

STATE BOARD OF HIGHER EDUCATION
Minutes—March 4-5, 1999
Bismarck, ND

Members of the State Board of Higher Education met for orientation in the Prairie Room in the Student Union on the campus of Bismarck State College March 4, 1999 at 8 a.m. Members present included Mr. Peltier, Mrs. Clayburgh, Mr. Ebeltoft, Mr. Caspers, Mrs. Satrom, Mr. Hoeven, and Mr. Isaacson

The State Board of Higher Education met March 4-5, 1999 in the Prairie Room in the Student Union on the campus of Bismarck State College. The president called the meeting to order at 1 p.m. Members present were:

Jack Hoeven, President	Craig Caspers
Jeanette Satrom, Vice President	Bill Isaacson
Beverly Clayburgh	Jonathan Sickler, Student Member
Paul Ebeltoft	Dr. Bethany Andreasen, Faculty Representative
Joe Peltier	

Presidents and Executive Deans present were:

Dr. Donna Thigpen, BSC	Dr. Allan Fischer, NDSU (interim)
Dr. Jerry Olson, NDSCS	Dr. Ken Baker, UND
Mr. Garvin Stevens, UND-W	Dr. Sharon Etemad, UND-LR
Dr. Erik Shaar, MiSU/MiSU-BC	Dr. Rich Brauhn, DSU (interim)
Dr. Ellen Chaffee, MaSU/VCSU	

Staff members present were:

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
Eddie Dunn, Executive Director, College Technical Education Council
Tamra Volkert, Administrative Secretary
Sheila Tibke, Administrative Secretary

President Hoeven introduced Mr. John Korsmo, newly appointed member to the Board.

Minutes

On page nine of the January 28, 1999 minutes, consent item 5, end of the last sentence of the opening paragraph was changed to “the same source of 97-99 funds from which the project is funded.” **It was moved** by Mr. Ebeltoft, seconded by Mrs. Clayburgh, and unanimously carried to approve the minutes of the January 13-14, 1999 meeting as distributed and the January 28, 1999 meeting as corrected.

Board President’s Report

President Hoeven thanked the search committees at NDSU and DSU for the fine job they did in the searches for new presidents. He also thanked Dr. Allan Fischer and Dr. Rich Braun for the excellent jobs they have been doing in the interim.

Chancellor’s Report

Chancellor Isaak briefed the Board on the UND search. The pool of candidates has been narrowed to eight candidates who will make campus visits to UND this month. The committee is scheduled to meet again on April 6 to select the final candidates that will be recommended to the Board. A date has not been set for the Board to interview the candidates.

Dr. Hillman reported on the Welfare Reform Task Force. With the new welfare reform requirements, some students can no longer attend school; they must work. Chancellor Isaak appointed a NDUS task force in September 1997 to work with other state agencies to develop a set of recommendations on how to improve the Welfare Reform Program. This task force consisted of representatives from the NDUS, Human Services, Job Service, and others. It was chaired by Dr. Donna Thigpen. The Task Force has completed its work. It has developed a series of recommendations to the Congressional delegation, state officials, and others. These have been communicated through a special publication. Dr. Hillman thanked Dr. Thigpen for all of her efforts and Chancellor Isaak for the support and encouragement to move forward on this issue. Dr. Hillman indicated that Rhonda Schauer did the major staffing for this project and Dr. Thigpen commended Ms. Schauer for her efforts. The task force final report is on file in the System office.

Student Association Report

Mr. Jason Bernhardt reported for the Student Association that the Higher Education Day on January 26 was very successful. Mr. Bernhardt indicated that the NDSA is neutral on SB 2195 regarding pre-paid tuition. The next NDSA meeting is at BSC March 19-20. Ryan Bernstein, NDSU; Jason Bernhardt, UND; and Berly Nelson, UND have been nominated for the student member to the Board of Higher Education. These three names have been forwarded to the Governor.

