

ND STATE BOARD OF HIGHER EDUCATION

Minutes—April 15, 2004

Williston, ND

The State Board of Higher Education met April 15, 2004, in the Student Center Room 216 on the campus of Williston State College. The Board president called the meeting to order at 8:30 a.m.

Members present:

Dr. Richard Kunkel, President	Ms. Pamela Kostelecky (via phone)
Mr. Bruce I. Christianson, Vice President	Mr. Phil Leitner
Mrs. Sue Andrews	Mr. Chuck Stroup
Mrs. Beverly Clayburgh	Dr. Ann Burnett, Faculty Advisor
Mr. Ralph Kingsbury	

Presidents, campus deans, and campus representatives present:

Mr. Dave Clark, BSC	Dr. Sharon Hart, NDSCS
Dr. Lee Vickers, DSU	Dr. Joe Chapman, NDSU
Dr. Pam Balch, MaSU	Mr. Bob Gallagher, UND
Dr. Erik Shaar, MiSU	Dr. Ellen Chaffee, VCSU
Dr. Ken Grosz, MiSU-BC	Dr. Joe McCann, WSC

Staff members present:

Dr. Michel Hillman, Interim Chancellor/Vice Chancellor for Academic & Student Affairs
Ms. Laura Glatt, Vice Chancellor for Administrative Affairs
Mr. Eddie Dunn, Vice Chancellor for Strategic Planning/Executive Director CTEC
Mr. H.P. Seaworth, General Counsel/Executive Secretary
Ms. Debra Anderson, Public Affairs Director
Ms. Mary Vammer, Secretary
Ms. Sheila Tibke, SBHE Administrative Secretary/Financial Aid Assistant

BREAKFAST MEETING

Board members met for breakfast in the Health Science and Sports Complex Alumni Room with leaders from student government, staff senate, and faculty senate.

Minutes

It was moved by Clayburgh, seconded by Stroup, to approve the minutes of the February 19, 2004, March 9, 2004, March 18, 2004, and March 25, 2004, meetings. Clayburgh, Kingsbury,

Leitner, Stroup, Christianson, and Kunkel voted aye. Andrews and Kostelecky were absent. The motion carried.

BOARD PRESIDENT'S REPORT

President Kunkel had no report.

INTERIM CHANCELLOR'S REPORT

Interim Chancellor Hillman asked if there were any questions on the report he sent to the SBHE members prior to the meeting. He also reported that the third annual research and development showcase will be held April 29, 2004, at the Fargo Dome and President Balch's inauguration will be held April 30, 2004.

NORTH DAKOTA STUDENT ASSOCIATION REPORT

Mr. Chad Johnson, North Dakota Student Association (NDSA) vice president, presented NDSA resolutions regarding:

- ◆ preferred wording in SBHE Policy 611.9 – Selection of Textbooks and Other Curricular Materials
- ◆ opposition to the addition of an essay assessment requirement on the ACT and SAT
- ◆ opposition to the pay-per-credit tuition model at VCSU effective fall 2005 and a request that the SBHE reconsider their approval of this request

Mr. Johnson also distributed constitutions from various NDUS institutions. He reported that the NDSA has drafted a strategic plan and a job description for a full time vice chancellor of student affairs position. He read a strongly-worded statement on behalf of Mr. James Klein, NDSA president, regarding opposition to per credit hour tuition. SBHE members took exception to many of Mr. Klein's comments. The next NDSA meeting will be held in Wahpeton on April 24-25, 2004. Election of officers will be held at this meeting.

COUNCIL OF COLLEGE FACULTIES REPORT

Dr. Burnett reported the CCF has reached agreement on SBHE Policy 611.9 – Selection of Textbooks and Other Curricular Materials. The Board will act on this policy later in the meeting. She said she is still receiving comments on the pay-lag issue. Dr. Burnett distributed a CCF resolution supporting Cornerstone 2 of the Roundtable and a request that the Roundtable committee promote it as the first and primary cornerstone. The resolution further requests that faculty representation on the Roundtable be nominated by the existing faculty governance statewide and that the names of such nominees be forwarded by the CCF to the Roundtable for election, at its discretion, of at least four faculty for membership.

BOARD BUSINESS AND SPECIAL REPORTS

Task Force Reports

Executive Compensation Study – Mrs. Andrews reported the Task Force is working on the final draft report, which will be presented to the Board at the June meeting.

Clarifying Campus Missions – Interim Chancellor Hillman presented the report at the request of Mr. Kingsbury. Interim Chancellor Hillman reported that the Task Force met April 14, 2004, and that VCSU presented a proposal for Stage I approval to offer graduate education in technology education. This program is not offered at any campus in the NDUS and is a sought-after field nationwide. VCSU is also requesting Board authorization to prepare an application for the level change to The Higher Learning Commission. Board approval of the Stage I request is required since a change in mission will be needed for VCSU to offer this Masters of Education with concentrations in technology education, information technology, elementary education, and secondary education. Interim Chancellor Hillman said the Task Force did not take action on this request but wanted to inform the Board of it. The request was received in the System office April 5; hence, neither the Academic Affairs Council nor the Chancellor's Cabinet has had a chance to review it. Interim Chancellor Hillman suggested the Board take no action at this time but let the internal review process play out and then have discussion at the next Board meeting. Mr. Kingsbury said the Task Force agreed and told Dr. Chaffee that VCSU should proceed with developing plans for this change but that the appropriate channels for approval of academic requests needs to be followed. No action was taken on this request. Some of the Board members requested to see the report from the Clarifying Campus Missions Task Force before making any changes in campus missions.

