The State Board of Higher Education met September 27-28, 2001, in the Nelson Science Center Rooms 124 & 125 on the campus of Minot State University-Bottineau Campus. The Board president called the meeting to order at 8:00 a.m. Members present:

- Mr. Chuck Stroup, President
- Mr. Ralph Kingsbury
- Mr. Craig Caspers, Vice President
- Dr. Richard Kunkel
- Mrs. Beverly Clayburgh
- Ms. Heather Lee, Student Member
- Dr. Bill Isaacson
- Mr. James Grijalva, Faculty Advisor

Presidents and Campus Deans present:

- Dr. Donna Thigpen, BSC
- Dr. Sharon Hart, NDSCS
- Dr. Sharon Etemad, LRSC
- Dr. Joe Chapman, NDSU
- Dr. Ellen Chaffee, MaSU/VCSU
- Dr. Charles Kupchella, UND
- Dr. Erik Shaar, MiSU
- Dr. Joe McCann, WSC
- Dr. Ken Grosz, MiSU-BC
- Dr. Rich Brauhn, DSU, participated for Dr. Lee Vickers

Staff members present:

- Larry A. Isaak, Chancellor
- Laura Glatt, Vice Chancellor for Administrative Affairs
- Michel Hillman, Vice Chancellor for Academic Affairs
- Eddie Dunn, Vice Chancellor for Strategic Planning/Executive Director CTEC
- H.P. Seaworth, General Counsel/Executive Secretary
- Debra Anderson, Public Affairs Director
- Sheila Tibke, SBHE Administrative Secretary/Financial Aid Assistant

Senator O’Connell and Representatives Hunskor, Warner, and Wentz attended portions of the meeting.

Minutes

**It was moved** by Dr. Kunkel, seconded by Mrs. Clayburgh, and unanimously carried to approve the minutes of the May 30, 2001; June 20-22, 2001; and July 17-19, 2001, meetings as distributed.
BOARD PRESIDENT’S REPORT

President Stroup reported that he and Vice-president Caspers along with Ms. Anderson are working on arrangements for formal training for all board members. He said the focus would likely be on leadership and innovation.

Board members will be assigned to attend the Higher Education Interim Committee campus tours. The list of assignments will be sent to Board members at a future date. Ms. Lee reported on the campus tour she attended at VCSU.

President Stroup asked Board members to forward all constituent requests to the chancellor. The chancellor will work with the appropriate campus president on the issue in question and respond to the constituent. President Stroup strongly discouraged Board members from following up on these issues themselves.

Governor Hoeven has appointed Vice-president Caspers to the Midwestern Higher Education Commission.

President Stroup made institutional assignments to the tribal colleges. He reminded Board members they should try to make at least one annual visit to all their campuses. These assignments will also hold true for commencement exercises.

President Stroup reported that he attended the new Board member orientation, along with Mr. Kingsbury, Ms. Lee, and Mr. Grijalva.

The Greater North Dakota Association Annual Business Conference will be held October 15-16, 2001. President Stroup encouraged Board members to attend.

CHANCELLOR’S REPORT

Chancellor Isaak reported that Mr. Mike Sandal, NDUS Director of Human Resources, has been appointed to the State Employee Compensation Committee and Dr. Chaffee has been nominated for an Outstanding Education Achievement Award from the State Information Technology Council.

Chancellor Isaak provided a status report on the Enterprise Resource Plan (ERP) and said this would be a major project of the NDUS over the next few years. This is a joint effort to replace existing software for student records, finance, human resource, and payroll systems for all state agencies, K-12, and higher education. Three finalists have been identified. They are SCT, Oracle, and Peoplesoft. However, before a selection was made, Governor Hoeven asked state government and the NDUS to examine the possibility of a joint development effort with Microsoft Great Plains (MGP). NDUS representatives are engaged in the review, which is to be completed by mid-November. Chancellor Isaak indicated the 2001-2003 legislature appropriated $7,500,000 to the Information Technology Department for the first payment of the new software system with the intention that higher education would be the first to implement it.
Chancellor Isaak provided the Board with a list of scheduled accreditation visits for the NDUS campuses.

Chancellor Isaak reported that a legislative interim study is being done on workforce training and the College Technical Education Council (CTEC). It was moved by Mrs. Clayburgh, seconded by Dr. Kunkel to approve the following statement of support.

It is the conclusion of the SBHE that CTEC and the workforce training initiative are both fulfilling the purposes for which they were established and are also both critical to meeting a number of the recommendations outlined in the report of the Roundtable and the Strategic Plan for the NDUS.

Mr. Dunn suggested adding “as structured and administered” in the first line after “initiative.” Mrs. Clayburgh and Dr. Kunkel accepted this amendment to the original statement. Dr. Kunkel, Mrs. Clayburgh, Mr. Kingsbury, Dr. Isaacson, Ms. Lee, Mr. Caspers, and Mr. Stroup voted aye. The motion carried.

Chancellor Isaak reported land purchases have been made at North Central and Williston Research Centers. The Attorney General ruled that when funds designated by the legislature from the special funds become available, campuses would be reimbursed.

The emergency repairs previously authorized by the Board have been completed at NDSU and UND.

The College SAVE Program was launched in September 2001. This effort, through the Bank of North Dakota, is a college savings plan enacted by the legislature.

Chancellor Isaak provided a list of academic programs added and deleted over the last couple of years. He said there has been an increase of high school students taking advantage of dual credit courses.

The New Economy Initiative food processors cluster has requested participation in the NDUS food contract. The chancellor has asked the food processors cluster to forward their suggestions in writing to him.

A lease for an Amoco service station/convenience store on the 19th Ave N. property in Fargo has been approved.