Council of College Faculties Report

Dr. Andreasen indicated that the CCF has repeatedly discussed how to insure quality control for dual credit courses and she will bring something forward to the Board at a later date.

Special Orders

Joint meeting with the Council of College Faculties

Dr. Barb Laman thanked the Board for agreeing to meet with the CCF and introduced Ms. Kay Fulp. Ms. Fulp asked each Board member, NDUS staff, and faculty members to write down what they think are the two major issues in higher education that ND has to deal with. These participants then broke into small groups to discuss these issues. After these small group discussions, the major outcomes were discussed together. Common issues identified by the small groups included: enrollment, resources, recognize and develop higher education as an engine for economic growth, mutual vision and communicating effectively, and quality of instruction.

Members of the Board, NDUS staff, and faculty shared their thoughts and ideas. Some of the thoughts and ideas mentioned were: 1) the SBHE and faculty have a common goal—the students; 2) the Board and the faculty have the same thoughts and concerns but different roles; 3) the Board, faculty, presidents, Governor, and citizens of ND need a common shared vision of the future; 4) the biggest barrier right now is the lack of effective communication; and, 5) the NDUS should hire a public relations person to sell ND higher education.

There was also discussion on how to keep these ideas going. Some of the ideas mentioned were to get the media involved and report on the good things happening in the NDUS, doing 30 second commercials using a System-wide approach, develop a marketing plan, the CCF would like an opportunity to have formalized visits on specific issues with the Board during Board orientations when they are on campus for a Board meeting, have the CCF do an exercise with the campus presidents similar to the one done today with the Board, and have faculty visit with their legislators.

Ms. Fulp agreed to put the ideas from this report together and will send copies to the members of the Board. President Hoeven and Ms. Fulp thanked the Board, NDUS staff, and faculty for their participation.

Policy Governance

Dr. Chaffee conducted a mini workshop on policy governance. The Board needs to determine who their moral ownership is and once this has been determined, the Board must know their moral ownership, listen to these people, and take their responsibility to them seriously. New Board members must also be informed who the moral ownership is so that there is continuity. The Board is accountable to their moral ownership. Moral ownership and “ends” are the primary responsibility of a governing board. The Board defines the ends, not the means. The Chancellor, through the presidents and campus activities, achieves the “ends.” They define the means within the parameters the Board establishes through policy.

John Carver states that every governing board should come back to the “ends” concept regularly to refresh its understanding of and commitment to the idea of governing toward the “ends,” and not the “means.” Dr. Chaffee indicated that everybody is used to dealing with “means” and unless you remind yourselves of this, you will slip into a “means” mode.

There are four areas for policy governance:

1. Governance Process—SBHE makes its statement about their policies. Including:
 - ◆ Governance commitment
 - ◆ Governance style
 - ◆ Board job description
 - ◆ Code of conduct
 - ◆ Chairperson’s role
 - ◆ Board planning
 - ◆ Etc.
2. Ends Policies—brief statement of the “ends” of the organization. SBHE may start with mission statement of the NDUS, mission statement for SBHE, six goal statements in the strategic plan, etc. The Board can either confirm or amend those statements.
3. Board-CEO Relationship
 - ◆ Delegation to the Chancellor
 - ◆ Unity of control—Board deals only with the Chancellor
 - ◆ Monitoring executive performance
 - ◆ Accountability of the Chancellor
4. Executive Limitation—out of bounds behavior. Define what the Chancellor may not do.
Examples:
 - ◆ Global executive constraint
 - ◆ Treatment of clients
 - ◆ Treatment of staff
 - ◆ Compensation and benefits
 - ◆ Financial condition, activities
 - ◆ Financial planning and budgeting
 - ◆ Asset protection
 - ◆ Communication and support to SBHE
 - ◆ Emergency CEO succession

Policy governance can and should be modified to meet the requirements of the law, suit NDUS unique circumstances, and meet the Board’s comfort level. Dr. Chaffee stated the most effective way to shift to policy governance is to start with a pure policy governance approach and work back as far as needed so that all Board members are comfortable with the level of operational freedom that is granted to the Chancellor and the campus CEO’s.

