

North Dakota State Board of Higher Education June 17, 2025, Budget and Finance Committee Meeting Minutes

The State Board of Higher Education Budget and Finance Committee met on June 17, 2025, at 10:30 a.m. CT, via Teams.

SBHE Budget and Finance Committee members

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| <input checked="" type="checkbox"/> Mr. Kevin Black, Chair | <input checked="" type="checkbox"/> Mr. Jeffrey Volk |
| <input checked="" type="checkbox"/> Ms. Danita Bye (departed 11:30 a.m.) | <input checked="" type="checkbox"/> Mr. Tim Mihalick |
| <input checked="" type="checkbox"/> Mr. Curtis Biller | <input checked="" type="checkbox"/> Mr. Michael Linnell, Staff Advisor |
| <input checked="" type="checkbox"/> Mr. DJ Campbell (invited by Chair Black) | |

Institution Presidents/Representatives

BSC Ms. Sonya Koble, **DCB** Dean Simone, **DSU** Mr. Les Wietstock, **LRSC** President Darling, Ms. Joann Kitchens, **MaSU** President Van Horn, Ms. Amber Hill, **MiSU** President Shirley, Ms. Krista Lambrecht, **NDSCS** President Flanigan, **NDSU** Mr. Bruce Bollinger, Ms. Karin Hegstad, **UND** Mr. Matt Kibbon, Ms. Karla Stewart, Dr. Namil Choi, Mr. Terry Nelson, **VCSU** Ms. Erica Buchholz, **WSC** President Hirning,

System Office/CTS/Guests

NDUS VC. David Krebsbach, VC. Jerry Rostad, Mr. Mark Gorenflo, Ms. Melanie Hansen, Ms. Jane Grinde, Mr. Chris Pieske, Ms. Jamie Wilke, AG Ms. Meredith Larson.

Committee Chair Black called the meeting to order at 10:30 a.m. CT.

Committee Business

1. Agenda
Volk moved, Biller seconded, to approve the agenda, as presented.

Approved by consensus.

Consent Agenda

2. [May 20, 2025](#), Meeting Minutes
3. NDSU Request to [change Music Education Building Name](#)
4. WSC request to [transfer Tier II and III](#) funds
5. NDSCS request to [transfer Tier II and III](#) funds
6. DSU request to [transfer Tier II](#) funds
7. [DSU Bond Reimbursement Resolution](#) for \$12.5 million in bonding authority authorized by the SBHE on June 25, 2024, and September 24, 2024, and the 69th Legislative Assembly
8. Policy 803.1, [Purchasing](#)
9. Policy 840, [Contract Review](#)

Biller moved, Bye seconded, to recommend approval of the consent agenda, items 2 – 9, including a modification to item 3 regarding NDSU's request; the donor's name will be released at a future SBHE meeting.

Mihalick, Volk, Biller, Bye, and Black voted yes. Motion passed 5-0.

Committee Business

10. NDSU Seim Hall Renovation Project Authorization Increase Request

Mr. Bruce Bollinger provided the committee with the background leading up to NDSU's current request. In January, the State Board of Higher Education approved the initial project authorization of \$26 million. Today's request is to increase the project authorization to \$29 million. The original estimate, prepared by our facilities department in October, has since been revised by the construction manager at risk (CMAR) contractor hired by NDSU, who was hired in February. The updated estimate reflects a \$3 million increase, primarily due to ongoing uncertainties in the construction industry, including the impact of tariffs and market volatility. While there have been minor interior modifications and an update to the cooling unit, the primary purpose of this request is to ensure adequate authorization to accommodate these industry-related cost fluctuations.

Volk moved, Biller seconded, to recommend approval for [NDSU Seim Hall renovation](#) project authorization increase.

Mihalick, Volk, Biller, Bye, and Black voted yes. Motion passed 5-0.

11. UND to fundraise for ~~and begin construction on~~ a new Health Professions Facility

UND representatives reviewed their request to the committee and provided information on the various phases of their request to build a [new health facility](#). The Community Health Trust Fund provided a \$5 million appropriation to initiate the planning phase. This funding will support schematic design, design development, and the creation of materials to assist the UND Foundation in fundraising efforts. The total projected cost for the facility is \$95 million dollars; UND will fund \$40 million dollars, and UND anticipates \$50 million dollars from the general fund, pending legislative approval in the next biennium.