The Interim Higher Education Committee will meet in Bismarck October 16, 2001. The major agenda items will be the NDUS long-term financing plan and accountability measures.

Chancellor Isaak provided clarification on SBHE Policy 902.1 – Construction Process-Legislative Approval; List of Funding Requests. The policy states that the Board must approve all requests for construction, even if the project includes federal appropriations and the project has been announced to Congress. He said the Board must also authorize the campus to seek state
approval for federally funded projects. Chancellor Isaak said timing on projects receiving Federal funding must be carefully considered and he will work with the Board president on when to discuss these items with the Board.

Chancellor Isaak has approved private financing performance contract proposals for MaSU and VCSU. NDSU and UND are working on similar proposals, financed by the state, and as approved by the 2001 legislature.

Chancellor Isaak reported that Interim Committee visits to VCSU and NDSCS went well.

A list of academic distance education requests approved by the chancellor was provided to Board members.

Chancellor Isaak said the National Governor’s Association and the American Association of State Colleges and Universities are forming a partnership and seeking a grant to share insights and promising policy directions related to higher education’s evolving role in state economic competitiveness/development, with a special emphasis on the demands of the new economy. If approved, their request is to review the states of Michigan and North Dakota.

Chancellor Isaak indicated he has received a proposal from the campuses to increase the application fee from $25 to $35 and to charge students enrolled in multiple campuses for degree purposes only one application fee. The application fee is currently $25 and there has been no increase in six years. The additional revenues would help to cover increased costs and the additional manual costs associated with providing services to students simultaneously enrolled on more than one campus including one registration, one fee billing, and one financial aid package.

Dr. Chaffee and Dr. Brauhn briefed the Board on the tuition waiver programs they have recently enacted at VCSU and DSU since the adoption in June of 2001 of SBHE Policy 820 – Tuition Waivers. This new policy gives the campuses flexibility to waive full or partial tuition to both resident and non-resident students.

Chancellor Isaak reported he has approved the campus 2001-2002 annual budgets based on the guidelines the Board adopted.

Federal legislation is being introduced to allow part time students to receive federal financial aid. Currently, only full time students enrolled at one campus are eligible for federal financial aid.

Chancellor Isaak indicated that since 1999-2000, enrollments in continuing education programs increased by approximately 17,000 enrollments.

NDUS and the Department of Public Instruction are working together on a three-year grant for improving advanced placement courses in ND high schools.

It was the consensus of the Chancellor’s Cabinet that the chancellor pledge the support of the NDUS to help military families affected by the tragedies of September 11, 2001. Consideration
will be given to the rules and regulations relating to financial aid, admission, and tuition as the families are being relocated. The National Association of System Heads of colleges and universities is leading this effort.

**STUDENT ASSOCIATION REPORT**

Mr. Phil Leitner, President of the ND Student Association, introduced Mr. Josh Askvig who is the NDSA lobbyist. Mr. Leitner explained that he assumed the role of president upon the resignation of Mr. Watende Johnson. Mr. Leitner reported that by October 10 he will have visited with seven of the eleven student body presidents and student governments and has also attended a student association meeting in Moorhead, Minnesota. The NDSA will hold its next meeting September 28-29, 2001, at DSU. He said that students are optimistic about the future of higher education, but are concerned with per credit tuition. Mr. Leitner urged the Board to table the discussion of allowing NDSU to charge per credit hour over 19 credits until the NDSU student government and NDSA can take a formal stance on the issue.

President Stroup asked that future reports include the students’ point of view on how the culture on the campuses is changing as the Roundtable initiatives are being fulfilled.

**COUNCIL OF COLLEGE FACULTIES REPORT**

Mr. Grijalva reported the first CCF meeting was held September 11, 2001, and the major topic of discussion was the State of the Faculty Conference that was held September 21-22, 2001. The theme of the conference was focused on faculty governance and compensation. One of the major discussion items at the conference was the relationship between the CCF and faculty, between CCF and the Board, and relationships between CCF and the NDUS office. The timeliness of communication between the CCF and the Board and vice versa was also discussed. Mr. Grijalva said the major discussion item was on developing and strengthening processes.

Recommendations from the conference were for the CCF to develop an extended web site and to include threaded discussions and links to the Board and NDUS web site. He reported the CCF is supportive of an arts and humanities summit at UND in the spring of 2002. Mr. Grijalva will chair the committee at the CCF level.

**MAJOR POLICY ISSUES AND SPECIAL REPORTS**

**Long-term financing plan and resource allocation model**

The Board reviewed draft recommendations on the long-term financing plan and resource allocation model. Chancellor Isaak said that no Board action is required at this meeting since President Stroup has requested a special meeting of the Board on October 8, 2001, at which time the Board will make a preliminary recommendation on the plan and model. He reported the Interim Higher Education agenda for October 16, 2001, includes a review of the Board’s action on the plan.
Mr. Dennis Jones, president of the National Center for Higher Education Management Systems (NCHEMS), reviewed his report and recommendations for a financing plan. He said there are three components to the financing plan: 1) base funding, 2) incentive/performance, and 3) asset funding. To establish peer benchmarks for the level of funding needed at each campus, NCHEMS did comparisons of similar types of institutions in the United States. Calculations include state appropriations and net tuition only and Mr. Jones recommends that funds raised from other sources be excluded from setting the benchmark to encourage campuses to be entrepreneurial.

Following Mr. Jones’ report, Chancellor Isaak presented his recommendations on the long-term financing plan and resource allocation model. He reported that the Board Budget and Finance Committee has reviewed his recommendations and adopted all the recommendations except for three items. The committee did not act on these three items pending full Board discussion.

