegard, and Shaft voted aye. The motion carried.

Approve 2012-13 annual budget guidelines including tuition rates and fees
Mr. Espegard said the salary guidelines are consistent with what has been approved in the past and are based on performance. He noted that the salary increases are to be a minimum average of 3% per year at each institution for permanent employees beginning with the month of July 2012, unless an exception is provided by the SBHE. Furthermore, retirement plan rates will increase 2% on January 1, 2013, with 50% paid by the employer and 50% by the employee. The employer share was funded by the state through increased appropriations.
He said the tuition rates will remain frozen at the two-year institutions and the 4 four year institutions will be allowed an increase up to 2.5%, with NDSU’s tuition rate being frozen with no increase allowed.

The BAFC also approved requested program fee increases, new program fees as follows:

- UND’s Engineering and Engineering Graduate program, a fee increase from $300 per year to $600 per year. UND’s additional request is to adjust the fee annually, at the same rate as tuition, and review the fee every five years to determine if additional adjustments are necessary. The recommendation is to approve the requested rate of $600, but not to approve the additional request to adjust the fee annually, at the same rate of tuition.
- New program fees for UND’s Nutrition & Dietetics of $1,000 per year, beginning Fall 2012.

The BAFC also recommended approval for continuing the current ConnectND fee of $81 per semester, with no increase in 2012-13.

In response to a question from Mr. Lembke regarding non-resident tuition rates in NDSU’s proposed student success tuition model, Ms. Glatt said it is her understanding that this will be forwarded to the Student Fee Task Force for a recommendation and will be presented to the SBHE in April. Mr. Espegard said the request will be expedited in order to not hold back NDSU’s proposal.

In response to a question from Mr. Vallie regarding NDSU’s tuition being frozen, Mr. Shaft said because of the 8.8% increase NDSU received last year they are still cumulatively 3.8% over and above what the other institutions have received during the biennium.

Dr. Girard said CCF had quite a bit of discussion on the annual budget guidelines. CCF is very concerned about the minimum salary increase that is somewhat offset by the increase in retirement funding and may leave faculty and staff with less take home pay than they receive now, should an individual employee not receive the average three percent increase. He noted that many campuses simply are not filling open faculty positions because funds are not available for those salaries. Mr. Espegard said the SBHE supports faculty and staff salary increase but noted the SBHE has no control over what the Governor and the legislature approve for salary increases.
Mr. Lembke suggested the SBHE receive information on vacant faculty positions and faculty turnover from campuses. President Bresciani said the recent LarsonAllen report showed that NDSU is substantially understaffed and that many programs are at risk due to significant underfunding. He noted that the SBHE approved an 8.8% tuition increase and NDSU has been underfunded even with equity funding. President Bresciani said a report generated by the NDUS Office showed UND’s and NDSU’s tuition and fees are still far below their regional counterparts.

In response to a request from Mr. Shaft regarding tuition data for UND and NDSU, Ms. Glatt said the difference has been in the fee structure between the campuses, as up until AY11-12, tuition rates were almost identical. Mr. Shaft noted that tuition rates at NDSU are very similar to UND and expressed frustration with the continuing disagreement on tuition increases.

Mr. Espegard said the 8.8% increase amounted to an $8 million increase as opposed to the 2.5% increase at other institutions, coupled with the fact that NDSU received the largest portion of equity funding, which is why the BAFC voted against the .5% tuition increase. Ms. Glatt gave a brief overview of the tuition and fee rates for NDSU and UND. Mr. Shaft said he is not willing to put the other ten NDUS institutions at risk over $400,000 at NDSU and he is very concerned that approving a .5% tuition increase at NDSU will result in legislative action to repeal not only the .5% increase but also the 8.8% tuition increase that was approved.

In response to a question from Mr. Vallie regarding the consequences if NDSU does not receive the .5% increase, President Bresciani said NDSU will have to cut core academic programs and services.

It was moved by Lembke, seconded by Hjelmstad, to approve the 2012-13 annual budget guidelines including tuition rates and fees, as recommended by the BAFC.

Mr. Vallie requested that the question be divided into the NDSU .5% increase and the remainder of the annual budget guidelines. Lembke and Hjelmstad agreed to split the question.

It was moved by Lembke, seconded by Hjelmstad, to substitute a motion dividing the question into approval of the NDSU .5% tuition increase and approval of the remainder of the 2012-13 annual budget
guidelines, as recommended by the BAFC. Smith, Diederich, Hjelmstad, Lembke, Haugen, Vallie, Espegard, and Shaft voted aye. The motion carried.

**It was moved** by Lembke, seconded by Hjelmstad, to not approve a .5% NDSU tuition increase in the 2012-13 annual budget guidelines including tuition rates and fees, as recommended by the BAFC. Diederich, Lembke, Espegard, and Shaft voted aye. Vallie, Hjelmstad, Haugen, and Smith voted no. The motion failed.

