

BOARD OF REGENTS
MINUTES OF THE MEETING
August 2-4, 2016

The South Dakota Board of Regents met on August 2-4, 2016 at River Rock Lodge in Pierre, South Dakota with the following members present:

Randy Schaefer, President*
Bob Sutton, Vice President
Kevin Schieffer, Secretary
John Bastian, Regent
Harvey Jewett, Regent
Kathryn Johnson, Regent*
Jim Morgan, Regent
Pam Roberts, Regent
Conrad Adam, Regent

*Regents' President Randy Schaefer was present at the Thursday, August 4, 2016 meeting and Regent Kathryn Johnson was present for all but the Tuesday, August 2, 2016 meeting.

Also present during all or part of the meeting were Mike Rush, Executive Director and CEO; Guilherme Costa, General Counsel; Paul Turman, System Vice President for Academic Affairs; Nathan Lukkes, System Assistant Vice President for Research and Economic Development; Michele Anderson, Internal Auditor; Kayla Bastian, Director of Human Resources; Monte Kramer, System Vice President of Finance and Administration; Dave Hansen, Director of Information Technology; Molly Hall-Martin, Director of Student Preparation & Success; Molly Weisgram, System Director of Student Affairs and Board Secretary; Janelle Toman, Director of Communications; Leah Ahartz, System Budget Manager; Daniel Palmer, Director of Institutional Research; Barry Dunn, SDSU; José-Marie Griffiths, DSU; Tom Jackson Jr., BHSU; Marjorie Kaiser, SDSBVI/SDSD; Heather Wilson, SDSM&T; Tim Downs, NSU; James Abbott, USD; Craig Johnson, UC-SF; and other members of the regental system and public and media.

TUESDAY, AUGUST 2, 2016

The Board of Regents convened in open session at 4:00 p.m. on Tuesday, August 2, at the River Rock Lodge in Pierre, South Dakota. Calling the meeting to order, Regents' Vice President Bob Sutton declared a quorum present.

IT WAS MOVED by Regent Bastian, seconded by Regent Roberts that the Board of Regents convene and dissolve into Executive Session at 4:00 p.m. on Tuesday, August 2 in order to discuss marketing or pricing strategies by a board of a business owned by the state when public discussion may be harmful to the competitive position of the business, pending and prospective litigation, personnel matters, and to consult with legal counsel; that it rise from executive session at 7:00 p.m. to resume the regular order of business; that it report its deliberations while in executive session during the portion of the regular order of business that begins at 1:00 p.m. on Thursday, August 4, 2016. Motion passed.

WEDNESDAY, AUGUST 3, 2016

Regents' Vice President Bob Sutton called the meeting to order at 8:00 a.m.

PLANNING SESSION

2-D Return on Investment

Dr. Daniel Palmer, System Assistant Vice President for Institutional Research & Planning, explained the methodology and resulting information from the return on investment analysis, which examines data from the U.S. Census Bureau's American Community Survey (ACS) program in an effort to better quantify the long-term "return on investment" associated with earning a college degree in the South Dakota region. Using the resulting information, he showed how the report provides evidence of the significant return on investment of postsecondary education for both individuals and broader economies.

Dr. Palmer emphasized that South Dakota has a lower percentage of higher education degree holders and also has lower per capita income. He said there is a clear relationship between the two.

In addition to the economic benefits, Regents also stressed the importance of better articulating the non-statistical benefits of higher education, such as quality of life. Additionally, the group felt it was critical to articulate the societal benefits of having educated people in society.

It was suggested that the Board summarize the first two pages of this report and send it out to legislators and cabinet secretaries, explaining that the Board just had its retreat and thought this information was really important to share. The group thought the report should include three elements: (1) statistical return to the individual, (2) statistical return to the state, and (3) the nontangible benefits. This could then boil down to a one-page marketing piece that would summarize the benefits, which would serve as a supplement to the Fact Book.

As discussion continued, SDBOR Executive Director Mike Rush emphasized the importance of explaining the value of all postsecondary education, including both technical schools and the universities. It was recognized that another part of the mission of postsecondary education is

research. Dr. Monte Kramer said that the economic impact of the state's investment in research is being conducted and the resulting information should be available by the upcoming legislative session.

