North Dakota State Board of Higher Education
Minutes of the March 27, 2014, Meeting
At Bismarck State College

Board Chair Diederich called the meeting to order at 9:06 A.M. CST.

Members present:

Dr. Kirsten Diederich, Board Chair
Mr. Grant Shaft (phone)
Ms. Kari Reichert
Dr. Doug Munski, Faculty Adviser (phone)
Mr. Duaine Espegard (phone)

Dr. Terry Hjelmstad, Vice Chair
Mr. Devin Hoffarth
Ms. Janice Hoffarth, Staff Adviser
Ms. Kathleen Neset
Mr. Don Morton (phone)

Interim Chancellor present: Dr. Larry C. Skogen

Institution Presidents present:

Dr. Ken Grosz, Dean, DCB
Dr. D.C. Coston, President, DSU
Dr. Doug Darling, President, LRSC
Dr. Gary Hagen, President, MaSU
Dr. John Richman, President, NDSCS
Dr. Dean Bresciani, President, NDSU
Dr. Robert Kelley, President, UND
Dr. Steve Shirley, President, VCSU
Mr. David Clark, Interim President, BSC
Dr. Dick Jenkins, Vice President Student Affairs MiSU

NDUS senior staff present:

Dr. Lisa Feldner, Vice Chancellor for Information Technology and Institutional Research
Dr. Sonia Cowen, Interim Vice Chancellor for Academic and Student Affairs
Mr. Murray Sagsveen, Chief of Staff and Director of Legal Services
Ms. Laura Glatt, Vice Chancellor for Administrative Affairs
Ms. Linda Donlin, Director of Communications and Media Relations
Mr. Tim Carlson, Chief Auditor
Ms. Kristie Hetzler, Executive Assistant to the State Board of Higher Education
Ms. Connie Sprynczynatyk, Director, Strategic Planning
Approval of Minutes
Hjelmstad moved, Hoffarth seconded, to approve the February 27, 2014, Board meeting minutes. Espegard, Neset, Hjelmstad, Hoffarth, Shaft, Reichert, Diederich voted yes. The motion carried.

Approval of Board agenda
Morton moved, Hoffarth seconded, to approve the Board agenda with the following changes:

- Delete the academic request from Dakota College at Bottineau for termination of the Medical Transcription Program.
- Move the annual budget guidelines from item eleven to three.

Neset, Morton, Shaft, Hjelmstad, Hoffarth, Reichert, and Diederich voted yes; Espegard voted no. The motion carried.

Annual Budget Guidelines
The Budget and Finance Committee met on March 7, 2014. The Committee consists of Board members Grant Shaft, Kari Reichert and Duaine Espegard (Chair). Mr. Espegard updated the Board on the discussions and recommendations of the committee.

The committee supports the recommended annual budget guidelines, except as it relates to 14-15 tuition rate limits. For tuition rate limits, the Cabinet proposed a plan different from the committee as follows:

<table>
<thead>
<tr>
<th>Institution</th>
<th>Chancellor’s Cabinet Recommended 14-15 AY Tuition Rate Maximum Limits (address student share and differential between requested and funded state share)</th>
<th>Budget and Finance Committee Recommended 14-15 AY Tuition Rate Maximum Limits (address student share only)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BSC</td>
<td>3.81%</td>
<td>2.42%</td>
</tr>
<tr>
<td>LRSC</td>
<td>2.13%</td>
<td>2.18%</td>
</tr>
<tr>
<td>WSC</td>
<td>7.10%</td>
<td>7.10%</td>
</tr>
<tr>
<td>NDSCS</td>
<td>3.28%</td>
<td>3.76%</td>
</tr>
<tr>
<td>DCB</td>
<td>2.42%</td>
<td>3.30%</td>
</tr>
<tr>
<td>DSU</td>
<td>5.08%</td>
<td>3.97%</td>
</tr>
<tr>
<td>MaSU</td>
<td>3.57%</td>
<td>3.79%</td>
</tr>
<tr>
<td>MiSU</td>
<td>5.09%</td>
<td>3.62%</td>
</tr>
<tr>
<td>VCSU</td>
<td>4.16%</td>
<td>4.23%</td>
</tr>
<tr>
<td>UND/SOMHS</td>
<td>4.90%</td>
<td>3.72%</td>
</tr>
<tr>
<td>NDSU</td>
<td>4.23%</td>
<td>3.28%</td>
</tr>
</tbody>
</table>

Espegard moved, Shaft seconded, to adopt the Budget and Finance Committee’s recommendation (i.e., approving the annual budget as is, but including the tuition rates as listed in the committee’s recommendation stated above). Espegard, Shaft, and Neset voted yes. Hjelmstad, Hoffarth, Reichert, and Diederich voted no. Morton absent. The motion failed.
Interim Chancellor Skogen proposed a third option: authorize the presidents to increase tuition as listed in column 2 below and allow the President to return to the Board, if necessary, for any increases beyond this amount, but not to exceed the maximum cap outlined in column 1 below.