Following additional discussion on policy governance and the desire of the members of the Board to know more about it, Chancellor Isaak indicated that a few draft policies and sample “ends” statements would be presented for review at the April and June Board meetings. President Hoeven and Chancellor Isaak thanked Dr. Chaffee for leading this discussion.

Chancellor Isaak introduced Ms. Tamra Volkert who started working as the receptionist and administrative secretary in the System office in October. Ms. Volkert will be Ms. Tibke's backup in the event Ms. Tibke cannot attend a Board meeting.

Auditor's Report

Mr. Jason Wahl and Mr. Gordy Smith, State Auditor's office, presented the audit report on student enrollment counts at selected universities. Mr. Smith indicated that the reviews were conducted at UND, NDSU, and DSU for three consecutive years beginning fall 1995 and ending spring 1998. The report indicates that UND inflated the third week enrollment count during the fall semesters of 1995 and 1996 by counting students who had registered for classes but cancelled prior to the third week enrollment report. This practice, which started in the early 1980's and was discontinued beginning fall semester of 1997, was not in compliance with Policy 440. With the discontinuance of this practice in fall 1997, UND is now in compliance with Policy 440.

Mr. Smith indicated that the auditor's office had worked through the UND physical plant formula (when the budget for the NDUS was formula driven from the 1980's through 1995) using both the actual enrollment and the inflated enrollment and found a very insignificant difference. He said they chose the physical plant formula because it included enrollment counts. He indicated that from the auditor's office standpoint, UND's motive did not appear to be financial since there appeared to be no financial benefit. Rather, he concluded that it may have been for better public relations.

DSU and NDSU count students who are enrolled in classes but have not paid tuition. This also violates Policy 440. Campus representatives informed the auditors that the majority of these students eventually pay the tuition. In some cases the campuses have not completed aid disbursement by third week, thus some students have not paid because they have not received their aid. Ms. Glatt also mentioned that there are classes that do not start until after third week enrollment reports are run and many of these students do not enroll until the class starts. Thus, they would not be included in the third week enrollment count. This would understate the figure reported.

Ms. Glatt indicated that the third week enrollment report does not coincide with fiscal practices and the policy may need to be changed to recognize aid disbursement, third party payment, etc. President Hoeven requested that a policy revision be brought before the Board at another meeting. Mr. Smith agreed that a revision to Board Policy 440 may be necessary.

Dr. Brauhn reported that in the fall 1998, enrollment was 1800 students. Twenty-seven of those had not paid tuition and fees by third week reporting. By the end of the semester, 19 had made payment. At midterm, they had 35 students they could not count during the third week reporting because of classes starting at mid-semester or only taking specialized classes. Therefore, they could have reported 1827 students.

A complete copy of the audit report is on file in the System office.

Board, Room, and fee rates for 1999-2000

Ms. Glatt reviewed the proposed 1999-2000 board, room, and fee rates. **It was moved** by Mr. Peltier, seconded by Mrs. Clayburgh to approve the rates as requested. Mr. Peltier, Mrs. Clayburgh, Mr. Sickler, Mr. Ebeltoft, Mr. Caspers, Mr. Isaacson, Mrs. Satrom, and Mr. Hoeven voted aye. The motion carried. The report is attached to the original minutes.

Review of legislation and budget

Ms. Glatt reviewed the summary of amendments to HB 1003 and HB 1021.

Mrs. Satrom questioned the new information technology program at MiSU-BC. She said that she did not recall that this program request had ever been brought to the Board for approval. Dr. Shaar responded that it had not. The chair of the House Appropriation Education Subcommittee requested MiSU-BC include a proposal for a new program in the materials submitted to the Committee.