Connected Ms. Kostelecky by telephone at this time.

ConnectND Update

Dr. Vickers reported that the ConnectND project status is yellow, which means progress is being made, but risks remain. The grants and contracts module continues to be a concern regarding readiness for the July 1, 2004, go-live date. Dr. Vickers reported that a new report has been developed that measures readiness in three project areas: 1) system or software readiness, 2) campus readiness, and, 3) production system readiness. This report will be shared with the campuses regularly. Each president has been asked to monitor their campus readiness and to take steps as necessary to ensure a successful July 1 go-live date. He distributed the first readiness chart that includes the readiness status for the different modules for all NDUS institutions. He also reported that a governance document is being developed for the various stages of implementation and post-production.

Employee Compensation Report

Mr. Lee Kruger, CCF president, presented the employee compensation report and salary recommendations for 2005-2007. A copy of the report is on file in the System Office.

Internship Program

Mr. Dunn presented a status report on enhancing internship programs in North Dakota. An internship program was mandated in 2003 legislation and must be implemented by July 1, 2004. Mr. James Burgum, Governor's Office, is coordinating the internship program with cooperation from the NDUS, Career and Technical Education, Job Service, and Human Resource Management Services. The overall goal, for the NDUS, is to maximize the potential of internships in attracting and retaining college and university graduates in North Dakota. Career centers, students, state agencies, and private sector employers would use the internship program. An advertising agency will be contracted to develop and implement a marketing plan aimed at increasing awareness of the opportunities and benefits of internship programs. The Governor has committed \$100,000 of discretionary funds, available through the North Dakota Workforce Development Council, to the marketing portion of this initiative. Mr. Dunn indicated that a website will be developed as a contact point for this program for both employers and students.

Learning Management System

Dr. John Richman, NDSCS, and Mr. Bob Larson, NDUS, briefed the Board on the request for proposal process for the system-wide learning management system. A task force consisting of five faculty, three administrators, three information technology professionals, and one student was appointed to facilitate the review of learning management systems for the NDUS through the development, deployment, and analysis of an RFP. Based on the criteria established, functionality, and cost, three vendors have been selected as finalists: Angel, Blackboard, and Desire2Learn. RFPs were also received from eCollege and HTMLeZ but the task force concluded these two vendors ranked considerably below the other vendors in meeting the established criteria, functionality, and/or cost. The three finalists will provide demonstrations at the VCSU and BSC campuses this week. Thirty-three faculty and staff have been asked to serve as formal reviewers at these demonstrations. Their comments will be discussed at the task force meeting in May 2004 at which time the task force will make a recommendation for a learning management system. This recommendation will be forwarded to the Academic Affairs Council and shared with other system councils before the chancellor makes a decision based on a recommendation from the Chancellor's Cabinet.

Mr. Kingsbury expressed concerns with the process used. He said HTMLeZ should be the selected learning management software in that he believes it meets the established criteria and since it was developed in North Dakota, it is in line with the Roundtable Report and the Governor's centers of excellence initiative. **It was moved** by Kingsbury that the NDUS does not sign a contract with any learning management system until a committee composed of three Board members has studied the issue and reported to the Board. The motion failed for lack of a second.

The meeting recessed to the Health Science and Sports Complex to meet with community and business leaders.

Mr. Kingsbury left the meeting at this time.

COMMUNITY MEETING

Community and business leaders from the Williston area met for lunch with the Board, NDUS staff, and campus presidents to discuss major challenges and opportunities emerging in the state and how the NDUS can be helpful in addressing these challenges and opportunities

BOARD BUSINESS AND SPECIAL REPORTS cont.

Council of College Faculties

Members of the Council of College Faculties met with Board members. Mr. Lee Kruger, CCF president, said that in the past year, the CCF made liaison assignments to Board members. Several Board members agreed that this is a good practice and it keeps the lines of communication open.

There was discussion about the Roundtable and the CCF resolution that Dr. Burnett distributed earlier in the meeting regarding faculty representation on the Roundtable. Mrs. Clayburgh indicated that the legislature (through the chairman of the Interim Committee on Higher Education) makes the decision on Roundtable members and that the Board has no control over who gets appointed to Roundtable membership.

Mr. Kruger reiterated CCF's approval of the proposed amendments to SBHE Policy 611.9 – Selection of Textbooks and Other Curricular Materials. **It was moved** by Stroup, seconded by Christianson, to adopt amendments to **SBHE Policy 611.9 – Selection of Textbooks and Other Curricular Materials** recommended by the interim chancellor and approve second reading and final adoption of the amended policy. Andrews, Clayburgh, Kostelecky, Leitner, Stroup, Christianson, and Kunkel voted aye. The motion carried. Exhibit A.

There was also discussion on the roles and responsibilities of the CCF and the faculty representative to the SBHE. Mr. Kruger thanked the Board for the discussion and said this is an area the CCF needs to work on.

Board Policy Manual Revisions

It was moved by Christianson, seconded by Clayburgh, to approve **SBHE Policy 402 – Delegation of Admission Authority** on introduction and first reading. Andrews, Clayburgh, Kostelecky, Leitner, Stroup, Christianson, and Kunkel voted aye. The motion carried. Exhibit B.