2-A Strategies for Achieving the State's Higher Education Attainment Goal

Dr. Paul Turman, System Vice President for Academic Affairs, explained that the regental system has had a higher education attainment agenda for some time. He reminded the group that after a discussion at the August 2015 BOR retreat, the Board approved a provisional higher education attainment goal of 65% at its October 2015 BOR meeting. Dr. Rush and central office staff then worked during the 2015-16 academic year to facilitate additional stakeholder engagement consistent with the provisional higher education attainment goal adopted by the Board in October 2015. Since that meeting, other stakeholders have voiced support for the attainment goal: the Workforce Development Council in December 2015, the Board of Education in May 2016, and Governor Daugaard in his 2016 State of the State address.

He introduced Scott Jenkins and Susan Heegaard from the Lumina Foundation who joined the Board to discuss attainment trends in South Dakota and Lumina's State Policy Agenda. They engaged in discussion surrounding strategies for achieving the attainment goal and presented the types of technical assistance Lumina can provide in helping South Dakota achieve its goal.

After discussion of the attainment goal and related strategies, there was general consensus by the Board that it is important to initially engage all stakeholders with a presentation similar to the one that Lumina just provided. The group felt that the Governor and his cabinet as well as the Workforce Development Council should be the first stakeholders approached. It was also suggested that the BOR should work with the Governor's Office of Economic Development as they would be an important partner in this effort.

To demonstrate the importance of achieving such a goal, one Board member suggested that we find a way to demonstrate the consequences of not meeting the attainment goal. This could be done by creating pictures of the future South Dakota economy at different levels of attainment.

The Board charged Dr. Rush and staff to initiate the collaboration of all stakeholders. Once the stakeholders are around the table, the discussion should move to how collaboration can take place and what can be accomplished together. At the point that the possibilities have been defined, it is important that it demonstrate the results of not achieving the attainment goal. They asked that Dr. Rush provide an update on these conversations at the next Board meeting.

The group discussed whether or not an attainment goal of 65% is the right one for South Dakota. Recognizing that all postsecondary granting institutions work to contribute to this goal, they asked whether 65% is too much of a stretch goal.

2-B Strategic Plan Performance Indicators

Dr. Mike Rush, SDBOR Executive Director, introduced the topic of the SDBOR 2014-2020 Strategic Plan performance indicators by saying that the information provided is meant to spur discussion around strategic direction.

Dr. Daniel Palmer provided the Board with an update on the current status of the performance indicators on the priority area of student success. He said the progress toward the student success goals are slowly but steadily being met. During his presentation, he indicated that the projected growth over the next several years is all in minority populations. Additionally, he said the students that the institutions struggle with retaining most are those who are not academically prepared and those who are low-income.

Dr. Turman provided the Board with an update on the priority area of academic quality and performance. Discussion ensued about the varying levels of the value and quality of different accrediting bodies. It was noted that much of the experiential learning that occurs at the institutions is not captured on this graph because many of these experiences are not awarded with college credits, such as unpaid internships. In regard to the graduate program goal, Dr. Rush noted that this particular aim may need to be re-examined. Rather than seven additional per year, Dr. Turman suggested that the system office could assess how many new graduate programs are needed and set the goal from that analysis.

Nathan Lukkes, System Assistant Vice President of Research & Economic Development, provided the Board an update on the priority of research and economic development. He said although it is not likely that we will meet the grants and contracts expenditures goal outlined in the strategic plan of \$150 million per year by 2020, the indicators shows appropriate and realistic growth.

Dr. Monte Kramer, System Vice President of Finance & Administration, provided an update on the priority of affordability and accountability. He said when considering the average net price (tuition and fees less financial aid) of all public universities in the nation, South Dakota has become one of the more expensive states. With room and board, South Dakota is seventh most expensive in comparison to other states. The fact that buildings are paid for with tuition dollars and South Dakota has no needs-based scholarship are major contributing factors. The discussion moved to the balance between higher education costs contributed by the state and the students, and how students have assumed an increasing level of responsibility.

