

STATE BOARD OF HIGHER EDUCATION

Minutes—April 4, 2000

Conference call

The State Board of Higher Education met April 4, 2000, in the Student Center Red River Valley Room on the campus of ND State College of Science to conclude business deferred from the March 23-24, 2000, Board meeting. The president called the meeting to order at 8:00 a.m. CT. Members participating were:

Mrs. Jeanette Satrom, President	Mrs. Beverly Clayburgh
Dr. Bill Isaacson, Vice President	Mr. John Korsmo
Mr. Joe Peltier	Mr. Ryan Bernstein, Student Member
Dr. Richard Kunkel	Dr. Bethany Andreasen, Faculty Representative
Mr. Craig Caspers	

Presidents and Executive Deans present were:

Dr. Charles Kupchella, UND	Dr. Joe Chapman, NDSU
Dr. Jerry Olson, NDSCS	

Staff members present were:

Larry A. Isaak, Chancellor
Michel Hillman, Vice Chancellor for Academic Affairs, participated by phone
Laura Glatt, Vice Chancellor for Administrative Affairs
H.P. Seaworth, General Counsel & Executive Secretary
Sheila Tibke, Administrative Secretary

Senator Thane, Representatives Gulleason and Koppang, and former Board member Mr. Lester Stern attended portions of the meeting.

Special Orders

2001-2003 Biennial Budget Guidelines

Mr. Jerry Doan (via phone) and Ms. Pat Jensen, members of the State Board of Agricultural Research and Education (SBARE), presented the budget for SBARE. Ms. Jensen said they are requesting an increase in the core operating budget to maintain 2000-2002 salary levels and to increase operating expenses from \$2,200 per researcher to \$6,600. This would include a 5.5% increase for the Extension Service (\$713,626), 6.0% increase for the Experiment Station (\$1,972,327), and 6.0% for the Northern Crops Institute (\$40,115).

Ms. Jensen also reviewed the proposed initiatives for 2001-2003. These requests have not been prioritized and dollar amounts have not received a final vote by SBARE. This will be done after the Board of Higher Education approves the guidelines.

Agricultural Financial Management		
NDSU Extension Service	\$140,761	no new FTE
Barley		
NDSU Extension Service	\$120,000	1.0 new FTE
ND Ag. Experiment Station	\$108,000	1.0 new FTE
BeefLine		
NDSU Extension Service	\$150,000	no new FTE
ND Ag Experiment Station	\$300,000	2.25 new FTE
Changing Face of Rural Communities		
NDSU Extension Service	\$173,115	1.0 new FTE
ND Ag Experiment Station	\$98,885	1.0 new FTE
Cooperative Canola Research		
ND Ag Experiment Station	\$110,000	1.0 new FTE
Crop Production, Diversification and Protection		
ND Ag Experiment Station	\$336,000	5.0 new FTE
Irrigation		
ND Ag Experiment Station	\$100,000	no new FTE
Langdon Learning Facility		
ND Ag Experiment Station	\$32,000	no new FTE
ND Ag Weather Network Center (NDAWN)		
ND Ag Experiment Station	\$40,000	no new FTE
Wheat Quality		
ND Ag Experiment Station	\$190,000	1.0 new FTE

Total increase in core operating budget	\$2,726,068
Total proposed initiatives	<u>1,898,761</u>
Total requested increase	\$4,624,829

President Chapman said the Extension Service is a very high priority for NDSU and any support given to the Extension service is highly appreciated.

Mr. Gene Griffin, Director of Upper Great Plains Transportation Institute (UGPTI), and Mr. Dennis McLeod, UGPTI Advisory Council Chairman, were present to review the proposed budget initiative request for the UGPTI. Mr. Griffin explained that their request of an additional \$200,000 for the 2001-2003 biennium would be used to start a new program—ND Biennial Strategic Transportation Analysis Program. This program analysis would focus on the mobility of ND products and services such as agriculture, manufacturing, and tourism. Mobility provides the opportunity to compete and network, which is important both socially and economically. \$200,000 would be needed in 2003-2005 to complete the project. \$155,000 would be used to support 2.5 FTE positions and the remaining \$45,000 per biennium would be used for operating expenses.

