North Dakota Board of Higher Education  
Meeting Notice and Agenda  
June 24, 2015

The State Board of Higher Education will meet on Wednesday, June 24, 8:30 a.m. CDT, Microsoft Corporation, The Commons, Morton West room, 4550 42nd Street South, Fargo, ND 58104.

Call to Order

1. Approval of Agenda
2. Approval of Meeting Minutes
   a) April 30, 2015
   b) May 14, 2015

Board Business

3. Announce SBHE Committee Appointments – Chair Hjelmstad
   a) Academic & Student Affairs
   b) Audit
   c) Budget/Finance

4. Approve SBHE Committee Members
   a) Challenge Fund
   b) Centers of Excellence

5. Present NDSU Personal Safety and Security Assist Service - Mike Borr, Director, University Police & Safety Office
6. Approve Presidents’ Employment Contract Terms
7. Review Final 2015 Legislative Action
8. Appoint NDUS Representatives to the Retirement Oversight Committee
10. Authorize Chancellor to Issue an RFP for UND Presidential Search
11. Appoint SBHE Board Member to Serve on the UND Presidential Search Committee
12. Update on IT Security – Dr. Feldner

SBHE Budget and Finance Committee Recommendations – Don Morton

13. Committee Consent
   a) Review and Recommend Approval of the FY16 Annual Budget for the NDUS Office
   b) Review and Recommend Approval of FY16 Salary Ranges and Salary Increases for Presidents and Vice Chancellors
   c) Review and Recommend Approval of FY16 SBHE Budget of up to $100,000
   d) Review and Recommend Approval to ratify Chancellor’s approval for MaSU to increase the project authorization for the Lewy Lee Fieldhouse Partial Renovation project from the original estimated cost of $429,000 to $601,658, an increase of $172,658, to be funded from the one time deferred maintenance allocation of $500,000 for MaSU as authorized in Section 25 of HB1003 (2015); furthermore, authorize the transfer of $172,658 from 2015-17 North Dakota University System Office deferred maintenance
pool to Mayville State University’s capital assets line item per HB1003 (2015), Section 25.

e) Review and Recommend Approval to Authorize from $2,408,905 to $2,485,703 for the MiSU Facilities Management (Physical Plant) Building project, to be funded from the SBHE capital project contingency fund; and, further authorize transfer of $76,798 from the SBHE 13-15 capital project contingency fund to MiSU.

f) Review and Recommend Approval of Allocation of $325,000 of 15-17 Veteran’s Assistance Funding to NDSU for support of the Veteran’s Educational Training Program.

g) Review and Recommend Approval to Authorize NDSU to proceed with the Ceres Hall Tuck-pointing and Exterior Renovations project at an estimated cost of $1,300,000 to be funded from the $3.5 million one time 15-17 deferred maintenance funding; furthermore, authorize the transfer of $1,300,000 from 2015-17 North Dakota University System Office deferred maintenance pool to NDSU’s capital assets line item per HB1003 (2015), Section 25.

h) Review and Recommend Approval to Ratify the Chancellor’s interim approval to authorize NDSU Langdon Research Extension Center (LREC) to purchase 160 acres of land in Cavalier County for a sum not to exceed $350,000, $175,000 from the general fund and $175,000 from special funds.

i) Review and Recommend Approval to Authorize NDSU to proceed with the Music Building Tuck-pointing and Exterior Renovations project at an estimated cost of $825,000 to be funded from the $3.5 million one time 15-17 deferred maintenance funding; furthermore, authorize the transfer of $825,000 from 2015-17 North Dakota University System Office deferred maintenance pool to NDSU’s capital assets line item per HB1003 (2015), Section 25.

j) Review and Recommend Approval to: 1) Authorize issuance of not to exceed $41,000,000 University of North Dakota Housing and Auxiliary Facilities System Revenue Refunding Bonds, Series 2015, for the purpose of advance refunding the University of North Dakota Housing and Auxiliary Facilities System Revenue Bonds, Series 2006; 2) Authorize the UND President and Vice President for Finance and Operations to approve the sale of the bonds provided the true interest rate not exceed 4% provided the present value of the debt service savings is not less than 2%. The approximate final date upon which the principal amount of the obligation will mature or become payable is April 1, 2035; and 3) Appoint the firm of Arntson Stewart Wagner PC as the bond counsel and Public Financial Management, Inc. as the financial advisor.

k) Review and Recommend Approval of the transfer of $5,267,850 from the operations line of UND to the operations line of SMHS, as provided in HB1003 (Section 30), for the 2015-17 biennium.

l) Review and Recommend Approval to Ratify the Chancellor’s interim action authorizing WSC to increase spending for the Workforce Training project from $8,238,267 to $9,438,267, an increase of $1,200,000 to be funded from $1,300,000 general fund, $2,500,000 financed through the Bank of North Dakota, $1,750,000 received as an oil impact grant from the Department of Trust Lands, $2,207,000 in private fundraising, $393,000 in approved state 13-15 Challenge funds, and $1,288,267 in local funds generated from training activities and to proceed with the project contingent upon receipt or guarantee of all funds. Authorize WSC to seek budget section authorization per NDCC 48-01.2-25.
14. Other Board Consent
   a) Ratify the Chancellor’s interim approval authorizing NDSU Central Grasslands Research Extension Center (CGREC) to increase the project authorization for the Agronomy Lab from $400,000 to $550,000, $150,000 to be funded by special funds – institutional collections
   b) Ratify the Chancellor’s approval for NDSU to increase the project authorization for the Library Entryway/Circulation/Deferred Maintenance Renovation project from the original estimated cost of $1,400,000 to $1,725,000, an increase of $325,000, to be funded from 2013-15 appropriated operations funding; furthermore, authorize the transfer of $325,000 from 2013-15 operations to capital assets line item per SB2003 (2013), Section 35.
   c) Authorize WSC to proceed with the TrainND Storage Building project at an estimated cost of $484,977 to be funded from WSC TrainND local funds.
   d) Approve the transfer of $1,265 from the 13-15 NDUS capital contingency fund (SB2003, Section 24) to Dakota College Bottineau (DCB) capital assets line item.
   e) Approve Campus Requests for Line-item Transfers from Operations to Capital Assets.

SBHE Academic and Student Affairs Committee Recommendations – Kari Reichert

Academic Committee Consent:

15. **Stage II -- New Programs: (Requires Cabinet Review/SBHE Action)**
   - Dickinson State University’s request for a new program via distance education: *Bachelors in Exercise Science Minor*, (CIP Code 31.0505), effective fall 2015.
   - North Dakota State University’s request for a new program via traditional and distance education: *B.S. in Global Business*, (CIP Code 52.11), effective spring 2015.
   - University of North Dakota’s request for a new program: *Ph.D. in Civil Engineering*, (CIP Code 14.0801), effective fall 2015;
   - University of North Dakota’s request for a new program: *Ph.D. in Electrical Engineering*, (CIP Code 14.1001), effective fall 2015;
   - University of North Dakota’s request for a new program: *Ph.D. in Energy Engineering*, (CIP Code 14.9999), effective fall 2015;
   - University of North Dakota’s request for a new program: *Ph.D. in Environmental Engineering*, (CIP Code 14.1401), effective fall 2015;
   - University of North Dakota’s request for a new program: *Ph.D. in Geological Engineering*, (CIP Code 14.3901), effective fall 2015; and,
   - University of North Dakota’s request for a new program: *Ph.D. in Mechanical Engineering*, (CIP Code 14.1901), effective fall 2015.

16. **Stage II -- Organizational Change: (Requires Cabinet Review/SBHE Action)**
   - University of North Dakota’s request for an organizational change: from *Department of Economics* to *Department of Economics and Finance*, effective fall 2015; and University of North Dakota’s request for a Department termination: *Department of Finance*, effective fall 2015.
17. Approve the 2015 State Authorization Renewal to Operate
   • Central Michigan Renewal to Operate in 2015;
   • Embry-Riddle Renewal to Operate in 2015;
   • Park University Renewal to Operate in 2015; and,
   • Rasmussen College Renewal to Operate in 2015.

SBHE Audit Committee Recommendations – Kathleen Neset

18. Update from SBHE Audit Committee

**Board Policy**

First Reading
19. HR 8 – Worker’s Compensation
20. Policy 514 – Due Process Requirements

Second Reading
21. Policy 803.1 – Purchasing
22. Policy 602.3 – Job Applicant/Employee Criminal Background Check

**Policies Under Review**

- 302.2 – Audit Committee
- 340.2 – Foundations
- 350.2 – Workforce Training Boards
- 514 – Due Process Requirements
- 605.1 – Academic Freedom and Tenure; Academic Appointments
- 607.1 – Legal Representation
- 611.10 – Employee Responsibility and Activities: Theft, Fraud, Abuse and Waste
- 701.1 – Early Retirement
- 802.8 – Internal Audit Charter
- Section 400 – under review by VC for Academic and Student Affairs
- Section 500 – under review by VC for Academic and Student Affairs

23. Public Comment

**Present Recognition Plaques to outgoing Board Members – Ms. Neset**

**Board Discussion Concerning Assessment of Meeting and Potential Future Agenda Items**

Adjourn

**State Board of Higher Education Orientation:**

Following adjournment of the above-scheduled meeting, the State Board of Higher Education will conduct orientation for new members, with current members’ attendance optional, at same place as the above-scheduled meeting. The Agenda for that meeting is set forth in a separate Notice of Meeting, posted and distributed in accordance with law.
State Board of Higher Education Social:

On the evening of Wednesday, June 24, 2015, the State Board of Higher Education members may attend a social gathering from 5:30 p.m. to 8:30 p.m. CDT, at the home of SBHE member, Mr. Don Morton, in Fargo, ND.

State Board of Higher Education Annual Planning Retreat:

On Thursday, June 25, 2015, beginning at 8:30 a.m., and at same place as the above-scheduled meeting, the State Board of Higher Education will conduct its annual planning retreat. The Agenda for that meeting is set forth in a separate Notice of Meeting, posted and distributed in accordance with law.

Contact Kristie Hetzler (701) 328-2966 or Kristie.hetzler@ndus.edu prior to the scheduled meeting date if auxiliary aids or services are needed.
1. **Issue:** Appointments to the Grant Review Committee, North Dakota Higher Education Challenge Fund.

2. **Proposed motion:** Motion to reappoint Kathleen Neset and appoint Nick Hacker to the Grant Review Committee for one-year terms, effective July 1, 2015.

3. **Background:** The Challenge Fund was established in 2013, and House Bill 1151 extended the program into the next biennium. Membership on the Grant Review Committee is governed by N.D.C.C. § 15-10-51 (see enclosed House Bill 1151).

4. **Financial implications:** The Grant Review Committee will allocate $23,500,000 appropriated to the SBHE. The Committee may approve grants totaling the following amounts during the 2015-17 biennium:
   - $7M each – NDSU, UND
   - $1M each – BSC, DCB, DSU, LRSC, MaSU, MiSU, NDSCS, VCSC, and WSC

   The SBHE may shall retain up to 0.25% ($58,750) of any grant awarded to defray administrative expenses incurred in the grant review process. It appears all compensation and expenses to committee members must be paid from this amount.

5. **Academic implications:** The primary purpose of the Advancement of Academics Challenge Grant program is to establish endowment programs for academic scholarships.

6. **Legal/policy issues:** The Challenge Fund Rules of Operation & Procedure provide (at page 3): “The State Board of Higher Education shall distribute the funds according to the grant review committee’s decision.”