North Dakota University System
Long-Term Finance Plan and Resource Allocation Model
SBHE Budget and Finance Committee and Chancellor’s Recommendations to SBHE on September 27, 2001

I. Committee Action
The SBHE Budget and Finance Committee met on August 30 and September 14, 2001 to review the draft long-term finance plan and resource allocation model. On September 14th, the Committee endorsed the recommendations of the Chancellor outlined below, with the exception of the following items: Section III, items 2.c., 2d. and 4 (identified by * below). The Committee chose not to take a position on these items, pending broader Board discussion in September.

II. Principles
We recommend that the Board adopt the following statements as the Board’s beliefs and principles, which serve as the foundation of the long-term finance plan and resource allocation model:

We believe the:
• Campuses should be encouraged to generate additional revenues.
• Campuses should be given the flexibility to set price; however, the SBHE should continue to be accountable for maintaining affordability for ND citizens. The Board would continue to approve a base tuition rate for each campus, with campuses given additional flexibility to charge additional tuition for targeted courses/programs (e.g. high demand, high cost, etc…) and discounting policies.
• Campuses should be given the flexibility to allocate resources consistent with the priorities established in their campus strategic plan.
• Funding for higher education should be a shared responsibility of the state—through state general fund appropriations, students—through tuition, and campuses—through efficiency and generating other revenues.
• Campus’ unique missions should be recognized in establishing base operating funding and adequate funds should be provided to maintain institutional capacity to deliver their mission.
• SBHE should request and the Legislature should provide dedicated appropriations for the maintenance and replacement of state assets (facilities and infrastructure).
• Campuses should be rewarded, and employees should be recognized, for behavior consistent with the Roundtable principles (i.e. flexible, responsive, entrepreneurial, accountable, collaborative).
• State should make a specific investment in activities that support statewide priorities through separate Initiative appropriations to the SBHE. Funds should be allocated from the Board Initiative appropriation to encourage and reward collaboration between campuses.
• Campuses should retain their current state general fund appropriation as base operating funds; and biennial appropriations should be provided to address parity or inflationary operating cost increases (i.e. cost to continue salary increases from previous biennium, operating and utility inflation, and new compensation and benefits adjustments) to this base.
• Equity differentials, based on peer comparators, should be regularly addressed in appropriations based on agreed-upon targets (i.e. benchmark, state/student share, phased approach to reaching benchmarks) outlined in the finance plan.
• Campuses should be encouraged to diversify their revenue sources.
• Campuses should be held accountable for the outcomes of the goals and objectives outlined in their campus strategic plans and Roundtable campus alignment plans.

III. Long-term Finance and Resource Allocation Policies
We recommend that the SBHE adopt the following long-term finance plan and resource allocation model policies.

(Note: Those items with an asterisk are recommended by the Chancellor. The Board Budget and Finance Committee chose not to make a recommendation on these items, pending full Board discussion in September.)

A. Operating Budget
  1. A biennial appropriation request be made by the Board and appropriations be made by the Legislative Assembly comprised of the following components in accordance with state statute approved by the 2001 Legislative Assembly in SB2003:
     • Base operating budget
     • Capital asset funding
     • Special initiative funding
  2. Base funding requests and legislative appropriations be based on the following:
     a. Base funding continue to be provided to all 11 institutions; and also include biennial operating fund increases to address parity.
     b. Current general fund appropriations not be reallocated between campuses.
     *c. A portion of increased state general fund appropriations be allocated on a biennial basis, both to parity and to resolve equity differentials. Funding parity is the first priority. However, no more than 80% of all new funding should be allocated to parity and no less than 20% of new funds be allocated to equity.
     *d. Equity funds be distributed based on a weighted average of each campuses gap differential to their peers and the agreed upon phased approach to reaching the benchmark targets (i.e. 85% in six years).
     e. State general fund appropriations not be reduced for any campus from the previous biennium, until such time that the campus exceed 105% of their peer benchmark or enrollment declines are significant enough to cause a re-evaluation of the peer institutions and establishment of a new peer benchmark.
  3. Operating fund benchmarks be established for determining funding requests and legislative appropriations for each institution using data from peer comparison institutions.
a. These operating benchmarks be established on the basis of comparing unrestricted revenues: state appropriations and net tuition revenues.

b. The benchmarks be established using the most recently available national Integrated Postsecondary Education Data Systems (IPEDS) data and reestablished, at a minimum, every six years. In the intervening years, the benchmark numbers should be inflated by a percentage amount equivalent to the changes in the National Consumer Price Index (CPI). The NDUS numbers be adjusted for actual biennial increases in appropriations.

c. Based on Board approval on October 16, 2000, the following criteria were used for the selection of the peer comparators:

- Public institutions only (had to deviate from this criteria for MaSU and VCSU due to the limited number of public peer comparators)
- City size (had to deviate from this criteria due to the difficulty of application)
- Carnegie Classification of institutions
- Land grant or medical school
- Total FTE students
- Total headcount enrollment
- Percent Part-time headcount
- Degree’s awarded (certif.. assoc. baccalaureate, master’s, etc.)
- Degree Program Mix (natural science, education, business, engineering, humanities, etc….)
- Research Expenditures

Based on these criteria, we recommend the Board adopt the following operating benchmarks for each institution to be used to develop biennial budget requests and final legislative appropriations:

- NDSU, excluding Ag Extension and Experiment $10,500
- UND, including Medical School $13,250
- DSU $7,500
- MaSU $9,000
- MiSU $8,500
- VCSU $9,000
- BS $7,750
- MiSU-BC $9,000
- NDSCS $8,500
- LRSC $9,250
- WSC $7,500

*4. Funding of institutions reflect a shared responsibility among the various stakeholders. Targets were established based on the following factors: ensuring regional access, enrollment size of campus, program type (undergraduate vs. graduate programs) and historical tiered tuition rate structure. Recommended targets to be used in determining state general fund budget requests and legislative appropriations are as follows:

<table>
<thead>
<tr>
<th>Institution</th>
<th>%state</th>
<th>%institution</th>
</tr>
</thead>
<tbody>
<tr>
<td>UND/NDSU</td>
<td>60</td>
<td>40</td>
</tr>
<tr>
<td>MiSU</td>
<td>70</td>
<td>30</td>
</tr>
<tr>
<td>MaSU/VCSU/DSU</td>
<td>75</td>
<td>25</td>
</tr>
<tr>
<td>Two-year</td>
<td>75</td>
<td>25</td>
</tr>
</tbody>
</table>
5. The SBHE continue to approve the base tuition rate at each campus; however, institutions should be given the discretion in establishing additional tuition rate charges for targeted programs and discounting policies.

6. Budget requests and legislative appropriations be developed to move institutions to 85% of their benchmarks in six years and 95% in twelve years.

B. Capital Financing
   1. Develop a funding model prior to development of the 2003-05 budget request that requests appropriations from the legislature for repair/replacement equal to two percent of plant value per year, plus takes into account the deferred maintenance backlog at each campus. Budget requests be made to phase this in over 10-16 years.

   The current biennial repair/replacement appropriation is $4.8 million. A biennial general fund increase of roughly $14 million would be required to reach two percent of replacement value or a total of $18.6 million in repair/replacement funding per biennium. In addition, a backlog of approximately $100-$125 million in deferred maintenance exists.

   2. Institutions be required to demonstrate they have expended funds in amounts at least as large as appropriations or place funds in escrow for larger renewal projects.

   3. At the time the 2% amount becomes added to the base and fully funded by the legislature, cease requesting additional capital renewal/replacement funds, beyond this level, to the institutions for these purposes—except for deferred maintenance.

   4. The 2% be applied to new state buildings built on campus; but no new operating funds be added to the base operating budget for operating costs, if the operating base is already at benchmark target.

C. State Priority
   1. Appropriation requests and legislative appropriations for incentive/special initiatives to the SBHE to support state priorities be made equivalent to 2% of the total NDUS state general fund appropriation, phased-in over six years. Two percent currently equals $7.1 million per biennium, not including appropriations for the agricultural experiment centers and NDSU Extension Service. If these are included, two percent equals $8.1 million per biennium.

2001-2002 Board objectives and action plans
Chancellor Isaak presented the 2001-2002 Board objectives and action plans. He said the Cabinet suggests revising the wording in Board objective 3-2 to clarify the language and also suggests changing the targeted/completed date in the action plan for Board objective 2-1 #6 from November 2001 to June 2002. It was moved by Dr. Kunkel, seconded by Mrs. Clayburgh to approve the following 2001-2002 Board objectives and action plans with the proposed revisions. Dr. Kunkel, Mrs. Clayburgh, Mr. Kingsbury, Dr. Isaacson, Ms. Lee, Mr. Caspers, and Mr. Stroup voted aye. The motion carried. Exhibit A.

1-1 Develop and recommend to the executive and legislative branches a proposed long-term financing plan for the NDUS.
1-2 Develop and recommend to the executive and legislative branches a proposed resource allocation mechanism for the NDUS.
1-3 Prepare a fiscal accountability report.
1-4 Prepare a performance (non-financial) accountability report.
1-5 Develop needs-based budget request for 2003-2005.
1-6 Conduct Board self-assessment.
2-1 Create a culture consistent with Roundtable recommendations that encourages flexibility, responsiveness and risk-taking.
2-2 Provide leadership and coordination in development and/or implementation of Enterprise Resource Project (ERP).
3-1 Assure the plans developed by the campuses are, and continue to be, aligned with the cornerstones and expectations of the Roundtable.
3-2 Be a change agent and provide leadership as a valued partner with the private and public sectors in creating high value jobs and growing the working-age population of North Dakota.
3-3 Develop an enrollment management/service plan for the NDUS.
4-1 Increase access to education opportunities throughout the state.
5-1 Develop and maintain a plan for achieving the vision and continuing the momentum created by the Roundtable.

2001-2002 chancellor objectives
President Stroup presented the chancellor’s objectives for 2001-2002. He indicated that in the fifth bullet, the vice chancellors may also meet with administrators, students, employees, and others at all campuses to discuss the Roundtable recommendations and Board objectives. It was moved by Mrs. Clayburgh, seconded by Mr. Caspers, to approve the 2001-2002 chancellor objectives as presented. Dr. Kunkel, Mrs. Clayburgh, Mr. Kingsbury, Dr. Isaacson, Ms. Lee, Mr. Caspers, and Mr. Stroup voted aye. The motion carried.

2001-2002 presidents’ objectives
Chancellor Isaak presented the 2001-2002 objectives for the campus presidents. He said progress on the campus alignment plans would be used in addition to the presented objectives in the evaluations of the presidents. It was moved by Mrs. Clayburgh, seconded by Mr. Kingsbury, to approve the 2001-2002 presidents’ objectives as presented. Dr. Kunkel, Mrs. Clayburgh, Mr. Kingsbury, Dr. Isaacson, Ms. Lee, Mr. Caspers, and Mr. Stroup voted aye. The motion carried.

Board equity and special needs pool
Ms. Glatt presented the Budget and Finance Committee’s recommendation of criteria for allocation and distribution of the three block grant funds contained in the NDUS Office budget for 2001-2003. There was discussion on waiting until March 2002 to allocate the funds for campus initiatives/programs. President Stroup instructed Chancellor Isaak to expedite the awarding of those dollars, if possible.