<table>
<thead>
<tr>
<th>Column 1</th>
<th>Column 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-15 Maximum Rate Increase</td>
<td>Presidents’ Expected Rate of Increase</td>
</tr>
<tr>
<td>BSC</td>
<td>3.81%</td>
</tr>
<tr>
<td>LRSC</td>
<td>2.13%</td>
</tr>
<tr>
<td>WSC</td>
<td>7.10%</td>
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</tr>
<tr>
<td>NDSU</td>
<td>4.23%</td>
</tr>
</tbody>
</table>

Espegard moved, Neset seconded, to remand the tuition increase issue to the Budget and Finance Committee for further consideration. Espegard, Shaft, and Neset voted yes. Hjelmstad, Hoffarth, Reichert, and Diederich voted no. Morton absent. The motion failed.

Tammy Dolan and Laura Glatt presented the Governor’s funding model to the Board. After discussion, Hoffarth moved, Hjelmstad seconded, to approve the 2014-2015 tuition rate increases below, with additional authorization for the President to return to the SBHE for any increases up to the maximum cap limits as follows:

Increase
| BSC         | 2% - 2.42% (cap 3.81%)       |
| LRSC        | 2.13% (cap 2.13%)           |
| WSC         | 7.10% (cap 7.10%)           |
| NDSCS       | 3.28% (cap 3.28%)           |
| DCB         | 2.42% (cap 2.42%)           |
| DSU         | 3.97% (cap 5.08%)           |
| MaSU        | 3.57% (cap 3.57%)           |
| MiSU        | 2.50% (cap 5.09%)           |
| VCSU        | 3.90% (cap 4.16%)           |
| UND/SMHS    | 3.72% (cap 4.90%)           |
| NDSU        | 4.23% (cap 4.23%)           |

Hjelmstad, Hoffarth, Reichert, and Diederich voted yes; Espegard, Neset, and Shaft voted no. Morton absent. The motion carried.
The following are salary guidelines:

- Campus/entity-wide average salary increases be a minimum of 3% for permanent employees beginning with the month of July 2014, unless an exception is provided by the SBHE.
- Compensation adjustments are to vary based on documented performance, market, equity and other factors such as promotion and changes in workload and responsibility, and are not necessarily to be the same percentage increase for each employee.
- All permanent employees whose documented performance levels meet standards are eligible for a salary increase.
- Probationary employees are not eligible for the standard July 1 increase; however, in unique circumstances, a probationary employee may be eligible for a market or equity adjustment to address internal or external equity on July 1. In addition, once the employee is off probation, they may be given all or a portion of other increases, at the discretion of the appointing authority.
- May also use other salary administration tools, including one-time pay adjustments.
- Are authorized to adjust full-time equivalent positions as needed, subject to the availability of funds.

There will be a reduction in the ConnectND (CND) fee of $81 per semester to $66 per semester (a $15 difference) beginning in the Fall 2014 semester. The fee will be reduced, in part, because the final payment was made on the bonds that helped finance CND costs. The resulting reduction could have been $23; however, there are offsetting ongoing personnel and software license/maintenance costs that support the CND system. Those cost increases, which are roughly equivalent to $8 per student, have been factored into the AY14-15 CND fee, thus the net reduction will be $15.

SB2094 limits mandatory fee increases to no more than 1% of the latest available average full-time, resident, on-campus, undergraduate tuition rate at that institution, unless the state board determines that an exemption from the requirements of this section is necessitated as a result of:

1. Student demand, as evidenced by a campus-wide student election or formal action by an institution's student governing board or committee.
2. Before mandatory fees on students may be increased to support the construction or renovation of a campus building valued at more than $1 million, the use must be approved by a majority of the students voting on the question at a campus-wide election. This subsection does not apply to any construction or renovation for which the use of mandatory fees was authorized before 7/1/13.

Approve the mandatory increases, and exemption from the requirements of this section for WSC. Approve the carryover authority and reporting requirement. Further, provide the Chancellor the authority to approve the annual budgets within the guidelines set forth by the Board; however, any line item transfers from operations to capital assets line item must be approved by the Board.