   N.D.C.C. § 15-10-51(1)(e) requires that the Board’s appointees to the Grant Review Committee must be approved by Legislative Management.

7. **Review Process:** None.

8. **Enclosures/links:**
   - House Bill 1151 (as signed by the governor)
   - North Dakota Higher Education Challenge Fund Rules of Operation & Procedure

9. **Key contact person(s) concerning issue:** Murray G. Sagsveen, NDUS Chief of Staff and Director of Legal Services (author).

10. **Chancellor’s Recommendation:** Recommend approval.
1. **Issue**: Appointments to the Centers of Excellence Commission

2. **Proposed motion**: Motion to appoint Mike Ness for a three-year term (2015-2018) and Greg Stemen to the remainder of Kathleen Neset’s term (2013-2016) to the Centers of Excellence Commission effective July 1, 2015.

3. **Background**: The Department of Commerce website provides the following information about the Centers of Excellence Commission:

   The Research North Dakota and the Centers of Excellence & Research Excellence programs are overseen by a commission comprised of members from the North Dakota Economic Development Foundation and the State Board of Higher Education. The Centers of Excellence Commission manages the application process, makes funding determinations for projects, and oversees the monitoring of the Centers and Research North Dakota grant recipients.


4. **Financial implications to NDUS**: None; all Commission expenses are paid by the ND Department of Commerce.

5. **Academic implications**: Funding through the Commission is provided for NDUS centers of excellence programs.

6. **Legal/policy issues**: The membership of the Centers of Excellence Commission is described in N.D.C.C. § 15-69-03.

7. **Review Process**:
   - Dr. Terry Hjelmstad
   - Kathleen Neset

8. **Enclosures/links**:
   - [N.D.C.C. Chapter 15-69](#)
   - [N.D.C.C. Chapter 54-65](#)
   - [NDUS Centers of Excellence](#)
   - [Centers of Excellence Commission website](#)

9. **Key contact person(s) concerning issue**:
   - Dr. Larry Skogen, Interim Chancellor

10. **Chancellor’s Recommendation**: Recommend approval.
Memorandum

To: State Board of Higher Education  
   Dr. Mark Hagerott  
   Greg Stemen  
   Nickolas Hacker  
   Emma Tufte  
   Brett Johnson

Through: Dr. Larry Skogen, Interim Chancellor
From: Murray G. Sagsveen, Chief of Staff
Subject: 2015 Policy Legislation
Date: June 18, 2015

The key policy legislation adopted by the 64th Legislative Assembly is summarized on the enclosed schedules:

1. Legislative Directives to the SBHE
2. Required Reports
3. Legislative Mandated Studies
4. NDUS Office Operations
5. Attorneys
6. External and Internal Auditors
7. Students
8. Amendments to North Dakota Century Code
9. Contingent Appropriations

Bills that have been signed by the Governor are on the Secretary of State's website at http://sos.nd.gov/legislative-bills-and-information/bills-and-resolutions-adopted-2015-64th-legislative-assembly. Background information about bills is available on the Legislative Council website at http://www.legis.nd.gov/assembly/64-2015/bill-inquiry.

The Governor vetoed section 7 in HB1003 and section 24 in SB2015 concerning higher education. Both sections limited the authority of the SBHE and the Chancellor to hire and retain personnel.
1. **Issue:** Appoint two staff members to replace members of the NDUS Retirement Oversight Committee who have resigned their campus positions; removed the separate retirement plan coordinator position as this position no longer exists; and further, delegate future replacement appointments to the Chancellor.

2. **Proposed motion:** Motion to:
   - Appoint Misti Wuori, MaSU Director of Admissions and Extended Learning until June 30, 2017 (replace Brittneed Steckler, NDSU) and Katie Douhit, UND Retirement Specialist until June 30, 2016 (replace Melissa Friday, NDSCS) as the two staff representatives to the committee
   - Remove the separate retirement plan coordinator position
   - Further delegate to the Chancellor the authority to appoint future replacement members consistent with the membership outlined in the Investment Policy Statement.

3. **Background:**
   The Retirement Plan Oversight Committee provides fiduciary oversight for the retirement plans of the North Dakota University System. It is comprised of: two faculty members, two staff representatives from the 1000&3000 bands; one Admin. Affairs Council member; one legal representative; one Human Resource Council representative; and the Vice Chancellor for Admin. Affairs.

   The Retirement Plan Oversight Committee provides fiduciary oversight for the retirement plans of the North Dakota University System. The committee’s role is to advise the Plan Sponsor (NDUS) in matters related to the following:
   - Understanding participant needs
   - Advising and assisting to ensure fiduciary compliance
   - Assist with plan investment oversight and review of NDUS retirement plans
   - Recommend an Investment Policy Statement
   - Recommend the overall number and types of options to be offered to participants
   - Review performance of investment options and make recommendations
   - Review and monitor the costs associated with the plans
   - Participate in annual fiduciary training
   - Provide input on a revenue credit account spending strategy and budget
   - Evaluate and select appropriate consultant needs and scope of services
   - Comply with the provisions of all pertinent federal and state laws and regulations
   - Perform other activities consistent with this charge deemed appropriate by the Plan Sponsor
   - Provide recommendations to select and terminate funding options
• Monitor performance of funding options and recommend investment changes when necessary
• Document activities of the Committee
• Advise on effective participant communication strategies, services, etc.
• Review plan to identify if participants are meeting their retirement goals
• Annually review and update plan default investment option

All members shall have a basic understanding and/or interest in retirement plans and investments. Each member will contribute to the review of plan investments; ensure that participants have the resources they need to make informed enrollment, deferral, and investment decisions; ensure the plan is compliant with industry regulations; and identify and implement best practices for resolving issues relating to plan administration, compliance, enrollment, and operations. Committee membership will be reviewed bi-annually or as often as necessary and recommend changes, if any, will be made to the board.

4. Financial implications: None

5. Academic implications: None

6. Legal/policy issues: The Committee will request the Attorney General to assign a legal advisor to the Committee

7. Review Process:
   • Vice Chancellor Laura Glatt
   • Chief of Staff Murray Sagsveen

8. Enclosures: None

9. Contact person: Laura Glatt, VC for Administrative Affairs, 701-328-4416, laura.glatt@ndus.edu

1. **Issue:** Search for next president of the University of North Dakota.

2. **Proposed motions:**
   
a. Motion to authorize Dr. Mark Hagerott to hire a consultant to assist with the search for the next president of the University of North Dakota, effective July 1, 2015.
   
b. Motion to appoint ____________ to the search committee for the next president of the University of North Dakota.

3. **Background:** On June 9, Dr. Robert O. Kelley, president of UND, notified Interim Chancellor Skogen that he planned to retire effective January 14, 2016. The proposed motions would begin the process to select the next president of UND.

4. **Financial implications:** The estimated cost of the search, including consultant fees and search committee expenses will be $80,000 - $100,000. This expense will be paid by UND.

5. **Academic implications:** The next president will be UND’s chief executive officer.

6. **Legal/policy issues:** The search process is governed by SBHE Policy 601.1. The initial paragraphs of the policy provide:
   
   - The Board is responsible for appointment of institution presidents within the NDUS. Selection of a president is final only upon Board action.
   - The chancellor is responsible for overseeing the presidential search process in accordance with this policy and corresponding NDUS procedures.
   - Upon indication the position of an institution president will be vacant, the chancellor shall appoint a search committee to conduct a search for a new president. The Board may also retain the services of a consultant to assist the search committee in its work.

7. **Review Process:** Chancellor’s senior staff.

8. **Enclosures:** None.

9. **Key contact person(s) concerning issue:** Dr. Mark Hagerott, effective July 1, 2015.

10. **Interim Chancellor’s Recommendation:** Recommend approval.
Summary of Proposed Action
SBHE Meeting – June 24, 2015

1. **Issue:** Approve the 15-16 annual budget for the NDUS Office, which includes SBHE and staff functions, state funded financial aid programs and other funds allocated to the SBHE.

2. **Proposed motion:** Approve proposed FY16 annual budget for the NDUS Office.

3. **Background:** The Legislative Assembly provided a two year appropriation for the operations of the SBHE and NDUS Office, state funding for several financial aid programs and ‘pooled’ resources to be allocated to campuses (e.g. deferred maintenance, security, etc.). The pooled funds will be acted on separately by the SBHE over the course of the biennium. A portion of the biennial appropriation has been allocated in the approved FY16 budget.

   The proposed system governance budget includes proposed across-the-board salary increase of 3% for all eligible staff, except for one promotion and one increase related to work duty changes; positions changes including: 1.) promotion of Director of Academic, Research and Accreditation to interim VC for Academic and Student Affairs (Director position left vacant); 2.) current Chief of Staff position filled through July 31, 2015, with position salary reduced thereafter but anticipated filled during the fiscal year; 3.) Compliance position to be filled through campus assessment, as was done in the past. 4.) Includes termination of all current internal audit and legal positions by no later than July 31, 2015, including the cost of annual and sick leave payouts. The budget also includes one-half of the $300,000 biennial appropriation for internal audit budgeted, for either position or consulting costs. To be used for “systemwide and campus internal audit purposes”, as determined at a later date by the SBHE.

4. **Financial implications:** 15-17 NDUS Office budget (system governance line item) has a $250-300,000 structural BASE deficit that will need to be addressed within the biennium. Relatedly, there is anticipated to be about $950,000 in one-time carryover funds from the 13-15 to 15-17 biennium, some of which could be used for: replacement of state funded financial aid program IT systems which are at risk of failure (est. cost $200-400,000); and, consulting or contract assistance to address data inconsistency issues.

5. **Academic implications:** Key academic position will remain vacant.

6. **Legal/policy issues:** SBHE policy 302.3 which outlines the duties of the SBHE Budget and Finance Committee lists among the committee’s duties the following: “The Committee shall meet at the call of the Chair as necessary to fulfill its duties and responsibilities. The Committee is responsible for reviewing and recommending the following to the full Board for approval:
   - Annual budget for the functioning of the SBHE;
   - Review and recommend to the Board an annual operating budget for the system office.”
Further, the annual budget has been prepared consistent with previously SBHE approved FY16 annual budget guidelines which called for:

- Campus/entity-wide average salary increases be a minimum of 3% for permanent employees beginning with the month of July 2015.
- 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 general 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.

7. **Review Process:** Glatt, Chancellor

8. **Enclosures:** Detailed budget and associated schedules

9. **Contact person:** Laura Glatt, VC for Administrative Affairs, 701-328-4416, laura.glatt@ndus.edu

10. **Chancellor’s Recommendation:** Approve
Summary of Proposed Action
SBHE Meeting – June 24, 2015

1. Issue: Set salary ranges and salary increases for Presidents and NDUS Vice Chancellors for FY16.

2. Proposed motion: Approve FY16 salary ranges and salary increases for Presidents and Vice Chancellors, as recommended by the Chancellor.

3. Background: SBHE policy 705.1, requires the SBHE “Executive Committee” approve salary ranges based on relevant market data and salary increases based on performance and approved matrices. Salary ranges are based on 80-120% of the median of peer comparators. For Presidents, CUPA-HR data is used for each unique institutional Carnegie Classification. For Vice Chancellors, CUPA-HR data for University System Offices is utilized. Further, salary increases are based on documented performance evaluations and legislative funding.

