

**ND STATE BOARD OF HIGHER EDUCATION**

Minutes—December 16, 2010

The State Board of Higher Education met December 16, 2010, by conference call. The call originated in the North Dakota University System Office, State Capital, 10<sup>th</sup> floor. The board president called the meeting to order at 8:45 a.m. CT.

Members present:

Mr. Jon Backes, President	Mr. Claus Lembke
Mr. Grant Shaft, Vice-President	Mr. Duaine Espegard
Ms. Kirsten Diederich	Dr. John Girard, Faculty Advisor
Ms. Melissa Bonner, Student Representative	

Members Absent:

Mr. Richie Smith	Mr. Mike Haugen
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Staff members present:

Mr. William G. Goetz, chancellor  
Ms. Debra Anderson, Public Affairs & Marketing Director  
Ms. Laura Glatt, Vice Chancellor for Administrative Affairs  
Dr. Michel Hillman, Vice Chancellor for Academic & Student Affairs  
Dr. Marsha Krotseng, Vice Chancellor for Strategic Planning/Exec. Director of CTEC  
Mr. Randall Thursby, Chief Information Officer  
Mr. Pat Seaworth, General Counsel  
Ms. Erika Lorenz, Secretary

Presidents and campus dean participating:

Dr. Larry Skogen, BSC	Dr. David Fuller, MiSU
Mr. Jim Borkowski for Dr. Ken Grosz, DCB	Dr. John Richman, NDSCS
Dr. Richard McCallum, DSU	Dr. Dean Bresciani, NDSU
Dr. Mike Bower, LRSC	Dr. Robert Kelley, UND
Dr. Gary Hagen, MaSU	Dr. Steve Shirley, VCSU
Ms. Melissa Schmitt for Dr. Ray Nadolny, WSC	

## **BOARD PRESIDENT'S REPORT**

Mr. Backes said he attended Governor Dalrymple's swearing in and budget address. He also met with area legislators and encouraged other SBHE members to visit with their local legislators and to be available to speak at local service group meetings.

### Executive Compensation Committee Report

*Introduction and first reading of [Policy 302.8 – Compensation Committee](#)*

**It was moved** by Espeguard, seconded by Lembke, to approve the introduction and first reading of Policy 302.8 – Compensation Committee. Espeguard, Diederich, Lembke, Bonner, Shaft, and Backes voted aye. The motion carried.

## **CHANCELLOR'S REPORT**

Chancellor Goetz said the new NDUS Web site is up and running.

- Ratify Chancellor's interim action under Policy 304.1 approving bill draft amending NDCC section 15.1-21-02.6, relating to the [North Dakota scholarship program](#)

**It was moved** by Lembke, seconded by Espeguard, to ratify the Chancellor's interim action under Policy 304.1 approving bill draft amending NDCC section 15.1-21-02.6, relating to the North Dakota scholarship program. Lembke, Diederich, Bonner, Espeguard, Shaft, and Backes voted aye. The motion carried.

## **COUNCIL OF COLLEGE FACULTIES (CCF) REPORT**

Dr. Girard thanked Dr. Krotseng for her presentation to the CCF on the NDUS Strategic Plan and accountability measures.

## **NORTH DAKOTA STUDENT ASSOCIATION (NDSA) REPORT**

Ms. Bonner said the NDSA goals for the legislative session are:

- Support voluntary student liability insurance for students driving state owned or leased vehicles as part of course curriculum
- Support a continued tuition freeze at the 2-year institutions and capping tuition at 4% for the four-year institutions

- Support securing equity and parity funding and a review of the inequity created by the current formula
- Support legislation in support of the mental health task force and bullying, deferred maintenance, job creation, and loan forgiveness.

She said several campuses held a Higher Education Day event to allow for dialogue among students, legislators, and university officials. NDSA hopes to make this an event during each legislative session. Chancellor Goetz said he will be meeting with NDSA to discuss budget priorities. In response to a question from Mr. Lembke regarding tuition freezes, Ms. Bonner said the student position on tuition was before the Governor released his budget, but NDSA supports the Governor's proposal to limit tuition rate increases to 2.5% per year at the four year campuses.