Superintendent Marjorie Kaiser provided an overview of the goals and efforts related to the students served by the special schools.

2-C.1 Higher Education Finance – Financial Reports

Dr. Kramer described current financial reports and their potential use by the Board. He indicated that although the Board finance staff have not formalized the distribution of all the reports to the Board, Board staff could regularly provide additional financial reports and tools to assist the Board members in their fiduciary responsibility, if requested. He said the goal is to provide the Board with the financial information it needs to do its work.

Dr. Kramer asked the Board for guidance as to what specific financial information it would like to see. He indicated that a monthly Statement of Revenues and Expenditures may be a helpful tool to assess how an institution is managing changes in resources by tracking budget and expenditure information. It was the general consensus that the additional report was unnecessary considering all the other tools in place.

The Board indicated that they are comfortable having access to all financial information as long as concerns are brought forward to the Board.

Dr. Rush suggested that an in-depth overview of each institution's financial information be provided by Dr. Kramer, the finance vice presidents and controllers at an upcoming Board meeting. Additionally, he introduced the idea that regular reviews and analysis of the financial information could be accomplished using a Board Audit Committee made up of Board members and possibly outside financial experts. The committee would work closely with Board finance staff and the university finance personnel to review and assess the financial health of the universities and related compliance issues. He indicated that he plans to bring a proposal regarding an Audit Committee to the Board in the future.

2-C.2 Higher Education Finance – Capital Investments

Dr. Kramer provided a written overview of the Board's authority to issue bonds to finance and refinance capital projects within the auxiliary system which includes facilities such as student unions, wellness facilities, and residential facilities. The report identified the Board issued bonds satisfied by revenues generated by the auxiliary system. The bond commitments include the maintenance of the facilities, casualty and liability insurance, and a coverage ratio of net revenues over annual debt of 120% or more. The debt pledge on the bonds is an institutional pledge of system revenues, repair and replacement reserve funds, and ultimately a cross-institutional pledge of the same sources. These bonds are rated based on the strength of the auxiliary system alone and are not backed by the credit and faith of the state of South Dakota.

The information also showed the difference between how South Dakota funds its academic facilities compared to the surrounding states. Most states issue general obligation bonds paid with state revenues instead of having the students pay for all buildings the way they do in South Dakota.

In summary, decisions to invest in new or remodeled facilities and grow long-term debt is a twenty-five year commitment, and understanding the changing demographics and demand for distance education must weigh into those decisions. Recognizing these current trends, a traditional campus will look very different in twenty-five years.

THURSDAY, AUGUST 4, 2016

The Board reconvened at 8:10 a.m.

Dr. Monte Kramer revisited a discussion about "reserves" from the previous day's financial discussions. He said labeling unrestricted cash balances as reserves is giving the wrong impression. The term reserve is misleading. He said the funds being labeled as reserves reside in thousands of individual accounts and are intended for specific purposes. While they could be drawn upon in an emergency, it would cause significant disruption in ongoing operations. In the future, they should not be labeled reserves. A new label that better reflects what the balances are will be identified.

2-E Follow-Up Discussion and FY18 Budget Development

Dr. Kramer led the Board in a discussion about the proposed FY18 Budget Priorities. The proposed priorities included student affordability, innovation and institutional initiatives, technology initiatives, research initiatives, capital projects, and shared responsibility student aid program.

Student Affordability:

The Board discussed the cost differential for the non-research institutions in comparison to the research institutions. The differential was put in place to recognize the higher cost structure and the necessary investment in research required by the research universities. Dr. Kramer noted that the differential, which was started in FY13, was new money for USD, SDSU and SDSM&T. The other three schools received the full funding they needed in FY13 to cover salary increases and inflation. Dr. Kramer said that the tuition increase necessary to bring the comprehensive schools back to the same cost as the research institutions would be an additional 2.1% for BHSU, 2% for DSU, and 2.2% for NSU.

Regent Bastian said that if the Board is considering equalization, it would be necessary to be forthcoming with the Governor and Legislature. The group questioned whether the confusion of the mixed message between a freeze and buy down would jeopardize the entire budget request.