The increases will be factored into the overall campus-entity increase for purposes of compliance with SBHE approved FY16 annual budget guidelines which requires:
   * Campus/entity-wide average salary increases be a minimum of 3% for permanent employees beginning with the month of July 2015.

4. Financial implications: 2015-17 appropriations for the NDUS included specific funding for salary increases equivalent to an average overall increase of three percent. Appropriations for the 11 campuses included an overall inflation factor, part of which was based on an average three percent salary increase.

5. Academic implications: None

6. Legal/policy issues: 

   SBHE policy 705.1, #3: The Executive Committee shall recommend and the Board shall establish compensation plans for the chancellor, vice-chancellors and other system senior officers, and presidents that include salary ranges and salary matrices for each position based on relevant market data for equivalent positions and salary increases based on pay for performance as documented through the evaluation process and the approved salary matrices. Ranges for presidents shall be based on salaries only. A president’s salary may not exceed the ranges established under this subsection 3 without Board approval. Subject to compliance with subsection 2 of this policy 705.1, other forms of compensation contributed by foundations may exceed established salary ranges. The Board may in its discretion and in consideration of job duties pay to the chancellor a housing/hosting allowance.

   From 305.1, #7: Presidents are hired by the pleasure of the Board. Each president shall have a written contract. The Chancellor shall annually evaluate a president’s performance as provided and report on the evaluation to the Board.
      a. Presidents shall have an initial appointment of three years and may receive subsequent appointments between one and three years in duration.
b. If the Board terminates a president's appointment without cause, the president will receive an amount equal to twelve months' salary and benefits based on the president's salary and benefits at the time of the termination. Alternatively, a president of a four-year institution who has a tenured faculty appointment may exercise "retreat rights" instead of receiving an amount equal to twelve months' salary and benefits. "Retreat rights" allow the president to revert to a tenured faculty position in the department in which he or she received tenure.

7. **Review Process:** Chancellor Skogen

8. **Enclosures:** Salary Matrices for Presidents and Vice Chancellors

9. **Contact person:** Larry Skogen, Chancellor

10. **Chancellor's Recommendation:** Approve
1. **Issue:** Approve 15-16 (FY16) budget for the operations of the SBHE members including travel and per diem pay.

2. **Proposed motion:** Approve FY16 SBHE budget of up to $100,000.

3. **Background:** HB1003 (2015), Section 1, subdivision 1 includes $7,562,993 for ‘system governance’. This funding is to support the operations of the NDUS Office (staff and operating expenses) and also expenses of the SBHE members for per diem and travel. This biennial appropriation is divided into annual allocations for budgeting purposes. Actual SBHE member expenditures have ranged between $73,000-88,000 over the past four years. A budget of $100,000 is consistent with past years. Any unused balance at the end of the year has traditionally been reallocated to other purposes.

4. **Financial implications:** 15-17 NDUS Office budget (system governance line item) has a $250-300,000 structural BASE deficit that will need to be addressed within the biennium based on current projected SBHE and staff expenditures.

5. **Academic implications:** None

6. **Legal/policy issues:** SBHE policy 302.3 which outlines the duties of the SBHE Budget and Finance Committee lists among the committee’s duties the following: “The Committee shall meet at the call of the Chair as necessary to fulfill its duties and responsibilities. The Committee is responsible for reviewing and recommending the following to the full Board for approval:
   - Annual budget for the functioning of the SBHE;
   - Review and recommend to the Board an annual operating budget for the system office.”

   **15-10-08. Compensation of board members - Expenses - Legislative appropriations.**

   Each member of the state board of higher education, except the student member, is entitled to receive as compensation one hundred forty-eight dollars per day for each calendar day actually spent devoted to the duties of office, and necessary expenses in the same manner and amounts as other state officials for attending meetings and performing other functions of office.

   The legislative assembly shall provide adequate funds to carry out the functions and duties of the board.

7. **Review Process:** Glatt
8. **Enclosures**: FY16 SBHE Budget memo and related attachments

9. **Contact person**: Laura Glatt, VC For Administrative Affairs, 701-328-4416, laura.glatt@ndus.edu

10. **Chancellor’s Recommendation**: Approve
1. **Issue:** Bids for construction on the MaSU locker room renovation are over budget. The project cannot be effectively reduced in scope as a means to reduce costs; MaSU seeks to fund the increase from the 2015-17 deferred maintenance pool funds of $500,000 specified for MaSU.

2. **Proposed motion:** Ratify the Chancellor's approval for MaSU to increase the project authorization for the Lewy Lee Fieldhouse Partial Renovation project from the original estimated cost of $429,000 to $601,658, an increase of $172,658, to be funded from the one-time deferred maintenance allocation of $500,000 for MaSU as authorized in Section 25 of HB1003 (2015); furthermore, authorize the transfer of $172,658 from 2015-17 North Dakota University System Office deferred maintenance pool to Mayville State University’s capital assets line item per HB1003 (2015), Section 25.

3. **Background:** MaSU initiated the Lewy Lee Fieldhouse renovation as part of its master plan goals and objectives to provide more appropriate space related to student recruitment and retention. MaSU sought and received authorization to proceed from the SBHE in April, 2015 with an anticipated cost of $429,000. Bids received on the project, in addition to advice from the project architect, indicate that the original scope of work cannot be obtained at the currently approved authorization and must be increased to meet the anticipated goals.

4. **Financial implications:** None

5. **Academic implications:** None

6. **Legal/policy issues:** HB 1003 section 25 specifies the following:

   The deferred maintenance funding pool line item includes funding that must be used for eligible projects to address deferred maintenance at institutions identified in this subsection. To be eligible to receive funding under this subsection, a project must be identified in campus master plan and space utilization studies and be approved by the board. The maximum amount that may be transferred to each institution from the funding pool is as follows:

   a. $3,500,000 to North Dakota state university;
   b. $3,500,000 to the university of North Dakota;
   c. $700,000 to Bismarck state college;
   d. $500,000 to Mayville state university; and
   e. $500,000 to Lake Region state college

   Further, Section 25 contains an emergency clause so funds can be made available immediately to campuses for their use.

**NDUS Director of Facility Planning Recommendation:** Recommend Approval. This project is supported both specifically and generally by the NDUS system wide master plan and space utilization study, as well as the 2014 MaSU master plan:
MaSU is actively pursuing a program of demolition, addition, and renovation of the Fieldhouse which is consistent with NDUS master plan / space utilization strategies. (pg. 57, Refine Assessments of Deferred Maintenance; pg. 65 Campus Space; pg. 151 Appendix – Assessed Building Needs.)

- The work of this project directly reduces overall deferred maintenance liabilities of the field house.
- The project is consistent with MaSU master plan goals. (section C.2.B. “…renovate inefficient and deteriorating campus facilities…” and Future Campus Requirements (section 3.B. academic facilities).


9. Enclosures: (agenda item and related material)

10. Contact person: Steven P. Bensen, VP for Business Affairs, MaSU

11. Chancellor’s Recommendation: Approve
1. **Issue:** MiSU requests the contingency pool allocation for the Facilities Management Building project as per the guidelines established for disbursement.

2. **Proposed motion:** Authorize from $2,408,905 to $2,485,703 for the MiSU Facilities Management (Physical Plant) Building project, to be funded from the SBHE capital project contingency fund; and, further authorize transfer of $76,798 from the SBHE 13-15 capital project contingency fund to MiSU.

3. **Background:** The MiSU project was approved and funded during the 13-15 biennium and included in those projects eligible for SBHE capital contingency pool funding. Lowest best bids for the project exceeded the appropriation provided to MiSU, and subsequently qualified for additional capital contingency pool funds. In order to award bids, MiSU did not accept a needed bid alternate for pavement, and subsequently postponed application for contingency pool funding until such time as all project costs were ascertained. If approved, the project can be made whole by restoring the needed paving.

4. **Financial implications:** None

5. **Academic implications:** None

6. **Legal/policy issues:** SB1003, (2013), Section 24 provides: The capital projects contingency pool line item contained in subdivision 1 of section 1 of this Act includes funding that may be transferred to institutions for capital projects as provided under this section. The state board of higher education may transfer funds from the capital projects contingency pool to an institution if the lowest acceptable bid received for a capital project exceeds the legislative appropriation provided for the project. The board shall provide a prorated amount to institutions from the pool if the amount of funding required for eligible projects exceeds available funding. An institution may only receive funding from the pool for capital projects that receive a general fund appropriation and are authorized under this Act. For purposes of this section, the "legislative appropriation provided for a project" does not include funds appropriated from private donations and other local funds to enhance a project. During the 2013-14 interim, the state board of higher education shall provide periodic reports to the budget section regarding funds distributed from the capital projects contingency pool.

7. **Review Process:** Reviewed by Glatt, Tonder.

8. **Enclosures:** (agenda item and related material)

9. **Contact person:** Mr. Brian Foisy, VP for Administration and Finance, 701-838-3331 brian.foisy@minotstateu.edu

10. **Chancellor’s Recommendation:** Approve
1. **Issue:** Allocation of 2015-17 funding for Veteran’s Assistance Grants to NDSU

2. **Proposed motion:** Approve the allocation of $325,000 of 15-17 Veteran's Assistance funding to NDSU for support of the Veteran’s Educational Training Program.

3. **Background:** HB1289 (2013) appropriated $325,000 to the NDUS for the “purpose of providing assistance to eligible veterans,” and the SBHE approved the allocation of those funds to NDSU for the Veteran’s Educational Training (VET) Program for the 2013-15 biennium. The program, previously known as the Veterans Upward Bound (VUB) program, had been federally funded with NDSU as the grant holder, from 1972 to 2013. The funds from HB1289 replaced about 60% of the lost federal funds. VET is housed at NDSU because of past history with the federally funded VUB program. However, the VET program is charged with serving veterans across the entire state who plan to pursue an education at any higher education institution in North Dakota.

**VET** is a free program of study to prepare qualified veterans for a certification program, two-year or four-year college degree. The program helps the veterans succeed in post-secondary education through classes and programs designed to ease the transition into life in higher education. Classes are located on campuses, or are available online to individuals outside a campus location. The program is also seeking ways to provide more face to face services to those outside the classroom areas in addition to the online option as some have difficulty with time management or have attention difficulties. Those who can manage online on their own have the ability to do so, but those who need more structure and support can go to a campus and continue with more personal support there.

Veterans Educational Training provides:
- Refresher course work
- Basic mathematics through pre-calculus
- English composition and literature
- Computer skills
- Study skills
- Academic and career guidance
- College enrollment assistance
- VA Vocational Rehabilitation assistance
- Financial aid application
- Agency referrals
- Department of Veterans Affairs benefit advocacy
- Tutoring for eligible veterans enrolled in post-secondary courses

Eligibility requirements:
- U.S. Citizen
- Any North Dakota veteran planning on attending a North Dakota college/university
• Veterans who have served a minimum of 181 days or received a service disability under 181 days
• Any discharge other than dishonorable

The same level of funding that was provided in the 2013-15 biennium ($325,000) was continued in HB1003 (2015), Section 1, subdivision 1. The recommendation is to approve the allocation of this base funding to NDSU, to continue the VET program that benefits all eligible veterans, regardless of the institution they plan to attend.

4. Financial implications: The $325,000 state general funds is the only source of funding for this program. Without this funding, the program would end and many veterans would be attempting to begin post-secondary education with a deficit in skills, which reduces the potential of completion.

