North Dakota State Board of Higher Education
Minutes – July 31, 2013

Members present:
Dr. Kirsten Diederich, Vice President
Mr. Duaine Espegard
Mr. Devin Hoffarth
Ms. Kathleen Neset

Dr. Terry Hjelmstad, Vice President
Ms. Kari Reichert
Mr. Grant Shaft
Ms. Janice Hoffarth, Staff Adviser

Mr. Devin Hoffarth
Ms. Kathleen Neset

Mr. Grant Shaft
Ms. Janice Hoffarth, Staff Adviser

Ms. Kari Reichert

Staff members present:
Dr. Larry Skogen, Acting Chancellor
Dr. Michel Hillman, Interim Vice Chancellor for Academic and Student Affairs
Ms. Lisa Feldner, Vice Chancellor for Information Technology and Institutional Research
Ms. Claire Holloway, General Counsel
Ms. Linda Donlin, Director of Communications and Media Relations
Ms. Cathy McDonald, Director of Finance

The State Board of Higher Education met on Wednesday, July 31, 2013, at 1:00 p.m. CT, in the Energy Generation Conference Room, Room 335, National Energy Center of Excellence, Bismarck State College, Bismarck, North Dakota.

Approval of Board agenda
It was moved by Hjelmstad, seconded by Reichert, to approve the Board agenda. Espegard, Hjelmstad, Hoffarth, Reichert, Shaft, and Diederich voted yes; Morton and Neset were absent. The motion carried.

Chancellor’s comments
Chancellor Skogen thanked the BSC administration for continuing the college’s work in his absence, and stated that he has accomplished a lot of work at the NDUS with the assistance of NDUS staff and institution presidents.

Approval of minutes for June 2, first June 3, and second June 3, 2013, meetings
It was moved by Reichert, seconded by Hoffarth, to approve the minutes for the Board’s June 2, first June 3, and second June 3, 2013, meetings. Espegard, Hjelmstad, Hoffarth, Neset, Reichert, Shaft, and Diederich voted yes; Morton was absent. The motion carried.

Board president’s goals for 2013-14
President Diederich stated that her main goal as Board president is to restore trust within the university system. She explained that this would involve more than the relationships between the Board and NDUS presidents, but also those between the Board and legislators, the Board and the greater community, and those among the Board members. President Diederich noted the need to appoint an interim chancellor, stating that the Board will discuss that process later. This year’s Board will also search for a new MiSU president, and undertake a self-evaluation and governance education. President Diederich concluded that
her dream is to get back to the mission of the NDUS—to enhance the lives of North Dakotans through education.

Presentation and discussion of presidents’ evaluations
Chancellor Skogen stated that the Board had tasked him to ensure compliance with the evaluation process in Board policy, while rejecting some language from the first released evaluations. He explained that he collaborated with presidents to complete the process, obtaining signed letters for accepted evaluations or writing new evaluations for presidents who disagreed with their prior evaluations.

Chancellor Skogen suggested for discussion the possibility of conducting 360 evaluations for Presidents Bresciani and Kelley. He recommended this as an evaluation process that the Board could trust. He concluded by mentioning that he hoped to bring to the Board a proposal on evaluation processes for its September meeting.

Approval of presidents’ salary ranges and contract terms, and discussion of future process
Chancellor Skogen described to the Board several options for approving NDUS presidents’ salaries for the current fiscal year. Ms. Reichert asked about the source, scope, and locations used to obtain market data that was used to compute some of the options, and stated the importance of having wages fall in competitive ranges while asking to take a closer look at the market data. Ms. Neset agreed with the idea of delving further into the underlying market data.

Mr. Shaft suggested that Mr. Espegard be included in such a review, as Mr. Espegard developed the salary matrix used in the Board’s determinations. Ms. Reichert also volunteered to serve, while noting her concern about the timing of finalizing salaries. Chancellor Skogen recommended that the Board delegate its authority to set salaries to its appointed members.