**Board Chair Report**

Board Chair Diederich reported that she and Mr. Shaft agreed to edits in the draft letter, which was discussed at the prior Board meeting, to the Higher Learning Commission (HLC). She stated that she would now sign and send the letter. She also indicated that the Board members will be going through training with the Association of Governing Boards during the second quarter of the year.

**Interim Chancellor Report**

Interim Chancellor Skogen announced Connie Sprynczynatyk will be temporarily joining the North Dakota University System staff as the Director of Strategic Planning.

Dr. Lisa Feldner updated the Board on the security breach on one of the servers at the data center. She explained that the public announcement to allow a forensic analysis of the hard drives. Without the forensic analysis, it was difficult to determine what information was accessed, if any. After the forensic analysis, it was determined that the server was only utilized to retransmit data within the U.S. There is call center up for individuals seeking additional or updated information. An identity repair service is offered to anyone who is affected by the breach. Dr. Feldner indicated security policies and procedures are currently being reviewed and updated.

Ms. Carla Hixon, Bismarck State College, Associate Vice President of Continuing Education, presented an update on the [TrainND summit](#). TrainND is the state’s most comprehensive and inclusive training network. The training services for business and industry help North Dakota businesses compete on a global level and are tailored to capitalize on growth potential.

**Higher Learning Commission (HLC)**

The HLC will be visiting the North Dakota University System on April 28 and 29, 2014. Interim Chancellor Skogen asked that Board members and Presidents make themselves available for the HLC visit.

**Board Training**

On April 24, 2014, a trainer from the Association of Governing Boards will meet with Board members in the afternoon.

**North Dakota Student Association (NDSA) Report**

Ms. Jennifer Vetter asked that Board Chair Diederich provide the full Board with the [NDSA report](#). Dr. Diederich also read the [University of North Dakota’s senate resolution](#).

**Counsel of College faculties (CCF)**

Dr. Munski briefed the Board on the last CCF meeting; open textbook (resources) was the main topic. He indicated that he will bring the Board CCF’s open textbook resolution to the April 24 Board meeting.

**Staff Senate Report**

Ms. Hoffarth announced that elections are occurring on the campuses to elect new staff Senators for the year.
SBHE Academic and Student Affairs Committee
Committee Chair Diederich stated the Committee reviewed the academic agenda items, including the proposed transfer of the Sanford College of Nursing to NDSU. She also announced that, during the Committee meeting, Interim Chancellor Skogen disclosed that he is on the Bismarck Sanford Board and that Mr. Don Morton is on the Sioux Falls Sanford Board. Dr. Skogen recused himself on any vote related to NDSU and Sanford College of Nursing.

SBHE Meeting Schedule
Hjelmstad moved, Hoffarth seconded, to approve the following SBHE schedule changes:
- SBHE Retreat, July 30 and 31, 2014, venue change from Lake Metigoshe to Bismarck
- May 29, 2014, venue change from MiSU to Tioga, ND.

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

NDSU and Sanford College of Nursing
Dr. Bresciani, NDSU President, and Dr. Craig Lambrecht, President/CEO of Sanford Health Bismarck, proposed the integration of the existing Sanford College of Nursing into the existing Department of Nursing at NDSU. North Dakota University System (NDUS) General Counsel, Chris Wilson, has been assisting NDSU and Sanford with this transaction. Dr. Bresciani disclosed that Interim Chancellor Skogen is a member of the Sanford-Bismarck Board of Directors, Board member Mr. Morton is on Sanford Health’s Corporate Board, and that he is a member of the Sanford-Fargo Board of Directors. He indicated that the transaction would provide the opportunity to better serve the state’s desperate need in critical nursing, particularly in western North Dakota. He asked the Board to provide him the authority to complete the transfer of the College of Nursing from Sanford to NDSU.

Board members were supportive of the concept, but some questioned possible accreditation issues and the asset transfer agreement. Board members discussed various concerns including: the name recognition for Sanford, possible information technology issues, preferential student placement, and the use of public dollars after the transition is complete. There were some board members that requested more time to review the documentation, particularly the asset transfer. Ms. Neset questioned whether the legislature should be consulted regarding this transaction. Dr. Bresciani stated that would be a different approach from past practice and, in terms of the opportunity to bring the deal to closure, does not have any practicability. Ms. Neset expressed concern with proceeding cautiously, given that this is a transaction between public and private entities. Board Chair Diederich asked Dr. Bresciani how in depth it has been vetted and if a risk assessment had been done. Dr. Bresciani stated it had been examined comprehensively and very well vetted; Dr. Lambrecht agreed. Dr. Bresciani indicated it was a very low risk venture. Ms. Neset also expressed other concerns: who has reviewed the asset transfer document and how this will impact rural communities? Dr. Bresciani stated that NDSU, system office staff, and Sanford have vetted and reviewed it very thoroughly, including the NDUS general counsel, Chris Wilson. Board Chair Diederich advised Dr. Bresciani that more time may be needed. Chris Wilson stated the parties plan to close on June 30, 2014, and the campus is very excited about the transition. He stated much must be accomplished prior to June 30, 2014. Ms. Neset reiterated the Board will be accountable and this requires
more time and attention. Dr. Bresciani stated that the Board will turn to the same people to review it that have already done so.