Committee members expressed concerns regarding the scope of the current request and approving construction of a new facility without a detailed plan or exact costs for the project. Members discussed narrowing the authorization to the planning and design phase only; they noted the importance of completing the planning phase to determine costs for a large construction project. In response, UND representatives confirmed that the intent is to use the current funds solely for planning and design and acknowledged the board's preference for a phased approval process and expressed willingness to return for further authorization once full legislative funding is secured.

Volk moved, Mihalick seconded, to recommend authorization to UND to begin fundraising and to expend the \$5,000,000 appropriated by the legislature for preliminary planning of the Health Professions Facility addition. Further, request that UND continue to seek Board approval prior to the next legislative budget approval process.

The committee re-iterated the approval does not authorize construction for the health facility to begin; UND will seek Board approval prior to commencing any construction activities.

Biller, Bye, Mihalick, Volk, and Black voted yes. Motion passed 5-0.

12. Executive Session

Biller moved, Bye seconded, to enter Executive Session to discuss (1) Records in possession or under the control of the NDUS which relate to cybersecurity information or critical infrastructure, the disclosure of which may expose or create vulnerability of critical infrastructure systems; and (2) limit the executive session to voting board members, nonvoting advisors, the chancellor, invited NDUSO/CTS staff, and board counsel. The legal authority for closing this portion of the meeting is North Dakota Century Code sections 44-04-18.4(7) and 44-04-19.2.

Executive session began at 10:50 a.m. CT.

Present:

SBHE Budget and Finance Committee members

- | | |
|--|--|
| <input checked="" type="checkbox"/> Mr. Kevin Black, Chair | <input checked="" type="checkbox"/> Mr. Jeffrey Volk |
| <input checked="" type="checkbox"/> Ms. Danita Bye | <input checked="" type="checkbox"/> Mr. Tim Mihalick |
| <input checked="" type="checkbox"/> Mr. Curtis Biller | <input checked="" type="checkbox"/> Mr. Michael Linnell, Staff Advisor |

System Office/CTS/Guests

NDUS - VC. David Krebsbach, VC. Tom Danford, Mr. Corey Quirk, Ms. Jane Grinde, Mr. Chris Pieske, Ms. Melanie Hanson, Ms. Kristie Hetzler, AG - Ms. Meredith Larson.

Reconvened in open meeting at 11:10 a.m. CT.

13. Biennial budget for SBHE, NDUS Office, and CTS

VC Krebsbach provided highlights of the [biennial budget for the 2025–2027 biennium](#). The documentation includes two separate annual budgets, which are broken down for each year. The proposed budget totals \$256.5 million, reflecting a \$51.8 million increase over the anticipated expenses for the 2023–2025 biennium.

Key Highlights:

The legislature demonstrated strong support for higher education; the total enterprise budget across NDUS institutions is \$3.4 billion, with institutions accounting for 91.7% of that total. Legislation also provided \$30 million in new or additional funding for several initiatives:

- \$10 million for Workforce Education Innovation Grants
- \$7 million for the new Supplemental Student Financial Assistance Program
- \$4.8 million increase for Higher Education Challenge Grants
- \$4.3 million for Tier II and III Capital Building Funds
- \$1.5 million increase in base funding for the Professional Student Exchange Program
- Additional smaller increases across various programs

The System Office budget, including CTS and Board operations, is \$256.8 million.

- Student grants: \$105.0 million
- CTS: \$78.5 million
- System grants and projects: \$60.0 million
- System Governance: \$12.3 million
- Unbudgeted Contingency Funds: \$658,910

Funding Sources:

- General Fund: \$155.6 million
- Special Funds: \$101.2 million, including:
 - ConnectND fees and campus billings for CTS
 - State Investment and Improvement Fund (SIIF)
 - Bank of North Dakota profits (supporting Career Builders and Dual Credit Scholarships)

General Fund Carryovers - approximately \$688,500

- \$509,800 from the 2023–2025 biennium
- \$71,000 from the 2021–2023 biennium
- These are treated as one-time funds for studies, tech needs, employee annual leave payouts at time of termination, and contracts

The committee addressed the carryover funds, and the process used to allocate them; these funds are treated as one-time resources, as they are not reappropriated by the legislature in future biennia.