The discussion led to whether a tuition freeze or buy-down should be the basis of the request. The group discussed the idea that the Board could treat this request as a freeze and include within the freeze amount the other initiatives that are necessary to function. The group felt that including additional initiatives would put the entire freeze at risk and the request should not be approached in this way.

The Board discussed whether the tuition freeze should be applied to non-resident and “off-campus” students (recognizing that “off-campus” students are not necessarily students taking online classes off-campus) as well as resident students. Consensus was that all three student types should be included in the request.

Innovation and Institutional Initiatives:

The presidents provided an overview of their proposed initiatives.

When it comes to support for autistic students (DSU) and American Indian students (NSU), it was suggested that these could be pitched as pilot programs for the system as all have work to do in improving these students’ success. It was also suggested that the DSU autistic student support proposal be vetted as part of the Governor’s workforce development initiatives.

There was general consensus that NSU’s request for interpreter services funding would not sell as all institutions are managing this issue within their current budgets.

When it comes to mathematics preparation, the Board asked for an overview of the collaborations, partnerships and efforts to improve the K-12 mathematics instruction. This could include the efforts by K-12 at providing remedial math education while still in high school.

Additional questions came up around the USD law school request. The Board supported the concept of protecting the integrity of the law school. The Board asked Dr. Rush and President Abbott to address the long-term strategies to rectify the identified problem.

Technology Initiatives:

The Board discussed issues around allocation of technology money if this budget request was successful. Upon learning that there is a system wide annual security audit conducted each year, it was recommended that the CIOs from the campuses join together to develop a minimum standard of required baseline security. Per the discussion, money from this budget request would be spent to ensure that each campus is at the baseline.

Research Initiatives:

It was noted that the Board needs to strongly endorse the Governor Research Center Program in order for it to be successful. The Board felt strongly about the proposal and wanted the budget request to reflect their strong support.

Capital Projects:

An overview of the projects was provided.

Shared Responsibility Student Aid Program:

Dr. Rush said this is an important effort. It may be funded in future years, but by putting it in the budget request the Board can lay the groundwork for a needs-based scholarship. It was suggested that this is another effort that should be proposed as a workforce budget request priority.

2-E.1 – USD Law School Analysis

This item was discussed in the FY18 Budget Development discussion.

BOARD WORK

3-A Approval of the Agenda

The agenda was approved with the following modification: removal of agenda item 4-B. Regents' President Schaefer noted that section 5 of the agenda was mislabeled so these will be referenced by the agenda item title.

3-B Declaration of Conflicts

Regent Sutton submitted his second waiver request regarding any potential conflicts due to his employment with Avera and its relationships with the Board of Regents. His previous waiver request addressed transactions in which Avera was receiving funding from the Board of Regents or its institutions. This waiver request addresses transactions in which Avera is providing funding, facilities, staff time or other resources to the Board of Regents or its institutions to support and advance health care in South Dakota.

IT WAS MOVED by Regent Bastian, seconded by Regent Jewett to approve the transaction classes stated in the waiver request of Regent Sutton dated August 2nd, 2016 and as further disclosed publicly at this meeting pertaining to his employment with Avera and Avera's relationships with the Board of Regents, specifically the transactions in which Avera provides

funding, facilities, staff time or other resources to the Board of Regents or its institutions to support and advance health care in South Dakota, as the essential terms of these transactions and the matters underlying the conflicts disclosed are fair, reasonable, and not contrary to the public interest. This motion should recognize this disclosure as a general one and need not be repeated at future meetings. If additional conflicts requiring specific Board action arise in the future they should be disclosed at that time. All voting AYE, with Regent Sutton abstaining from the vote. Motion passed.

3-C Approval of the Minutes – Meeting on June 28-30, 2016

The Board approved the minutes of the meeting on June 28-30, 2016, with one change; the last paragraph (starting with Regent Pam Roberts) on page 4 was struck. Motion passed.

3-D Rolling Calendar

IT WAS MOVED by Regent Sutton, seconded by Regent Roberts to approve next year's Board of Regents meeting and retreat to be held August 8-10, 2017, in Pierre. Motion passed.

It was requested that the School for the Deaf be considered for a future meeting location.