It was moved by Mr. Kingsbury, seconded by Dr. Kunkel, to approve the following recommended criteria for allocation of the equity and special needs block grant. It was moved by Dr. Isaacson to amend the motion to exclude I. 2. in order to keep $925,824 available
throughout biennium in case something unexpected arises. The motion to amend the motion failed for lack of a second. Dr. Kunkel, Mrs. Clayburgh, Mr. Kingsbury, Dr. Isaacson, Ms. Lee, Mr. Caspers, and Mr. Stroup voted aye. The motion carried.

I. Equity and special needs block grant ($4,628,824).
   1. **Campus parity and equity:** (80% or $3,703,000).
      a. No funds will be distributed to parity during 2001-2003 from this block grant since the cost to continue has been funded with state general funds and/or tuition income in the 2001-2003 legislative appropriation.
      b. Distribute $3,703,000 for equity based on results of financing plan, peer comparators, and the resource allocation model, when finalized. Equity funding would be distributed on a pro-rata basis to each campus. The amount to be distributed to each campus would be based on the funding differential based on the peer comparators. Funds would be used to achieve campus alignment plans.

   2. **Campus initiatives/programs:** (20% or $925,824)
      Campuses submit prioritized proposals to the Chancellor (maximum request $250,000 for each campus proposal) by February 1, 2002, that support the campus alignment plans. Campuses can submit joint proposals that could result in funding of at least $500,000 combined.

      Proposals that include the following outcomes will receive priority consideration for funding:
      a. Investment is targeted at encouraging partnerships or collaborative efforts.
      b. Leverages other external or internal campus funds.
      c. Contributes to economic growth in the State.
      d. Funds should be considered one-time funds; however, potential for renewed project funding in future biennia would be considered.
      e. Funding cannot be used for capital projects.

      Format for proposals will be developed by the Chancellor and distributed to campuses by October 15, 2001.

   3. **Salary equity:** (0% or $0)
      No funds specifically allocated to salary equity. Equity funding to be addressed through equity funding allocation in #1 above.

II. **Board Initiatives Block Grant ($1,370,797 plus carryover from 1999-2001 of $210,819=$1,581,616)**. This block grant will be allocated by the Board during the 2001-2003 biennium in support of Board objectives, Roundtable recommendations, and to foster collaboration and cooperation with other campuses. The Chancellor will submit a comprehensive proposal to the Board by no later than March 2002.

III. **Contingency and Capital Improvement Emergency Block Grant ($344,309)**. This block grant will be allocated to fund unexpected opportunities and/or unbudgeted emergencies that the campus and/or Board are not able to fund internally with additional revenues or
internal reallocation during the 2001-2003 biennium. Campuses should submit a written request to the vice chancellor for administrative affairs for an allocation from this block grant, as needs arise. Funding requests will be reviewed with the Cabinet prior to Board consideration.

Campus alignment plans
Chancellor Isaak presented a report with recommended revisions to the campus alignment plans in response to a request from the Board at the Board retreat. It was moved by Mrs. Clayburgh, seconded by Dr. Isaacson, to approve the seven recommended actions for revision of the campus alignment plans. Dr. Kunkel, Mrs. Clayburgh, Mr. Kingsbury, Dr. Isaacson, Ms. Lee, Mr. Caspers, and Mr. Stroup voted aye. The motion carried. Exhibit B.

Communication Plan
Ms. Anderson stated that the Public Affairs Council, NDUS office staff, and the Chancellor’s Cabinet have reviewed the draft communication plan. She reported that the Cabinet suggested revising key message number two on page 6 to read, “The University System can, and is, fulfilling a vital role as a partner with the public and private sectors in growing the working-age population of North Dakota and in creating high-value jobs to enhance the economic vitality of the State.” The objectives of the communication plan are:

1. To proactively communicate the value, effectiveness, and challenges of the NDUS to the executive and legislative branches.
2. To strengthen relationships with public and private partners who share common goals and the commitment to growing the state’s economy.
3. To position the eleven campuses as partners and major contributors to the development of intellectual capacity and economic vitality in the state.
4. To communicate to the media, opinion leaders, citizens, and other stakeholders that the NDUS is a responsible steward of taxpayers’ dollars and a key player in enhancing the future of the state.

Board members discussed the need for an enrollment management and marketing plan. Based on Board discussion, President Stroup directed Chancellor Isaak to draft a comprehensive marketing plan including an enrollment management plan.

It was moved by Mr. Kingsbury, seconded by Dr. Isaacson, to adopt the draft communication plan with the indicated revision. Dr. Kunkel, Mrs. Clayburgh, Mr. Kingsbury, Dr. Isaacson, Ms. Lee, Mr. Caspers, and Mr. Stroup voted aye. The motion carried. Exhibit C.

Campus reports and WOWS
Dr. Chapman reported, in alignment with Cornerstones 2 and 4, NDSU graduate enrollments increased by 20% or 182 graduate students. He said the faculty have taken on these additional students and became mentors for them.

Dr. McCann reported, in alignment with Cornerstone 4, WSC is partnering with four high schools this fall to provide dual credits in Spanish to three of the high schools using web based
ITV. The faculty member has class in Williston but also travels to the high schools to get to know the students. The other part of the partnership is that Williston High School is offering their Spanish I course using the same equipment since they do not have the necessary equipment.

Dr. Etemad reported, in alignment with Cornerstone 1, LRSC is working on developing a multi-site training center for workforce training in Grand Forks in cooperation with the local economic development. LRSC is currently sharing a classroom with UND and also have a computer lab in cooperation with the Center for Aerospace Sciences who donated the classroom space.