It was moved by Neset, seconded by Hoffarth, to appoint Mr. Espegard and Ms. Reichert to set and approve salaries for 2013-14. Espegard, Hjelmstad, Hoffarth, Neset, Reichert, Shaft, and Diederich voted yes; Morton was absent. The motion carried.

Chancellor Skogen recommended that all presidents’ terms be extended to 2015, except for President Darling, who recently signed a three-year contract, and President Fuller, who is retiring in 2014. He asked that the Board approve continuing special allowances currently included in certain presidents’ contracts for vehicles or housing. Finally, he stated that he will recommend a compensation study to examine how to move forward on presidential compensation.

It was moved by Hjelmstad, seconded by Hoffarth, to approve contract terms for the NDUS presidents continuing existing special allowances and extending terms of appointment to June 30, 2015, for all presidents except Presidents Darling and Fuller. Espegard, Hjelmstad, Hoffarth, Neset, Reichert, Shaft, and Diederich voted yes; Morton was absent. The motion carried.

Presentation of presidents’ goals for 2013-14
Chancellor Skogen stated that other than making minimal adjustments to NDUS presidents’ performance goals, the process had been finalized.

Approval of NDUS office senior staff salary ranges and audit staff salaries
Ms. Reichert suggested that the Board look more closely at the data sources underlying the range-setting for senior staff compensation.

It was moved by Neset, seconded by Hjelmstad, to delegate the authority to set senior staff salary ranges and audit staff salaries to Mr. Espegard and Ms. Reichert. Espegard, Hjelmstad, Hoffarth, Neset, Reichert, Shaft, and Diederich voted yes; Morton was absent. The motion carried.

Report on integration of attorneys and auditors into NDUS office
Chancellor Skogen stated that NDSU and UND’s attorneys and auditors were assigned to system office as of July 1 per enacted legislation. The NDUS office worked with staffs to incorporate those employees into system payroll and reporting structures, and the office is compliant with the legislation.

Approval of acting chancellor’s contract
President Diederich reviewed the terms of Chancellor Skogen’s contract as acting chancellor.

It was moved by Hjelmstad, seconded by Neset, to approve Chancellor Skogen’s contract. Espegard, Hjelmstad, Hoffarth, Neset, Reichert, Shaft, and Diederich voted yes; Morton was absent. The motion carried.

Minot State University presidential search
President Diederich explained that Dr. Hjelmstad was willing to lead the search committee for the next MiSU president.

It was moved by Hoffarth, seconded by Neset, to appoint Dr. Hjelmstad to the Minot State University presidential search committee. Espegard, Hjelmstad, Hoffarth, Neset, Reichert, Shaft, and Diederich voted yes; Morton was absent. The motion carried.

President Diederich next presented definitions of qualifications and leadership skills for the position for the Board’s input, describing that the search committee will incorporate these qualifications and skills in its advertisements for the position. Ms. Reichert asked about the source of these criteria, and whether they were tied to the Board’s values and goals. Chancellor Skogen explained that this is a historic list, having been used in previous presidential searches. He also noted that the search committee and MiSU staff will develop a fuller list of desired qualifications and skills.

It was moved by Neset, seconded by Hoffarth, to approve the list of qualifications and skills presented by President Diederich to guide the MiSU presidential search. Espegard, Hjelmstad, Hoffarth, Neset, Reichert, Shaft, and Diederich voted yes; Morton was absent. The motion carried.

Policy manual revision—601.1, Presidential Searches
Chancellor Skogen explained that this revised presidential search policy cleans up the process to task search committees with presenting two to four candidates to the Board for selection, in consultation with chancellor. The revision also gives interim appointment authority to the Board. Mr. Shaft and Ms. Neset both noted that they wished to arrive at an appropriate number of presidential candidates to forward to the Board.
It was moved by Hjelmstad, seconded by Hoffarth, to bring the revised policy 601.1 forward to the September Board meeting for a second reading. Espegard, Hjelmstad, Hoffarth, Neset, Reichert, Shaft, and Diederich voted yes; Morton was absent. The motion carried.