5. Academic implications: N/A

6. Legal/policy issues: $325,000 state funding was provided in HB1003 (2015) Section 1, subdivision 1.

7. Review Process:
   • Vice Chancellor, Laura Glatt
   • Student Affairs Council (June 4, 2015)

8. Enclosures: None

9. Contact person:
   Jeri Vaudrin, Project Coordinator
   Jeri.vaudrin@ndsu.edu
   701-231-9706

10. Chancellor’s Recommendation: Approve
Summary of Proposed Action
SBHE Meeting – June 24, 2015

1. Issue: NDSU seeks authorization to proceed with tuck-pointing (masonry repair) on Ceres Hall using funding from the NDSU allocation of the deferred maintenance pool appropriated to the SBHE for campus distribution.

2. Proposed motion: Authorize NDSU to proceed with the Ceres Hall Tuck-pointing and Exterior Renovations project at an estimated cost of $1,300,000 to be funded from the $3.5 million one time 15-17 deferred maintenance funding; furthermore, authorize the transfer of $1,300,000 from 2015-17 North Dakota University System Office deferred maintenance pool to NDSU’s capital assets line item per HB1003 (2015), Section 25.

3. Background: Tuck-pointing is a routine maintenance operation which maintains the integrity of the building envelope. It is often deferred for lack of funding as it does not pose an immediate concern for building operations, but can cause interior water damage. Other project features include expansion joint cleaning and caulking, exterior fire escape renovation or replacement, minor exterior painting and adapting window air conditioners with insulated panels installed for weather tight year round installation. The NDUS system-wide master plan facility evaluation includes frequent reference to a need for building envelope maintenance,

4. Financial implications: None

5. Academic implications: None

6. Legal/policy issues: HB 1003 section 25 specifies the following:
The deferred maintenance funding pool line item includes funding that must be used for eligible projects to address deferred maintenance at institutions identified in this subsection.
To be eligible to receive funding under this subsection, a project must be identified in campus master plan and space utilization studies and be approved by the board. The maximum amount that may be transferred to each institution from the funding pool is as follows:
a. $3,500,000 to North Dakota state university;
b. $3,500,000 to the university of North Dakota;
c. $700,000 to Bismarck state college;
d. $500,000 to Mayville state university; and
e. $500,000 to lake region state college

Further, Section 25 contains an emergency clause so funds can be made available immediately to campuses for their use.
NDUS Director of Facility Planning Recommendation: Recommend Approval. This project is supported both specifically and generally by the NDUS system wide master plan and space utilization study, as well as the 2010 NDSU master plan and 2014 NDSU masonry study:

- The NDSU master plan indicated specifically that Ceres Hall was in need of masonry repair. It was followed by the 2014 master plan which indicated exterior tuck pointing projects remain a priority.
- The work of this project directly reduces the overall deferred maintenance liabilities of Ceres Hall.
- The project is consistent with NDUS system-wide master plan findings for Ceres Hall (Appendix – Assessed Building Needs, pg. 168, Ext. Envelope).
- The project is consistent with NDUS system-wide master plan findings for all NDSU buildings whereby the consultant noted that “NDUS schools are identifying and proposing projects that are needed based on the current conditions of their facilities.” (NDUS system wide master plan pg.38)
- NDSU currently has the least amount of space per FTE in the system, and has the highest overall classroom/lab utilization rates. As a result, maintaining and retaining Ceres Hall for future service in lieu of demolition (a space utilization consideration) is both practical and cost effective.


8. Enclosures: (agenda item and related material)

9. Contact person: Bruce Bollinger, VP for Finance and Administration at bruce.bollinger@ndsu.edu, or 701-231-8412

10. Chancellor’s Recommendation: Approve
1. **Issue:** NDSU-AG Langdon Research Extension Center is requesting authorization to purchase tract of land, consisting of 160 acres, in Cavalier County, North Dakota. The purchase was included in HB1020 for the appraised value of $350,000. The funding is $175,000 general fund appropriation and $175,000 special funds – institutional collections.

2. **Proposed motion:** Ratify the Chancellor's interim approval to authorize NDSU Langdon Research Extension Center (LREC) to purchase 160 acres of land in Cavalier County for a sum not to exceed $350,000, $175,000 from the general fund and $175,000 from special funds.

3. **Background:** The subject 160 acres of land has been leased by the LREC for the past 25 years for mission purposes, at most recently $75/acre. It is now being offered for sale by the owner's trust, the Kearn's Family Trust, and if purchased by the LREC, it will be subsequently retained by the LREC for continued use. The purchase will eliminate rent payments of $12,000 per year with operating costs remaining unchanged. LREC will purchase the following property in Cavalier County, North Dakota:
   - The northeast ¼ of section 19 of township 161 north, range 59 west

4. **Financial implications:** Overall operating costs will be reduced in time as a result of eliminating lease payments.

5. **Academic implications:** None

6. **Legal/policy issues:** HB1020 sets forth the following relevant sections:
   - **SECTION 4. ACQUISITION OF LAND AUTHORIZED.** The state of North Dakota, by and through the state board of agricultural research and education, may acquire certain real property in Cavalier County to be used for the purposes of the Langdon research extension center on the terms and for a price as approved by the board, but not to exceed $350,000 nor the appraised value of the property. The board may purchase the northeast ¼ of section 19 of township 161 north, range 59 west.
   - **SECTION 5. APPROPRIATION - LANGDON RESEARCH EXTENSION CENTER.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $175,000, and from special funds, the sum of $175,000, or so much of the sum as may be necessary, to the Langdon research extension center for the purpose of purchasing the real property described in section 4 of this Act, for the period beginning with the effective date of this section, and ending June 30, 2017. The funding provided in this section is considered a one-time funding item.
SECTION 21. EMERGENCY. The appropriation for capital projects of $22,650,000 in subdivision 4 of section 1 and sections 4 and 5 of this Act are declared to be an emergency measure.


8. Enclosures: (agenda item and related material)

9. Contact person: Bruce Bollinger, VP for Finance and Administration at bruce.bollinger@ndsu.edu, or 701-231-8412

10. Chancellor's Recommendation: Approve
1. **Issue:** NDSU seeks authorization to proceed with tuck-pointing (masonry repair) on the Music Building using funding from the NDSU allocation of the deferred maintenance pool appropriated to the SBHE for campus distribution.

2. **Proposed motion:** Authorize NDSU to proceed with the Music Building Tuck-pointing and Exterior Renovations project at an estimated cost of $825,000 to be funded from the $3.5 million one time deferred maintenance funding; furthermore, authorize the transfer of $825,000 from 2015-17 North Dakota University System Office deferred maintenance pool to NDSU’s capital assets line item per HB1003 (2015), Section 25.

3. **Background:** Tuck-pointing is a routine maintenance operation which maintains the integrity of the building envelope. It is often deferred for lack of funding as it does not pose an immediate concern for building operations but can cause interior water damage. Assorted other tuck-pointing, caulking, painting and maintenance items also need to be completed to maintain the water tight integrity of the building. The NDUS system-wide master plan facility evaluation includes frequent reference to a need for building envelope maintenance,

4. **Financial implications:** None

5. **Academic implications:** None

6. **Legal/policy issues:** HB 1003 section 25 specifies the following:
The deferred maintenance funding pool line item includes funding that must be used for Eligible projects to address deferred maintenance at institutions identified in this subsection. To be eligible to receive funding under this subsection, a project must be identified in campus master plan and space utilization studies and be approved by the board. The maximum amount that may be transferred to each institution from the funding pool is as follows:
a. $3,500,000 to North Dakota state university;
b. $3,500,000 to the university of North Dakota;
c. $700,000 to Bismarck state college;
d. $500,000 to Mayville state university; and
e. $500,000 to lake region state college

Further, Section 25 contains an emergency clause so funds can be made available immediately to campuses for their use.

NDUS Director of Facility Planning Recommendation: Recommend Approval. This project is supported in terms of scope of work by the NDUS system wide master plan
and space utilization study, the 2014 NDSU master plan, as well as the 2014 NDSU masonry study:

- The 2014 NDSU master plan indicated the Music Building exterior tuck pointing condition is “very poor”, and supported by a 2014 masonry survey which pointed to its condition
- The work of this project directly reduces the overall deferred maintenance liabilities of the Music Building.
- The project is consistent with NDUS system-wide master plan findings for all NDSU buildings whereby the consultant noted that “NDUS schools are identifying and proposing projects that are needed based on the current conditions of their facilities.” (NDUS system wide master plan pg.38)
- NDSU currently has the least amount of space per FTE in the system, and has the highest overall classroom/lab utilization rates. As a result, maintaining and retaining the Music Building for future service in lieu of demolition (a space utilization consideration) is both practical and cost effective.

7. **Review Process:** Reviewed by Glatt, Tonder.

8. **Enclosures:** (agenda item and related material)

9. **Contact person:** Bruce Bollinger, VP for Finance and Administration at bruce.bollinger@ndsu.edu, or 701-231-8412

10. **Chancellor's Recommendation:** Approve
1. **Issue:** UND requests approval to refund bonds to achieve a lower interest rate and, as a result, overall savings over the remaining life of the bond.

2. **Proposed motion:** 1) Authorize issuance of not to exceed $41,000,000 University of North Dakota Housing and Auxiliary Facilities System Revenue Refunding Bonds, Series 2015, for the purpose of advance refunding the University of North Dakota Housing and Auxiliary Facilities System Revenue Bonds, Series 2006; 2) Authorize the UND President and Vice President for Finance and Operations to approve the sale of the bonds provided the true interest rate not exceed 4% provided the present value of the debt service savings is not less than 2%. The approximate final date upon which the principal amount of the obligation will mature or become payable is April 1, 2035; and 3) Appoint the firm of Arntson Stewart Wagner PC as the bond counsel and Public Financial Management, Inc. as the financial advisor.

3. **Background:** The refinancing of the existing bonds requires SBHE approval per NDCC §15-55.

4. **Financial implications:** Refinancing of the existing $38,190,000 outstanding bonds will take advantage of lower interest rates and subsequently reduce the overall carrying costs of the bonds. Financial advisors indicate the anticipated net present value savings will be approximately $3,800,000.

5. **Academic implications:** There are no academic implications to this agreement.

6. **Legal/policy issues:** This request to refinance is made pursuant to NDCC § 15-55.

7. **Review Process:** UND Associate VP, Glatt, Goulet

8. **Enclosures:** UND 2015 Board Resolution

9. **Contact person:** Alice Brekke, University of North Dakota Vice President for Finance and Operations, alice.brekke@und.edu, 701-777-3511

10. **Chancellor’s Recommendation:** Approve
Summary of Proposed Action
SBHE Meeting – June 25, 2015

1. **Issue:** Transfer a portion of 2015-17 formula funding from UND to the SMHS.

2. **Proposed motion:** Approve the transfer of $5,267,850 from the operations line of UND to the operations line of SMHS, as provided in HB1003 (Section 30), for the 2015-17 biennium.

3. **Background:** The funding formula that has been utilized by the legislature for appropriating funds for the 2013-15 and 2015-17 biennia, combined the operations of UND and the SMHS. Section 30 of HB1003 states, "The operations line item in subdivision 5 of section 1 of this Act (UND’s operation’s line) includes a funding allocation from the higher education per student credit-hour funding formula attributable to inflation during the biennium beginning July 1, 2015, and ending June 30, 2017. A minimum of twenty-five percent of the allocation must be transferred by the state board of higher education to the University of North Dakota School of Medicine and Health Sciences."