It was moved by Christianson, seconded by Andrews, to approve **SBHE Policy 409 – Degrees Offered** on introduction and first reading. Andrews, Clayburgh, Kostelecky, Leitner, Stroup, Christianson, and Kunkel voted aye. The motion carried. Exhibit C.

It was moved by Clayburgh, seconded by Andrews, to approve **SBHE Policy 605.3 – Nonrenewal, Termination or Dismissal of Faculty** on introduction and first reading. Andrews, Clayburgh, Kostelecky, Leitner, Stroup, and Kunkel voted aye. Christianson voted no. The motion carried. Exhibit D.

It was moved by Christianson, seconded by Clayburgh, to approve the following **SBHE Policies** on introduction and first reading.

- ◆ **Human Resource 2 – Appointments**
- ◆ **Human Resource 7 – Sick Leave**
- ◆ **Human Resource 19 – Holidays**
- ◆ **Human Resource 22 – Family Leave**
- ◆ **607.4 – Sick and Dependent Leave; Family Leave**
- ◆ **703.2 – Benefits**
- ◆ **820 – Tuition Waivers**

Andrews, Clayburgh, Kostelecky, Leitner, Stroup, Christianson, and Kunkel voted aye. The motion carried. Exhibit E.

Mr. Stroup reported on the Roles and Responsibilities Task Force. He said the Task Force recommends adoption of the following policy changes. **It was moved** by Stroup, seconded by Christianson, to waive the requirement of a second meeting, approve introduction and first reading, and adopt on second reading the following **SBHE Policies**.

- ◆ **100.6 – Authority and Responsibility of the State Board of Higher Education**
- ◆ **304.1 – Chancellor/Commissioner of Higher Education Authority and Responsibilities**
- ◆ **305.1 – College and University Presidents’ Authority and Responsibilities**
- ◆ **310.1 – Board President and Member Responsibilities**
- ◆ **604.1 – Performance Evaluations: Presidents and Vice Chancellors**

Andrews, Clayburgh, Kostelecky, Leitner, Stroup, Christianson, and Kunkel voted aye. The motion carried. Exhibit F.

Major Capital Project Requests

It was moved by Christianson, seconded by Clayburgh, to approve the following major capital project requests.

- ◆ Authorization for **North Dakota State University** to issue and sell self-liquidating, tax-exempt bonds in an amount not to exceed \$11,000,000 for the purpose of financing the construction of the Bison Court apartment building. Further, authorization to appoint the firm of Arntson and Stewart, P.C. as the bond counsel and Fieldman, Rolapp & Associates as the financial advisor. Further, authorize the chancellor to approve the issuance of the bonds at a proposed true interest rate not exceeding 6%. Exhibit G.
- ◆ Authorize the **University of North Dakota** to expend an additional \$700,000 for construction of various paving projects, bringing the project total to \$2,175,000. Source of funding for the additional \$700,000: housing and auxiliary facilities revenue bond reserve funds.
- ◆ Authorize the **University of North Dakota** to increase the project cost of the Memorial Union Food Court project to \$1,200,000. Source of funds: housing and auxiliary facilities revenue bond reserves.

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

Consent Agendas

It was moved by Christianson, seconded by Andrews, to approve the following consent agenda items. Andrews, Clayburgh, Kostelecky, Leitner, Stroup, Christianson, and Kunkel voted aye. The motion carried.

- ◆ Terminate **North Dakota State College of Science**'s Parts Merchandising and Management and Mechanical Drafting and Design Technology
- ◆ Approve a Minor in Mathematics for Elementary Education at the **University of North Dakota**.
- ◆ Approve a Ph.D. in Music Education at the **University of North Dakota**.
- ◆ Percentage and dollar amount of 2004-2005 State Grant awards. Not less than 22% to students at private baccalaureate degree-granting institutions, 76-78% to the state institutions, and 3-4% to the tribal colleges and the dollar amount to remain at \$600.
- ◆ Allocate an additional \$10,000 from the 2003-2005 SBHE Initiative Fund to support the Arts and Humanities Summit.
- ◆ Allocate \$100,000 in one-time funding to each the **University of North Dakota** and **North Dakota State University** from the 2003-2005 Education Incentive Program to assist with increasing the number of doctoral program graduates
- ◆ Approve responses to campus financial related audits for June 30, 2003, and 2002 for BSC, DSU, MaSU, MiSU, MiSU-BC, NDSCS, and VCSU
- ◆ Resolution authorizing the issuance of **Lake Region State College** housing and auxiliary facilities improvement and refunding revenue bonds series 2004. Exhibit H.
- ◆ Permission for **Mayville State University** to increase the project authorization to \$500,000 for the Northwest hall Renovation. The SBHE approved \$200,000-\$300,000 in January 2003. Source of funding: donations.
- ◆ Authorize **Minot State University** to proceed with the construction of elevators in Dakota Hall and Pioneer Hall. Estimated cost of Dakota Hall: \$275,000. Source of funds for Dakota Hall: auxiliary and local plant improvement funds. Estimated funds for Pioneer Hall: \$300,000. Source of funds for Pioneer Hall: Auxiliary and local plant improvement funds.
- ◆ Authorize **Minot State University** to proceed with the renovation of the Student Union Ballroom and an upgrade to the HVAC system and sprinkler/alarm fire protection for the west side of the Student Union. Estimated cost: \$800,000. Source of funds: capital improvements line item from 2003-2005 and/or 2005-2007, student fees designated for building renovation and local plant improvement funds.
- ◆ Authorize **Minot State University-Bottineau Campus** to purchase a concession stand. Estimated cost: \$2,000. Source of funds: local funds.
- ◆ Authorization for **North Dakota State University** to proceed with fund raising efforts for a new agronomy research laboratory and greenhouse at the North Central Extension Center. Estimated cost: \$750,000. Source of funds: gifts, grants, and contracts.
- ◆ Permit **North Dakota State University** to approve the assignment and sale of the University Town Center, formerly held by 32nd Avenue Partners, Ltd. To the Krantz Family Trust, to negotiate and enter into a new lease agreement with the trust, and to extend the current lease period from 2036 to 2054 at a higher rental rate. Further, authorize the chancellor to approve the lease agreement on the Board's behalf upon its finalization.
- ◆ Authorize **North Dakota State University** to proceed with the adaptation of the Benson Bunker Fieldhouse rifle range into a State of North Dakota alternate Emergency Operations