Appointment of Board member to Centers of Excellence Commission
President Diederich requested that Ms. Neset serve on the Centers of Excellence Commission, noting that her expertise in western energy issues was an asset.

It was moved by Hoffarth, seconded by Reichert, to appoint Ms. Neset to the Centers of Excellence Commission. Espegard, Hjelmstad, Hoffarth, Neset, Reichert, Shaft, and Diederich voted yes; Morton was absent. The motion carried.

Delegation to chancellor to implement HB1103 changes to state authorization authority
Chancellor Skogen explained that House Bill 1103 moves the authority to authorize higher education institutions to operate in-state from CTE to the Board. He recommended delegating to the chancellor the authority to administer state authorization and exemptions. Dr. Hillman noted that this pertains to all institutions operating in North Dakota, and emphasized that the delegation would be required for the NDUS to extend current exemptions from authorization requirements.

It was moved by Hjelmstad, seconded by Neset, to delegate to the chancellor the authority to implement the changes to state authorization authority required by House Bill 1103. Espegard, Hjelmstad, Hoffarth, Neset, Reichert, Shaft, and Diederich voted yes; Morton was absent. The motion carried.

Progress report and potential action on strategic plan
Chancellor Skogen stated that the Board’s strategic plan had expired as of June 30, and recommended extending that strategic plan for one year. He explained that the extension would allow the NDUS to address issues in the implementation of Pathways to Student Success and begin integrating Pathways as the foundation of a new strategic plan. President Diederich emphasized the statement that the Pathways initiative is still supported.

Mr. Shaft asked if any recommended delays in the implementation of Pathways were anticipated. Dr. Hillman replied that fall 2014 admissions would proceed on a hold harmless basis in order to model the impact of Pathways on admissions. He also mentioned that there were other conflicts between Pathways and existent policy, and noted that the implementation of the Common Core state standards would require moving ahead in partnership with CTE and DPI. Dr. Hillman concluded that some integration of Pathways initiatives into Board policy has not yet happened. Mr. Shaft noted his concern that Pathways would conflict with Board policy after the significant progress made with it.

Chancellor Skogen assured the Board that Pathways will move forward, and details will be resolved as the plan is integrated into Board policy and considered with other state agencies. Mr. Shaft asked for a delineation of policies in conflict in Pathways. He also clarified that Pathways intended to improve K-12 college preparation while also restructuring remedial education and strengthening admissions standards within the NDUS. Mr. Shaft cautioned against conditioning the Board’s direction of higher education on the direction of DPI for K-12 education. Chancellor Skogen stated that a P-20 Joint Boards discussion will arise because of the movement to the Common Core and new assessments. President Diederich
clarified that the Board would need to discuss with DPI the alignment of courses required for high
school graduation and college admission.

Ms. Aimee Copas was asked to comment. She explained that in 2010, NDUS presidents agreed that
North Dakota public schools should align with the Common Core and that the Core’s assessment would
be used as placement tool. The Common Core’s new standards will apply to students beginning in the
spring of 2015, so education at large is in the midst of an extreme transformation in preparation, she
said. Ms. Copas noted that vertically aligned standards in curricula are beneficial, and suggested
working with DPI’s new leadership. She added that some of the changes brought about by K-12’s
 adoption of the Common Core and a new battery of assessments has potential implications on
admissions and placement for students at NDUS institutions.

Mr. Shaft stated that the Board has previously indicated that it should drive process as it applies to
higher education, noting that the Board needs to do what is right for institutions while supporting
discussion and collaboration with the joint boards to the extent that they concur. He concluded that he
would like Pathways implementation to continue at its intended pace.

