

## ND STATE BOARD OF HIGHER EDUCATION

Minutes—July 16-17, 2008

Bismarck, North Dakota

The State Board of Higher Education met July 16-17, 2008, at the Bank of North Dakota for its annual retreat. The Board president called the meeting to order at 12:15 p.m. CT on July 16, 2008. Members present:

Mr. Richie Smith, president	Mr. Michael Haugen
Mr. Jon Backes, vice president	Ms. Pam Kostelecky
Ms. Sue Andrews	Mr. Grant Shaft
Ms. Haylee Cripe	Dr. Jon Jackson, faculty advisor
Mr. Duaine Espegard	

Staff members present:

Mr. William G. Goetz, chancellor  
Dr. Michel Hillman, vice chancellor for academic & student affairs  
Ms. Laura Glatt, vice chancellor for administrative affairs  
Dr. Marsha Krotseng, vice chancellor for strategic planning/executive director of CTEC  
Mr. H.P. Seaworth, general counsel/executive secretary  
Mr. Randall Thursby, chief information officer  
Ms. Debra Anderson, public affairs director  
Ms. Deanna Dailey, secretary  
Ms. Sheila Tibke, SBHE administrative secretary/financial aid assistant

President Smith welcomed Board members and NDUS staff to the 2008 annual Board retreat.

Chancellor Goetz introduced Mr. Eric Hardmeyer, Bank of North Dakota president and CEO, and Ms. Julie Kubisiak, senior vice president of Student Loan Services, Bank of North Dakota. Mr. Hardmeyer and Ms. Kubisiak provided history and background information on the Bank of North Dakota, financial assistance programs for students, and other services offered to the NDUS.

Mr. Seaworth reviewed key events in the history of the North Dakota University System.

Chancellor Goetz briefed the Board on the objectives and outcomes of the Cabinet retreat that was held July 8, 2008. He reported the next Roundtable meeting is October 8, 2008. Representative Svedjan will chair the Roundtable and participant members have been selected.

Dr. Krotseng reviewed the impact the Roundtable has had on higher education in North Dakota.

Dr. Krotseng distributed a list of issues that were identified by the SBHE at earlier meetings, at the recent Cabinet retreat, by the Legislative Interim Committee on Higher Education, and by the

Chancellor for Board consideration to assist in identifying the Board's highest priorities and, ultimately, SBHE objectives for 2008-09. Board members discussed the issues identified and suggested other important issues for Board consideration.

The retreat adjourned at 5:05 p.m. CT and reconvened July 17, 2008, at 8:15 a.m. CT.

Board members reviewed the proposed 2008-09 objectives the NDUS staff drafted as a result of Wednesday's discussion. Following discussion, the Board developed the following objectives:

**Goal 1 - Preparing Students for Success**

In collaboration with appropriate stakeholders, the State Board of Higher Education will develop admission and placement policies that are consistent with the high levels of student preparation required for success in college and in the global economy. The SBHE will:

- a) Propose steps to address this issue with the Joint Boards in September 2008
- b) Recommend creation and codification of a P-16 Task Force consistent with past membership
- c) Study and recommend a system of standards and assessments leading to alignment of high school graduation requirements and university admission standards and to improved ND performance on the National Assessment of Educational Progress (NAEP)
- d) Consult with private sector employers to assess students' level of preparation in the skills required for success in the current and future workforce, including "soft skills"
- e) Implement comprehensive career planning

**Goal 2 - Developing the Workforce**

The State Board of Higher Education will identify and implement effective strategies to address the state's workforce development and training needs at all levels (non-credit, certificate, two-year, four-year, graduate, professional). The SBHE will:

- a) Utilize the System's educational assets to deliver programs where they are needed
- b) Analyze potential of the higher education center concept and recommend next steps
- c) Offer programs structured to provide progressively higher levels of skills certification, for example, certificates leading to associate and bachelor's degrees
- d) Examine coordination of NDUS workforce training efforts and data reporting and develop a statewide inventory of workforce objectives, funding, and work being conducted
- e) Provide a Learning Management System for collaborative course development with 24/7 help desk services for faculty and students
- f) Provide opportunities for faculty and staff training in the use of collaborative technologies to enhance on-line course delivery

**Goal 3 - Increasing Educational Opportunities**

The State Board of Higher Education will increase educational opportunities for non-traditional students (adults, other underrepresented groups), leading to a higher level of

educational attainment throughout the state and a more highly qualified workforce. The SBHE will:

- a) Develop an Adult Education Council to offer advice and recommendations to the Chancellor regarding policy, service, and financial aid for non-traditional age students
- b) Define clear pathways for students to progress to higher degree levels in each academic discipline
- c) Establish a work group to identify ways to utilize technology effectively in serving this student population, including improving self-service options

#### **Goal 4 - Planning for the Future**

The State Board of Higher Education will engage in a comprehensive process to review and revise the system-wide strategic plan to ensure that the NDUS is well positioned to provide access to an appropriate array of academic programs, research capacity, workforce training, and cultural enrichment consistent with the roles of a university system of the 21<sup>st</sup> century. The SBHE will:

- a) Analyze and revise, if required, the System mission and vision (including input through the Roundtable process)
- b) Analyze and revise, if required, individual institution missions and key data, including on-line offerings
- c) Analyze and revise, if required, the long-term finance plan consistent with any changes to mission (original timetable included review during 2008-09)
- d) Analyze and revise, if required, tuition and fee policy (including traditional, on-line, and collaborative)

#### **Goal 5 - Focusing the Vision**

The State Board of Higher Education will engage key leaders from the legislature, the private sector, education, local communities, and executive agencies in an active dialogue focused on North Dakota's common vision for higher education. The SBHE will:

- a) Participate actively in the Roundtable process
- b) Increase communication with all Roundtable participants
- c) Explore ways to increase awareness of and to engage the System's faculty and staff in this process
- d) Explore the possibility of codifying the Roundtable in statute

#### **Goal 6 - Sharing the Vision**

The State Board of Higher Education will sustain the vision through open and frequent external communications with the executive branch, legislative branch, private sector, and others as well as through effective internal communications with the Chancellor, staff, and the eleven institutions.

Staff members were asked to further refine these objectives and to develop specific workplans with assignments and due dates. The final objectives will be reviewed and approved by the SBHE at its September meeting.

## BUSINESS MEETING

### Centers of Excellence Commission

**It was moved** by Backes and seconded by Shaft to appoint Ms. Andrews to the Centers of Excellence Commission for a term of three years beginning July 1, 2008, and ending June 30, 2011. Andrews, Cripe, Espegard, Haugen, Kostelecky, Shaft, Backes, and Smith voted aye. The motion carried.

### WSC Presidential Search Committee

**It was moved** by Andrews and seconded by Espegard to approve the Williston State College search committee membership. Andrews, Cripe, Espegard, Haugen, Kostelecky, Shaft, Backes, and Smith voted aye. The motion carried.

First Name	Last Name	Title	Representing
Pam	Kostelecky	State Board of Higher Education	SBHE Member
Steve	Houston	WSC student in the career and technical programs	Student
Brittany	Azure	WSC student in the liberal arts and sciences	Student
Dick	McKennett	Chairman, ND Development Fund	Chair/Community
Ward	Koser	Mayor, City of Williston	Community
David	Hanson	President, Williston School Board	Community
Leland	Tong	Vice President, MARC-IV	Community
Diane	Hagen	Executive Director, Williston Area Chamber of Commerce	Community
Deanette	Piesik	Director, NW Workforce Training	Staff
Lynn	Aaberg	Director, WSC Financial Aid	Staff
Ken	Quamme	WSC Assistant Professor, Computer Systems Specialist	Faculty
Richard	Lund	WSC Diesel Technology	Faculty
Wanda	Meyer	WSC Director, Distance Education and Associate Professor in Mathematics	Faculty
Terry	Olson	Executive Director, WSC Foundation	Foundation
Chet	Hill	Ag Diversification Specialist, NDSU Extension	Alumni
William	Goetz	Chancellor	Ex officio, non-voting

**It was moved** by Espegard and seconded by Kostelecky to delegate authority to the SBHE president, in consultation with the chancellor, to determine whether a consultant should be retained to assist with the Williston State College presidential search and to retain a consultant.