A copy of the Rolling Calendar can be found on pages ___ to ___ of the official minutes.

3-E Board Materials – Electronic and Paper Delivery

Molly Weisgram explained that Board members are currently given two options for receiving Board materials: electronic or hard copy. Recently, it was suggested that a hybrid method be offered. Rather than receiving all materials hard copy or electronically, Board members could opt to receive the cover pages of the Board materials via hard copy. Those opting for this method would be able to review the supporting materials electronically. She indicated that she will provide the regents the option to elect this hybrid method before the October BOR meeting.

A copy of the item Board Materials – Electronic and Paper Delivery can be found on page ___ of the official minutes.

CONSENT AGENDA

Regents' President Schaefer explained that the consent agenda is created to include items that are not anticipated to generate discussion because of their routine manner. He offered that all items will be approved on a single vote unless any regent would like to pull an item from the consent agenda for discussion.

IT WAS MOVED by Regent Bastian, seconded by Regent Sutton to approve items 4-A through 4-F, with the exception of 4-B. Motion passed.

CONSENT – ACADEMIC & STUDENT AFFAIRS

4-A Resolution of Recognition

Approve South Dakota State University's request to recognize Barbara M. Dyer for 47 years of dedicated service to South Dakota's system of public higher education.

A copy of the Resolution of Recognition can be found on pages ____ to ____ of the official minutes.

4-B Resolution of Support – SDSU Extension Grant Proposal to Fund SD Native American Leadership Program

Removed

4-C Academic Calendar Update

Approve the academic calendars as presented for 2020-21 through 2025-26.

A copy of the Academic Calendar Update can be found on pages ____ to ____ of the official minutes.

4-D Graduation Lists

Approve the Summer 2016 graduation lists for Black Hills State University, Northern State University, South Dakota State University, and the University of South Dakota contingent upon the students' completion of all degree requirements.

A copy of the Graduation Lists can be found on pages ____ to ____ of the official minutes

4-E Inactive Status and Program Termination Request – SDSU

Approve South Dakota State University's proposal to terminate the B.S. in Early Childhood Education – Cooperative Program with NSU Elementary Ed (S.BS.ECE-NSU) program.

A copy of SDSU's program termination request can be found on pages ____ to ____ of the official minutes.

4-F Program Modifications – SDSU

Approve South Dakota State University's program modification for its B.S. in Nursing – RN Upward Mobility program; and its M.S. in Nutrition and Exercise Sciences – Nutritional Sciences Specialization – Exercise Sciences Specialization program.

A copy of the SDSU's Program Modifications can be found on pages ____ to ____ of the official minutes.

PLANNING AND RESOURCE DEVELOPMENT

5-G Welcome by SDBOR Executive Director Mike Rush

Dr. Mike Rush welcomed everyone to Pierre. He expressed his appreciation for the support expressed by all in response to his mother's recent passing.

5-H Reports on Individual Regent Activities

No comments

5-I Report and Actions of the Executive Session

Upon convening at 4:00 p.m. on Tuesday, August 2, 2016, the Board dissolved into executive session in order to discuss marketing or pricing strategies by a board of a business owned by the state when public discussion may be harmful to the competitive position of the business, pending and prospective litigation, personnel matters, and to consult with legal counsel. The Board rose from executive session at 7:00 p.m. to resume the regular order of business.

Regent Schieffer reported that while in executive session, the Board considered marketing or pricing strategies by a board of a business owned by the state when public discussion may be harmful to the competitive position of the business, pending and prospective litigation, personnel matters, and to consult with legal counsel, and gave directions to its executive director and general counsel concerning these matters.

IT WAS MOVED by Regent Schieffer, seconded by Regent Morgan that the Board approve directions given to the executive director and the general counsel with respect to matters discussed in executive session, that it:

1. Award the title of Professor Emeritus of English for Dr. Bruce Brandt (SDSU); the title of Professor Emeritus for Dr. David Lee Elson (USD); the title of Professor Emeritus for Dr. H. Eugene Hoyme (USD); and the title of Assistant Professor Emeritus for Dr. Suzannah Spencer (USD).
2. Approve the request submitted by USD regarding the sabbatical leave repayment obligations for the 2014-15 academic year pertaining to Dr. Angeline Lavin.
3. Approve the personnel actions as submitted by the Board office, campuses, and special schools. A copy of the personnel actions can be found on pages ____ to ____ of the official minutes.