Ms. Reichert stated that the Board needs complete alignment with DPI. She noted that it is important to
do right for institutions and for the students they serve. Ms. Reichert cited Pathway’s goals as excellent,
but asked if they were aligned with Board strategy. She suggested that the Board set its direction and
then examine how to serve that direction. Pathways is a likable action plan, she concluded, but the Board
needs a strategic plan and goals that align with its vision, as well. Ms. Copas suggested that the joint
boards could develop a set of shared goals across P-20 education. Ms. Reichert emphasized that the
Board should have a common vision and set goals in alignment with that clarified vision. Chancellor
Skogen noted that all NDUS presidents have a performance goal related to the implementation of
Pathways. Mr. Espegard stated that Pathways is meant to be integrated into the Board’s new strategic
plan.

**It was moved** by Hjelmstad, seconded by Hoffarth, to extend the Board’s strategic plan through June
30, 2014. Espegard, Hjelmstad, Hoffarth, Neset, Reichert, Shaft, and Diederich voted yes; Morton was
absent. The motion carried.

**Update on August 6 Interim Higher Education Funding Committee meeting**
Chancellor Skogen explained that the system office had included a tentative agenda for the August 6
Interim Higher Education Funding Committee meeting in the Board materials. Among the agenda items
for that meeting are updates on the statuses of various NDUS issues, including the move of institutional
auditors and attorneys to the system office; an IT building construction update; and a performance and
accountability report.

**Status of Higher Learning Commission complaint**
Chancellor Skogen updated the Board on the progress of the complaint lodged with the HLC this spring.
The HLC had written the Board and system office in May, and the system office had submitted a
response in June. HLC president Sylvia Manning has corresponded with Chancellor Skogen, taking the
position that the response from the system office did not adequately address issues raised in May letter.
As a result, the HLC will make an advisory visit to the system office in the fall. Chancellor Skogen
stated that the HLC visit will center on the Board’s governance of its institutions, noting that NDUS
presidents will be invited to participate in the visit. President Diederich pledged that the Board will self-evaluate and improve to prepare for the visit. Ms. Reichert asked the NDUS staff what the Board could do before the visit to begin to address the policies, procedures, and structures the Board has in place. Chancellor Skogen stated that the system office will quickly put a plan in place.

Update on IT facility
Dr. Feldner gave a presentation of the progress in the construction of the IT facility in Grand Forks. IT staff should be able to move into the main IT building after the start of semester. As for the IT data center, the electrical systems are yet to be installed, with anticipated construction in October, and systems testing should begin from the first of September. Productions systems will be operational by late October. The project had $17.5 million in spending authority, and the Board approved $16.85 million in project costs. Dr. Feldner stated that the estimated completion cost was $17.165 million.

Ms. Reichert asked if any SITS staff would be relocated with the completion of the IT building. Dr. Feldner answered that one hundred staff would move into the facility from the greater UND campus area. For SITS staff located in Fargo, those positions will be relocated to Grand Forks when there is turnover. President Diederich stated that the Board should readdress the estimated expenditure on the IT buildings, requesting that Dr. Feldner bring the final cost to the Board for approval.

Update on status of funding pools
Chancellor Skogen noted that the legislature provided for a $1 million system master plan and space utilization study. Currently, a workgroup is working on defining the scope of a system master plan, which could be a high-level view looking at system infrastructure.

The master plan study is tied to the disbursement of other funding pools, Chancellor Skogen explained. A $10 million deferred maintenance pool has half of its funds withheld until the study is completed, for example. Other funding pools include a $5.4 million capital project contingency fund, comprised of 5 percent of the cost of capital projects approved by the legislature, minus $1 million. Chancellor Skogen noted that he is working with the Cabinet and facilities and finance officers to determine an equitable use of that pool. There is also a $5 million performance funding pool with designated indicators that may be revisited or supplemented by newly developed indicators. Ms. McDonald noted that in April of 2012, the Board approved three performance measures for a pilot performance funding project; those measures were fall-to-spring retention, fall-to-fall retention, and the number of degrees awarded. Still another funding pool is a $29 million education challenge fund to match donations to NDUS institutions, for which a committee is in place to review applications for matching funds. Finally, the legislature required the oversight of project managers on new capital projects, which the Cabinet and facilities managers are working through to determine adequate levels of oversight, Chancellor Skogen concluded.