Andrews, Cripe, Espegard, Haugen, Kostelecky, Shaft, Backes, and Smith voted aye. The motion carried.

2008-09 NDUS Office Budget

**It was moved** by Backes and seconded by Kostelecky to approve the 2008-09 NDUS office budget. Andrews, Cripe, Espegard, Haugen, Kostelecky, Shaft, Backes, and Smith voted aye. The motion carried. Exhibit A.

2009 Board Meeting Schedule

**It was moved** by Kostelecky and seconded by Shaft to approve the proposed 2009 Board meeting schedule, with the addition of a retreat sometime mid-year. Andrews, Cripe, Espegard, Haugen, Kostelecky, Shaft, Backes, and Smith voted aye. The motion carried.

<b>Date</b>	<b>Location</b>
January 15	BSC
March 19	BSC
May 7	DSU
June 18	NDSCS
??	Board Retreat
September 17	UND
September 22	Joint boards meeting
November 19	MiSU
December 17	Conference call

2009 Legislative Process

Chancellor Goetz reviewed guidelines for the 2009 legislative session that were discussed at the Cabinet retreat. Board members suggested the language regarding secondary priorities be revised to place more emphasis on unified campus support for the SBHE budget request.

The meeting adjourned at 10:45 a.m.



Executive Secretary



President

9/18/08

Date

TO: Members, State Board of Higher Education  
FROM: Cathy McDonald, Director of Finance  
DATE: July 3, 2008  
RE: 2008-09 Annual Budget for NDUS Office

SBHE policy 302.7 Budget and Finance Committee states: "The Committee shall review and approve the annual line item budget for the system office." Because the SBHE Budget and Finance Committee will not meet again until September 8, 2008, we are requesting that the Board approve the 2008-09 NDUS Office budget at the Board Retreat in July.

The attached schedule reflects the proposed 2008-09 budget plan for the NDUS Office, including all spending lines. This budget plan may need to be amended as the Board finalizes their work priorities for the 08-09 fiscal year. The major changes between fiscal years 07-08 and 08-09 are highlighted below.

Salaries and Fringe Benefits – The 2008-09 salaries and fringe benefits line reflects a net increase of approximately \$132,418 (6.4%) from 2007-08. An overall average salary increase of 6% is included for all NDUS Office employees, excluding the Chancellor, or 7.2% including his increase.

Operating and Equipment - The operating and equipment budget (\$1,397,309) includes funding for the NDUS Office, Articulation and Transfer, FINDET, the State Approving Agency and almost 80% of the 2005-07 operating carryover (\$358,353). A number of factors affect the significant increase of \$584,341 over the 2007-08 adjusted base budget.

Approximately \$363,000 of the increase is related to the timing of expenditures for specific projects previously allocated by the Board, including Project Vital Link, SPARC, Statewide Needs Assessment, System Expertise Database, and Accountability Surveys. Including carryover from 2005-07, \$768,348 is available for the 07-09 biennium. Approximately \$202,700 was expended in FY08, and the remaining \$565,648 is included in the operating budget for FY09. In the next few months, we will be meeting with staff who manage these projects, to determine if the full balance of these funds will be used in FY09 for these designated projects or whether the funding can be reallocated by the SBHE for other purposes

The balance of the NDUS Office operating budget for FY09 is not changing significantly, other than to address dues increases and standard inflation and rate increases. It also takes into account differing costs incurred during a legislative year. However, it is important to point out that at this time, between actual 05-07 carryover and projected 07-09 carryover, we have almost \$300,000 in uncommitted operating funds. The Chancellor will be looking closely at some initiatives to utilize this funding over the next year.