Motion passed, with Regent Sutton abstaining.

5-J Reports of the Executive Director

A copy of the Interim Actions of the Executive Director can be found on pages ____ to ____ of the official minutes.

5-K By-Laws Amendment to Allow Approval of the Members of the Presidential Search Committee by the Subcommittee of Regents Appointed to the Presidential Search Committee (First Reading)

Guilherme Costa, General Counsel, explained that the Board of Regents By-Laws Section 4.3.2 currently allows the Search and Screen Committee to “share the application materials of selected finalists with any local or campus advisory committee appointed by the Board as it deems appropriate.” At the conclusion of recent presidential searches, there was interest in streamlining the process. Changes include allowing application materials to be shared with local or campus advisory committees before finalists are selected. Also, the President of the Board will now be

able to appoint the members of the local or campus advisory committee rather than requiring the full Board to appoint the members of these committees.

Regent Bastian supports the changes. He also said Section 8.1 talks about the statute limiting indemnification to \$25,000. He said if that statutory amount was to change, the policy would be outdated. He suggested that Guilherme look into this between the first and second reading. He recommended the wording be something to the effect of: "Indemnification is limited by statute to a maximum of \$25,000 as set forth in SDCL 3-19-2, except that claims exceeding that sum may be established and set forth in that statute." There was discussion about a more general revision to Section 8.1 that would identify the relevant statute without identifying the amount so that the By-Laws would not need to be changed each time the statutory amount is changed. Board Staff will work on language and propose a change to Section 8.1 as part of the second reading.

Regent Schaefer asked that the changes from first to second reading be highlighted in a different color, so it is clearly shown in the Board items. Regent Bastian also recommended that in the Board item, right below the item name, a subheading be added for "Changes from 1st to 2nd Reading," which would contain information about the changes that were made to the policy between the 1st and 2nd readings.

Regent Morgan asked if the by-laws reference to the Committee of the Whole Board on page 6 was necessary. Dr. Rush said that it was not.

Guilherme added that this item was limited substantively to the Search and Screen Committee, and contained minor clarifying changes to Article 4, but that there are a number of other necessary and possible changes to other parts of the By-Laws, as identified by Regents Bastian and Morgan.

There was discussion about making the general change to Section 8.1 that would address the issue raised by Regent Bastian and the elimination of Sections 4.1, 4.1.1, 4.1.2 to remove the Committee of the Whole Board.

IT WAS MOVED by Regent Sutton, seconded by Regent Adam to approve the first reading of revised Article IV of the By-Laws, which revisions from the current version are shown in Attachment I, with the revisions to Section 8.1 as discussed and the deletion of sections 4.1, 4.1.1, and 4.1.2. to remove the Committee of the Whole Board. Motion passed.

A copy of the Amendment to the By-Laws – Article IV. Special Committees (First Reading) can be found on pages ___ to ___ of the official minutes.

5-F Statewide Education Attainment Goal Resolution

Dr. Paul Turman noted that during the August 2016 Planning Session, Scott Jenkins and Susan Heegaard from the Lumina Foundation joined the Board to discuss higher education attainment trends in South Dakota and strategies for achieving the attainment goal.

The Board discussed whether or not the goal of higher education attainment of 65% for age 25-34 was the right one. There was general consensus that it was appropriate.

Regent Morgan asked that the goal be broken down so each higher education segment can understand its particular obligation. This effort must be done in collaboration with the other entities.

IT WAS MOVED by Regent Sutton, seconded by Regent Schieffer to formally adopt a statewide postsecondary education attainment goal of 65% of South Dakota citizens, aged 25-34, holding a postsecondary credential by the year 2025. Motion passed.

A copy of the Statewide Education Attainment Goal Resolution can be found on pages ___ to ___ of the official minutes.