Ms. Glatt reviewed the biennial budget options and recommendations from the Board budget and Finance Committee with the Board. She indicated that these figures may change slightly when the campuses finalize their biennial budgets. Ms. Glatt informed the Board that the \$3.6 million, which reflects the amount of tuition that will be collected next biennium from tuition increases put in place in the fall of 2000, has been increased to \$3.9 million. This change is the result of a correction in MiSU-BC projected enrollments in which they had erroneously transposed numbers and also revenue figures for the Med School that have now been calculated. This change reduces the unfunded portion of the cost to continue to \$5.7 million which is not covered by tuition collections. Ms. Glatt said that the total increase in spending would be \$38,914,835: \$27,773,124 from the general fund and \$11,141,711 from the tuition increase, without compensation and benefit adjustments.

Ms. Glatt informed the Board that SBARE figures were overstated on the budget spreadsheet. She said that the costs to continue the 2000-2001 salary increases were doubled up. In the needs based budget, SBARE and UGPTI Initiatives should be approximately \$4,010,000: \$2,110,000 increase in the core operating budget and \$1,900,000 increase for the new initiatives. This would reduce the overall general fund increase for Extension & Research to 10.4%. At UGPTI, the request is for \$200,000 for each of the next two biennia, not \$400,000 as indicated on the schedule. This reduces the overall increase for UGPTI to \$209,427 or 43.0%. Grand total general fund increase for Extension & Research, UGPTI, and NCI is \$4,250,000. Factoring in the cost to continue increases this figure to \$5,044,000, which reduces the general fund increase to 10.7%, or the total fund increase to 5.2%.

Following extensive discussion, **it was moved** by Mr. Korsmo, seconded by Mr. Peltier to adopt the following Budget and Finance Committee recommendations for the 2001-2003 Biennial Budget Guidelines. Mr. Peltier, Mrs. Clayburgh, Mr. Bernstein, Mr. Korsmo, Mr. Caspers, Dr. Kunkel, Dr. Isaacson, and Mrs. Satrom voted aye. The motion carried.

The Budget and Finance Committee recommends:

- The cost to continue reductions be absorbed by each respective campus/entity through either program/service reductions or increased revenues.
- Campuses who project to collect continued additional income due to increased enrollments would retain that income to help meet the costs of educating the additional number of students. Conversely, campuses who are anticipating continued declining enrollment and revenues, would maintain reductions to base funding in recognition of declining enrollments.
- Concur with Compensation Committee recommendation as outlined below.
 1. Provide to each campus funding for salary increases averaging 3% for each year of the 2001-2003 biennium to address inflation and merit.
 2. Provide adequate funding to move salary position to a minimum of 80% of regional average. The funds to be placed in a SBHE pool for distribution to campuses based upon market disparity and/or performance.
 3. Maintain the State's contribution for employee health insurance premiums at 100% of actual premium and current employee co-payments and deductibles.

- Hold-Even Budget—The Board Committee strongly suggests that campuses prepare their hold-even budget without an increase in tuition; however, the Board will consider individual campus requests for tuition increases.
- Needs-Based Budget—annual tuition increases as follows in 2001-2003.

UND/NDSU	\$150 per year (5.5%-5.8% incr.)
MiSU	\$100 per year (4.5%-4.7% incr.)
DSU, MaSU, and VCSU	\$85 per year (4.1%-4.3% incr.)
Two-year campuses	\$50 per year (3.0%-3.1% incr.)
BSC per credit incr.	Equivalent to 3.0%-3.1% incr.
- Restore the \$5,714,835 general fund reduction in the hold-even budget. This amount should be restored to the individual campus/entity budgets in the same proportion it was reduced. The campuses be given the flexibility to determine whether the funds will be used to restore programs/services that were reduced in the hold-even budget or whether some, or all, of the restored funds, will be reallocated to new areas of the institution.