UND received $17,084,029 from the funding formula for 2015-17, and 25% equates to $4,271,007. In addition, the legislature included an increase of $996,843 for the SMHS Rural Med Program, but included it in UND’s operations line. According to Legislative Council staff, this was done to consider all base increases for UND and SMHS in the funding formula in UND’s budget. Because the $996,843 is strictly related to the SMHS Rural Med Program, this increase is also included in the transfer request, for a total of $5,267,850.

4. **Financial implications:** The amount is consistent with what is required in HB1003, Section 30.

5. **Academic implications:** N/A

6. **Legal/policy issues:** The transfer is required per HB1003, Section 30.

7. **Review Process:** Vice Chancellor, Laura Glatt

8. **Enclosures:** None

9. **Contact person:**
   Alice Brekke, VP for Finance & Operations
   Alice.brekke@email.und.edu
   701-777-3511

10. **Chancellor’s Recommendation:** Approve
1. Issue: WSC requires an additional $1.2M to complete the TrainND project in order to remediate soil conditions under the new parking lot, and requests additional spending authority which necessitates Budget Section approval.

2. Proposed motion: Ratify the Chancellor’s interim action authorizing WSC to increase spending for the Workforce Training project from $8,238,267 to $9,438,267, an increase of $1,200,000 to be funded from $1,300,000 general fund, $2,500,000 financed through the Bank of North Dakota, $1,750,000 received as an oil impact grant from the Department of Trust Lands, $2,207,000 in private fundraising, $393,000 in approved state 13-15 Challenge funds, and $1,288,267 in local funds generated from training activities and to proceed with the project contingent upon receipt or guarantee of all funds. Authorize WSC to seek budget section authorization per NDCC 48-01.2-25.

3. Background: Engineers discovered artesian wells under the planned parking lot for this facility, which must be corrected at substantial cost prior to paving.

4. Financial implications: The cost of remediation increases the project cost by approximately 15%.

5. Academic implications: The parking lot is vital for the training mission of this facility as there are no other available parking areas that can be used by students.

6. Legal/policy issues:

SECTION 33. EXEMPTION - USE OF 2013-15 BIENNIAL APPROPRIATIONS – CONTINGENT APPROPRIATION REDUCTION. Of the $5,000,000 appropriated from the general fund in the performance funding pool line item in section 1 of chapter 34 of the 2013 Session Laws, $1,000,000 is not subject to section 54-44.1-11 and must be canceled by the office of management and budget on the effective date of this section. Pursuant to section 54-44.1-11, the sum of $4,000,000 appropriated in the performance funding pool line item of subdivision 1 of section 1 of chapter 34 of the 2013 Session Laws may be continued into the biennium beginning July 1, 2015, and ending June 30, 2017. Of the unexpended appropriation, the state board of higher education shall transfer $1,500,000 to Williston state college, $1,500,000 to Dickinson state university, $500,000 to Minot state university, and $500,000 to Dakota college at Bottineau for deferred maintenance and extraordinary campus needs. The board shall transfer a prorated amount if sufficient funding is not available to provide for full transfers. Excluding the transfers authorized in this section, the office of management and budget shall reduce the general fund appropriation authority included in the system governance line item contained in subdivision 1 of section 1 of this Act in an amount equal to any appropriation used from the performance funding pool line item contained in section 1 of chapter 34 of the 2013 Session Laws.

48-01.2-25. Authorization of expansion of public improvements by legislative assembly or budget section. Notwithstanding any other provision of law, a state agency or institution may not significantly change or expand a public improvement beyond what has been approved by the legislative assembly unless the legislative assembly approves the change or expansion of the project or any additional expenditure for the project. During the time the legislative assembly is not in session, and unless otherwise restricted by
previous legislative action or other law, the budget section of the legislative management may approve a change or expansion or any additional expenditure for the project. However, the budget section of the legislative management may not approve a change, expansion, or additional expenditure for the project during the six months preceding the convening of a regular session or during the three months following the close of a regular session except for changes in project scope and related additional expenditures resulting from an unforeseen emergency event. For the purposes of this section, a significant change or expansion includes the construction of an addition to a building, including skywalks or other type of enclosed walkway, or any other substantial increase in the area of the building, but does not include the construction of building entrances and stairwells.

7. **Review Process:** Reviewed by Glatt, Tonder.

8. **Enclosures:** (agenda item and related material)

9. **Contact person:** President Nadolny (701.770.7475 raymond.nadolny@willistonstate.edu) & Deanette Piesik, CEO TrainND (701.774.4246 Deanette.piesik@willistonstate.edu)

10. **Chancellor’s Recommendation:** Approve
1. Issue: **NDSU-AG** Central Grasslands Research Extension Center is requesting increased authorization for the Agronomy Lab from $400,000 to $550,000 using institutional collections for the additional authorization. The project was legislatively authorized in the 13-15 biennium at $400,000 in general funds, but came in over budget when bid in February 2014. The legislature authorized additional special fund spending of $150,000 in the 15-17 biennium for the project.

2. Proposed motion: Ratify the Chancellor's interim approval authorizing NDSU Central Grasslands Research Extension Center (CGREC) to increase the project authorization for the Agronomy Lab from $400,000 to $550,000, $150,000 to be funded by special funds – institutional collections.

3. Background: Currently, the CGREC is storing samples along with scales and other sensitive equipment in a storage facility having dirt floors and limited dust control. This causes significant problems for both maintenance and storage, and subsequently led to the request for the lab. Bids over budget forced a delay in the project from 2014, but is now ready to proceed if the additional authorization is approved.

4. Financial implications: Equipment maintenance should be reduced, and service life improved by providing proper storage.

5. Academic implications: None

6. Legal/policy issues: 64th Legislative Assembly: HB1020, Section 1, Subdivision 4 provided authorization to spend an additional $150,000 in special funds, including an emergency clause, for this project. Section 19. Of HB1020 provides: EXEMPTION. The amounts appropriated for the agronomy laboratories contained in subdivision 4 of section 1 of chapter 51 of the 2013 Session Laws, are not subject to the provisions of section 54-44.1-11, and any unexpended funds from these appropriations or related revenues are available and may be expended during the biennium beginning July 1, 2015, and ending June 30, 2017.


8. Enclosures: (agenda item and related material)

9. Contact person: Bruce Bollinger, VP for Finance and Administration at bruce.bollinger@ndsu.edu, or 701-231-8412

10. Chancellor’s Recommendation: Approve
1. **Issue:** Construction bids received for the NDSU library renovation project exceeded the existing authorization. Bid values exceeded the estimate as a result of the architect miscalculating the estimate. The architect has indicated that the bid values are appropriate, and accurately reflect the scope of work. In addition, NDSU requests authorization to transfer operation funds to capital assets.

2. **Proposed motion:** Ratify the Chancellor’s approval for NDSU to increase the project authorization for the Library Entryway/Circulation/Deferred Maintenance Renovation project from the original estimated cost of $1,400,000 to $1,725,000, an increase of $325,000, to be funded from 2013-15 appropriated operations funding; furthermore, authorize the transfer of $325,000 from 2013-15 operations to capital assets line item per SB2003 (2013), Section 35.

3. **Background:** The project was authorized by the SBHE during its April, 2015 meeting. Bids were received soon thereafter, and subsequently required additional authorization. The Electrical and Mechanical bids were relatively in line with estimates; however, bids from the general contractors were higher than anticipated. The architect reviewed the project again and determined that the original estimate did not adequately address demolition and excavation costs relative to the reconfiguration of the stair well and elevator shaft. The architect did perform an analysis of the General Construction bid breakout and has determined the bid is reasonable and competitive; thus, waiting won’t necessarily result in lower pricing.

4. **Financial implications:** NDSU will use an additional $325,000 in 2013-15 operations funding for this capital improvement.

5. **Academic implications:** None

6. **Legal/policy issues:** None

7. **Review Process:** Reviewed by Glatt, Tonder.

8. **Enclosures:** (agenda item and related material)

9. **Contact person:** Bruce Bollinger, VP for Finance and Administration at bruce.bollinger@ndsu.edu, or 701-231-8412

10. **Chancellor’s Recommendation:** Approve
1. **Issue:** WSC seeks SBHE approval for a project in-progress which, due to circumstances beyond the control of WSC, has resulted in costs exceeding the $250,000 SBHE required approval threshold. WSC now seeks authorization to proceed with the project at the revised budget amount.

2. **Proposed motion:** Authorize WSC to proceed with the TrainND Storage Building project at an estimated cost of $484,977 to be funded from WSC TrainND local funds.

3. **Background:** The original out of state contractor on this project (estimated to be less than $250,000) abandoned the site prior to completion. WSC made numerous attempts to have the contractor return and continue work, all of which failed. Thereafter, WSC, in consultation with NDUS general counsel and facilities planning, retained services of a local contractor which in turn was assigned the prior agreement. Additional costs for new code compliance, plus additional costs for transition to the new contractor, forced the project budget over the $250,000 threshold for which WSC now seeks authorization to proceed.

4. **Financial implications:** The project budget increased significantly as a result of the abandonment, with no option for recourse against the original contractor.

5. **Academic implications:** None

6. **Legal/policy issues:** This is a situation where the project grew beyond the threshold for authorization as a result of actions by others. Since the project is now estimated to cost over $250,000 it is subject to SBHE approval per policy 902.3.

7. **Review Process:** Reviewed by Glatt, Tonder.

8. **Enclosures:** (agenda item and related material)

9. **Contact person:** Deanette Piesek, CEO TrainND Northwest Continuing Education

   Deanette.piesik@willistonstate.edu

10. **Chancellor’s Recommendation:** Approve
1. **Issue:** Transfer of funds from capital contingency pool to DCB

2. **Proposed motion:** Approve the transfer of $1,265 from the 13-15 NDUS capital contingency fund (SB2003, Section 24) to Dakota College Bottineau (DCB) capital assets line item.

3. **Background:** During the 2013 legislative session, funding for software upgrades ($30,000) was added to the capital assets line of DCB, and then reduced by 5% ($1,500) for the amount added to the NDUS capital contingency pool. It was subsequently determined during the legislative session that the funding should be included in the operations line for software upgrades, but $30,000 was transferred in the DCB appropriation instead of $28,500. This legislative change resulted in a $1,500 reduction of base funding for extraordinary repairs in the capital assets line. At the September 2013 SBHE meeting, the SBHE approved a $1,500 line item transfer from DCB operations to the capital assets line item.

   In actuality, there is $1,265 available to DCB from the capital contingency pool, consisting of the $1,500 less a proportionate share of the $1 million legislative reduction to the pool. Therefore, the request is to transfer the available amount to DCB at this time.

4. **Financial implications:** This will deplete the funds remaining in the 13-15 NDUS capital contingency pool.

5. **Academic implications:** N/A

6. **Legal/policy issues:** Section 24 of SB2003 (2013) states: “The state board of higher education may transfer funds from the capital projects contingency pool to an institution if the lowest acceptable bid received for a capital projects exceeds the legislative appropriation provided for the project.” It was confirmed with Legislative Council staff on 6/17/15 that this transfer appears consistent with the actions of the Legislative Assembly as they originally placed the a portion of the software funding in the contingency pool.

7. **Review Process:** Vice Chancellor, Laura Glatt

8. **Enclosures:** None

9. **Contact person:** Laura Glatt, VC for Admin. Affairs, 701-328-4116

10. **Chancellor’s Recommendation:** Approve
1. **Issue:** Campus requests for line-item transfers from operations to capital assets, to fulfill two-for-one matching requirement for 2015-17 extraordinary repairs.

