

**ND STATE BOARD OF HIGHER EDUCATION**

Minutes—February 26, 2003

Bismarck, ND

The State Board of Higher Education met February 26, 2003, in the Student Union Prairie Room on the campus of Bismarck State College. The Board president called the meeting to order at 1:00 p.m. Members present:

Mr. Chuck Stroup, President	Mr. Ralph Kingsbury
Dr. Richard Kunkel, Vice President	Ms. Pamela Kostelecky
Mrs. Sue Andrews	Mr. Josh Askvig
Mr. Bruce I. Christianson	Mr. James Grijalva, Faculty Advisor
Mrs. Beverly Clayburgh	

Presidents, campus deans, and campus representatives present:

Dr. Donna Thigpen, BSC	Dr. Ken Grosz, MiSU-BC
Dr. Lee Vickers, DSU	Dr. Sharon Hart, NDSCS
Dr. Sharon Etemad, LRSC	Mr. Bob Gallager, UND
Dr. Gary Hagen, MaSU	Mr. Larry Robinson, VCSU
Mr. Bruce Haskins, MiSU	Dr. Joe McCann, WSC

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

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Dr. Ken Grosz read a resolution from the College Technical Education Council expressing appreciation to the SBHE for its "...strong and decisive leadership exhibited..." on HB1272. The resolution went on to "...commend the board for the confidence expressed in Lake Region State College, Mayville State University, Minot State University-Bottineau Campus, and Valley City State University." This bill, which was withdrawn, would have required the SBHE to examine alternative uses for LRSC, MaSU, MiSU-BC, and VCSU.

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## MAJOR POLICY DISCUSSIONS

### Long-Term Finance Plan

Mrs. Glatt reviewed the long-term finance plan that the SBHE approved in November 2001. Board members had requested the plan be reviewed annually with the Board for the benefit of new Board members and as a refresher for senior Board members.

### Legislation

Mrs. Glatt reviewed a summary of House amendments to HB1003.

President Stroup presented the Budget and Finance Committee recommendations for SBHE positions on 2003-2005 budgets related to the NDUS. **It was moved** by Christianson, seconded by Kingsbury, to adopt the following position statements recommended by the SBHE Budget and Finance Committee. Andrews, Askvig, Christianson, Clayburgh, Kingsbury, Kostelecky, Kunkel, and Stroup voted aye. The motion carried.

- Support the flexibility with accountability legislation as permanent statute.
- Support block grant/pooled appropriations to the State Board of Higher Education (SBHE or board) for allocation to the campuses and programs. Pooled “campus operations” funding would most likely be allocated by the SBHE based on the SBHE long-term finance plan<sup>1</sup>.
- Restore funding for workforce training to the Board for Vocational Education’s budget (Engrossed HB1020) or put the funding directly into Engrossed HB1003, rather than the Dept. of Commerce’s budget (Engrossed HB1019); and, also remove language in Engrossed HB1019 that makes the Dept. of Commerce the fiscal agent and administrator for workforce development and training funds. This provision is contrary to the recommendations of the statewide Task Force for Improving Workforce Development, which was adopted by the 1999 Legislative Assembly. It is also contrary to the business and economic development community’s position. The provision also appears to be in direct conflict with the constitutional provision, which makes the SBHE responsible for the control and administration of the campuses since the workforce training units are an integrated part of the core operations of the campuses.
- Support amending legislative intent in Engrossed HB1003 on Centers of Excellence as recommended by Governor Hoeven as follows: “Centers of Excellence are focused areas of instruction and research and may serve as a vehicle for expanding educational access through collaboration.”
- Support restoration of internship funding in HB1003. Since campuses already administer student internship programs, campus administration of this funding would minimize administrative costs, ensure students enjoy a rich experience consistent with their academic program, and ensure one-stop shop for students and employers for better customer service.
- Reinstate authority to permit the transfer of funds from operations to capital assets. This is necessary to deal with emergency or unforeseen capital asset needs during the biennium.
- Retain current accountability measures enacted in 2001, until reporting on all measures is fully phased in. Following full implementation of the existing measures, the Roundtable review and recommend changes to the measures.
- Support bonding in Engrossed HB1003 for SBHE’s first three major capital project priorities (DSU Murphy Hall Addition – Phase I; MaSU Steamline Replacement – Phase II; VCSU Graichen Gym Elevator and Emergency Exits).
- Support bonding in Engrossed HB1023 for energy improvement projects at UND and NDSU.
- Oppose reductions to the Executive Budget for information technology per Engrossed HB1022 legislative intent. The SBHE is also concerned about the component of the bill requiring audits of IT management, planning, etc.... The proposed audit component is inconsistent with the Roundtable recommendation to “revise audit processes to ensure consistency with the principles contained in this report which promote campus flexibility with accountability and with emphasis on materiality” – accountable for agreed-upon set of outcome,

