

STATE BOARD OF HIGHER EDUCATION
Minutes – October 15-16, 1997
Dickinson, North Dakota

The State Board of Higher Education met Wednesday and Thursday, October 15-16, 1997 at the Student Center on the campus of Dickinson State College. The president called the meeting to order at 5:00 P.M. Wednesday.

Board Members present:

Paul Ebeltoft, President	Beverly Clayburgh
Joe Peltier, Vice President	Craig Caspers
Cynthia Kaldor	Shane Waslaski, Student Member
Jeanette Satrom	Kay Fulp, Faculty Representative

John Hoeven was absent.

Institutional Representatives:

Kendall Baker, UND	Sharon Etemad, UND-LR
Wayne Boekes, BSC	Jerry Olson, NDSCS
Ellen Chaffee, MaSU/VCSU	Thomas Plough, NDSU
Philip Conn, DSU	Erik Shaar, MiSU
Garvin Stevens, UND-W	

Staff:

Larry A. Isaak, Chancellor
Michel Hillman, Vice Chancellor for Academic Affairs
Laura Glatt, Vice Chancellor for Administrative Affairs
H. P. Seaworth, General Counsel & Executive Secretary
Stacy Herron, Director of Communications
Carol Asplund, Administrative Officer

- - -

Mrs. Satrom and Mrs. Fulp led the Board in the discussion of the self-assessment survey they completed following the July workshop. The majority of the discussion related to communication skills and how to improve them. The Board also discussed using ad hoc subcommittees to accomplish its work. Depending on the topic, it was suggested asking former Board members to serve on committees. Mrs. Fulp suggested that committees could: (1) discuss communication and ways to improve it within the Board; (2) plan how to improve communication between the System office and Board members; and (3) formulate a public agenda.

It was the consensus of the Board to continue the discussion and focus on the Board's priorities and the timetable for accomplishments at the February meeting. Mrs. Satrom said the Board needs to continue communicating with each other, the Cabinet, students, faculty, and the citizens of the State. Mr. Ebeltoft asked Mrs. Satrom and Mrs. Fulp to refine the questionnaire and repeat the assessment process in June 1998.

Minutes

It was moved by Mrs. Kaldor, seconded by Mrs. Clayburgh and unanimously carried to approve the September 18-19, 1997 minutes as distributed.

Board President's Report

Mr. Ebeltoft said he and Vice President Peltier met with two editorial boards, the Grand Forks Herald and the Bismarck Tribune. They will meet with the Dickinson Press following this meeting. Next week he and Mr. Peltier will visit the Wahpeton Daily Press and the Fargo Forum. The Board of Higher Education will meet jointly with the Governor and Legislative Council members on November 13 to discuss the Board's six-year plan.

Mr. Ebeltoft announced that by consensus a process has been adopted for disclosing an institution's deficit fund balance to the Chancellor's office. The process is: (1) each institution is required to disclose the deficit fund balances to the Chancellor's office on an annual basis one week before the disclosure to the North Dakota State Auditor's office; (2) UND and NDSU are required to disclose deficits greater than \$50,000, all other campuses are required to disclose deficits greater than \$25,000; and (3) information required in the institution's disclosure shall include identification of the fund, the department, the deficit amount, the cause, and a plan for resolution. The disclosure to the Chancellor's office must include all deficits, including those that were covered by temporary transfers from other funds.

Mr. Ebeltoft said Dickinson State University's Klienfelter Hall will be dedicated on Friday.

Chancellor's Report

Chancellor Isaak reviewed the history of General Fund Appropriation for higher education since 1979. It shows that in 1979-81 the University System received 23.9% of the State's total general fund appropriation. In 1997-99 the System received 20.3%. Health and Human Services increased from 18.3% in 1979-81 to 23.8% in 1997-99. Chancellor Isaak said this shows a shift in spending and the investment policy over the last 18 years. He said each percent shift equals approximately \$15 million for higher education.

The Chancellor said the National Guard is developing plans for a distributed training network in North Dakota with telecommunications to provide National Guard training around the state. He will attend the strategy session.

Chancellor Isaak said the Attorney General issued an opinion stating that UND had made transfers from internal service funds in accordance with state law. He said the State Auditor's Office is in the process of conducting performance reviews of all state agencies' purchasing practices. The report will be discussed with the Board audit subcommittee when it is completed.

Ms. Laura Glatt, Vice Chancellor for Administrative Affairs, made a presentation to the Information Technology Committee. The reporting requirements of the new state law are very time consuming and Chancellor Isaak has suggested amending the law to lessen the reporting requirements.

The Legislative Interim Welfare Reform Committee has asked the System Office to discuss the six-year plan goals which relate to welfare reform and child care needs of students and faculty, how the needs are being met, and possible use of state facilities by private providers to meet those needs. President Thigpen will make a presentation to the Committee.

Eddie Dunn demonstrated the NDUS/NDSU bill tracking system that was used by NDUS during the last session. The Legislative Management Committee was very impressed with the tracking system. The Committee requested that the University System present a proposal to the Legislative Management Committee for providing enhanced bill status information (other than that provided through the Legislative Branch web page) to outside users.