Chancellor Isaak stated the Senate has been asked to restore the dollars the House cut from the Governor's budget. **It was moved** by Mr. Ebeltoft, seconded by Mr. Sickler that the Board expresses their appreciation and support for the Governor's budget, even after the amended revenue forecast. Mr. Peltier, Mrs. Clayburgh, Mr. Sickler, Mr. Ebeltoft, Mr. Caspers, Mr. Isaacson, Mrs. Satrom, and Mr. Hoeven voted aye. The motion carried.

Mrs. Satrom and Mrs. Clayburgh left at 9 a.m. to attend a presidential search committee meeting at UND.

Mr. Ebeltoft again questioned the new information technology program at MiSU-BC that has been funded by the House in the amended HB 1003 but has never been approved by the Board. Chancellor Isaak reminded the Board and Cabinet that Board policy requires Board approval for new program requests.

Ms. Glatt and Mr. Seaworth responded to questions on the legislation that the NDUS is following.

It was moved by Mr. Caspers, seconded by Mr. Ebeltoft to continue to support the wording in engrossed HB 1443, request that the \$1.0 million in state general funds be restored, and to continue to support the Workforce Training Committee recommendations embodied in HB 1443. Mr. Peltier, Mr. Sickler, Mr. Ebeltoft, Mr. Caspers, Mr. Isaacson, and Mr. Hoeven voted aye. The motion carried.

It was moved by Mr. Ebeltoft, seconded by Mr. Caspers that the Board oppose engrossed SB 2404 as presently drafted. Mr. Peltier, Mr. Sickler, Mr. Ebeltoft, Mr. Caspers, Mr. Isaacson, and Mr. Hoeven voted aye. The motion carried.

Consent Agenda

Following discussion on the authority to spend excess local funds and NDSU's request to rezone property for billboard placement, **it was moved** by Mr. Peltier, seconded by Mr. Isaacson to approve the following consent agenda items 1 through 11. Mr. Peltier, Mr. Sickler, Mr. Ebeltoft, Mr. Caspers, Mr. Isaacson, and Mr. Hoeven voted aye. The motion carried.

1. Approve the spending of excess local funds at **Bismarck State College** (\$400,000), **UND-Lake Region** (\$335,300), **UND-Williston** (\$50,000), **University of North Dakota** (\$2,268,800), **North Dakota State University** (\$2,000,000), **ND State College of Science** (\$1,007,700), **MiSU-Bottineau Campus** (\$28,900), and **Forest Service** (\$5,000)
2. Approve the percentage distribution of State Grants for 1999-2000: 17%-20% for the independent, non-profit colleges and universities; 3%-4% for the tribal colleges; and 76%-78% for the state institutions. Also approve that the State Grant dollar amount remains at \$600.
3. Approve \$6,000 payment from the Board contingency fund to support participation in a statewide assessment of the educational aspirations of ND K-12 teachers and administrators.
4. Accept grants and contracts received by **North Dakota State University** and the **University of North Dakota**.
5. Permit **North Dakota State University** to sell 52 acres of ND Forest Service Nursery Land at public auction in the spring of 1999.
6. Permit **North Dakota State University** to award honorary doctoral degrees to Dr. R. James Cook and Alf Clausen.
7. Permit **North Dakota State University** to make a \$10,000 line item transfer for the Agronomy Seed Farm at Casselton from operating expenses to salaries and wages.
8. Permit **North Dakota State University** to rezone property and enter in property lease east side of I-29 and south of County Road 20. This will allow for billboard placement with reimbursement via in-kind advertising in amount of \$16,000/year.
9. Authorize **Dickinson State University** to proceed with a rewindowing project within Stoxen Library during the spring/summer 1999. Estimated cost - \$135,000. Project included in the 98-99 annual budget. Source of funding—General Fund.