not input, performance measures. Responding to these audit requests and reports will result in additional costs to the NDUS. Oppose the limitation on providing wide-area network and telecommunications services to the private sector, charitable, and non-profit entities where it affects partnerships.

- ♦ Recommend transfer of \$250,000 from the School of Medicine to UND consistent with the NDUS budget request and the Executive Budget.
- ♦ Express concern with legislatively targeted investments in specific campus initiatives and projects which were not included in the SBHE budget request since it is not consistent with the SBHE's Long-Term Finance plan. Support restoration of \$100,000 to SBHE Initiative line for targeted investments consistent with the SBHE's strategic plan and priorities.
- ♦ Restore the following funds in Engrossed HB1003 which were in the Executive Budget but reduced in the House:
  - ✓ \$5,867,371 for campus operations
  - ✓ \$ 100,000 for Board initiatives
  - ✓ \$1,651,629 for major capital projects pool to SBHE
  - ✓ \$ 76,000 for campus repairs
  - ✓ \$3,000,000 for Centers of Excellence
  - ✓ \$1,000,000 for student internships in HB1019
- ♦ Fund the following costs to continue in Engrossed HB1003 which were not included in the Executive or House Budget:
  - ✓ \$ 2,139,444 for continuation of FY03 salary increases
  - ✓ \$ 4,512,177 for increased employee health insurance premiums
  - ✓ \$ 3,807,357 for non-salary operating inflation, including utilities
  - ✓ \$ 7,018,637 for 2% annual salary increases
  - ✓ \$ 1,005,272 Fund additional costs to sustain current number of awards for Technology Occupations Student Loan Program, Teacher Shortage Loan Forgiveness Program, Teacher Retraining Scholarship Program, Doctoral Program, Professional Student Exchange Program (PSEP) and the Scholars Program
- ♦ \$ 3,200,000 State general fund support of ConnectND for 2003-05 biennium consistent with the position of the ND Student Association that the state pay for this infrastructure cost in future biennia thereby eliminating the ConnectND student fee.
- ♦ \$ 400,000 Provide funding of expected network growth for voice, video, and data to support classroom instruction, research and distance education.
- ♦ \$ 433,000 Provide funding for equipment upgrades for IVN to support increases port capacity for K-12, NDUS, tribal colleges, and state agency video conferencing use.
- ♦ \$ 200,000 Provide funding for the balance of the ODIN software replacement.
- ♦ Fund the following costs to continue in Engrossed HB1021 which are not included in the House Budget for Extension Service, Experiment Centers, NCI and UGPTI:
  - ✓ \$ 494,618 for the continuation of FY03 salary increases
  - ✓ \$ 383,930 for non-salary operating inflation
  - ✓ \$1,189,140 for 2% annual salary increases
- ♦ Fund the following other costs in Engrossed HB1021 for Extension and Experiment:
  - ✓ \$ 1,600,000 restore general fund to 100% of 2001-03 adjusted appropriation.
  - ✓ \$ 1,370,690 restore vacant FTE's – other funds (Extension 6.0; Main Research 9.36; Hettinger 1.0). These were in the Executive Budget.