Center facility. Estimated cost of the first step: \$106,500. Source of funding for the first step: FEMA Emergency Management Performance Grant, \$106,573.

- ◆ Authorize the **University of North Dakota** to expend an additional \$100,000 for the renovation of the Ireland Laboratory, bringing the project total to \$600,000. Source of funds: State appropriation and asbestos settlement proceeds.
- ◆ Authorize the **University of North Dakota** to accept and expend an additional \$984,159 in federal grant funds for construction of the Neuroscience Research Facility. Further, permission to approach the Budget Section for approval to accept additional funds.

It was moved by Andrews, seconded by Clayburgh, to approve the tenure report and the following tenure award requests. Andrews, Clayburgh, Kostelecky, Leitner, Stroup, Christianson, and Kunkel voted aye. The motion carried.

Bismarck State College

Linda Tonolli, Assistant Professor of Mathematics

Julie Schroer, Assistant Professor of Biology

Jean Hushagen, Assistant Professor of Biology

Dickinson State University

Daniel Conner, Assistant Professor of Education and Psychology

Ronald Gingerich, Assistant Professor of theatre

Lake Region State College

Cory Mitzel, Instructor, Trade/Technical

Mayville State University

Jeffrey Sieg, Instructor, Science & Mathematics

John Pederson, Assistant Professor, Liberal Arts

Minot State University

Robert Kibler, Assistant Professor, Humanities

Christopher Beachy, Associate Professor, Biology

William Harbort, Associate Professor, Humanities

North Dakota State College of Science

Kent Reisenauer, Assistant Professor, Automotive Technology

Tim Such, Assistant Professor, Auto Body Repair & Refinishing Technology

North Dakota State University

William Berzonsky, Associate Professor, Plant Sciences

David Hopkins, Associate Professor, Soil Science

Burton Johnson, Associate Professor, Plant Sciences

Frank Manthey, Associate Professor, Plant Sciences

Steve Shultz, Associate Professor, Agribusiness and Applied Economics

Charlene Wolf-Hall, Associate Professor, Veterinary and Microbiological Sciences

Kent Kapplinger, Associate Professor, Art

Mark Meister, Associate Professor, Communication

Carol Pearson, Associate Professor, Communication

John Elder, Associate Professor, Management, Marketing and Finance

Charles Stevens, Associate Professor, Management, Marketing and Finance

Roger Green, Associate Professor, Electrical and Computer Engineering

Margaret Fitzgerald, Associate Professor, Child Development and Family Science

Marjorie, McCullagh, Associate Professor, Nursing

Craig Stockwell, Associate Professor, Biological Sciences

University of North Dakota

Michael Atkinson, Associate Professor, Occupational Therapy

Nancy Beneda, Assistant Professor, Finance

Sandra Braathen, Assistant Professor, Information Systems and Business Education

Gaye Burgess, Assistant Professor, Theatre Arts

Patrick Carr, Assistant Professor, Anatomy and Cell Biology

Donald Daughtry, Assistant Professor, Counseling

Sergio Gallo, Assistant Professor, Music

Marcia Gragert, Associate Professor, Nursing

Cedric Grainger, Professor, Atmospheric Sciences

Bryon Grove, Assistant Professor, Anatomy and Cell Biology

Joseph Hartman, Associate Professor, Geology and Geological Engineering

Evelyn Labun, Assistant Professor, Nursing

Michael Mann, Associate Professor, Chemical Engineering

Kanishka Gaya Marasinghe, Assistant Professor, Physics

Peter Meberg, Assistant Professor, Biology

Charles Miller, Assistant Professor, Philosophy & Religion

Darin Scott Muggli, Assistant Professor Chemical Engineering

Leon Osborne, Professor, Atmospheric Sciences

Lawrence Peterson, Assistant Professor, Mathematics

Michael Poellot, Professor, Atmospheric Sciences

Jame Popejoy, Assistant Professor, Music

Richard Sweitzer, Assistant Professor, Biology

Robert Tangsrud, Assistant Professor, Marketing

Eleanor Yurkovich, Associate Professor, Nursing

Valley City State University

Jim Crawford, Assistant Professor, Business & Information Technology

Jane Hammer, Assistant Professor, Business & Information Technology

Williston State College

Faye Krogen, Assistant Professor, Science & Math

Richard Stenberg, Instructor, Humanities

It was moved by Christianson, seconded by Andrews, to approve an A.A.S. in Associate Degree Nurse through **Bismarck State College, Lake Region State College, Minot State University-Bottineau Campus, North Dakota State College of Science, and Williston State College.**

Further, approve a new program and new A.S. in Nursing at NDSCS. Further, approve a certificate program in Practical Nurse at LRSC, MiSU-BC, WSC, and BSC. In response to a question from Mr. Christianson, Interim Chancellor Hillman responded that the North Dakota Long Term Care Association supports this program. He also reported that if the Board approves this request, he plans to allocate the \$150,000 the Board set aside for collaboration to this effort. Andrews, Clayburgh, Kostelecky, Leitner, Stroup, Christianson, and Kunkel voted aye. The motion carried.

