The State Board of Higher Education met Friday, April 27, 2012, at 8:32 a.m. by conference call. The call originated in the NDUS Office, 10th floor, State Capital.

Members present:
- Mr. Grant Shaft, President
- Mr. Duaine Espegard, Vice-President
- Dr. Kirsten Diederich
- Mr. Robert Vallie, Student Member
- Mr. Mike Haugen
- Dr. Terry Hjelmstad
- Mr. Richie Smith
- Dr. Kirsten Diederich
- Ms. Janice Hoffarth, Staff Senate Adviser
- Ms. Laura Glatt, Vice Chancellor for Administrative Affairs
- Dr. Marsha Krotseng, Vice Chancellor for Strategic Planning/Exec. Director of CTEC
- Ms. Erika Lorenz, Secretary

Members absent:
- Dr. John Girard, Faculty Adviser

Staff members present:
- Mr. William G. Goetz, Chancellor
- Ms. Laura Glatt, Vice Chancellor for Administrative Affairs
- Dr. Marsha Krotseng, Vice Chancellor for Strategic Planning/Exec. Director of CTEC
- Ms. Erika Lorenz, Secretary

Others participating:
- Dr. D.C. Coston, DSU
- Mr. Mark Lowe, DSU Controller
- Dr. Dean Bresciani, NDSU
- Dr. Paul LaBel for Dr. Robert Kelley, UND

Discuss and approve change in DSU on-campus non-resident tuition rate

Chancellor Goetz said the proposed change in the DSU non-resident tuition rate is a result of the performance audit done by the State Auditor’s Office (SAO).

Dr. Coston said DSU had an internal tuition task force review enrollment, financial aid, and the fiscal stability of the institution. The task force recommendation was that the highest non-resident tuition rate be 150% of the in-state tuition rate. This will create efficiency as virtually all of the tuition waivers used by DSU will be eliminated and staff in various departments will be free to focus on other work. Dr. Coston said DSU now needs to move forward with the proposed tuition rate to be able to recruit students and proceed with financial aid offerings in the Fall 2012. As a result of delayed student recruitment, DSU has missed recruitment opportunities for students and particularly student athletes.

Dr. Coston said the DSU recommendation is to change DSU non-resident tuition from 267% of in-state tuition to 150% of the in-state tuition. Dr. Coston gave an overview of other non-resident tuition rate categories.

Dr. Coston said the vast majority of non-resident students receiving tuition waivers received a 53% waiver of the 267% non-resident tuition rate and paid tuition equivalent to approximately 125% of the in-state tuition rate, after waiver. The proposed tuition rate would be 150% of the in state tuition rate, so DSU would actually collect more revenue than currently.

Dr. Coston said current students would be grandfathered in under the old tuition rate/waiver for at least one year. Mr. Espegard expressed concern with grandfathering in current students. Dr. Coston said he is concerned about increasing the rate for currently enrolled students and moving too quickly to change the model for those students is problematic. DSU does not have the resources to meet with over 200
individually impacted students to advise them regarding the financial impact of a significant change. Also, he expressed concern regarding students leaving DSU if current students are not grandfathered in at or about the current rates.

In response to a question from Mr. Shaft regarding remaining tuition waivers, Dr. Coston said the remaining waivers noted in the materials are for the grandfathered students. Those waivers would be eliminated by 2014; however, Dr. Coston said there may be limited waivers as authorized by SBHE policy (i.e. financial hardship or diversity). In addition, waivers required by board policy or state law will be awarded in compliance with those regulations.

Mr. Espegard said the tuition and fees policy including waivers will be reviewed by the SBHE over the next year. Mr. Shaft agreed and said this would be a front burner issue for the SBHE.

**It was moved** by Espegard, seconded by Hjelmstad, to approve a change in DSU on-campus non-resident tuition rate from 267% of the North Dakota resident rate to 150% of the North Dakota resident rate, for currently enrolled DSU non-resident students with only limited tuition waivers allowed; further, the non-resident rate shall be 200% of the North Dakota resident rate, for newly enrolled DSU students with only statutory tuition waivers allowed, effective Fall 2012. Any requests for waivers, other than those required by statute, must be approved by the chancellor.

Mr. Seaworth asked if the provision that allows no tuition waivers will apply to only DSU. It was clarified that the intent is to currently limit it to DSU; however, waiver practices will be reviewed system-wide in the next year.

In response to a question from Mr. Shaft regarding the 150% tuition rate, Dr. Coston said those current non-resident students have been paying approximately 125% of the in-state tuition rate, after waivers are applied, and the proposed motion would increase their net tuition rate to 150% or an increase of $1,109 per year. Dr. Coston expressed concern regarding the potential of a significant number of existing students requesting to transfer away from DSU.

Board members expressed concern regarding continuing use of tuition waivers for current students. Mr. Shaft suggested that the 200% tuition rate be used for new students but it be made clear that waivers will not be issued if not approved by the Chancellor, expect for statutory waivers.

In response to a question from Mr. Haugen about Chancellor approval of tuition waivers and whether this is a direction intended for all campuses in the future, President Shaft said it is not, it is intended to apply only to DSU only given the recent audit issues.

In response to a question from Mr. Vallie regarding the proposed 150% tuition rate, Dr. Coston said the task force recommendation meets DSU’s needs and also meets the recommendations as set forth by the SAO.

Chancellor Goetz recommended passage of the proposed 150% tuition rate as presented in the materials. Mr. Shaft said he does not want to continue extending waivers to new students.

Mr. Vallie said the SBHE entrusted DSU to Dr. Coston’s leadership and he supports the 150% proposal as presented. Mr. Shaft said it should be very clear that existing students could be grandfathered at the current net 125% price (tuition less waivers) but, in the future, newly enrolled students would not
receive tuition waivers unless statutory in nature. Mr. Shaft also said it should be clear that the non-resident tuition rate policy may change in the future and students will not be grandfathered under new policy. President Coston indicated that they will be very clear with students that the rates are subject to change each year as determined by the SBHE.

**It was moved** Espegard, seconded by Hjelmstad, to substitute an amended motion approving a change in the DSU on-campus non-resident tuition rate from 267% of the North Dakota resident rate to 150% of the North Dakota resident rate for all newly enrolled students. Currently enrolled DSU students will continue to receive waivers and pay tuition at a rate equivalent to 125% for one year. Newly enrolled students will only receive tuition waivers for very limited purposes including those as provided for in statute. Diederich, Haugen, Hjelmstad, Vallie, Espegard, and Shaft voted aye. The substitute motion carried.

The meeting adjourned at 10:02 a.m.

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Executive Secretary

President

May 16, 2012

Date