Student Grant Programs – Overall, the 2008-09 budget for the student grant programs will increase approximately \$332,000 (5%) over the 2008-09 adjusted budget.

- The 2008-09 budget for the State Grant Program is \$331,431 (10.7%) higher than 2007-08. Approximately 4,300 awards will be funded at \$800 each in FY09, compared to about 4,200 awards in FY08. The FY08 adjusted budget is net of refunds totaling \$227,200.
- The increase of \$266,061 (45.2%) in the Scholars Program will allow us to fund 50 new freshmen in 2008-09, as well as continuing funding of all upperclassmen. In addition, one-time annual stipends of \$2,000 will be awarded to all incoming freshmen. The main reason for the significant increase between the two years is due to the growth in the number of new freshmen awarded each year. In FY08, nearly half of the awards (49 of 101) were to freshmen recipients, with the balance being awarded to sophomores through seniors. As the smaller upper classes graduate, the cost to continue the larger freshmen classes for four years will increase. In FY09, almost two thirds of the awards (99 of 143) were to freshmen and sophomores, and the remaining 44 to juniors and seniors.
- The \$195,292 budget for the ND Indian Scholarship Program includes an increase of \$9,292 (5%) over 2007-08, and will fund approximately 240 grants in FY09, or 10 more than were awarded in FY08. It will also permit funding for all qualified applicants with a 3.0 GPA or better.
- In the PSEP program, the \$74,317 (6.1%) increase continues state funding for existing students and is anticipated to fund the following new student slots in 2008-09: 7-Veterinary medicine; 6-Dentistry; 4-Optometry. Awards have not been finalized for 2008-09, and may change depending on final student acceptances within each program. The \$1.3 million budget for 08-09 includes \$308,700 from the student loan trust fund, to continue funding for the 9 students currently enrolled in the veterinary medicine program at Kansas State University, and to add 5 additional freshmen in 2008-09.
- The \$822,000 budget for the Education Incentive Program will provide loan forgiveness (\$1,000 per year, up to 3 years) for currently funded individuals, as well as funding new \$1,000 awards in FY09 for 158 individuals in the Teacher Shortage Loan Forgiveness Program and 167 in the Technology Occupations Loan Forgiveness Program. The FY08 adjusted budget includes a one-time allocation of \$250,000 to UND and NDSU in support of doctoral programs, as well as the \$260,000 base allocation for the biennium.

System Grant Programs and System Projects:

- The \$2,825,000 budget for EPSCOR is one half of the 2007-09 appropriation (\$5.65 million),
- The 2007-09 Title II Grant appropriation totals \$695,600. DPI manages this program, on behalf of the NDUS, and the federal funds are distributed on a competitive basis to institutions of higher education and organizations to provide services to elementary and secondary teachers to improve the teaching-learning process in mathematics and science. Participation was significantly less than in previous years in FY08, and DPI anticipates even lower participation in FY09.
- The \$550,000 budget for the Professional Liability Insurance is one half of the 2007-09 appropriation (\$1.1 million). Half of the biennial appropriation is transferred to UND

each year of the biennium, for medical malpractice coverage premiums and continued coverage for student internship programs.