It was moved by Christianson, seconded by Leitner, to approve **Dickinson State University's** request to proceed with the planned private development on the DSU campus consisting of the

construction and development by the DSU Foundation of a senior living center and approval of the draft lease between DSU and the Foundation, and further, authorize the chancellor and DSU president to execute the lease and other required documents, subject to final corrections and revisions reviewed by the SBHE at a future meeting and approved by the chancellor and general counsel. Andrews, Clayburgh, Leitner, Stroup, Christianson, and Kunkel voted aye. Kostelecky was absent. The motion carried. Exhibit I.

It was moved by Christianson, seconded by Andrews, to authorize the **University of North Dakota** to sell three units of land acquired through a gift from the Aarestad Estate and further, authorization to retain the UND Foundation to act as the agent for UND in this sale. Andrews, Clayburgh, Kostelecky, Leitner, Stroup, and Kunkel voted aye. Christianson was absent. The motion carried.

It was moved by Andrews, seconded by Clayburgh, to name **Williston State College**'s health science wing of the new Health Science and Sports Complex the "Thomas Witt Leach Health Science Wing." Andrews, Clayburgh, Kostelecky, Leitner, Stroup, Christianson, and Kunkel voted aye. The motion carried.

It was moved by Christianson, seconded by Andrews, to appoint Robert Bahm and John Bollingberg to the State Board of Agriculture Research and Education; terms to run from July 1, 2004, to June 30, 2009. Andrews, Clayburgh, Kostelecky, Leitner, Stroup, Christianson, and Kunkel voted aye. The motion carried.

It was moved by Christianson, seconded by Andrews, to award an Honorary Master of Science Degree in Criminal Justice from **Minot State University** to Senator Byron Dorgan and an Honorary Associate Degree from **North Dakota State College of Science** to Dr. William Grosz. Andrews, Clayburgh, Kostelecky, Leitner, Stroup, Christianson, and Kunkel voted aye. The motion carried.

MAJOR POLICY DISCUSSIONS

2005-2007 Biennial Budget Guidelines

Ms. Glatt presented 2005-2007 needs based biennial budget guidelines with recommendations from the Chancellor's Cabinet and the SBHE Budget and Finance Committee. Ms. Glatt said the Cabinet's first priority is to support the long-term finance plan, providing increased funding for parity and equity and centralized information technology services. The Cabinet's second priority is to fund programs or initiatives that contribute to enhancing the economy. This includes funding for attracting and retaining youth through increased spending on needs-based financial aid, EPSCoR, and support for the Governor's centers of excellence funded outside of the higher education budget.

It was moved by Christianson, seconded by Clayburgh, to approve the following 2005-2007 needs based budget guidelines.

Roundtable Cornerstone/ Recommendation	<u>SBHE Strategic Plan— Long Range Goals</u>	<u>Description</u>	<u>Explanation</u>
Funding and Rewards 1.a., 2.a.	Implement long-term finance plan--base funding	<i>Parity funding: Support current 2004-05 operations and mandatory cost increases in 2005-07 for 11 campuses, and medical school.</i>	BFC rec. \$21.0M 2.2% annual operating inflation, 12.5% annual increase in NDUS employee health insurance and 3%/3% compensation increases for 05-07.
Funding and Rewards 1.a., 2.a.	Implement long-term finance plan—base funding	<i>Equity funding: Achieve peer benchmark targets as outlined in the long-term finance plan.</i>	BFC Rec. \$75.8M achieve 85% of peer benchmark in six years in 07-09 (50% in 05-07; 50% in 07-09)
Funding and Rewards 2.c., 8.b, 14.	Implement long-term finance plan—capital asset funding	<i>Capital Asset funding: Provide funds for regular repair and replacement of buildings and infrastructure, consistent with the goals outlined in the long-term finance plan.</i>	BFC Rec. \$10.5 M achieve 100% of new building and infrastructure formula over 10 years in 13-15, and address deferred maintenance over 14 years in 17-19. Total 05-07 request of \$17.8 million.
Funding and Rewards 2.c., 8.b, 8. c, 14.	Implement long-term finance plan—capital asset funding	<i>Major capital projects: Funding for major new construction and renovation projects.</i>	Amount undetermined SBHE will finalize major capital project priority list in June 2004.
Funding and Rewards 2.b., 7.b.	Implement long-term finance plan—state priorities	<i>SBHE Block Grant funding: Funding distributed by SBHE to support state and system priorities, including access, quality, collaboration, and responsiveness, consistent with the goals outlined in the long-term finance plan.</i>	BFC Rec. \$3.2 M achieve an amount equal to two percent of the NDUS general fund appropriation over six years in 07-09. Total 05-07 request of \$4.0 million. (50% in 05-07; 50% in 07-09).
Funding and Rewards 7.b	Implement long-term finance plan—emergencies	<i>Contingency and Capital Improvements Emergency Block Grant: Funding distributed by the SBHE to respond to unexpected emergencies and opportunities, not anticipated in the biennial budget request.</i>	BFC Rec. \$0 Maintain funding at 2003-05 adjusted appropriation level of \$422,604. This amount is equal to .12% of the 2003-05 adjusted state general fund appropriation for the NDUS (excluding related entities). Increased funding will be needed if capital assets