2. **Proposed motion:** Approve line item transfers from 2015-17 operations to capital assets for the following campuses: NDSU-$300,000; NDSCS-$1,012,379; DSU-$818,156; MaSU-$80,000; VCSU-$480,000.

3. **Background:** Section 38 of HB1003 states, “The capital assets line items in subdivisions 2 through 12 of section 1 of this Act include funding for institution extraordinary repairs. An institution shall provide two dollars of matching funds from operations or other sources for each one dollar of extraordinary repairs funding used for a project. An institution may not use a transfer from the deferred maintenance funding pool to provide matching funds under this section. This section does not apply to funding provided for repairs and maintenance of the North Dakota museum of art facility. During the 2015-16 interim, the state board of higher education shall provide a report to the legislative management regarding the use of extraordinary repairs funding and related matching funds.”

All campuses are in the process of finalizing annual budgets for FY2016, including an initial review and estimate of extraordinary repair needs for the year. This also includes identifying sources of funds for the 2-for-1 match. The campuses that are included in this line item transfer request have identified general fund operating funds as part (% noted) or all of their required match for the 2015-17 biennium (NDSU-5%; NDSCS-50%; DSU-100%; MaSU-11%; VCSU-59%). These campuses, as well as the remaining campuses, will either be requesting additional transfers later or will be using carryover or other sources as their match.

4. **Financial implications:** The match requirement will reduce funds that would have otherwise been available for operating funds. The campuses provided the following examples of what those operating funds would have been used for, had they not been allocated for the extraordinary repairs match:
   - **NDSU** – Each year, NDSU reviews, reprioritizes and reallocates funds of the departments. If the match requirement did not exist, the reallocations would be directed for academic strategic priorities and initiatives (ex. Faculty hires, start up packages and other academic needs)
   - **NDSCS** – NDSCS carefully reviewed individual department budgets (both personnel and operations) and budget reductions have been made. Some examples include delays in replacement hiring, reductions to regular operating budgets and not increasing salary pool funds for adjunct faculty. Normally, the salary pool budgets are increased by the salary increase funded for all other employees. Without the increase, each individual department will need to determine whether they give pay increases and hire fewer adjuncts, or if they hire the same number of adjuncts without pay increases.
• DSU – DSU will utilize $818,156 of the $1.5 million allocation from the 13-15 performance pool (per HB1003, Section 33), which was approved by the SBHE on May 14, 2015. They have no other source of funds for the match, and if the match requirement did not exist, the funds would have been used for retention bonuses.
• MaSU - A senior administrator is retiring, who also has responsibility for non-classroom assessment. It was their plan to replace the senior administrator, but also hire an institutional research position responsible for academic and non-classroom assessment. The institutional research position ($84,000 salary and fringe) will not be hired in 2016, but will be delayed until the 2017 budget year.
• VCSU – Prior to the match requirement, VCSU had planned to use increased funding for a number of items that will have to be delayed. Examples include the following: reducing the technology fees to the students with increased general fund support; hiring a media communications coordinator and data analytics administrator; and funding operating inflationary increases to departments that have not seen significant increases for the past 4-5 years.

5. Academic implications: N/A

6. Legal/policy issues: The 2-for-1 match is required per HB1003, Section 38.

7. Review Process: Vice Chancellor, Laura Glatt

8. Enclosures: None

9. Contact person:
   Laura Glatt, Vice Chancellor
   Laura.glatt@ndus.edu
   701-328-4116

10. Chancellor’s Recommendation: Approve
1. **Issue:** Dickinson State University (DSU) has submitted a Stage II request to offer the *Baccalaureate Minor in Exercise Science*, using CIP Code 31.0505, via traditional and distance delivery, effective Fall 2015.

2. **Proposed actions:** Approve the Stage II request of Dickinson State University (DSU) to offer the *Baccalaureate Minor in Exercise Science*, using CIP Code 31.0505, via traditional and distance delivery, effective Fall 2015.

3. **Background information:** DSU currently offers a Bachelor of Science (B.S.) Degree in Exercise Science, therefore the curriculum is already in place for the minor. A number of students majoring in programs such as Physical Education have ambitions of careers in coaching or private enterprise. A rigorous, formal plan of study that addresses needed knowledge in the area of exercise science would complement their major.

4. **Financial implications:** The program will be self-supporting.

5. **Legal/policy issues:** State Board of Higher Education (SBHE) Policy 403.1 *Program Approval* states: “Board approval is required for all new programs of study that designate a focused collection of instructional/learning activities the completion of which signifies a level of competence which the awarding institution so designates by a notation on the front of the student transcript.”

6. **Academic issues:** No academic issues were raised at the 5 May 2015 Academic Affairs Council (AAC) meeting.

7. **Coordination:** On 5 May 2015, the AAC voted unanimously to recommend that the Stage II request be reviewed by the Chancellor’s Cabinet and advanced to the SBHE Committee on Academic and Student Affairs/SBHE for approval.

8. **Attachments:** The Stage II request is attached.

9. **Contact information:** Sonia S. Cowen, Ph.D., Interim Vice Chancellor for Academic and Student Affairs, NDUS. Ph: 701-328-2965 / email: sonia.cowen@ndus.edu.

10. **Chancellor’s recommendation:** The Chancellor’s Cabinet recommended approval of this request on 10 June 2015.
11. **SBHE Committee on Academic and Student Affairs recommendation:** The SBHE Committee on Academic and Student Affairs moved to approve forwarding this request on 11 June 2015 to the SBHE for action.
1. **Issue:** North Dakota State University (NDSU) has submitted a Stage II request to offer the *Bachelor of Science (B.S.)* in *Global Business* as a 2nd Major, using CIP Code 31.0505, via traditional and distance delivery, effective Spring 2015.

2. **Proposed actions:** Approve the Stage II request of Dickinson State University (DSU) to offer the *Bachelor of Science (B.S.)* in *Global Business* as a 2nd Major, using CIP Code 31.0505, via traditional and distance delivery, effective Spring 2015.

3. **Background information:** The proposed 2nd major in Global Business will complement the existing offerings of the NDSU College of Business. The program will include language and study abroad components, and will prepare students with skills identified as being in demand by employers. The program will be a 2nd major open only to students already majoring in Business.

4. **Financial implications:** The program will be self-supporting.

5. **Legal/policy issues:** State Board of Higher Education (SBHE) Policy 403.1 *Program Approval* states: “Board approval is required for all new programs of study that designate a focused collection of instructional/learning activities the completion of which signifies a level of competence which the awarding institution so designates by a notation on the front of the student transcript.”

6. **Academic issues:** No academic issues were raised at the 5 May 2015 Academic Affairs Council (AAC) meeting.

7. **Coordination:** On 5 May 2015, the AAC voted unanimously to recommend that the Stage II request be reviewed by the Chancellor’s Cabinet and advanced to the SBHE Committee on Academic and Student Affairs/SBHE for approval.

8. **Attachments:** The Stage II request is attached.

9. **Contact information:** Sonia S. Cowen, Ph.D., Interim Vice Chancellor for Academic and Student Affairs, NDUS. Ph: 701-328-2965 / email: sonia.cowen@ndus.edu.

10. **Chancellor’s recommendation:** The Chancellor’s Cabinet recommended approval of this request on 10 June 2015.
11. **SBHE Committee on Academic and Student Affairs recommendation:** The SBHE Committee on Academic and Student Affairs moved to approve forwarding this request on 11 June 2015 to the SBHE for action.
1. **Issue:** The University of North Dakota (UND) has submitted Stage II requests to offer six Engineering Ph.D. programs, effective Fall 2015. The programs are:
   - Ph.D. in Civil Engineering, (CIP Code 14.0801);
   - Ph.D. in Electrical Engineering, (CIP Code 14.1001);
   - Ph.D. in Energy Engineering, (CIP Code 14.9999);
   - Ph.D. in Environmental Engineering, (CIP Code 14.1401);
   - Ph.D. in Geological Engineering, (CIP Code 14.3901); and,

2. **Proposed actions:** Approve the Stage II request of the University of North Dakota (UND) offer the six Engineering Ph.D. programs listed in Item 1, effective Fall 2015.

3. **Background information:** UND is transitioning the existing Ph.D. in Engineering Program, with tracks in various fields of study (Chemical Engineering, Civil Engineering, Electrical Engineering, Energy Engineering, Environmental Engineering, Geological Engineering, and Mechanical Engineering) to separate and distinct Ph.D. programs in clearly delineated fields. These newly defined programs better match current standards and the degree titles will match those currently common in industry and higher education.

4. **Financial implications:** The program will be self-supporting. As the Ph.D. programs all represent what are now existing tracks, there are no substantial new equipment or facility costs. Anticipated costs will be met using tuition revenue. As the degrees will be more marketable, increased enrollment is anticipated.

5. **Legal/policy issues:** State Board of Higher Education (SBHE) Policy 403.1 *Program Approval* states: “Board approval is required for all new programs of study that designate a focused collection of instructional/learning activities the completion of which signifies a level of competence which the awarding institution so designates by a notation on the front of the student transcript”

6. **Academic issues:** No academic issues were raised at the 2 June 2015 Academic Affairs Council (AAC) meeting.

7. **Coordination:** On 2 June 2015, the AAC voted unanimously to recommend that the Stage II request be reviewed by the Chancellor’s Cabinet and advanced to the SBHE Committee on Academic and Student Affairs/SBHE for approval.

8. **Attachments:** The Stage II request is attached.
9. **Contact information**: Sonia S. Cowen, Ph.D., Interim Vice Chancellor for Academic and Student Affairs, NDUS. Ph: 701-328-2965 / email: sonia.cowen@ndus.edu.

10. **Chancellor’s recommendation**: The Chancellor’s Cabinet recommended approval of this request on 10 June 2015.

11. **SBHE Committee on Academic and Student Affairs recommendation**: The SBHE Committee on Academic and Student Affairs moved to approve forwarding this request on 11 June 2015 to the SBHE for action.
1. **Issue:** The University of North Dakota (UND) has submitted a Stage II request to rename the *Department of Economics* as *Department of Economics and Finance*, and to terminate the *Department of Finance* effective Fall 2015.

2. **Proposed actions:** Approve the Stage II request of the University of North Dakota (UND) to rename the *Department of Economics* as *Department of Economics and Finance*, and to terminate the *Department of Finance* effective Fall 2015.

3. **Background information:** The name change represents a reorganization that merges the *Department of Economics* and the *Department of Finance*. This reorganization will allow for more effective delivery of content and facilitate innovative interdisciplinary education and research activity. The faculty of the departments support this merger.

4. **Financial implications:** Merger of the departments will reduce the administrative overhead of the College of Business and Public Administration.

5. **Legal/policy issues:** State Board of Higher Education (SBHE) Policy 307.1 *Institutional Organization Notice and Approval* states:

   “1. Board approval is required to create, discontinue or name a school, college, center or institute. Institutions shall submit such requests, along with rationale and supporting information, to the Chancellor and the Chancellor shall forward the proposal to the Board with a recommendation.”

   “2. As used in this policy, ‘center or institute’ means a unit that has as a primary function or activity academic instruction, research, or service beyond the immediate campus community. The terms do not include space designations, or units that simply have the word ‘center’ in their title, or units that provide non-academic services, such as dining centers.”