New spending priorities for 2001-2003 are as follows (not in priority order):

Capital asset renewal and replacement	\$5,000,000
Technology and Networking Increases for HECN	1,200,000
Technology Applications/Access	
Campuses	4,000,000
System	3,000,000
Student Financial Aid	2,300,000
Institutional Innovation	6,000,000
Public Agenda & Collaborative Initiatives	5,000,000
Equity	4,200,000
EPSCoR-Like Programs	2,200,000
Disabled Student Services	300,000

- Allow UND to seek a deficiency appropriation in 1999-2001 to fund flood-related costs.
- SBVE include \$1,350,000 in state general fund support in their 2001-2003 biennial budget request in continued support of the Workforce Training Initiative.

Mr. Korsmo expressed concern for the use of the \$200,000 request from UGPTI for the ND Biennial Strategic Transportation Analysis Program. He said he would prefer the funds be used to hire people who could write grants to generate more dollars from the private sector. **It was moved** by Mr. Korsmo, seconded by Mrs. Clayburgh to adopt the proposal for SBARE and UGPTI for a total needs based budget request of \$52,207,191. Mr. Korsmo stated that he would like to see more specifics for the use of the \$200,000 from UGPTI before the June Board meeting. Mr. Peltier, Mrs. Clayburgh, Mr. Bernstein, Mr. Korsmo, Mr. Caspers, Dr. Kunkel, Dr. Isaacson, and Mrs. Satrom voted aye. The motion carried.

It was moved by Mr. Peltier, seconded by Mrs. Clayburgh to adopt the 2001-2003 Biennial Budget Guidelines. Mr. Peltier, Mrs. Clayburgh, Mr. Bernstein, Mr. Korsmo, Mr. Caspers, Dr. Kunkel, Dr. Isaacson, and Mrs. Satrom voted aye. The motion carried.

Throughout discussion on the 2001-2003 budget guidelines, Mr. Korsmo requested and several Board members agreed that in the future more specific and detailed budget information be provided to them so that they can better understand the requests presented to them and make a well informed decision. Specifically, the Board asked that SBARE provide more detail to the BHE in June on the initiatives for 2001-2003 including: what are the baseline activities in each of the initiative areas currently, what will the new funding be used for (i.e. additional researchers, contract help, increased travel, etc.), and, what is the intended outcome of the initiative. The Board also directed the campuses and SBARE to present the following information to the Board in June for their approval:

1. For the hold-even budget, a description of the reductions that will be made to fund operating inflation, utility increases, and the cost to continue the 2000-2001 salary increases.
2. For the needs-based budget, a description of how the restoration of the unfunded “cost to continue” will be utilized by campus/entity—restoration or reallocation.
3. A description of how the campus portion of the technology applications/access funds will be utilized.
4. A general description of how the institutional innovation funds will be used.

400 Academic Affairs—Dr. Hillman

Dr. Hillman presented the following academic requests.

- **North Dakota State University** requests approval of a new minor in Philosophy at the baccalaureate level. NDSU expects 10 students to enroll and 5-7 to complete this minor each year.
- **Minot State University** requests authorization to offer a minor in Environmental Geology. MiSU expects 12-20 students to enroll in this minor and anticipate 3-5 students to complete this minor in any given year.
- The **University of North Dakota** requests approval for the following:
 - Name change
From: Department of Business and Vocational Education
To: Department of Information Systems and Business Education
 - Title change
From: B.B.A. with a major in Information Management
To: B.B.A. with a major in Information Systems (with prefix changes to ISYS and ISBE)
 - Create a center
Center for Middle Level Education

It was moved by Mrs. Clayburgh, seconded by Dr. Kunkel to approve the above requests from **North Dakota State University, Minot State University, and the University of North Dakota.**

Mr. Peltier, Mrs. Clayburgh, Mr. Bernstein, Mr. Korsmo, Mr. Caspers, Dr. Kunkel, Dr. Isaacson, and Mrs. Satrom voted aye. The motion carried.