10. Permit **ND State College of Science** to transfer \$92,000 from Equipment to Salaries & Wages. Source of Funding—FY 2000.
11. Permit **ND State College of Science** to change the use of the Cold Storage Facility Building to a Working Laboratory and increase the original estimated cost from \$110,000 to \$227,000. Source of funding—gift. Also, grant approval to add 25 feet of additional storage space to the Working Laboratory. Total projected cost - \$30,000. Source of funding – Departmental operating budget.

400 Academic Affairs

Programs

Dr. Hillman presented a request from **North Dakota State University** to change the name of the Department of Biochemistry to the Department of Biochemistry and Molecular Biology. **It was moved** by Mr. Peltier, seconded by Mr. Isaacson to approve this request. Mr. Peltier, Mr. Sickler, Mr. Ebeltoft, Mr. Caspers, Mr. Isaacson, and Mr. Hoeven voted aye. The motion carried.

900 Facilities

Policy

It was moved by Mr. Peltier, seconded by Mr. Caspers to adopt Policy 902.3 Requests for Construction, Renovation and Remodeling; Annual Reports on second reading and final passage. Mr. Peltier, Mr. Sickler, Mr. Ebeltoft, Mr. Caspers, Mr. Isaacson, and Mr. Hoeven voted aye. The motion carried. Exhibit A.

2000 Miscellaneous

Policy

Mr. Seaworth reviewed the amendments to the Architect's Manual on first reading. These amendments will update the manual and incorporate changes in the liability insurance requirements and risk management principles and clearly state the responsibilities of the architect and engineer. UND has indicated that the Architect's Manual does not provide for the use of construction managers. UND will forward an addendum for the Architect's Manual to address the use of construction managers and this will be presented to the Board before the second reading. **It was moved** by Mr. Ebeltoft, seconded by Mr. Isaacson to approve the Architect's Manual on introduction and first reading. Mr. Peltier, Mr. Sickler, Mr. Ebeltoft, Mr. Caspers, Mr. Isaacson, and Mr. Hoeven voted aye. The motion carried. Exhibit B.

Mr. Ebeltoft commented that these last two motions are further confirmation of the need for policy governance.

Special Orders (cont.)

Policy Governance

Lt. Governor Rosemarie Myrdal informed the Board that she is a member of the State Investment Board and they have been using policy governance since 1995. She reminded the Board that SBHE policies must also adhere to Century Code and legislative directives. Lt. Governor Myrdal stated that once a board has decided to speak as one voice under policy governance, it usually speaks only to the CEO about his/her role and the plan laid out by the board. They must then monitor the CEO by looking at the “means” and see if the “ends” are being accomplished. The board chair and board members are responsible for setting the agenda for the meetings. Lt. Governor Myrdal indicated that all board members must be committed to policy governance and accept it so that everyone is working under the same “recipe” and must be committed to the board and attend every meeting. She stated that she believes policy governance can help boards do their job much more effectively.

President Hoeven thanked Lt. Governor Myrdal for talking to the Board about policy governance.

Board Members Reports

Mr. Isaacson reported that he had the opportunity to participate in the DSU search committee and thinks it is a good idea to have Board members serve on these committees.

Ms. Tibke reported that the tentative date for the UND presidential interviews is April 20.

Campus Reports

Mr. Stevens reported that the NDUS staff during this legislative session has been superb. Information is getting to the campuses in a timely fashion and this makes dealing with legislative issues more effective. He also informed the Board about the basketball game between UND-W and NDSCS. Mr. Stevens said that Dr. Olson’s coaches and his team were great sportsmen and the game was one of the best they ever had in their gym. UND-W won that game so they will now go to Fargo and then on to Cincinnati, OH.

Dr. Etemad reported UND-LR recently completed a diversity week and will be sponsoring a State Diversity Conference in March.

Public Comment

There was no public comment.

President Hoeven asked that everyone give the NDUS staff a hand for all their efforts during the legislative session and he also thanked the campus presidents and their staffs.

The meeting adjourned at 11:00 a.m. The next regularly scheduled meeting of the State Board of Higher Education will be April 29-30, 1999 at ND State College of Science.