Dr. Hart reported, in alignment with the Cornerstone on Educational Excellence, a NDSCS graduate competed in the U. S. Skills Contest and received the national gold medal in automotive. This student went to Korea and competed in the international skills contest and was awarded a silver medal in automotive. This is the first time in the contests 36-year history, that a U.S. student received the medal. Dr. Hart also reported that NDSCS is reviewing the campus mission, vision, and goals. The campus is holding meetings with the community and key leaders for their input.

Dr. Grosz reported, in alignment with Cornerstone 1, MiSU-BC’s target when beginning the network engineering program in 1999 was to enroll 15-20 students in the first class. The first class of ten graduated in May 2001. Fall 2001, there are 33 network engineering majors. He said if the program continues to grow at this rate, it might become the largest program on campus.

Dr. Brauhn reported DSU had record enrollments for the sixth consecutive year at 2,101 students. Twenty-five of these students are new international students.

Dr. Chaffee reported the National Education Association awarded the MaSU student association the outstanding student chapter of the year award and the student association newsletter received the outstanding newsletter of the year award. The president of the MaSU student association was also named to the National Education Association Student Board of Directors.

Dr. Shaar reported that the MiSU-BC Technology Center is a wonderful facility with great programs. He said enrollment at MiSU has increased by 14% to over 3,500 students. Dr. Shaar also reported that during the lock down of the air force base following the terrorist attacks, MiSU adjusted rooms, space, and hours on the MiSU campus for all colleges that offer programs at the base.

Dr. Kupchella said a NDUS WOW is that North Dakota is operating at 75% funding compared to peer institutions and doing a tremendous job. He reported that UND was in the top ten of their division in terms of graduation rates this year and UND competed for national titles in hockey, women’s basketball, and women’s cross country and took second place in all three events. Dr. Kupchella also reported that UND just completed $200 million in construction.

Dr. Thigpen reported, in alignment with the Cornerstone on student achievement, Annie Oksendahl, president of the BSC Board of Governors, was elected vice president of leadership development for the American Student Association of Community Colleges. BSC’s Chemistry
Department received the National award for the most original hands-on activity during National Chemistry Week 2000. Dr. Thigpen also reported that enrollment at BSC this year is 3,043.

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CONSENT AGENDAS

Financial and Facility Consent Agenda
Dr. Kunkel moved to approve North Dakota State University’s request to charge per credit tuition and fees for all credits at 20 and above. President Stroup turned the chair over to Mr. Caspers and seconded the motion. Mr. Caspers returned the chair back to President Stroup. It was moved by Ms. Lee, seconded by Mr. Kingsbury, to table the motion until the November Board meeting. Ms. Lee requested the item be tabled to allow the NDSU Student Government time to take a formal stance on the per credit tuition request. Dr. Craig Schnell, NDSU, indicated NDSU students had been asked for input, but the NDSU Student Government was not contacted directly. Mrs. Clayburgh, Mr. Kingsbury, Dr. Isaacson, Ms. Lee, Mr. Caspers, and Mr. Stroup voted aye. Dr. Kunkel voted no. The motion to table carried.

The meeting recessed at 4:35 p.m. and reconvened at 5:15 p.m.

COMMUNITY MEETING

Community and business leaders from the Bottineau area met with the Board to discuss how the university system can enhance the economic development of the Bottineau region.

The Board recessed at 6:15 p.m. and reconvened Friday, September 28, 2001, at 7:30 a.m. Dr. Isaacson was absent on Friday.

BREAKFAST MEETING

The Board met for breakfast in the Student Union Alumni Room with leaders from student government, staff senate, and faculty senate.

BOARD POLICY MANUAL REVISIONS

100, 200, and 500 sections of policy manual
Mr. Seaworth presented the 100, 200, and 500 sections of the SBHE Policy Manual. He said sections of the policy manual will be reviewed throughout the year to allow for continuous updating of policies and to identify and remove policy barriers to empower the campus presidents, provide the presidents with flexibility needed to implement SBHE and campus objectives, and to familiarize the Board members with the policy manual. Mr. Seaworth indicated that the 400 section of the policy manual will be reviewed in November 2001, 600 and 700 sections in February 2002, 800 section in March 2002, 900 section in April 2002, and 300 and 1900 sections in June 2002. Exhibit D.
Mr. Seaworth recommended that the Board not make any changes to the 100 section of the SBHE Policy Manual except to Policy 103 – Procedure for Maintenance of the Manual. It was moved by Mrs. Clayburgh, seconded by Dr. Kunkel, that the Board accept the recommendation and instruct the staff to prepare amendments to policy 103 for consideration at the November Board meeting. Dr. Kunkel, Mrs. Clayburgh, Mr. Kingsbury, Ms. Lee, and Mr. Stroup voted aye. Mr. Caspers was absent. The motion carried.

Mr. Seaworth recommended deleting the 200 section – By-Laws of the policy manual. He indicated some of the by-laws restate what may be found in the state constitution or state statutes. Those parts of the by-laws that are necessary could be stated in policy in the 300 section – Government and Organization. It was moved by Dr. Kunkel, seconded by Mrs. Clayburgh, to accept the recommendation of the NDUS staff and instruct the staff to proceed to delete the 200 section – By-Laws and draft the necessary policies for the 300 section of the policy manual for consideration at the November Board meeting. Dr. Kunkel, Mrs. Clayburgh, Mr. Kingsbury, Ms. Lee, Mr. Caspers, and Mr. Stroup voted aye. The motion carried.

Mr. Seaworth reviewed the policies in the 500 section of the SBHE Policy manual and recommended removing subsection 3 of SBHE Policy 505 – International Student Health Insurance. This section relates to granting exemptions to students based on change of status, which could be incorporated in implementing procedures. It was moved by Mrs. Clayburgh, seconded by Dr. Kunkel, that the Board accept the recommendations concerning the 500 section of the SBHE Policy Manual and directs the NDUS staff to amend policy 505 as recommended for consideration at the November Board meeting. Dr. Kunkel, Mrs. Clayburgh, Mr. Kingsbury, Ms. Lee, Mr. Caspers and Mr. Stroup voted aye. The motion carried.