600 Personnel—Dr. Hillman

Tenure Report

Dr. Andreasen distributed information and explained the process faculty must go through to be granted tenure. Probationary faculty are evaluated at least annually on teaching, research, scholarship, and service. The faculty member must do a self-evaluation. Evaluations are also done by the department chair and dean. Faculty may apply for tenure after six years of academic service to a university. Each tenure candidate must maintain a file which includes all annual evaluations, their self-evaluation, student evaluations, and letters of support from projects the candidate has been involved with. This file is then forwarded first to the department chair and then to the dean for their letter of support or nonsupport. The tenure committee then reviews the file and makes a recommendation. The university president then decides if they concur or not with the tenure committee's recommendation. If approved by the campus president, the tenure request is then forwarded to the Board for approval. Tenured faculty are reviewed every three years. A copy of the tenure report is on file in the System Office.

Tenure Requests

It was moved by Mrs. Clayburgh, seconded by Mr. Peltier to approve the following tenure requests. Mr. Peltier, Mrs. Clayburgh, Mr. Bernstein, Mr. Korsmo, Mr. Caspers, Dr. Kunkel, Dr. Isaacson, and Mrs. Satrom voted aye. The motion carried.

BSC	Mrs. Yvette Elstad, Assistant Professor of Science Mr. Tom Porter, Assistant Professor of Music Mrs. Carol Cashman, Assistant Professor of Speech
DSU	Dr. Ron Wray, Associate Professor of Music Dr. Eileen Hubsy, Associate Professor of Nursing
LRSC	Mr. Richard E. McAllister, Instructor
MaSU	Dr. Carol Enger, Associate Professor
MiSU	Ms. Rebecca Barcomb, Assistant Professor DeVera Bowles, Assistant Professor Dr. Alan Ekblad, Assistant Professor Linda Keup, Assistant Professor Dr. Stephanie Martin, Associate Professor Nancy Mosbaek, Assistant Professor Dr. James Ondracek, Associate Professor Dr. Jon Rumney, Assistant Professor Dr. Lori Willoughby, Associate Professor
NDSCS	John Bang, Assistant Professor Kevin Gyolai, Assistant Professor Joel Johnson, Assistant Professor Howard Kittelson, Assistant Professor Judith Peterson, Assistant Professor

Elizabeth Schlepp, Assistant Professor
Brad Tews, Assistant Professor
NDSU Ratna Babu Chinnam, Assistant Professor
John Cook, Assistant Professor
Laura DeHaan, Assistant Professor
Susan Ray-Degges, Assistant Professor
Karen Froelich, Assistant Professor
Odette Gould, Assistant Professor
Charles Harter, Associate Professor
James Hansen, Assistant Professor
Douglas Blanks-Hindman, Assistant Professor
Elizabeth Blanks-Hindman, Assistant Professor
Gerrard Macintosh, Associate Professor
Paul Nelson, Professor
Judy Pearson, Professor
Ayse Sahin, Assistant Professor
Jagdish Singh, Associate Professor
Mark Soucek, Assistant Professor
UND Gordon R. Brock, Assistant Professor
Edmund Clingan, Assistant Professor
Joyce Coleman, Assistant Professor
Xiaozhao Huang, Assistant Professor
Wendelin Hume, Assistant Professor
Ju Hyo Kim, Assistant Professor
Katherine N. Norman, Assistant Professor
Lothar Stahl, Assistant Professor
James T. Decker, Associate Professor
Carl A. Fox, Adjunct Professor of Teaching & Learning
Scott F. Korom, Assistant Professor
James Grijalva, Associate Professor
Bette Ide, Associate Professor
VCSU Susan Rock, Associate Professor
Julee Russell, Assistant Professor

Policy Revisions

It was moved by Mr. Peltier, seconded by Dr. Kunkel to adopt on second reading and final passage **SBHE Policy 409 Degrees Offered**. Mr. Peltier, Mrs. Clayburgh, Mr. Bernstein, Mr. Korsmo, Mr. Caspers, Dr. Kunkel, Dr. Isaacson, and Mrs. Satrom voted aye. The motion carried.