Hjelmstad moved, Hoffarth seconded, to approve integration of Sanford College of Nursing into North Dakota State University, with specific approval of the March 7, 2014, Asset Transfer Agreement and Lease Agreement between North Dakota State University and Sanford Bismarck. Hjelmstad, Hoffarth, Reichert, Espegard, Shaft, Diederich voted yes. Neset voted no. Morton absent. The motion carried.

Honorary Degrees
Mr. Espegard moved, Hoffarth seconded, to authorize the University of North Dakota to award Honorary Doctorate Degrees to Karen Nyberg, Linda Pan craterz, Mike Jacobs, and William Sherman. Diederich, Hjelmstad, Hoffarth, Reichert, Espegard, and Shaft voted yes. Neset voted no. Morton absent. The motion carried.

Valley City State University (VCSU) Presidential Search
Hjelmstad moved, Hoffarth seconded, to appoint Board Chair Diederich to chair the VCSU presidential search committee and delegate authority to Interim Chancellor Skogen to select the consulting agency. Hjelmstad, Hoffarth, Reichert, Espegard, Neset, Shaft, and Diederich, voted yes. Morton absent. The motion carried.

Financial and Facility Consent Agenda
Espegard moved, Hoffarth seconded, to approve the following facility consent agenda items:

1. Authorize NDSU to proceed with construction of a new shop at Carrington Research Extension Center (CREC) in the amount of $350,000 to be funded from local funds.
2. Authorize UND an increase for general renovation work and mechanical upgrades to the existing Upson I building from $500,000 to an estimated cost of $600,000, with funding from 2011-2013 state appropriated extraordinary repair funding.
3. Authorize UND to proceed with renovations in the School of Medicine and Health Sciences (SOMHS) to provide more open collaborative genomics research wet laboratories, create a new bioinformatics laboratory, and provide associated support and office spaces at an estimated cost of $600,000 funded by $300,000 grant funds and $300,000 in UND tuition income. Further, request authorization to seek approval from the budget section per NDCC 15-10-12.1.
4. Authorize UND to proceed with ADA compliance renovations to the entrance of McVey Hall at an estimated cost of $600,000 to be funded with local funds.
5. Authorize UND to proceed with installation of fire protection systems in Johnstone Hall, a residence hall facility, at an estimated cost of $1,500,000 to be funded from local funds.
6. Authorize NDSU to proceed with the reconstruction of parking lots at an estimated cost of $2,000,000 to be funded from Parking Office local funds.
7. Authorize the North Dakota State College of Science to proceed with the Heating Plant DA tank replacement project estimated to cost $300,000 from 2013-2015 deferred maintenance funding.
8. Authorize Williston State College to extend by two years the term of the previously approved ground lease agreement with the WSC Foundation to enable the construction by the Foundation, or other private entity, of apartment units on the WSC campus to provide housing for WSC
employees and employees of other state and local government entities and local hospital and clinic employees. The two-year extension of the lease is necessary to facilitate the Foundation’s financing of the apartment building construction.

9. Authorize WSC to approve a Covenant of Dedication, Use and Ownership, required by U.S. Corps of Engineers.

10. Ratify the Chancellor’s interim action authorizing VCSU to proceed with the Historic President’s House – ADA Upgrades at an estimated cost of $450,000, funded $250,000 in 2013-2015 capital assets funding and $200,000 in private funding.

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

Academic Consent Agenda
Shaft moved, Hjelmstad seconded, to approve the following academic consent agenda items:

   Program Terminations
   • MiSU-Request for termination of the B.S.E. with a MiSU-Request for termination at the BSC Campus; effective immediately.

   Organizational Change
   • DSU-Organizational Change by merging the Department of Music and Department of Fine and Preforming Arts; effective Fall 2014.

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

SBHE Policies

Hoffarth moved to adjourn at 1:00 p.m. CST. The motion carried.

Approved on April 24, 2014, by the State Board of Higher Education.