6. **Academic issues:** No academic issues were raised at the 2 June 2015 Academic Affairs Council (AAC) meeting.

7. **Coordination:** On 2 June 2015, the AAC voted unanimously to recommend that the Stage II request be reviewed by the Chancellor’s Cabinet and advanced to the SBHE Committee on Academic and Student Affairs/SBHE for approval.

8. **Attachments:** The Stage II request is attached.
9. **Contact information:** Sonia S. Cowen, Ph.D., Interim Vice Chancellor for Academic and Student Affairs, NDUS. Ph: 701-328-2965 / email: sonia.cowen@ndus.edu.

10. **Chancellor’s recommendation:** The Chancellor’s Cabinet recommended approval of this request on 10 June 2015.

11. **SBHE Committee on Academic and Student Affairs recommendation:** The SBHE Committee on Academic and Student Affairs moved to approve forwarding this request on 11 June 2015 to the SBHE for action.
1. Issue: Renewal of State Authorization for Central Michigan University to operate in North Dakota.

2. Proposed actions: Recommend approval of renewal of state authorization for Central Michigan University to operate in North Dakota.

3. Background information: Central Michigan University was established in 1892. Since then CMU has grown to offer programs in areas ranging from the health professions and engineering to business and communications. Central Michigan University has a 26,902 total enrollment, and offers 200+ academic programs. Central Michigan University (CMU) is regionally accredited by the Higher Learning Commission (HLC) of the North Central Association of Colleges and Schools, and as a regionally accredited institution is authorized to operate as an institution of higher education. Since 1982, Central Michigan University has been providing service to military service members, their spouses, dependents, and civilians at CMU's Minot AFB center. The education center is located on the second floor of the Minot AFB Education Center. The Education Center consists of 13 classrooms including one science lab and four computer labs. Most of the computer resource rooms have a smart board/ceiling projector/computer available for use. A majority of the classrooms have smart boards permanently installed which include a ceiling projector and computer. Seven of the rooms have a document camera installed.

4. Financial implications: Central Michigan University has paid the $1,200 renewal to operate fee.

5. Legal/policy issues: Central Michigan University has met the requirements of 15-18.1 of the North Dakota Century Code, relating to authority of the State Board of Higher Education to provide authorizations to operate postsecondary educational institutions offering instruction at the associate in arts level or higher.

6. Academic issues: Central Michigan University is among the nation's 100 largest public universities with more than 20,000 students on its Mount Pleasant campus and another 7,000 enrolled online and at 50 locations across North America. CMU offers more than 200 academic programs at the undergraduate, masters, specialist and doctoral levels. Programs authorized at the Minot location include the Master of Arts degree in Education with concentrations in Adult Education and Instruction; and the Master of Science in Administration with concentrations in General Administration, Health Services Administration, Human Resources Administration, Information Resource Management, and Leadership.

7. Coordination: Central Michigan's Renewal to Operate Application has been reviewed by Dr. Tanya Spilovoy, Director of Distance Education and State Authorization for NDUS and has been found to satisfy requirements.
8. **Attachments:**
   - Authorized Application
   - Articles of Incorporation
   - Bond
   - Independent Audit Report
   - State Approval Documentation
   - Higher Learning Commission Accreditation Documentation
   - Catalog and Student Handbook
   - Global Campus Handbook

9. **Contact information:**
   Tanya Spilovoy, D. Ed.
   Director, Distance Education & State Authorization
   NORTH DAKOTA University System
   1815 Schafer St., Ste. 202
   Bismarck, ND 58501-1217
   701.224-2498
   tanya.spilovoy@ndus.edu

   Kari Rojas, Coordinator, Licensure & Regulatory Services
   Central Michigan University’s Global Campus
   802 Industrial Drive
   Mount Pleasant, MI 48858
   ph. (989) 774-3233
   fax (989) 774-7409

10. **Recommendation of the SBHE Committee on Academic and Student Affairs:**
1. **Issue:** Renewal of State Authorization for Embry-Riddle Aeronautical University.

2. **Proposed actions:** Recommend approval of renewal of state authorization for Embry-Riddle Aeronautical University to operate in North Dakota.

3. **Background information:** Embry-Riddle Aeronautical University (ERAU) is an established leader in aerospace education and applied research. Founded in 1926, ERAU is has a main campus in Daytona Beach, FL, over 150 branch locations worldwide mostly located on military bases, along with an Online Learning campus. All campuses are regionally accredited by the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC). The location at Minot Air Force Based opened in July of 1988.

   The campus at Minot offers it students courses taught by an in-class instructor as well as courses taught by an instructor who elsewhere but is broadcast into the classroom in real time with teacher / student interaction via video and tele-conferencing. Students can also take completely online classes outside of a classroom setting. ERAU enrolls military members and their families as well as civilians who are cleared to enter the base.

4. **Financial implications:** Embry-Riddle Aeronautical University has paid the $1,200 renewal fee.

5. **Legal/policy issues:** Embry-Riddle Aeronautical University has met the requirements of 15-18.1 of the North Dakota Century Code, relating to authority of the State Board of Higher Education to provide authorizations to operate postsecondary educational institutions offering instruction at the associate in arts level or higher.

6. **Academic issues:** Led by a faculty comprised of industry professionals, many of whom come from military backgrounds, ERAU's programs are designed specifically to suit demanding schedules. ERAU offers twenty-seven programs, including twelve undergraduate degree programs, two undergraduate certificate programs, and fourteen graduate degree programs. Students are given the flexibility with twelve enrollment dates per year.

7. **Coordination:** Embry-Riddle Aeronautical University Renewal to Operate Application has been reviewed by Dr. Tanya Spilovoy, Director of Distance Education and State Authorization for NDUS and has been found to satisfy requirements.
8. **Attachments:**
   - Application for Authorization to Operate in North Dakota
   - Articles of Incorporation (Florida)
   - Bond
   - Independent Auditor’s Report
   - Student Handbook
   - Catalog

9. **Contact information:**
   Tanya Spilovoy, D. Ed.
   Director, Distance Education & State Authorization
   NORTH DAKOTA University System
   1815 Schafer St., Ste. 202
   Bismarck, ND 58501-1217
   701.224-2498
   tanya.spilovoy@ndus.edu

   Dustin M. Heil
   Resource Manager
   Office of Military and Government Relations
   Embry-Riddle Aeronautical University – Worldwide Campus
   600 South Clyde Morris Blvd.
   Daytona Beach, Florida 32114
   Office: (386)226-4936
   Fax: (386)323-8692
   dustin.heil@erau.edu

10. **Recommendation of the SBHE Committee on Academic and Student Affairs:**
1. **Issue:** Renewal of State Authorization for Park University.

2. **Proposed actions:** Recommend approval of renewal of state authorization for Park University to operate in North Dakota.

3. **Background information:** Park University is a comprehensive, independent, non-profit institution with a full range of undergraduate and graduate programs. Founded in 1875 in Parkville, MO, within the Greater Kansas City metropolitan area, Park now serves more than 24,000 students system-wide through a home campus, and 40 additional campus locations throughout the U.S. and its online network. Park University has two locations in North Dakota. Park University’s location at Grand Forks Air Force base opened in August 1978.

4. **Financial implications:** Park University has paid the $1,200 renewal fee.

5. **Legal/policy issues:** Park University has met the requirements of 15-18.1 of the North Dakota Century Code, relating to authority of the State Board of Higher Education to provide authorizations to operate postsecondary educational institutions offering instruction at the associate in arts level or higher.

6. **Academic issues:** Park University has two locations in North Dakota. The location at Grand Forks Air Force base opened in August 1978. This location offers three associate degrees in criminal justice administration, management, and social psychology. This location also offers 10 bachelor’s degrees including criminal justice administration, information and computer science, social psychology, management, and management with concentrations in accounting, computer information systems, health care, human resources, logistics, and marketing. Park University’s second location in North Dakota is located at Minot Air Force Base which opened in May of 1998. This location offers 6 associates degrees including criminal justice administration, information and computer science, management, management/accounting, management/logistics, and social psychology. The Minot campus also offers 11 bachelor’s degrees in criminal justice administration, information and computer science, management, management with concentrations in accounting, computer information systems, finance, health care, human resources, logistics, and marketing, and social psychology. The degrees offered are at the discretion of the command at the Air Force installations and is based on needs assessments for those locations. Park University is accredited by the North Central Association of Schools of the Higher Learning Commission. Park has been accredited with the Higher Learning Commission since 1913 and has recently received its 10 year renewal with the accrediting body.
7. **Coordination:** Park University Renewal to Operate Application has been reviewed by Dr. Tanya Spilovoy, Director of Distance Education and State Authorization for NDUS and has been found to satisfy reauthorization requirements.

8. **Attachments:**
   - Application for Authorization to Operate in North Dakota
   - Articles of Incorporation (Missouri)
   - Bond
   - Accreditation
   - Audit
   - Catalog/Student Handbook

9. **Contact information:**
   Tanya Spilovoy, D. Ed.
   Director, Distance Education & State Authorization
   NORTH DAKOTA
   University System
   1815 Schafer St., Ste. 202
   Bismarck, ND 58501-1217
   701.224-2498
   tanya.spilovoy@ndus.edu

   David Turner, M.B.A. *Coordinator for State Approval and Licensure*
   Park University * 8700 N.W. River Park Drive, Box #68 * Parkville, MO 64152
   816-584-6242 * 816-741-6138(fax) * David.Turner@park.edu

10. **Recommendation of the SBHE Committee on Academic and Student Affairs:**
1. **Issue:** Renewal of State Authorization for Rasmussen College to operate in North Dakota.

2. **Proposed actions:** Recommend approval of renewal of state authorization for Rasmussen College to operate in North Dakota.

3. **Background information:** Rasmussen College operates one campus in Fargo, North Dakota. The Bismarck Rasmussen campus was closed in Spring, 2015. Rasmussen acquired Aaker's College in 1998, but the two institutions were not officially merged until 2007. Prior to the acquisition, Aaker's College had been in operation since 1902.

   In addition to North Dakota, Rasmussen College operates physical campuses in Minnesota, Wisconsin, Illinois, Kansas, Florida, and online in all 50 states.

4. **Financial implications:** Rasmussen College has paid the $1,200 renewal to operate fees total for the Fargo campus.

5. **Legal/policy issues:** Rasmussen College has met the requirements of 15-18.1 of the North Dakota Century Code, relating to authority of the State Board of Higher Education to provide authorizations to operate postsecondary educational institutions offering instruction at the associate in arts level or higher.

6. **Academic issues:** Rasmussen College offers degrees in Business, Design, Education, Health Sciences, Justice Studies, Nursing, and Technology. To date, Rasmussen College has graduated more than 2,000 students in North Dakota.

7. **Coordination:** Rasmussen’s Renewal to Operate Application has been reviewed by Dr. Tanya Spilovoy, Director of Distance Education and State Authorization for NDUS and has been found to satisfy requirements.