Technology Occupations Student Loan Program, Teacher Shortage Loan Forgiveness Program, and Teacher Retraining Scholarship Program
Mr. Seaworth stated new SBHE Policy 508.1 is in response to the three new educational incentive programs enacted by the 2001 Legislature that the SBHE was charged to develop. The policy delegates responsibility to adopt procedures implementing these programs to the chancellor. The SBHE Budget and Finance Committee recommends Board approval. It was moved by Mrs. Clayburgh, seconded by Mr. Kingsbury, to waive second reading and adopt on introduction and first reading recommended SBHE Policy 508.1 – Technology Occupations Student Loan Program – Teacher Shortage Loan Forgiveness Program – Teacher Retraining Scholarship Program. Mrs. Clayburgh and Mr. Kingsbury further requested an update in Spring 2002 on how the new programs are proceeding. Dr. Kunkel, Mrs. Clayburgh, Mr. Kingsbury, Ms. Lee, Mr. Caspers and Mr. Stroup voted aye. The motion carried. Exhibit E.

Faculty Disciplinary Proceedings and Grievances
Mr. Seaworth stated the policy revisions to proposed policies 605.2, 605.3, 605.4, 605.1, and 612 are the result of work of a joint committee of representatives of the Academic Affairs Council and the Council of College Faculties. He indicated that the Chancellor’s Cabinet made some revisions to the joint committee’s recommendations to proposed policy 605.5 in which the cabinet disagreed with the committee’s recommendation of mediation being available in all dismissal proceedings and recommends mediation not be an option in dismissal proceedings. The cabinet also recommends in policy 605.3 the faculty have ten business days to respond to
proposed action of dismissal whereas the committee recommended the faculty have twenty
calendar days to respond. It was moved by Mrs. Clayburgh, seconded by Dr. Kunkel, to
approve on introduction and first reading SBHE Policies:

- 605.2 – Standing Committee on Faculty Rights
- 605.3 – Nonrenewal, Termination or Dismissal of Faculty
- 605.4 – Hearings and Appeals
- 605.5 – Mediation (new policy)
- 612 – Faculty Grievances

Dr. Kunkel, Mrs. Clayburgh, Mr. Kingsbury, Ms. Lee, Mr. Caspers and Mr. Stroup voted aye.
The motion carried. Exhibit F.

Chancellor Isaak said in the future, a member of the Council of College Faculties would be
invited to attend Chancellor Cabinet meetings when substantive issues such as these policies are
being discussed.

Executive Compensation
Chancellor Isaak reported that proposed amendments to SBHE Policy 705.1 – Executive
Compensation are presented at the Board’s request as a follow-up to a report Dr. Kunkel
presented on evaluation and compensation at the June SBHE meeting. Campus presidents
drafted the proposed amended policy as a way to retain presidents, chief executives, and the
chancellor. The presidents recommend funds for this come from the Board initiative pool. The
Chancellor recommends that the campuses pay for this out of their campus budgets, which will
require them to plan and budget for such expenses in the future. Mr. Caspers said ways to retain
campus presidents are needed. There was extensive discussion on additional compensation
options. President Stroup questioned using deferred compensation programs. Mr. Seaworth said
there are tax issues with deferred compensation programs that need to be closely examined.
Establishing pretax annuity payments requires IRS approval. President Stroup suggested that the
chancellor not be included in the revised policy since the chancellor’s compensation is addressed
separately as part of his annual contract negotiations and since the chancellor’s contract currently
contains severance considerations.

It was moved by Mr. Caspers to table action on SBHE Policy 705.1 – Executive Compensation
until the October 8, 2001, meeting of the Board and that the issues discussed today be taken into
consideration and the policy be brought back to the October 8 Board meeting with or without
revisions. The motion failed for lack of a second.

It was moved by Mr. Kingsbury, seconded by Dr. Kunkel to approve on introduction and first
reading SBHE Policy 705.1 – Executive Compensation. It was moved by Mr. Caspers,
seconded by Ms. Lee to table the motion to approve SBHE Policy 705.1 – Executive
Compensation until the October 8, 2001, meeting of the Board. Mr. Caspers said Board
members need to know the financial impact the proposed policy. Mrs. Clayburgh, Ms. Lee, Mr.
Caspers, and Mr. Stroup voted aye. Dr. Kunkel and Mr. Kingsbury voted no. The motion to
table the policy carried. President Stroup directed the NDUS staff to provide a fiscal note and
clarification on policy item 3. to include what the funds can be used for and what the options are.
Exhibit G.
Academic Freedom and Tenure; Academic Appointments
Mr. Seaworth said the recommended change to proposed policy 605.1 is to delete “Initial probationary appointments must be entirely supported by state appropriated funds.” from subsection 4. This change is due to 2001 Legislation requiring that tuition revenue be deposited into institution local funds. It was moved by Mrs. Clayburgh, seconded by Dr. Kunkel, to approve on introduction and first reading SBHE Policy 605.1 – Academic Freedom and Tenure; Academic Appointments. Dr. Kunkel, Mrs. Clayburgh, Mr. Kingsbury, Ms. Lee, Mr. Caspers and Mr. Stroup voted aye. The motion carried. Exhibit H.