**It was moved** by Lembke, seconded by Hjelmstad, to approve the 2012-13 annual budget guidelines including tuition rates and fees recommended by BAFC, excluding the NDSU tuition increase. Smith, Diederich, Hjelmstad, Lembke, Haugen, Vallie, Espegard, and Shaft voted aye. The motion carried.

**It was moved** by Vallie, seconded by Smith, to approve the .5% NDSU tuition increase. Smith, Hjelmstad, Haugen, and Vallie voted aye. Diederich, Lembke, Espegard, and Shaft voted no. The motion failed.

**Board Policy Manual Revisions**

**Policy 305.1 - College and University Presidents' Authority and Responsibilities**

**It was moved** by Lembke, seconded by Hjelmstad, to approve the introduction and first reading of Policy 305.1 - College and University Presidents' Authority and Responsibilities. Hjelmstad, Smith, Haugen, Vallie, Lembke, Diederich, Espegard, and Shaft voted aye. The motion carried.

**807.1 Mobile Phones and Other Mobile Computing Devices; Restrictions on Use of State Phones**

**It was moved** by Vallie, seconded by Hjelmstad, to approve the introduction and first reading of Policy 807.1 Mobile Phones and Other Mobile Computing Devices; Restrictions on Use of State Phones. Diederich, Haugen, Lembke, Hjelmstad, Vallie, Smith, Espegard, and Shaft voted aye. The motion carried.

**Policy 809 - Gift Funds** and **Policy 810 - Deposit of Funds; Investments**

**It was moved** by Lembke, seconded by Vallie, to approve the introduction and first reading of Policy 809 - Gift Funds and Policy 810 - Deposit of Funds; Investments. Haugen, Hjelmstad, Smith, Diederich, Lembke, Vallie, Espegard, and Shaft voted aye. The motion carried.
It was moved by Lembke, seconded by Vallie, to approve authority to proceed with construction of a Joint UND/NDUS IT office building and separate data center, at an estimated cost of $15,500,000, to be funded from $12.5 million in state appropriation and $3.0 million from internal reallocation from efficiencies and one-time savings. Diederich, Haugen, Lembke, Hjelmstad, Vallie, Smith, Espegard, and Shaft voted aye. The motion carried.

Mr. Thursby said the funding plan calls for approximately $3 million in one-time funds found through efficiencies in a number of areas including $400,000 carry over funds, delaying equipment purchases, delaying equipment replacement (some of which will need to be replenished over time), and funds from ConnectND operational funds which will need to be paid back from efficiencies. In response to a question from Mr. Vallie regarding possible additional building components, Mr. Thursby said the proposal before the SBHE is a complete funding proposal for all components.

It was moved by Smith, seconded by Lembke, to approve the following Financial and Facility Consent Agenda items:

- Approve amending the NDUS TIAA-CREF 403(b), supplemental retirement, plan document to include the Worker, Retiree, and Employee Recovery Act of 2008 (WRERA) amendment.
- Approve MaSU request to expand the Agassiz Hall Renovation project by $30,000 from $3,745,000 to $3,775,000, with funds from campus housing reserves; and furthermore, seek Budget Section authorization for the increase in project scope consistent with NDCC 48-01.2-25.
- Approve MiSU request to increase spending authority by $200,000, from $500,000 to $700,000, for an 8-plex faculty and staff housing unit, to be financed through a low-interest loan and repaid with auxiliary revenues, with the amortization period extended from 10 to 15 years.
- Approve MiSU request to increase spending authority by $400,000, from $2,500,000 to $2,900,000 for the purchase of ten Olympic Village-style student housing units, to be financed through a low-interest loan and repaid with auxiliary revenues, with the amortization period extended from 10 to 15 years.
- Approve NDSCS request for authorization to solicit private funds of up to $100,000 for new lockers for the Clair T. Blikre Activities Center.
• Approve NDSCS request for authority to expand the size of the Bishek Hall expansion project from 54,900 GSF to approximately 65,600 GSF; and furthermore, seek Budget Section approval according to NDCC 48-01.2-25.

• Approve UND request for authorization to proceed with installation of fire protection system within Walsh Hall, a residence hall facility, at an estimated cost of $950,000 to be paid from residence hall revenues.

Hjelmstad, Smith, Haugen, Vallie, Lembke, Diederich, Espegard, and Shaft voted aye. The motion carried.

It was moved by Smith, seconded by Lembke, to approve the following Academic Consent Agenda items:

• Approve UND request for a new program: Ph. D. in Aerospace Sciences to be offered both traditionally and at a distance

• Approve BSC request for Institutional Organizational terminations:
  • Career and Technology Institute
  • Workforce Training Center

• Approve BSC request to offer a new program with an A.A.S. and P.C. in Digital Audio Production to be offered both traditionally and at a distance

• Approve WSC Constitution

Lembke, Smith, Haugen, Diederich, Vallie, Hjelmstad, Espegard, and Shaft voted aye. The motion carried.