### **MINUTES**

**It was moved** by Espegard, seconded by Lembke, to approve November 4, 2010, and November 18, 2010, meeting minutes. Diederich, Lembke, Espegard, Bonner, Shaft, and Backes voted aye. The motion carried.

### **BOARD BUSINESS**

#### **Budget, Audit, and Finance Committee (BAFC) Recommendations**

- [Approve 2011-12 room and board guidelines](#)

Ms. Glatt said the room and board guidelines have been updated to reflect the compensation recommendations, including both salary increases and retirement increases, in the Executive Budget recommendation. She said mandatory fee increases approved by the Presidents will be reported to the SBHE in the spring.

**It was moved** by Espegard, seconded by Lembke, to approve the 2011-12 room and board guidelines. Diederich, Bonner, Lembke, Espegard, Shaft and Backes voted aye. The motion carried.

- [Approve 2011-13 funding pool allocation criteria](#)

Ms. Glatt presented an overview of the funding pool allocation criteria and said revisions may be needed at the end of the legislative session.

**It was moved** by Espegard, seconded by Lembke, to approve the 2011-13 funding pool allocation criteria. Bonner, Espegard, Diederich, Lembke, Shaft, and Backes voted aye. The motion carried.

*Board Policy Manual Revisions*

*Introduction and final adoption*

[100.4 Mission and Vision of the North Dakota University System](#)

Dr. Krotseng said the revision to the policy is to include the new vision statement approved by the SBHE in December 2009. Mr. Backes said there is benefit to also having a summary statement. Mr. Lembke said he is not comfortable with the mission and the vision statements as they are not consistent in referencing state residents. Dr. Krotseng said the reference to North Dakota students is to “educating the level of our state’s population.” Without objection, President Backes postponed discussion on Policy 100.4 Mission and Vision of the North Dakota University System to the January SBHE meeting to permit further revision to the vision statement.

[508.2 North Dakota Academic and Career and Technical Education Scholarships](#)

**It was moved** by Lembke, seconded by Diederich, to approve the introduction and final adoption of Policy 508.2 North Dakota Academic and Career and Technical Education Scholarships. Diederich, Espegard, Lembke, Bonner, Shaft, and Backes voted aye. The motion carried.

*Second reading and final adoption*

[HR Policy 1.2 Introduction](#)

[HR Policy 3.1 Qualifications for Employment](#)

[HR Policy 19 Holidays](#)

[HR Policy 33.2 Continuing Education for Employees](#)

[402.1.2 Admission Policies – Student Placement into College Courses](#)

[902.12 Building Names](#)

**It was moved** by Diederich, seconded by Lembke, to approve the second reading and final adoption of HR Policy 1.2 Introduction, HR Policy 3.1 Qualifications for Employment, HR

Policy 19 Holidays, HR Policy 33.2 Continuing Education for Employees, 402.1.2 Admission Policies – Student Placement into College, and 902.12 – Building Names. Diederich, Lembke, Espegard, Bonner, Shaft, and Backes voted aye. The motion carried.

### **Financial and Facility Consent Agenda**

**It was moved** by Espegard, seconded by Lembke, to approve the following financial and facility consent agenda items:

- Approve MiSU request for authority to proceed with the removal and replacement of the [football stadium bleachers](#), at a cost of up to \$2,000,000 to be funded from institutional reserves.
- Approve NDSCS request for authorization to proceed with the renovation of the [Flickertail Dining Hall in the Student Center](#) at an estimated cost of \$700,000 from auxiliary funds.
- Approve NDSCS request for authorization to proceed with the [Haverty Hall window replacement](#) project estimated to cost \$425,000, \$150,000 from 2009-11 extraordinary repairs budget and \$275,000 from 2011-13 extraordinary repairs budget.
- Approve Chancellor’s interim approval for UND to proceed with purchase and installation of additional classroom technology equipment and the related infrastructure in the [Northern Plains Center for Behavioral Research and the adjacent College of Nursing Building](#) at an estimated cost of \$194,000 to be paid from local departmental funds; and furthermore, to seek Budget Section approval per NDCC 48-01.2-25.
- Approve UND request for authorization to proceed with general renovation work including electrical and mechanical upgrades to the existing [Gamble Hall](#) building at an estimated cost of \$450,000 from 2009-11 appropriated deferred maintenance funds.
- Approve UND request for authorization to proceed with general renovation work including mechanical upgrades to the existing [Fargo Medical Education building](#) at an estimated cost of \$475,000 from 2009-11 appropriated deferred maintenance funds.
- Approve VCSU request to accept [land donation to the university from AgCountry Farm Credit Services](#).