- The 2007-09 legislature eliminated funding (for 2007-09) for the SBHE operations pool and contingency and capital emergency funds. However, we were able to carry over the unexpended portion of the 2005-07 appropriation (\$116,978 for the operations pool and \$126,318 for the contingency and capital emergency funds). The Board allocated all of the contingency and capital emergency funds carryover and \$5,010 of the operations pool carryover in FY08. The balance of the operations pool carryover, totaling \$111,968, is included in FY09, but has not yet been committed by the SBHE.
- The \$14.1 million that is included for Common Information Services (CIS Pool) is the amount that was approved by the SBHE in the annual budget guidelines, for the FY09 allocation of the CIS pool. The decrease is due to the one-time funding that was allocated the first year of the biennium.
- Capital Assets – The FY09 budget includes the following:
  - \$7.6 million for the 2008-09 capital bond payments
  - \$750,000 was included in the NDUS Office budget, specifically for a master capital plan/deferred maintenance at Mayville State University. All of this will be sent to MaSU in FY09.
- The 2007-09 legislative appropriation included \$398,500 for Board Initiatives, and the funds were designated for specific projects by the legislature (\$300,000 for the ND Space Grant Consortium at UND and \$98,500 for a recruiting initiative at MiSU-BC). The balance of \$26,174 is carryover from 2005-07, and is budgeted in FY09

**Proposed motion:** Approve the 2008-09 NDUS Office budget as outlined in the attached schedule.

Attachment

g:/cathy/worddocs/Annual Budgets\FY09\SBHE Annual Budget Memo-July 2008

**NDUS Office**  
**Proposed 2008-09 Annual Budget (All Funds)**

	(1) Total Budget 2008-09	(2) Adjusted Base Budget 2007-08	(3) \$\$\$ Increase (Decrease)	(4) %% Increase (Decrease)
<b>Systems Governance (Operations):</b>				
Salaries & Fringe Benefits	2,198,517	2,066,099	132,418	6.4%
Operating & Equipment	1,397,309	812,968	584,341	71.9%
Subtotal all funds	3,595,826	2,879,067	716,759	24.9%
Less estimated income	320,247	259,694	60,553	23.3%
Subtotal general fund appropriation	3,275,579	2,619,373	656,206	25.1%
<b>Student Grant Programs:</b>				
Student Financial Assistance Grants	3,433,828	3,102,397	331,431	10.7%
Scholars Program	854,500	588,439	266,061	45.2%
ND Indian Scholarship Program	195,292	186,000	9,292	5.0%
Professional Student Exchange Program	1,296,162	1,221,845	74,317	6.1%
Education Incentive Programs	822,000	1,191,000	(369,000)	-31.0%
Tribal Community College Grants	350,000	350,000	-	0.0%
Subtotal all funds	6,951,782	6,639,681	312,101	4.7%
Less estimated income	832,918	702,718	130,200	18.5%
Subtotal general fund appropriation	6,118,864	5,936,963	181,901	3.1%
<b>System Grant Programs:</b>				
EPSCoR	2,825,000	2,825,000	-	0.0%
Title II Grant	110,000	169,530	(59,530)	-35.1%
Professional Liability Insurance	550,000	550,000	-	0.0%
Operations Pool	111,968	5,010	106,958	2134.9%
Contingency & Cap Impr Emergency	-	126,318	(126,318)	-100.0%
Common Information Services	14,341,465	17,135,628	(2,794,163)	-16.3%
Subtotal all funds	17,938,433	20,811,486	(2,873,053)	-13.8%
Less estimated income	1,110,000	1,943,330	(833,330)	-42.9%
Subtotal general fund appropriation	16,828,433	18,868,156	(2,039,723)	-10.8%
<b>System Projects:</b>				
Capital Assets-Bond Payments	8,341,453	7,332,909	1,008,544	13.8%
Board Initiatives	26,174	398,500	(372,326)	-93.4%
Subtotal all funds	8,367,627	7,731,409	636,218	8.2%
Less estimated income	-	-	-	0.0%
Subtotal general fund appropriation	8,367,627	7,731,409	636,218	8.2%
<b>TOTAL</b>				
Total all funds	36,853,668	38,061,643	(1,207,975)	-3.2%
Less estimated income	2,263,165	2,905,742	(642,577)	-22.1%
Total general fund appropriation	34,590,503	35,155,901	(565,398)	-1.6%