Approval of NDSU request for an increased graduate-level nursing tuition rate differential
It was moved by Neset, seconded by Reichert, to approve NDSU’s request for an increased graduate-level nursing tuition rate differential. Espegard, Hjelmstad, Hoffarth, Neset, Reichert, Shaft, and Diederich voted yes; Morton was absent. The motion carried.

Academic Consent Agenda
It was moved by Hoffarth, seconded by Hjelmstad, to approve the following academic requests by consent:
**Bismarck State College**
- Institutional and Organizational Change—New Center: Communication and Creative Arts Center

**Lake Region State College**
- Program Termination—AAS, Certificate, and Diploma in Office Management

**Mayville State University**
- Program Approval—Bachelor of Science in Nursing

**North Dakota State University**
- Institutional and Organizational Change—Transition of the Department of Architecture and Landscape Architecture from the College of Engineering and Architecture to the College of Arts, Humanities, and Social Sciences
  - Change in Department Title:
    o From: Civil Engineering
    o To: Civil and Environmental Engineering
  - Change in Department Title:
    o From: College of Engineering and Architecture
    o To: College of Engineering

**Valley City State University**
- Institutional and Organizational Change—New Department: Department of Computer Systems and Software Engineering
- Program Termination—Major in Music with an Emphasis in Business
- Program Termination—Minor in English Elementary
- Program Termination—Minor in English Secondary
- Program Termination—Minor in Mathematics Elementary
- Program Termination—Minor in Mathematics Secondary

Espegard, Hjelmstad, Hoffarth, Neset, Reichert, Shaft, and Diederich voted yes; Morton was absent. The motion carried.

**Ratification of acting chancellor’s interim approval of land transfer**

*It was moved* by Shaft, seconded by Hoffarth, to ratify the acting chancellor’s interim approval of a transfer of 3,259 acres of land from the ND Industrial Commission, acting as the ND Building Authority, to the ND State Board of Higher Education, on behalf of North Dakota State University, pursuant to a Quit Claim Deed dated July 22, 2013. Espegard, Hjelmstad, Hoffarth, Neset, Reichert, Shaft, and Diederich voted yes; Morton was absent. The motion carried.

**Approval of BSC request to proceed with the development of state land**

Mr. Espegard asked if this request fit with the master plan required by the legislature; Chancellor Skogen explained that this project is among those already approved that were exempted from the legislation’s requirements for conformance with a new systemwide master plan.
**It was moved** by Hjelmstad, seconded by Hoffarth, to approve BSC’s request to proceed with the development of state land. Espegard, Hjelmstad, Hoffarth, Neset, Reichert, Shaft, and Diederich voted yes; Morton was absent. The motion carried.

**Discussion of process, candidates, and potential appointment of interim chancellor**

President Diederich stated that Narcisa Polonio, a representative of the ACCT, would join the meeting.

Dr. Polonio explained that the Board’s process would consist of reviewing applications to determine candidates to interview, and deciding how to interview those candidates. The search for an interim, rather than permanent, chancellor affords more flexibility to the process, she said. She stated that the Board should discuss an appropriate contract for the eventual interim, including more robust contractual terms such as those governing an evaluation process, the autonomy of the Board and the chancellor, and collaboration with presidents.

President Diederich noted that she informed press members that the Board could complete the process by the end of September. Dr. Polonio thanked Chancellor Skogen and Ms. Donlin for their assistance. She also suggested that the Board consider discussing the implications of the selection process on the implementation of Pathways to Student Success and the ongoing correspondence with the Higher Learning Commission. President Diederich stated that the Board should meet in a few weeks’ time to discuss applications, then meet again to conduct interviews.

The meeting adjourned at 4:00 p.m. CT.