<sup>1</sup> The Long-Term Finance plan mandates that *current* general fund appropriations not be reallocated among campuses. The plan also requires a portion of *increased* state general appropriations to be allocated both to parity (e.g. inflation, salary and health insurance increases, etc.) and to resolve equity differentials based on campus peer

benchmarks and unique state/student funding shares. 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. Mr. Seaworth presented the status of legislation at crossover.

**It was moved** by Christianson, seconded by Kunkel, that the SBHE support:

- the changes to the plan submission date from March 15 to July 15 in HB1043 but express concern with changes which remove specific committee appointments including the commissioner of higher education or designee.
- HCR3056 (study of affordability of liability insurance for medical providers)

Andrews, Askvig, Christianson, Clayburgh, Kingsbury, Kostelecky, Kunkel, and Stroup voted aye. The motion carried.

**It was moved** by Clayburgh, seconded by Andrews, that the SBHE now oppose the following legislation.

- HB1405 (State agencies may request exemption of some vehicles from state motor pool)
- SB2042 (Restrictions on private use of NDUS videoconferencing facilities). Support an amendment that makes IVN available to other educational nonprofit users
- SB2334 (Establishes beef system center of excellence at NDSU) and suggest restoring the appropriation or amending the bill to encourage beef systems research rather than mandating it

**It was moved** by Christianson, seconded by Askvig, and unanimously carried to divide action on the previous motion and act on the above stated positions on HB1405 and SB2042.

On HB1405 and SB2042, Andrews, Askvig, Christianson, Clayburgh, Kingsbury, Kostelecky, Kunkel, and Stroup voted aye. The motion carried.

**It was moved** by Askvig, seconded by Kingsbury, to amend the motion and put SB2334 on the list of bills to be followed. Andrews, Askvig, Christianson, and Kingsbury, voted aye. Kostelecky, Clayburgh, Kunkel, and Stroup voted no. The amendment failed.

**It was moved** by Christianson, seconded by Askvig, that the SBHE express strong concern that the funding has been removed from SB2334, that we oppose the bill unless new funding is restored, and should new funding not be restored the SBHE only support the allowing of the beef center of excellence to be established not mandated. Andrews, Askvig, Christianson, Clayburgh, Kingsbury, Kostelecky, and Kunkel voted aye. Stroup voted no. The motion carried.

**It was moved** by Andrews, seconded by Clayburgh, that the SBHE oppose SB2282 related to changes in the membership of the medical advisory committee only (concerns membership and duties of medical school advisory council and medical student loans). Andrews, Askvig, Christianson, Clayburgh, Kingsbury, Kostelecky, Kunkel, and Stroup voted aye. The motion carried.

#### No Child Left Behind

**It was moved** by Christianson, seconded by Andrews, to table until a future SBHE meeting the review of the draft resolution in support of teacher quality under “No Child Left Behind.”

Andrews, Askvig, Christianson, Clayburgh, Kingsbury, Kostelecky, Kunkel, and Stroup voted aye. The motion carried.

## **BOARD BUSINESS AND SPECIAL REPORTS**

### Financial Statements

President Stroup distributed a draft work plan outline prepared by Ms. Tamara Njos, NDUS director of financial reporting, to respond to recent audit issues concerning consistency in financial statement preparation and accounting practices.

### Consent Agendas

#### Financial and Facility Consent Agenda

**It was moved** by Kunkel, seconded by Askvig, to authorize **Dickinson State University** to proceed with the partial re-roofing of May Hall in the amount of \$133,476. Source of funding is from general fund carryover from the 1999-2001 biennium realized through utility savings. Andrews, Askvig, Christianson, Clayburgh, Kingsbury, Kostelecky, Kunkel, and Stroup voted aye. The motion carried.

The next State Board of Higher Education meeting will be held at Bismarck State College on March 20, 2003, and United Tribes Technical College on March 21, 2003.

The meeting adjourned at 4:30 p.m.