Presidential Search and Screening Committee
It was moved by Mrs. Clayburgh, seconded by Mr. Caspers, to adopt on second reading and final passage SBHE Policy 601.1 – Presidential Search and Screening Committee. Dr. Kunkel, Mrs. Clayburgh, Mr. Kingsbury, Ms. Lee, Mr. Caspers and Mr. Stroup voted aye. The motion carried. Exhibit I.

Reporting of Grants
It was moved by Mrs. Clayburgh, seconded by Dr. Kunkel, to adopt on second reading and final passage SBHE Policy 809.1 – Reporting of Grants (deletion of policy). Dr. Kunkel, Mrs. Clayburgh, Mr. Kingsbury, Ms. Lee, Mr. Caspers and Mr. Stroup voted aye. The motion carried. Exhibit J.

CONSENT AGENDAS
It was moved by Mr. Kingsbury, seconded by Mr. Caspers, to approve the following consent agenda items. Dr. Kunkel, Mrs. Clayburgh, Mr. Kingsbury, Ms. Lee, Mr. Caspers and Mr. Stroup voted aye. The motion carried.

Academic Consent Agenda
- Authorized Bismarck State College to establish an Energy Technology Training and Education Center.

- Authorized Dickinson State University to enter into a Joint Powers Agreement for the primary purpose of providing distance learning and staff development opportunities to member school districts and other entities desiring service through the Southwest Pipeline of Information for Communities and Education Consortium. Exhibit K.

- Approved a new Specialization in Computer Integration and a new CIS Specialization in Mathematical Analysis at Mayville State University.

- Changed the name of Continuing Education to Center for Extended Learning at Minot State University.

- Authorized a new department at Minot State University in the College of Arts and Sciences: Department of Biology.
• Changed the title in a major for Master of Science and the Master of Education from Secondary Education to Education at **North Dakota State University**.

**Financial and Facility Consent Agenda**

• Approved the **North Dakota University System** office audit, fiscal year ended June 30, 2000.

• Authorized the **North Dakota University System** to allocate $30,000 to both the **University of North Dakota** and **North Dakota State** University to enhance existing doctoral stipends. Source of funding is from the 2001-2003 Education Incentive Programs appropriation.

• Approved the Resolution of Intent to Proceed with the **North Dakota State University** and the **University of North Dakota** Energy Conservation Projects and Request for Financing by the North Dakota Building Authority.

• Authorized **Bismarck State College** to name the music addition/remodeling the Tom and Frances Leach Music Center.

• Authorized **North Dakota State University** to proceed with an addition to and renovation of the existing Feed Mill and Feedlots at the Carrington Research Extension Center. Source of funding will be $300,000 from the Dickinson Research Extension Center Oil Revenue fund, as indicated in SB 2021. The feedlot project will be contingent upon the funds available after the construction of the feed mill.

• Authorized **North Dakota State University** to proceed with a new Agronomy Seed Storage and Chemical Storage Shed at the Headquarters Unit, and a new Chemical Storage Shed at the Manning Ranch Unit of the Dickinson Research Extension Center. Included in the capital improvement budget. Estimated cost is $100,000. Source of funding is from Dickinson oil revenues.

• Granted permission to **North Dakota State University** to proceed with the construction of a tree storage facility at the Towne State Nursery. Included in the ND Forest Service 2001-2003 budget. Estimated cost is $120,000. Source of funding is from Carryover Funds.

• Authorized **North Dakota State University** to proceed with the projects identified in the 2001 State Facility Energy Improvement Program. Estimated cost is $296,348. Source of funding is from bonding in the Governor’s 2001-2003 budget proposal.

• Authorized the **University of North Dakota** to increase the funding authority for modifications to the high-voltage electrical distribution system from $1,540,000 to $1,760,000. Source of funding for the additional $220,000 is from 2001-2003 plant improvement funds budgeted for repairs to the high-voltage distribution system. The Board authorized this project at a $1,540,000 level in September 1999.
• Authorized the **University of North Dakota** to increase the funding authority for construction of a front entrance to the School of Medicine and Health Sciences from $350,000 to $465,000. Further permit UND to request approval for the same increase in funding from the Budget Section. Source of funding is from private sources through fund-raising efforts.

**Personnel Consent Agenda**

• Approved appointments to the State Grant Advisory Board

• Approved **University of North Dakota’s** tenure recommendation for John Watson

**Financial and Facility Consent Agenda**

*It was moved* by Mrs. Clayburgh, seconded by Dr. Kunkel, to authorize the **University of North Dakota** to change the name of the real property “Cambridge Street” located on the Bronson property to “Ralph Engelstad Arena Drive.” Mr. Grijalva indicated that the Council of College Faculties does not take a position on this but recommends the Board refer this back to UND for further discussion, taking into consideration the campus climate, per a suggestion from a NDSU faculty member. Mrs. Clayburgh commented that naming a street is a city decision. Mr. Seaworth indicated this is not a dedicated street and either the campus or the Board should name it. President Stroup requested, in the future, the Board is not asked to name streets. Dr. Kunkel, Mrs. Clayburgh, Mr. Kingsbury, and Ms. Lee voted aye. Mr. Caspers and Mr. Stroup voted no. The motion carried.

**PUBLIC COMMENT**

Mr. Jim Borkowski, MiSU-BC, thanked the Board and chancellor for their concern to help the campus and the community.

**ANNOUNCEMENTS**

The next Board meeting will be held at Bismarck State College on October 8, 2001.

**REVIEW OF BOARD MEETING**

President Stroup reported that he and Mrs. Clayburgh would meet with the Governor before October 8, 2001, to discuss the Board’s position the Enterprise Resource Plan (ERP) per the discussion during the chancellor’s report.

The meeting adjourned at 10:25 a.m. for the tour of major capital projects.

**MAJOR CAPITAL PROJECT TOUR**

Board members toured Old Main and Thatcher Hall.