ACADEMIC AND STUDENT AFFAIRS

6-A Institutional Items of Information

The Board received Institutional Items of Information submitted by Black Hills State University, Dakota State University, Northern State University, South Dakota School of Mines and Technology, South Dakota State University, University of South Dakota, South Dakota School for the Blind and Visually Impaired, and South Dakota School for the Deaf.

A copy of the Institutional Items of Information can be found on pages ___ to ___ of the official minutes.

6-B Return on Investment Analysis

This item was discussed during the August 3 planning session.

A copy of the Return on Investment Analysis can be found on pages ___ to ___ of the official minutes.

6-C Freshmen Migration Analysis

Dr. Turman explained that this report offers updated findings from SDBOR's biennial analysis of federal migration data and suggests that South Dakota has continued to sustain its status as a net importer of college students.

A copy of the Freshmen Migration Analysis can be found on pages ___ to ___ of the official minutes.

6-D University Center-Sioux Falls Update

UC-SF Executive Dean Craig Johnson provided the Board with an update and overview of actions taken since the approval of the new governance and operations model for the University - Sioux Falls at the March 30 – April 1, 2016 Board meeting.

He recognized the collaborative effort of all involved as well as the enhanced interaction and communication with deans and others at the universities. He provided an overview of the four new programs, including associates degrees, being offered and the several other programs that

are in progress. Additionally, he mentioned the student support center that is currently being developed on site.

He noted that the UC advisory council is up and running which includes 23 community members. Five employers are included in this and there is a concerted effort to recruit another six employers. The council has indicated that one or more certificates are necessary to get students interested and through the doors. It was acknowledged that there was serious community criticism in the first few meetings about the lack of nimbleness of the university system. The community representatives are very interested in opportunities for alternative delivery methods to the 16 week semester, i.e., smaller blocks or one credit weekends. Furthermore, the community felt that the UC-SF should take advantage of the credibility of the universities through its marketing.

The Board acknowledged its willingness to look at anything that creates hurdles to the process of reacting to needs. It was also noted that there may need to be an alignment of mission and vision within the community advisory group. The Board urged the UC-SF leadership to collaborate with Southeast Technical Institute in order to find opportunities that could not be possible without collaboration.

President Abbott said that each participating institution needs to recognize that their individual marketing campaigns need to work with the efforts of the UC-SF.

A copy of the University Center-Sioux Falls Update can be found on pages ___ to ___ of the official minutes.

6-D.1 University Center-Sioux Falls Program Approval Process

Dr. Jay Perry, Director of Academic Programs, provided the Board options for speeding up the program approval process. The Board endorsed the idea of granting approval authority in limited and specified circumstances to the Executive Director to alleviate delays in program approval caused by the Board calendar (i.e., the Board meeting only eight times per year).

A copy of the University Center-Sioux Falls Program Approval Process can be found on pages ___ to ___ of the official minutes.

6.E.1 General Education Redesign – BOR Policy 2:7 Revision – Baccalaureate General Education Curriculum (Second Reading)

Dr. Turman provided an overview of BOR Policy 2:7, which is being revised in response to the General Education Redesign Project.

He said all the general education policies being presented are effective immediately after approval but will not be implemented until Fall 2017. He noted that all entering students in Fall 2017 will be under these policies; however, all existing students may request to graduate under the new catalog option. Students at institutions with Institutional Graduate Requirements may be more likely to pursue this option of graduating under the new catalog.

IT WAS MOVED by Regent Morgan, seconded by Regent Schieffer to approve the second and final reading of the revisions to BOR Policy 2:7 as presented. Motion passed.

A copy of the BOR Policy 2:7 Revision can be found on pages ___ to ___ of the official minutes.

6-E.2 General Education Redesign – BOR Policy 2:11 Revision – Assessment (Second Reading)

Dr. Turman provided a brief overview of BOR Policy 2:11, which is being revised in response to the General Education Redesign Project.

IT WAS MOVED by Regent Morgan, seconded by Regent Schieffer to approve the second and final reading of the revisions to BOR Policy 2:11 as presented. Motion passed.

A copy of the BOR Policy 2:11 Revision can be found on pages ___ to ___ of the official minutes.