8. **Attachments:**
   - Authorized Application
   - Articles of Incorporation
   - Bonds for Fargo and Bismarck
   - State Approval Documentation
   - Higher Learning Commission Accreditation Documentation
   - Independent Auditor’s Report
   - Catalog and Student Handbook
9. **Contact information:**
   Tanya Spilovoy, D. Ed.
   Director, Distance Education & State Authorization
   NORTH DAKOTA University System
   1815 Schafer St., Ste. 202
   Bismarck, ND 58501-1217
   701.224-2498
   tanya.spilovoy@ndus.edu

   Andrew J. Thomas, J.D.
   Licensing Specialist
   Rasmussen College – Twin Cities Office
   Phone: (952) 806-3984
   andrew.thomas@rasmussen.edu
   www.rasmussen.edu

10. **Recommendation of the SBHE Committee on Academic and Student Affairs:**
1. **Issue:** Updates to [HR policy 8 related to Worker’s Compensation](#)

2. **Proposed motion:** Approve changes to HR policy 8, Worker’s Compensation

3. **Background:** In addition to routine terminology updates consistent with state law, the updated policy adds explanation that PERS only maintains employee records for two years. Thus, if the employee is not able to return to work within two years of being placed on leave without pay, the employee forfeits rights to be considered for placement into a position at the institution, except to participate in regular recruitment procedures.

4. **Financial implications:** None

5. **Academic implications:** None

6. **Legal/policy issues:** None

7. **Review Process:** Human Resource Council

8. **Enclosures:** HR policy 8

9. **Contact person:** Laura Glatt, VC for Administrative Affairs, 701-328-4416, laura.glatt@ndus.edu

10. **Chancellor’s Recommendation:** Approve
1. **Issue:** Proposed amendments to [Policy 514 – Due Process Requirements](#).

2. **Proposed motion:** Motion to approve the proposed amendment of Policy 514 for a second reading.

3. **Background:** The SBHE adopted Policy 514 on June 20, 2013, to establish minimum due process requirements in the NDUS for student discipline proceedings involving suspension or expulsion.

   Senate Bill 2150, which is effective August 1, 2015, establishes additional due process requirements for student discipline proceedings involving suspension or expulsion.

   The Office of Civil Rights (OCR) in the U.S. Department of Education has recently issued additional guidance, in the form of “Dear Colleague” letters, for student disciplinary proceedings. Accordingly, academic institutions across the country are reviewing and updating their procedures concerning student disciplinary proceedings. The addition of Senate 2150 to the mix has further complicated this matter.

   Appropriate stakeholders within the NDUS have not had an opportunity to fully engage in the drafting process. By approving the proposed amendment of Policy 514 for a second reading, the stakeholders will have an opportunity to better consider updating Policy 514. It is likely that the final draft submitted to the SBHE on the second reading may be significantly revised.

   In addition, the transfer of legal services from the NDUS to the attorney general’s office may have implications for an updated Policy 514.

4. **Financial implications:** Financial implications should be better developed by the time of the second reading.

5. **Academic implications:** Policy 514 does not apply to academic misconduct.

6. **Legal/policy issues:** Policy 330 provides in part:

   The Board generally will conduct both a first reading and a second reading of any proposed policy or amendment.

   a. First Reading: During the first reading, the Board will obtain a summary of the proposed policy or amendment. The Board will vote on whether to approve the proposed policy or amendment for a second reading. Upon such approval, the proposed policy or amendment will be placed on the agenda of a future Board meeting for the second reading.
b. Second Reading: During the second reading, the Board may provide an opportunity for interested parties to comment on the proposed policy or amendment. After any necessary Board discussion, the Board may take final action on the proposed policy or amendment.

7. Review Process:
   - Chris Wilson, NDUS General Counsel – Fargo
   - Dr. Lori Reesor, VP for Student Affairs, UND
   - Becky Lamboley, NDUS Director of Student Affairs

Future review will include:
   - Student Affairs Council
   - Title IX Task Force

8. Enclosures:
   - Draft proposed amendments to Policy 514
   - Policy 514

9. Key contact person(s) concerning issue: Murray G. Sagsveen, NDUS Chief of Staff, 701-328-1499, Murray.Sagsveen@NDUS.edu (author of the draft proposed amendments)

1. **Issue:** Proposed revisions to Purchasing policy 803.1 to further define commodities and services; modify purchasing dollar thresholds and associated bid and documentation requirements; and restructure under a policy governance model.

2. **Proposed motion:** Approve proposed changes to SBHE policy 803.1-Purchasing, including delaying the effective date to January 1, 2016.

3. **Background:** A recent follow-up audit at DSU raised questions that suggested further policy clarification was needed to address definitions and documentation requirements. It provided an opportunity for wholesale review and re-structuring of the policy and procedures to align with the policy governance model. The following major changes are incorporated into the revised policy and corresponding procedure:
   - Updates definitions of commodities and services. For services the policy is clarified that “services” means the furnishing of labor, time or effort by a contractor, not involving the delivery of a specific end product other than reports that are merely incidental to the required performance.”
   - Restructures and clarifies bid and documentation requirements as follows:

<table>
<thead>
<tr>
<th>Purchase Price</th>
<th>Quote/Bid Requirement</th>
<th>Documentation Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Goods - Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than $25,000</td>
<td>Informal quotes or proposals from a minimum of three vendors should be solicited, when feasible</td>
<td>silent</td>
</tr>
<tr>
<td>$25,000 or more</td>
<td>Must be purchased from formal bid.</td>
<td>Required</td>
</tr>
<tr>
<td><strong>Services - Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than $100,000</td>
<td>Purchased by negotiation, telephone, or informal quote. When feasible, should be from more than one vendor.</td>
<td>silent</td>
</tr>
<tr>
<td>$100,000 or more</td>
<td>Must be purchased from formal bid.</td>
<td>Required</td>
</tr>
<tr>
<td><strong>Goods - Proposed</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$5,000 or less</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>More than $5,000 but less than $10,000</td>
<td>Informal quotes or proposals from more than one vendor should be solicited, when feasible</td>
<td>None</td>
</tr>
</tbody>
</table>
### Services - Proposed

<table>
<thead>
<tr>
<th>Range</th>
<th>Action Description</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>From $10,000 but less than $50,000</td>
<td>Informal quotes or proposals from more than one vendor should be solicited.</td>
<td>Required</td>
</tr>
<tr>
<td>$50,000 and over</td>
<td>Must be purchased from formal bid process or a Request for Proposal (RFP).</td>
<td>Required</td>
</tr>
<tr>
<td>From $50,000 but less than $100,000</td>
<td>Informal quotes or proposals from more than one vendor should be solicited.</td>
<td>Required</td>
</tr>
<tr>
<td>$100,000 and over</td>
<td>Must be purchased from formal bid process or a Request for Proposal (RFP).</td>
<td>Required</td>
</tr>
</tbody>
</table>

- Realigns policy and procedure consistent with a policy governance model.
- Establishes a common form to be used across the NDUS for purchasing exceptions.

4. **Financial implications**: Minimal, as more documentation will need to be maintained.

5. **Academic implications**: None

6. **Legal/policy issues**: None

7. **Review Process**: Administrative Affairs Council, Chancellor’s Cabinet, legal

8. **Enclosures**: Revised SBHE policy 803.1

9. **Contact person**: Laura Glatt, VC for Administrative Affairs, 701-328-4416, laura.glatt@ndus.edu

10. **Chancellor’s Recommendation**: Approve
1. **Issue:** Update [SBHE policy 602.3](#) related to Job Applicant/Employee Criminal Background Check.

2. **Proposed motion:** Approve recommended changes to SBHE policy 602.3 effective July 1, 2015.

3. **Background:** Proposed policy and procedure revisions are the result of: 1.) requested review of “consistent” practices related to faculty positions, including student teachers, from Academic Affairs; 2.) simplify and clarify current policy/procedure; 3.) FY14 financial statement audit recommendation on student employee access to PeopleSoft; 4.) update policy to adapt to current practices at many campuses; 5.) ensure consistency across the NDUS; 6.) re-structure policy/procedures to “policy governance” structure.

The substantive changes in the proposed revision are:
- Add “University Police Dispatcher/Call Center Operator to required FBI Check list
- Expand provisions to require Criminal History Records Check (CRHC)/Sex Offender Registry (SOR) for all benefitted positions
- Expand provisions to require CHRC/SOR for non-benefited positions, including volunteers who *(italicized items note major additions)*:
  - have access to confidential or proprietary information;
  - have master keys;
  - have access to cash, credit, debit or other financial transactions
  - are resident hall and apartment manager, directors or assistants;
  - are child care employees and other employees who have unsupervised contact with minor children;
  - are responsible for or with access to controlled substances and other drugs, explosives or potentially dangerous chemicals and other substances;
  - are instructional faculty and staff, including graduate teaching assistants; and,
  - are counselors and coaches;
- Adds required Sex Offender Registry (SOR) check in addition to CHRC.
- Would require a CRHC & SOR for re-hires, transfers and promotions within the same institution, if have not been previously subject to a CRHC/SOR. However, would not apply to promotions when moving from one faculty rank to another faculty rank.
- Would require a CRHC & SOR for transfers of employment between NDUS institutions.
- Provides limited exception to completion of checks prior to employment start date in the event that an urgent situation exists.
Separate from the proposed policy changes, the HRC will be pursuing a request for proposals for a possible single CRHC vendor.

4. **Financial implications**: The current cost per CHRC ranges from about $45 to $75 each, depending on the vendor utilized. The NDUS campuses use three primary vendors: Evans, Castlebranch and Sterling.

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>Proposed</th>
<th>Net Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Annual Exp.</td>
<td>Avg. # of annual hires subject to CHRC</td>
<td>Annual Exp.</td>
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<tr>
<td>BSC</td>
<td>$13,350</td>
<td>267</td>
<td>$15,750</td>
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<tr>
<td>LRSC</td>
<td>$3,547</td>
<td>76</td>
<td>$5,360</td>
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<td>WSC</td>
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<td>45</td>
<td>$6,000</td>
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<tr>
<td>UND</td>
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<td>890</td>
<td>$76,000</td>
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<tr>
<td>NDSU</td>
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<td>590</td>
<td>$40,095</td>
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<td>NDSCS</td>
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<td>$6,074</td>
<td>88</td>
<td>$10,999</td>
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<tr>
<td>MASU</td>
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<td>111</td>
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<tr>
<td>MISU</td>
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<td>123</td>
<td>$9,750</td>
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<tr>
<td>VCSU</td>
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<td>85</td>
<td>$4,600</td>
</tr>
<tr>
<td>DCB</td>
<td>$2,553</td>
<td>44</td>
<td>$3,300</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$116,779</td>
<td>2,623</td>
<td>$185,556</td>
</tr>
</tbody>
</table>

Administrative Council members, some of whom supported the policy changes and some whom did not support the policy changes, expressed concern about the added financial cost and administrative work associated with the added number of required CRHC. Further, there was concern about continued or increased potential inconsistencies between campuses, should some campuses opt to require CRHC background checks for 100% of all employees (this is not required by the proposed policy changes).

5. **Academic implications**: Will require CHRC/SOR checks for all benefited and non-benefited (adjunct) instructional faculty and staff, including graduate teaching assistants. Currently, all campuses complete a CHRC for all benefited instructional staff hires. Currently, for non-benefited instructional staff two campuses (BSC & DCB) complete a CHRC, five (NDSU, DSU, MaSU, MiSU, WSC) do not complete a CRHC, and three complete for a limited number of employees. Both UND and NDSU do not currently complete a CHRC on graduate teaching assistants, unless they fall into another mandatory category.

6. **Legal/policy issues**: None

8. **Enclosures**: Proposed policy 602.3 revisions

9. **Contact person**: Laura Glatt, VC for Administrative Affairs, 701-328-4416, laura.glatt@ndus.edu

10. **Chancellor’s Recommendation**: Approve