Roundtable Cornerstone/ Recommendation	<u>SBHE Strategic Plan— Long Range Goals</u>	<u>Description</u>	<u>Explanation</u>
			are not funded as requested.
Funding and Rewards 1.a., 2.a.	Implement long-term finance plan—base funding	<i>05-07 Deficiency approp.: Funding to cover flood related costs at UND and NDSU.</i>	Amount unknown 10% state match, interest costs on BND loan, and other FEMA ineligible costs. (Amount may vary depending on insurance settlements). Final request is subject to the Interim Chancellor’s review and approval.
Accessible System 8; Funding & Rewards 1.a.	Develop a delivery system capable of making the capacities of the NDUS accessible to all of ND	<i>State Grant Program: \$600 per year grant to students demonstrating financial need (Assumes no Minnesota reciprocity in 05-07).</i>	BFC Rec. \$1.3 M Restore lost Minnesota reciprocity funding. Assumes state general fund would cover lost Minnesota funding. Would fund an additional 1,000 students or allow the grant award to be increased from \$600 to \$800. Total 05-07 request of \$4,489,000
Educational Excellence A. 1.; Economic Development 15.	Develop a delivery system capable of making the capacities of the NDUS accessible to all of ND. Develop a University System that has intellectual capacity and programs aligned with the needs of the state.	Scholar’s Program: Tuition scholarship to encourage the “best and brightest” students to remain in the state.. (Assumes no Minnesota reciprocity revenue in 05-07.)	BFC Rec. \$0 Maintain funding at 03-05 adjusted approp. of \$862,076. 26 new slots per year and continuation of upperclassmen
Educational Excellence A. 1. and D.2.; Accessible System 4.; Economic Development 7.	Develop a delivery system capable of making the capacities of the NDUS accessible to all of ND.	<i>ND Indian Scholarship Program: Grant ranging from \$700 to \$2,000 per year based on scholastic ability and financial need for Native American students.</i>	BFC Rec. \$47,500 Fund 180 grants at \$700 per year. Total 05-07 request of \$252,000.
Educational Excellence A. 1.; Accessible System 2.,3	Develop a delivery system capable of making the capacities of the NDUS accessible to all of ND.	<i>Professional Student Exchange Program: Provides programmatic access to ND students in veterinary medicine, dentistry and optometry at out-of-state institutions. (Veterinary medicine and dentistry access available</i>	BFC Rec. \$0 Maintain funding at 03-05 adjusted approp of \$1,787,314. New slots per year: vet med=4 (MN = 4) dentistry= 4 (MN = 15) optometry= 4 continuation of

Roundtable Cornerstone/ Recommendation	<u>SBHE Strategic Plan— Long Range Goals</u>	<u>Description</u>	<u>Explanation</u>
		<i>through the Minnesota reciprocity agreement)</i>	upperclassmen
Educational Excellence A. 1.; Educational Excellence B. 10., D. 3; Accessible System 3.	Develop a delivery system capable of making the capacities of the NDUS accessible to all of ND. Develop a University System that has intellectual capacity and programs aligned with the needs of the state.	<i>Teacher Shortage Loan Forgiveness Program: Student loan forgiveness for those who teach in K-12 grade or content shortage areas. Award is up to \$1,000 per student for up to three years.</i>	BFC Rec. \$0 Maintain funding at 03-05 approp. of \$486,000. Continuation of current program cohorts; 81 new awards per year in 2005-07.
Economic Development 1., 3.; Educational Excellence A. 1., A. 3.	Develop a delivery system capable of making the capacities of the NDUS accessible to all of ND. Develop a University System that has intellectual capacity and programs aligned with the needs of the state.	<i>Technology Occupations Student Loan Program: Reduce student loan debt by \$1,000 per year up to three years for those who graduated in technology related field, completed an internship with a ND business and have been employed in a technology occupation in ND for one year.</i>	BFC Rec. \$0 Maintain funding at 03-05 approp of \$366,000 Continuation of current program cohorts; 61 new awards per year in 2005-07.
Economic Development 3., 10.; Educational Excellence A.1.	Develop a University System that has intellectual capacity and programs aligned with the needs of the state.	<i>Increase Number of Doctoral Graduates: Funds distributed equally to UND and NDSU to enhance graduate student stipends to better recruit graduate students.</i>	BFC Rec. \$0 Maintain funding at 03-05 approp. of \$60,000, distributed evenly to UND and NDSU.
Economic Development 1., 10., 14., 15.; Educational Excellence C. 2., C. 3., C. 5.	Develop a University System that has intellectual capacity and programs aligned with the needs of the state.	<i>EPSCoR: Federal matching funds to expand the state's science and technology capacity.</i>	BFC Rec. \$440,000 Total 05-07 request of \$5,090,000 will generate an estimated \$14.85 million in federal and private funds to maximize anticipated matching potential.
Educational Excellence B.2.	Develop a University System that has intellectual capacity and programs aligned with the needs of the state.	Title II: Federal funds to improve the quality of match and science in the US.	Cabinet and BFC Rec. \$0 Maintain funding at 03-05 approp. of \$695,600. No increase in federal funds is anticipated.
Economic Development 5. 8; Educational Excellence B. 11, B. 12; Flexible and Responsive B. 1., B. 2.;	Develop a delivery system capable of making the capacities of the NDUS accessible to all of ND.	Technology Block Grant: Provides funding for collaborative information technology services	BFC Rec. \$3,368,300 Maintain at 03-05 appropriation of \$18,555,783, plus