- Ratify the Chancellor's interim approval to increase the WSC State Emergency Commission funding request from \$35,000 to \$55,000, with the balance of \$44,960 to be internally reallocated within the WSC budget to contract for a [part-time security presence](#) on campus from November 2010 until the end of June 2011. Furthermore, authorize WSC to seek \$110,000 in base funding in the 2011-13 budget request to sustain on-campus security.
- Authorize WSC to seek up to \$700,000 in state general funds in the 2011-13 budget to construct a \$1.0 million addition to the [WSC Workforce Training Center](#), to be matched with \$300,000 in Workforce training revenues; authorize WSC to seek private and other funding of up to \$1.2 million to construct two stand-alone bay shops for workforce training; and, modify the 2011-13 major capital project priority list to reflect the Workforce training facility as the number one SBHE priority.

Espegard, Bonner, Lembke, Diederich, Shaft, and Backes voted aye. The motion carried.

Without objection, the agenda item approving the MiSU request for authority to proceed with landscape safety inspection and repairs project of up to \$30,000 from local institutional reserves was removed from the agenda as SBHE approval is only required on projects over \$250,000.

**It was moved** by Lembke, seconded by Espegard, to approve the NDSU request to: Approve NDSU Development Foundation bond issue not to exceed \$5,660,000 University Facilities Lease Revenue Bonds, Series 2010 (Renaissance Hall Project) for the purpose of refinancing the short-term loans for the [Renaissance Hall project](#); authorize the Chancellor to approve the issuance of the bonds at a proposed interest rate not to exceed 5%, with approximate final date upon which the principal amount of the obligation will mature or become payable of October 1, 2030; and approve a lease agreement and other related documents between NDSU and the NDSU Development Foundation for the transaction. Espegard, Diederich, Lembke, Bonner, Shaft, and Backes voted aye. The motion carried. Mr. Backes thanked NDSU for its creative financing on this project and the resulting savings to the state.

**It was moved** by Espegard, seconded by Lembke, to approve the UND request for additional authorization of \$200,000 for renovation of existing space that will be leased from the

Department of Defense and located on the Grand Forks Air Force Base to be funded from a Centers of Excellence Enhancement Grant for [Unmanned Aerial Systems](#). Lembke, Diederich, Bonner, Espesgard, Shaft, and Backes voted aye. The motion carried.

Ms. Glatt pointed out that the two WSC approved items will impact the 2011-13 biennial budget request, which will be modified accordingly.

## **MAJOR POLICY DISCUSSIONS & SPECIAL REPORTS**

### [Annual enrollment report](#)

Dr. Hillman presented an overview of the annual enrollment report and said the NDUS served 3,500 more students than last year. He also said there has been an annual 15-20% increase in internet delivery students.

### [Review 2011-13 Executive Budget recommendation](#)

Ms. Glatt summarized the 2011-13 Executive Budget recommendation. In response to a question from Mr. Espesgard regarding the cost to continue for salary increases, Ms. Glatt said this is to sustain salary increases that were granted July 1, 2011, and only included in the NDUS base for one year in the 2009-11 appropriation. These costs will need to be sustained for two years of the next biennium at a cost of \$8.5 million.

In response to a question from Mr. Lembke regarding retirement contributions, Ms. Glatt said the Executive Budget proposal anticipates a 3% salary increase on July 1, 2011, and on January 1, 2012, a 1% increase in the employer retirement contribution rate, with the employee also contributing 1%. The same would occur on July 1, 2012 and January 1, 2013. The retirement increases apply to both PERS participants and TIAA-CREF participants. Mr. Lembke said that although he supports the SBHE request and the Executive Budget proposal he personally opposes the retirement increases as he and other taxpayers have suffered similar losses and no one is making their retirement whole.