Chancellor Isaak said the NDUS staff met with staff of the South Dakota Board of Regents to share information and discuss joint initiatives. They agreed that, if possible, a joint automated library system should be pursued since both states have to find new software for library automation purposes.

The Chancellor supports the proposal that the Western Interstate Commission on Higher Education grant full voting status to North Dakota.

Student Association Report

Jon Olafson, President of the North Dakota Student Association, said NDSA met September 19-20 at UND. They discussed the Six-Year Strategic Plan at length and will comment on the plan later.

Kari Odermann was elected to serve on the State Student Affairs Council and Jonathan Sickler will serve on the State Academic Affairs Council.

Mr. Olafson thanked the Board for supporting NDSA.

Comments on the Strategic Plan

Students Jason Isaacson, NDSU Student Body President; Willy Maxwell, NDSA Vice President; Jonathan Sickler, UND Apartment Senator; Kym Teppo, UND Student Body President; Lars Teppo, and Mr. Olafson testified in support of the Board's six-year plan with the exception of Section VI, Part C, #2 which states, "Student tuition will continue at the same proportion of the budget if state resources increase at least 5-6% per year. If not, student tuition and fees will increase as a percent of the budget to support a high quality higher education system with access being reduced." The students oppose this statement. They said it is unacceptable for students to continue to bear an

increasingly larger portion of the total cost of higher education through increased tuition and fees and it is time for the state to further increase general fund appropriations. They are willing to increase tuition 2.7-3% or as much as the CPI or inflation increases. They fear students will go to out-of-state institutions if tuition and fees go too high. Mr. Olafson presented comments from NDSA and letters from the Student Senate at Valley City State University, the Bismarck State College Board of Governors, and the UND-Williston student body president asking the Board of Higher Education to consider their concerns when approving the plan.

Council of College Faculties Report

Ms. Fulp said the Council of College Faculties appreciates that the suggested changes were incorporated into the six-year plan. The Council is preparing materials for the Compensation Committee. Ms. Fulp said the Faculty Conference to be held in Bismarck next spring will focus on communicating what faculty do throughout the state.

Special Orders

Six-Year Strategic Plan

Chancellor Isaak distributed written comments on the Six-Year Strategic Plan that were forwarded to the System office. He said he asked the campuses to identify three strategies under each of their goals that they want included in the Six-Year Strategic Plan summaries that will be prepared and submitted to the Legislative Council at the joint meeting November 13. Chancellor Isaak reviewed the revised plan dated October 13, 1997 that incorporates several suggested changes. He reviewed projected budgets for a proposed funding plan for the Strategic Plan, assuming an annual increase of 6% for General Fund and tuition.

The Board discussed how to serve the students who are now being offered courses in North Dakota by out-of-state colleges. The Chancellor said one of the goals of the Plan is to study the delivery of instructional services and provide alternative methods of meeting the current and future needs of the state's citizens. Several Cabinet members said that currently they do not have resources to offer everything students want to take. Dr. Hillman said there is a question as to whether or not courses offered by out-of-state institutions meet accreditation standards. Chancellor Isaak said he has encouraged campuses to offer outreach programs and to charge the necessary fees to cover the cost of the programs.

Dr. Hillman suggested Goal 7, Part A, #4 be changed to read, "By 1998, common course numbering will begin implementation for 100-200 level courses throughout the system." Following discussion, Mr. Ebeltoft concluded that Board action on the plan would assume that the suggested change had been made.

Following Board discussion of the draft Plan, including testimony from the students, Mrs. Clayburgh **moved** to amend Section VI, Part C, #2 to read: "The Board will strive to maintain tuition and fee rates which are reasonable and affordable. Student

tuition will continue at the same proportion of the budget if state resources increase at least 5-6% per year. If not, student tuition and fees will increase annually by not less than a percentage rate based on the CPI or inflation rate.” Mrs. Satrom seconded the motion. Following discussion of the motion, Mrs. Clayburgh withdrew the motion.

It was moved by Mr. Peltier, seconded by Mrs. Kaldor to amend Section VI, Part C, #2 to read: “The Board will strive to maintain tuition and fee rates that are reasonable and affordable. If state resources increase at least 5-6% per year, student tuition increases will be no greater than 5-6% per year.” Mr. Peltier, Mrs. Clayburgh, Mr. Waslaski, Mrs. Satrom, Mrs. Kaldor, and Mr. Ebeltoft voted aye. Mr. Caspers voted no. The motion carried.

It was moved by Mr. Peltier, seconded by Mrs. Satrom to adopt the draft Six-Year Strategic Plan, as amended. Mrs. Kaldor, Mr. Peltier, Mrs. Satrom, Mr. Hoeven, Mrs. Clayburgh, Mr. Caspers, Mr. Waslaski, and Mr. Ebeltoft voted aye. The motion carried.

The amended Plan will be presented to the Legislative Council on November 13, 1997.

UND Report on Fund Balances

Dr. Baker reviewed steps the University of North Dakota has taken to reduce the deficit fund balances in the Athletic Department, the Medical School, and the Center for Aerospace Sciences.