Roundtable Cornerstone/ Recommendation	SBHE Strategic Plan— Long Range Goals	Description	Explanation
Accessible System 1, 2, 3, 5,10	Develop a University System that has intellectual capacity and programs aligned with the needs of the state.	including HECN (academic and administrative computing services), IVN (video networking to support higher education, K-12 and state government), ODIN (automated library network supporting higher education, K-12 and other public and private libraries), and NDUS-O (distance education delivery)	increases to fund the following: ~\$1,018,300 increases to fund 2.2% annual operating inflation, 12.5% annual increase in NDUS employee health insurance and 3%/3% compensation increases for 05-07 ~\$825,000 Network Growth ~\$175,000 Virus Software License ~\$100,000 ODIN Service Librarian ~\$950,000 Learning Mgmt System ~\$300,000 IVN Equipment Refurbishment Total 05-07 request of \$21,924,100
Funding and Rewards 2.c., 8.b, 8. c, 14.	Implement long-term finance plan—capital asset funding	Capital Bond Payments: State general fund appropriation for repayment of general obligation bonds for major capital projects.	BFC Rec. \$2 million Amount needed to cover 05-07 bond principal and interest payments on outstanding state general fund bond obligations.
Funding and Rewards 1.a., 2.a.	Implement long-term finance plan--base funding	<i>NDUS Office Budget: Funding to support SBHE and staff, including salaries, operating, equipment and regional consortium dues.</i>	BFC Rec. \$311,450 Increase to cover WICHE/MHEC dues increase, inflation, health insurance and 3%/3% salary increases. Total 05-07 general fund request of \$5,036,466 for NDUS Office budget. Transfer Articulation and Transfer line item (\$218,655) from NDSCS to NDUS Office budget. Also, transfer FINDET budget of \$33,100 from DPI plus seek an increase of \$75,200.

Other Items:

1. Medical Malpractice Insurance.

2. Extension, Experiment, NCI, UGPTI, Forest Service – Recommendation that they request an increase of no more than 20% of their 2003-05 adjusted general fund appropriation. A 20% increase equates to approximately \$10.4 million, and a total general fund request of \$62,333,700.
3. The private sector workforce training advisory board is recommending an increase of \$601,000 in state funding to support four additional positions (one in each of the workforce training quadrants). This increase would be included in the budget request of the North Dakota Department of Career and Technical Education, and is supported by the campuses and Chancellor's Cabinet.

It was moved by Stroup, seconded by Andrews, to amend the 2005-2007 needs based budget guidelines for parity funding (the first item in the above list) by adding to the explanation, “In the event the percentage of health insurance cost is lower than stated, the dollar difference will be added to faculty and staff compensation.” Andrews, Clayburgh, Kostelecky, Leitner, Stroup, Christianson, and Kunkel voted aye. The amendment carried.

On the amended motion, Andrews, Clayburgh, Kostelecky, Leitner, Stroup, Christianson, and Kunkel voted aye. The amended motion carried.

Ms. Glatt indicated that the Governor’s Office and the Office of Management and Budget have requested that the SBHE also submit an alternate budget request equivalent to 21% of the State budget assuming there is a 2.5% per year growth in the State’s budget. This would result in an estimated increase of \$28 million for the NDUS. The BFC discussed this request at their last meeting but chose not to make a recommendation to the Board, instead suggesting the full Board discuss this request and act on it. Ms. Glatt distributed various options for an alternate budget based on Cabinet recommendations, which includes an annual 4.2% salary increase. The Cabinet further recommends the SBHE:

- ◆ Comply with the Governor’s request to submit an alternate 21% budget plan that establishes a clear set of NDUS funding priorities;
- ◆ Submit a prioritized list of funding needs beyond those provided for in the 21% budget plan which can be funded if additional State funding becomes available at a later date;
- ◆ Continue to support the goals outlined in the long-term finance plan, which are based on the expectation of the Roundtable on Higher Education, rather than on receiving 21% of the State’s budget;
- ◆ Use the long-term finance plan as the basis for development of all budget plans, including the alternate 21% budget and recognizing the need for both parity and equity funding;
- ◆ Clearly communicate the impact of a 21% budget including:
 - the continued shifting costs from the State to students through increased tuition rates;
 - an inability to meet many Roundtable expectations; and,
 - increased difficulty in recruiting and retaining high-quality faculty and staff.
- ◆ Recommend to the Governor and OMB that the increase in State general fund capital bond payments (estimated at \$2 million) should be funded outside of the 21% budget plan, not within it; and,
- ◆ Encourage the executive and legislative branches to continue supporting flexibility in setting tuition rates, recognizing that a 21% budget does not address all on-going costs.