It was moved by Lembke, seconded by Smith, to approve UND request to consolidate the Departments of Anatomy and Cell Biology; Microbiology and Immunology; Pharmacology, Physiology and Therapeutics; and Biochemistry and Molecular Biology into a single Department of Basic Sciences, effective July 1, 2012. This request is in accordance with SBHE Policy 307.1, Institutional Organization – Notice and Approval. Haugen, Hjelmstad, Smith, Diederich, Lembke, Vallie, Espegard, and Shaft voted aye. The motion carried.

Dr. Hillman said consolidating departments does not affect the academic majors and minors offered.
**It was moved** by Smith, seconded by Hjelmstad, to approve the NDSCS request to grant an honorary Associate Degree to former United States Senator Byron L. Dorgan. Hjelmstad, Smith, Haugen, Vallie, Lembke, Diederich, Espegard, and Shaft voted aye. The motion carried.

**It was moved** by Lembke, seconded by Vallie to approve the MaSU request to grant an honorary Baccalaureate Degree to former North Dakota Senator Elroy Lindaas. Vallie, Hjelmstad, Diederich, Haugen, Smith, Lembke, Espegard, and Shaft voted aye. The motion carried.

**MAJOR POLICY DISCUSSIONS & SPECIAL REPORTS**

**Update on Dickinson State University**

President Coston said he and a delegation from DSU met with the Higher Learning Commission to brief the Commission on the issues surrounding special international students at DSU. He had requested that Chancellor Goetz assign the NDUS Director of Internal Audit and Risk Assessment, Mr. Bill Eggert, to work with DSU on enrollment issues for special international programs. He noted that the students who were the focus of the audit were enrolled under one special international program.

President Coston said of the 127 Memoranda of Understanding DSU had with other institutions, which were either not implemented or followed, four appear to be valid. The audit revealed several process level controls were waived, intentionally overridden or ignored, the absence of official documentation, a lack of documented English proficiency, and degrees awarded without sufficient credits being earned. A team was assembled to work with Mr. Eggert in reviewing all special international student files from 2003 to present. President Coston also requested that the other four international programs be examined. He noted all of the students in question are either from China or Russia.

The review of student files has been completed and showed all other transfer student files are complete with no issues and contain all relevant documentation. President Coston said DSU is in the process of taking corrective action and is working closely with the Higher Learning Commission. He said DSU is working to ensure that all policies, procedures, and laws are being followed.

In response to a question from Mr. Shaft regarding checks and balances in place, President Coston said the guidance provided by the SBHE, the HLC, and regulations currently in place at DSU are sufficient.
DSU is in the process of ensuring that it follows policies and procedures. Mr. Shaft said the issues at DSU are a top priority for the SBHE and he has every confidence in President Coston. Chancellor Goetz said the DSU issues have been challenging and President Coston is handling these issues very well.

President Coston thanked Chancellor Goetz and the SBHE for their support

**College and university presidents’ briefings**

DCB Dean Grosz said Old Main is on the national register of historic places. A community group is working to raise funds to rehabilitate the building for repurposing to a conference/convention center for the Bottineau community.

MiSU President Fuller said flooding last year has resulted in an enrollment drop of approximately 7%. In addition, 125 faculty and staff were directly affected. MiSU is facing a $1.4 million deficit. Brian Foisy, MiSU Vice President for Administration and Finance, said the Federal Emergency Management Agency (FEMA) has funded short-term emergency projects. Funding for long-term restoration work through FEMA has been much more difficult to work through. He said MiSU will be moving forward with a deficiency appropriations request.

President Fuller said MiSU has had to hire a part time counselor for students, faculty, and staff as well as an ombudsman to help with housing and personal issues. He said because MiSU cannot increase its tuition, to meet the minimum 3% salary increase it will need to either cut programs or positions. Currently MiSU can only afford a 1-2% salary increase. The energy impact on Minot has also caused the cost of living to increase dramatically.

Mr. James Foertsch, WSC Executive Director for Business Services, said WSC continues to experience extremely high staff turnover due to increases in salary from the energy industry as well as a severe housing shortage. He noted that the issues being experienced now in Williston, Dickinson, and Minot are also beginning to affect other communities.

**Public Comment**

Ms. Hoffarth noted a 3% salary for an average staff member amounts to an increase of $8-10 per paycheck. She introduced James Foertsch, WSC, as the incoming President of the State Staff Senate.
Mr. Shane Gerbert, UND Student Government President, presented a statement thanking the SBHE for its actions regarding the UND logo and nickname.

Mr. Vallie said Mr. David Vining, NDSU, and Mr. Shane Gerbert, UND, are candidates for the position of SBHE Student Member.

The meeting adjourned at 12:10 p.m.

April 12, 2012
Date