Legislative Directives and Budget Visibility:

- \$242,000 of the carryover will be allocated to fulfill a legislative directive for Lake Region State College; the other legislative directive is an allocation to Bismarck State College and that portion is budgeted within the CTS budget, not directly visible in the system office line item.
 - Legislative directives are to be allocated from the system governance funds.
- \$130,000 is earmarked for a potential Chancellor search.

VC Krebsbach explained that the process for allocating carryover funds has historically been made by the Chancellor, typically used for emerging system needs; however, all funds remain subject to board oversight and direction.

The committee discussed accounting and budgeting, specifically, accrued leave liabilities, noting that funds are recorded in the system's financial statements but aren't budgeted in advance. As a result, when payouts are due (e.g., upon retirement), they must be covered by available funds in the current biennium, including carryover if necessary.

VC. Krebsbach summarized the System Office budget by department, details and comparisons across departments and fiscal years are identified:

- FY 2026 General Fund Budget - total Budget: \$5.4 million
 - Salaries & Benefits: \$4.7 million (approximately 87% of the total)
 - Operating costs are detailed in the lower section of the chart
 - This budget reflects stable year-over-year operations with no major structural changes

- FY 2026 – Special Funds Budget
- Partial salary and benefit costs
- Training and professional development initiatives
- FY 2027 – General Fund Budget - total Budget: \$5.7 million
 - Salaries & Benefits: \$5.0 million
 - Budget remains consistent with FY 2026, reflecting modest growth and continuity in operations
 - Similar structure and use as FY 2026
 - Supports ongoing System Office functions and training needs

Reserve Fund Clarification:

The previous Chancellor, Dr. Hagerott, implemented a reserve funding line item to have the flexibility to address unforeseen System Office needs. The reserve fund is a distinct, unbudgeted, contingency fund; those funds are not separately itemized in the overall budget summary, rather they are accounted for within the total available resources.

Ms. Melanie Hansen from Core Technology Services (CTS), clarified that \$600,000 line item from the CTS budget was a contribution to address the legislative directives related to BSC and LRSC, and noted above. CTS's contribution is part of the system's broader financial planning.

The committee also received clarification on costs for the nursing education consortium funding and the financial aid system (technology).

Mihalick moved, Biller seconded, to recommend approval of the biennial budget for SBHE, NDUS Office, and CTS, as presented.

Mihalick, Volk, Biller, and Black voted yes. Motion passed 4-0. Bye absent.

14. Executive Compensation Plan

Chair Black stated that he invited Board member Campbell to the committee meeting to provide an overview of his work on the [executive compensation strategy](#). Member Campbell provided a high-level overview of the proposed compensation strategy for NDUS executives (institution Presidents); he stated that a document was sent to members this morning by Ms. Grinde and is also attached for review. It aims to bring presidents' salaries to the 50th percentile over the next three years for the R1 institutions and two years for the other NDUS institutions, with a minimum annual increase of 3%.

- R1 Institutions: The strategy includes a 20% discount off the 50th percentile for R1 institutions over the next three years, considering the size and scope differences compared to larger institutions in their peer group.
- Other Institutions: For other institutions, the strategy aims to reach the 50th percentile over two years, with a minimum annual increase of 3%.

Mihalick moved, Volk seconded, to recommend adopting the executive compensation strategy.

The committee clarified the intent is to bring the compensation strategy to the June full Board meeting to discuss more specific recommendations for each of the NDUS Presidents.

Biller, Mihalick, Volk, and Black voted yes. Motion passed 4-0. Bye absent.

Due to time constraints, items 15 and 16 will be discussed at the next BFC meeting.

Volk moved, Mihalick seconded, to adjourn the meeting at 12:00 p.m. CT.

Approved by consensus.

The following items were moved to a future meeting:

15. [Policy 703.1](#), Early Retirement

VC Krebsbach

And,

16. Budget reporting and [Policy 302.3](#)

The meeting adjourned at 12:00 p.m. CT.

Approved September 16, 2025.