It was moved by Christianson, seconded by Andrews, to comply with the Governor’s Office and the Office of Management and Budget and submit the following alternate budget request for

2005-2007, which includes a 3.0% annual salary increase. Andrews, Clayburgh, Kostelecky, Leitner, Stroup, and Kunkel voted aye. Christianson voted no. The motion carried.

Increase in Capital Bond Payments \$ 2,000,000

Common Information Services (CIS)

Priorities:

Parity (Assuming 3% annual salary increases)	1,018,300
Network Growth	825,000
Virus Software License	175,000
ODIN Service Librarian	100,000
Learning Management System	950,000
IVN Equipment Refurbishment	300,000
Subtotal – CIS	<u>3,368,300</u>

Student Financial Aid Increase

State Grant increase of \$300,000 and \$47,500 increase for ND Indian Scholarship Program

	347,500
	<u>347,500</u>

State Grant Pgm - 10% increase would allow 250 additional awards/year at \$600. ND Indian School - 180 grants at \$700

EPSCOR

	<u>440,000</u>
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Will provide equal amount of federal dollars and additional private funds and indirect cost reimbursement

NDUS Office Budget

Parity (Assuming 3% annual salary increases)
FINDET increase, assuming \$33,100 DPI funding in base

	236,250
	75,200
	<u>311,450</u>

Move total FINDET request from other state agencies to NDUS Office and request increase of \$75,200.

Forest Service

Parity (Assuming 3% annual salary increases)
3% Increase

	160,000
	53,000
	<u>213,000</u>

Board Initiative Block Grant

	<u>-</u>
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Capital Assets or Contingency Fund Increase

	<u>1,000,000</u>
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Balance to Parity and Equity:

80% to Parity (Assuming 3% annual salary increases)
20% to Equity
Subtotal - Parity and Equity

	16,895,800
	4,223,950
	<u>21,119,750</u>

Total Estimated General Fund Increase

	<u><u>\$ 28,800,000</u></u>
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Tuition Increases Needed to Fund:

Unfunded State Share of Parity	.8% - 2.1%
Student Share of Parity	2.2% - 4.3%
Total Unfunded Parity	3.5% - 6.2%
Student Share of Funded Equity	0% - 1.2%
Total-Student Share	4.1% - 6.6%

Estimated State Budget, Including 2.5% Growth	1,848,752,690
21% of Est 05-07 Budget Adjusted 03-05 General Fund Base, Excluding Extension/Experiment, NCI & UGPTI	388,238,065
Est Increase In NDUS GF Budget	28,759,170

} **THESE ARE BASED ON PRELIMINARY ESTIMATES & HAVE NOT BEEN VERIFIED BY OMB**

BOARD BUSINESS AND SPECIAL REPORTS cont.

Election of Officers

President Kunkel opened the floor for nominations for president. Mr. Leitner nominated Mr. Christianson for president. **It was moved** by Stroup, seconded by Clayburgh, to cease nominations and cast a unanimous ballot for Mr. Christianson. Andrews, Clayburgh, Kostelecky, Leitner, Stroup, Christianson, and Kunkel voted aye. The motion carried. Mr. Christianson will assume that office on July 1, 2004.

President Kunkel opened the floor for nominations for vice president. Ms. Clayburgh nominated Ms. Kostelecky for vice president. **It was moved** by Andrews, seconded by Stroup, to cease nominations and cast a unanimous ballot for Ms. Kostelecky. Andrews, Clayburgh, Kingsbury, Kostelecky, Leitner, Stroup, Christianson, and Kunkel voted aye. The motion carried. Ms. Kostelecky will assume that office on July 1, 2004.

PUBLIC COMMENT

Interim Chancellor Hillman introduced Ms. Mary Vammer. Ms. Vammer will be Ms. Tibke's backup for Cabinet and Board minutes in the event Ms. Tibke is unable to attend.

Ms. Chris Runge, North Dakota Public Employees Association executive director, expressed the Association's support for the employee compensation report and urged the Board to consider 4.2 percent salary increases for faculty and staff. Ms. Runge said she also serves on the Public Employees Retirement Advisory Committee and the Committee is working on adjustments to the health insurance plan for 2005-2007. PERS will try not to have any changes to the out-of-pocket costs and prescription drugs.

Ms. Runge went on to say that the NDPEA does not support the initiated measure on the 60 percent tax (which would require a 60% favorable vote of the electorate to raise any tax). Ms. Runge indicated there is concern the “tax” may include student fees and tuition. She encouraged the Board to discuss the ramifications this measure would have on higher education in North Dakota.

Ms. Rachel Hall, NDSU, apologized for the earlier comments made on behalf of Mr. Klein and indicated that these do not represent the views of NDSA members. She reiterated NDSA’s opposition to per credit hour tuition, but said that NDSA views are represented in the resolution that was sent to the SBHE earlier.

Mr. James Firch, NDSU, also expressed concern about per credit hour tuition, including VCSU going to per-credit hour tuition in the fall of 2005 and asked the Board to reconsider their decision.

ANNOUNCEMENTS

The next State Board of Higher Education meeting will be held at Dickinson on June 17-18, 2004.

Mr. Christianson said there is a possibility the dates for the Board retreat may be changed.

REVIEW OF BOARD MEETING

There were no comments.

The meeting adjourned at 4:05 p.m.

Executive Secretary

President

Date