Ms. Glatt said that at the request of a SBHE member some time will be set aside on the January SBHE agenda for a brief overview of budget and financing methodology.

#### VCSU Rhoades Science Center

In response to a question, President Shirley said VCSU contacted OMB regarding the reduction in recommended funding for the Rhodes Science Center in the Executive Budget and received documentation on OMB's methodology. He said the OMB issue was with percentage of space utilization and total square footage needed, but their calculations were based on fall of 2009 enrollment numbers. President Shirley said VCSU has had a 48% increase in STEM enrollment. President Shirley said VCSU has background materials that can be provided to the SBHE and more detailed materials will be provided to the SBHE next week. Chancellor Goetz recommended the information from VCSU be taken under advisement by the Chancellor who will then communicate to the SBHE President and the BAFC as to the position that could be taken at the hearing.

**It was moved** by Lembke, seconded by Espesgard, to allow the Chancellor authority to work Dr. Shirley on the VCSU Rhoades Science Center, in consultation with the SBHE President and the Budget, Audit, and Finance Committee, and to make appropriate changes to the SBHE budget request as needed. Espesgard, Bonner, Lembke, Diederich, Shaft, and Backes voted aye. The motion carried.

Chancellor Goetz said he appreciates and supports the [proposed Executive Budget and further recommends requesting legislative support](#) for the following budget items:

- **UND SOMHS \$1,779,050 base funding increase:** Chancellor Goetz said the Governor is supportive of the UND SOMHS and its future. He recommended the SBHE advance a proposal to the legislature that includes eight additional medical students, nine new residency slots, and 15 additional health science students. He also recommended an interim study, separate from the Higher Education Committee, which would include membership from the UND SOMHS, the UND SOMHS Advisory Council, and additional representation from the general public. He said the total cost for students to complete the program would be approximately \$6 million. In future legislative sessions,

the cost to continue the slots added in 2011-13 would need to be incorporated into base funding. Mr. Shaft suggested that the interim study may be a task for the UND SOMHS Advisory Committee, as they have largely already completed this task through a broadly representative group. He also commented that he is concerned that UND Law School will need to be addressed in 2013-15 due to accreditation requirements, and the conflict this creates between the SOMHS facility needs and those of the law school.

- Technology Infrastructure \$510,000 one-time increase: One-time funding to expand on-line, live tutoring and writing services from the current five to all 11 campuses.
- Joint UND/NDUS IT Facility \$6,400,000 one-time increase: The Executive Budget recommendation reduced the funding from \$17.6 million to \$11.2 million. Chancellor Goetz suggested continuing support for \$17.6 million. The SBHE request was based on current and future research and facility needs.

In response to a question from Mr. Backes regarding information from OMB on the reduction in funding for capital projects, Ms. Glatt said she requested information from OMB but has not yet received it. Mr. Thursby said construction inflation alone, since 2008, increases the cost of the project to in excess of \$12 million. Reducing the cost of the project will reduce the major capabilities and remove the ability to use the facility as a research center. Based on the urging of some SBHE members to closely evaluate the project cost, Chancellor Goetz suggested several SBHE members meet with Mr. Thursby, UND personnel, and the architect to see if there are design changes that can be made to reduce the cost of the facility.

- Small-to-medium projects \$4,009,900 one-time increase: He recommended the SBHE support funding for campuses' number one priorities in this category.

**It was moved** by Lembke, seconded by Espesgard, to seek base funding for the UND SOMHS increases in student enrollments in health care programs, in the amount of \$1,779,050. Bonner, Espesgard, Lembke, Shaft, and Backes voted aye. Diederich was absent. The motion carried.

**It was moved** by Espegard, seconded by Lembke, to seek one-time-funding of \$510,000 to expand on-line, live tutoring and writing services to all 11 campuses. Espegard, Lemke, Bonner, Shaft, and Backes voted aye. Diederich was absent. The motion carried.