The Athletic Department has improved revenues and controlled expenditures to reduce the deficit and a transfer from institutional reserves eliminated the remaining deficit.

The Medical School hopes to eliminate all deficits in FY99 or before. The Grand Forks Family Practice Center has made a complete recovery, with a positive balance as of June 30, 1997 of \$307,809. The Minot Family Practice Center has made substantial progress in removing the negative balance and an arrangement with Trinity Hospital in Minot has been beneficial. Dr. Baker said that with improved commitments from the Bismarck hospitals, it is anticipated that the deficit at the Bismarck Family Practice Center will be eliminated in either FY98 or FY99

The Center for Aerospace Sciences sold several aircraft to reduce the deficit from \$3.1 million to approximately \$1,000,000. Dr. Baker said expenditures have been reduced approximately \$600,000 from the previous year. He said Dick Nelson, consultant from KPMG, will prepare recommendations to eliminate the deficit for the Board’s review.

The Board requested that a copy of the draft consultant’s report be sent to them prior to the November meeting. The final report will be discussed at the January meeting.

Campus Plans for Potential Revenue Shortfalls

Ms. Glatt reviewed preliminary plans submitted by the campuses that reduce expenditures to meet the anticipated revenue shortfalls at most campuses as a result of lower than estimated enrollments. Tentatively, campuses plan to reduce salaries, capital improvements, equipment, and operating expenditures. **It was moved** by Mr. Peltier, seconded by Mrs. Satrom that in dealing with the FY98 tuition shortfall, the Board encourages the campuses to minimize reductions to equipment and capital improvement budgets. To achieve this, the campuses are also encouraged to use resources from all budget sources to deal with the tuition shortfall, including enhancing other revenue options. Mrs. Kaldor, Mr. Peltier, Mrs. Satrom, Mrs. Clayburgh, Mr. Caspers, Mr. Waslaski, and Mr. Ebeltoft voted aye. The motion carried.

1997 Fall Enrollment Report

Dr. Hillman presented the final 1997 fall enrollment at the institutions.

	<u>Headcount</u>	<u>FTE</u>
Bismarck State College	2,481	2,001
Dickinson State University	1,736	1,470
Mayville State University	705	635
Minot State University	3,294	2,727
MiSU-Bottineau	421	389
ND State College of Science	2,542	2,271
North Dakota State University	9,408	8,079
University of North Dakota	10,363	8,725
UND-Lake Region	738	439
UND-Williston	788	663
Valley City State University	<u>1,054</u>	<u>879</u>
TOTAL	33,530	28,278

This is a decrease of 1,458 in headcount and a decrease of 991 in full-time equivalent from the fall of 1996. The decrease may be a result of a number of factors, including the flood and a strong economy with persons choosing to work rather than attend college.

Consent Agenda

It was moved by Mr. Waslaski, seconded by Mrs. Clayburgh to approve the following consent agenda items 1 through 5. Mrs. Kaldor, Mr. Peltier, Mrs. Satrom, Mrs. Clayburgh, Mr. Caspers, Mr. Waslaski, and Mr. Ebeltoft voted aye. The motion carried.

1. Accept the grants and contracts received by **North Dakota State University**.
2. Ratify the action of the Vice Chancellor for Administrative Affairs' in awarding the following construction contracts for the **North Dakota State University** roofing replacement projects at South Engineering, and family housing.

South Engineering	Pierce Roofing	\$76,789
University Village Family Housing	M. J. Dalsin	79,100

3. Permit **Valley City State University** to proceed with the McFarland Hall Renovation/ remodeling project. The project is funded with state general funds.
4. Permit the **ND State College of Science** to proceed with the Cold Storage Facility project. This is a student project paid for with local funds. The structure will be donated to the college.
5. Permit the **University of North Dakota** to advertise for architect services to install an elevator at O'Kelly Hall and permit the Chancellor to award a contract based on the recommendation of the Agency Selection Committee. Further, authorize UND to advertise for construction bids and permit the Chancellor to accept bids and award contracts for the project. Estimated cost of the project is \$140,000 with funding from ADA Plant Improvements.

- - -

Board Members'/Campus Reports

Board members reported on their activities since the last meeting. The Board accepted the campus reports presented by the presidents and executive deans.

Bismarck State College

Mr. Boekes announced that a public hearing will be held October 30 on the Bismarck State College campus regarding construction of a road through the campus. **It was moved** by Mr. Peltier, seconded by Mrs. Kaldor that due to student safety concerns, the Board opposes the construction of any major arterial road through the Bismarck State College campus. Mrs. Kaldor, Mr. Peltier, Mrs. Satrom, Mrs. Clayburgh, Mr. Caspers, Mr. Waslaski, and Mr. Ebeltoft voted aye. The motion carried. Mr. Seaworth will attend the meeting and present the Board's motion as testimony. Mr. Ebeltoft or Mr. Peltier may be in attendance also.

The Board meeting adjourned at 1:25 P.M. The Board will meet November 13 at a special joint meeting with Governor Schafer and the Legislative Council. The next regular Board meeting will be at Minot State University November 20-21, 1997.