It was moved by Mr. Peltier, seconded by Mrs. Clayburgh to approve on introduction and first reading **SBHE Policy 305.4 Employees of Institutions – Non-renewal and Dismissals, SBHE Policy 608.1 Employees of Institutions – Non-renewal and Dismissals, and SBHE Policy 350.1 State Board of Agricultural Research and Education**. Mr. Peltier, Mrs. Clayburgh, Mr.

Bernstein, Mr. Korsmo, Mr. Caspers, Dr. Kunkel, Dr. Isaacson, and Mrs. Satrom voted aye. The motion carried.

It was moved by Mr. Peltier, seconded by Dr. Kunkel to amend **SBHE Policy 820 Tuition Waivers** on second reading and final passage by inserting a new sentence relating to partial waivers in subsection 1(d), and renumber the provision relating to employee waivers (subsection 1(d) in draft approved on first reading and introduction) as subsection 2(e), and renumber other subsections accordingly. Mr. Peltier, Mrs. Clayburgh, Mr. Bernstein, Mr. Korsmo, Mr. Caspers, Dr. Kunkel, Dr. Isaacson, and Mrs. Satrom voted aye. The motion carried.

It was moved by Dr. Isaacson, seconded by Mrs. Clayburgh to adopt on second reading and final passage the following **SBHE Policies**. Mr. Peltier, Mrs. Clayburgh, Mr. Bernstein, Mr. Korsmo, Mr. Caspers, Dr. Kunkel, Dr. Isaacson, and Mrs. Satrom voted aye. The motion carried.

- 801 Treasurer**
- 801.1 Authorization to Sell Securities**
- 802.1 Uniform Accounting Manual**
- 802.2 Internal Auditing**
- 802.4 Fiscal Reports**
- 802.5 Annual Budget/Payroll Availability**
- 803.1 Purchasing Procedures**
- 803.2 Emergency Purchasing**
- 803.3 Purchase and Maintenance of Vehicles**
- 804 Leasing Policy**
- 804.1 Tax Exempt Bond Issues and Lease Purchase Financing**
- 805.1.1 Medical Technology Tuition**
- 805.1.2 Capacity Enrollment Fee**
- 805.1.3 Audit Fee**
- 805.2 Student Activity Fees**
- 805.3 Application, Course, Program and Other Miscellaneous Fees**
- 805.3.1 Distance Learning Courses**
- 805.3.2 Correspondence Fees**
- 805.4 Course Challenge Fee**
- 805.4.1 Course Articulation Fee**
- 805.5 Special Course Fees**
- 805.6 Room and Board Charges**
- 805.7 Application Fees**
- 805.9 Miscellaneous Fees**
- 805.10 Technology Fee**
- 805.11 Program Fees**
- 806.1 Payment or Reimbursement of Meals and other Travel or Institutional Expenses**
- 806.3 Moving Expenses**
- 807 Oil Royalty Checks**
- 809.1 Reporting of Grants Received**

- 810 **Deposit of Funds; Investments**
- 820.1 **Foreign Student Waiver**
- 820.2 **Graduate Student Scholarship/Waiver**
- 820.3 **Graduate Assistant Tuition Waiver**
- 820.4 **Employee Tuition Waiver**
- 820.5 **Senior Citizen Audit Fee Waiver**
- 820.6 **Statutory Tuition Waivers**
- 820.7 **Board's Student Representative Waiver**
- 820.8 **North Dakota University System Cultural Diversity Tuition Waiver**
- 830.1 **Credit Policy**
- 902.1 **Construction Process-Legislative Approval; List of Funding Requests**
- 902.3 **Requests for Construction, Renovation and Remodeling; Annual Reports**
- 902.5 **Construction Process – Architectural Plan Specifications**
- 902.6 **Architect and Engineer Contracts and Fees**
- 902.9 **Construction Process – Change orders; Changes in Project Size or Scope**
- 902.10 **Construction Process – Final Inspection**
- 902.11 **Fire and Tornado Coverage**
- 902.13 **Plaques**
- 904 **Fire Drills/Extinguishers**
- 909 **Real Property Leases**
- 910 **Transfer of Real Property**
- 915 **Contracting for Architect, Engineer, & Land Surveying Service**
- 916 **Campus Security**