**It was moved** by Shaft, seconded by Diederich, to table the UND/NDUS Joint IT Facility and that the Chancellor designate a group to meet with the architect to discuss the project and related costs, and furthermore that the Chancellor report to the SBHE on future of the project. Diederich, Lembke, Espegard, Bonner, Shaft, and Backes voted aye. The motion carried.

**It was moved** by Lembke, seconded by Bonner, to seek \$4,009,900 in state and \$500,000 in other funds for the number one priority small-to-medium capital project at each campus. Espegard, Diederich, Lembke, Bonner, Shaft, and Backes voted aye. The motion carried.

#### Update on Minard Hall

President Bresciani presented an overview of the issues with Minard Hall. He said Minard Hall is one of the major academic buildings on campus and having the facility off-line has created some significant space challenges. He said that leasing off-campus space to address those space challenges is a very inefficient use of the institution's resources. The results from a forensic study of the collapse are expected in mid-February. He said administrative tracking of the projects between the three phases and the collapse is very difficult. President Bresciani said soil instability issues have halted the project and additional costs will be incurred as a result of the collapse and the delay.

President Bresciani requested the SBHE approve the following:

- Expand the original scope of the project and timeline to include a redesign of the collapsed portion of building.
- Redesigning the Minard Hall North addition to relocate the mechanical space, which will need to be relocated from a planned basement space, which is no longer feasible due to soil conditions.

- Allowing collapse related expenses to be funded from general funds currently available for the project.
- Administratively combine the three building phases into one project for project management purposes.
- Authorize NDSU to seek appropriate legislative authorization and funding to complete the project in the most appropriate manner.

In response to a question from Mr. Lembke regarding additional authority, Ms. Glatt said the change in scope and additional funding will need approval from the legislature.

**It was moved** by Espegard, seconded by Lembke, to approve the NDSU request to: expand the original scope of the project and timeline to include a redesign of the collapsed portion of building; redesign the Minard Hall North addition to relocate the mechanical space, which will need to be relocated from a planned basement space, which is no longer feasible due to soil conditions; allow collapse related expenses to be funded from general funds currently available for the project; administratively combine the three building phases into one project for project management purposes; and authorize NDSU to seek appropriate legislative authorization and funding to complete the project in the most appropriate manner. Lemke, Diederich, Bonner, Espegard, Shaft, and Backes voted aye. The motion carried.

Chancellor Goetz said President Bresciani will continue to update the SBHE on any work conducted with legislators.

#### Discussion on format for future SBHE meetings

Chancellor Goetz said, in the past, time was set aside for the SBHE to discuss policy issues on the Wednesday afternoon prior to the official business portion of the SBHE meeting. Mr. Backes said there are issues the SBHE needs time to discuss and the current format is not conducive to these discussions. He would like to have Wednesday afternoon meetings before the regularly scheduled SBHE meetings, perhaps not at every meeting but on a regular basis. Mr. Backes will set aside time to discuss issues at the face-to-face meetings beginning in January at BSC.

**COLLEGE AND UNIVERSITY PRESIDENTS' BRIEFINGS**

President Hagen said MaSU has been awarded a North Dakota Department of Instruction Mathematics and Science Partnership Grant of \$380,000 over 2 years. The grant is to work with area schools in grades K-12 to bring STEM education concepts into classrooms. MaSU will be working with the UND School of Engineering and Mines, the West Fargo STEM Center, the Red River Valley Educational Cooperative, and schools that had 50% or fewer students achieving proficiencies in mathematics and science.

President Bresciani said all of the NDSU Division I fall sports teams competed in post-season play. There were only eleven other universities that achieved this.

In response to a question from Mr. Lembke regarding the Commission on Higher Education Funding, Mr. Backes said the SBHE is mandated to determine issues for the university system and whatever the commission recommends will need to be approved by the SBHE.

**Future Board Meetings**

- January 13 – Conference call
- January 27 – BSC
- March 1 – BSC
- April 7 – Conference call

The meeting adjourned at 12:10 a.m.



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Executive Secretary



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President

1/27/11

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Date