Ms. Glatt reviewed the proposed changes to SBHE Policy 805.1. **It was moved** by Dr. Kunkel, seconded by Dr. Isaacson to approve on introduction and first reading **SBHE Policy 805.1 Tuition**. Mr. Peltier, Mrs. Clayburgh, Mr. Bernstein, Mr. Korsmo, Mr. Caspers, Dr. Kunkel, Dr. Isaacson, and Mrs. Satrom voted aye. The motion carried.

Ms. Glatt indicated that the Chancellor's Cabinet expressed an interest in reviewing the TIAA-CREF Retirement Plan to allow enhanced retirement withdrawal opportunities for phased retirements. **It was moved** by Mr. Korsmo, seconded by Dr. Kunkel to approve on introduction and first reading the proposed changes to the **TIAA-CREF Retirement Contract Sections 7.1 and 7.2**. Mr. Peltier, Mrs. Clayburgh, Mr. Bernstein, Mr. Korsmo, Mr. Caspers, Dr. Kunkel, Dr. Isaacson, and Mrs. Satrom voted aye. The motion carried.

All policies attached to the original minutes as Exhibit A.

900 Facilities

UND Winter Sports Facility Lease

Dr. Kupchella, Mr. Roger Thomas, and Mr. Jeremy Davis explained the UND Winter Sports Facility Lease to the Board. Dr. Kupchella explained that the Loan Commitment has been made. He informed the Board that three different corporations will be involved in the winter sports facility project. The Loan Commitment indicates that the funds for the construction of the

facility will be provided through Arena Construction, Inc (ACI). Dr. Kupchella indicated that Mr. Ralph Engelstad has provided a personal guarantee that all obligations provided in the Loan Commitment shall be binding upon his heirs and his will provides for payment from his estate the funds necessary to honor the personal guarantee. Also presented to the Board was a Lease Agreement to take the project from the site work to the end of construction. While under construction the facility would be owned by ACI, but UND and the State would continue to own the land and ACI would be the tenant. The third corporation involved, The Management Group, would manage and market the facility. Once the facility is presented to UND and/or the State of North Dakota as a gift, UND will manage it.

Dean Davis said that they have done everything they could think of to ensure that there would be no problems with this project. Although nothing is risk free, he said he does not anticipate it to ever be a risk.

Dr. Kupchella informed the Board that if the gift were never made, Mr. Engelstad would own the arena and manage it until 2030 at which time it then becomes the property of UND. But, he indicated that he expects the gift will be made in a few years once Mr. Engelstad liquidates some of his assets. The facility will be insured through the Corporation for as long as they own it as indicated in the agreement. Once the gift is made, UND would be responsible for the insurance.

It was moved by Mrs. Clayburgh, seconded by Dr. Isaacson that the Board approve the Lease Agreement between the Board and UND and Arena Construction, Inc. authorizing construction and operation of the new UND winter sports facility, and delegate to the Chancellor necessary authority to execute, on behalf of the Board, the Lease Agreement and other legal documents required to implement its term. Mr. Peltier, Mrs. Clayburgh, Mr. Bernstein, Mr. Korsmo, Mr. Caspers, Dr. Kunkel, Dr. Isaacson, and Mrs. Satrom voted aye. The motion carried. Exhibit B.

President Satrom said that Mr. Mike Sandal has put together information on campus president compensation. She requested that the System office send this information to Board members for their review and it will be discussed at the June Board meeting.

Mr. Korsmo expressed his thanks to Mr. Caspers, Mrs. Clayburgh, and those involved in the search for the new NDSCS president for the great job that they did. President Satrom agreed.

The meeting adjourned at 12:40 p.m. CT. The next regular meeting of the State Board of Higher Education will be held June 15-16, 2000, at North Dakota State University.