6-E.3 General Education Redesign – BOR Policy 2:26 Revision – Associate Degree General Education Requirements (Second Reading)

Board Policy 2:26 is being revised in response to the General Education Redesign Project.

IT WAS MOVED by Regent Morgan, seconded by Regent Schieffer to approve the second and final reading of the revisions to BOR Policy 2:26 as presented. Motion passed.

A copy of the BOR Policy 2:26 Revision can be found on pages ___ to ___ of the official minutes.

6-F BOR Policy 4:15 Revision – Sabbatical Leave (Second Reading)

Dr. Turman gave a brief overview of BOR Policy 4:15, which is being revised to provide opportunities for a president to request a waiver that may be within the best interest of the institution.

IT WAS MOVED by Regent Morgan, seconded by Regent Roberts to approve the second and final reading of the revisions to BOR Policy 4:15 as presented in Attachment I. Motion passed.

A copy of the BOR Policy 4:15 Revision can be found on pages ___ to ___ of the official minutes.

6-G BOR Policy 2:12 Revision – Distance Education (Second Reading)

Dr. Turman provided an overview of BOR Policy 2:12, which is being revised to remove an obsolete aspect of the policy language. He explained that the new structure at the UC-SF gives USD and the center director the power to determine which academic programs will be provided. Previously, the provosts at the institutions had the veto power. The authority of USD and center director is also addressed in the operating agreement among the three institutions that are offering courses at the UC-SF.

IT WAS MOVED by Regent Morgan, seconded by Regent Johnson to approve the second and final reading of the revisions to BOR Policy 2:12 as presented in Attachment I. Motion passed.

A copy of the BOR Policy 2:12 Revision can be found on pages ___ to ___ of the official minutes.

6-H Memorandum of Agreement – SDSM&T

President Wilson explained that SDSM&T seeks to contract via an MOU with English as a Second Language International (ESLI), an ESL program provider that has established English as a Second Language (ESL) programming on seven campuses nationwide.

IT WAS MOVED by Regent Morgan, seconded by Regent Bastian to approve the Memorandum of Agreement between South Dakota School of Mines and Technology and ESLI. Motion passed.

A copy of SDSM&T's Memorandum of Agreement can be found on pages ___ to ___ of the official minutes.

6-I BOR Policy 3:4 – Student Code of Conduct

Regent Jewett raised issues with BOR Policy 3:4. His first issue dealt with the required minimum sanctions for the alcohol violation of the Student Code. Specifically, he did not feel that the third violation should require suspension. In response, Guilherme Costa explained that the universities are required to keep suspension and expulsion as possible sanctions due to federal regulations, but that the policy could be revised to not require either as a mandatory minimum sanction.

Regent Bastian asked about the ways in which the universities can address underage drinking at locations other than university premises. Guilherme Costa explained the Student Code's authority over students by saying that the institution has to make a determination that the off-campus conduct in question negatively affects the campus in order to assert authority over a student for an alleged violation of the Student Code occurring off-campus.

Regents' President Schaefer recommended that the mandatory minimum sanctions be eliminated for alcohol violations, allowing discretion by the universities. Regent Bastian recognized that this section currently deals with alcohol, marijuana and other controlled substances. The Board discussed whether the required minimum sanctions be eliminated for all of these violations or just for alcohol.

Guilherme Costa recommended that mandatory minimum sanctions be removed for all violations of the Student Code. In other words, delete Section 4.E.1.g and 4.E.2.a.ii. The Board agreed.

In response to a concern raised by Regent Jewett, the Board agreed to strike the language "and except that, in lieu of suspension or expulsion, the organization shall suspend or revoke the privileges of membership, including residence privileges" in Section 3.J.2.f.

Additionally, Regent Jewett raised an issue with the presidential appeal process. He did not feel that the four bases for appeal were adequate. Guilherme said there is a safety net at the end of the appeals process which requires the Board of Regents to review the most serious of cases (i.e., suspension, expulsion or a violation of an individuals' constitutional rights) with a brand new hearing conducted through the Office of Hearing Examiners.

After further discussion and feedback from the Presidents, the Board felt that the appeals process was appropriate as written.

Lastly, Regent Jewett raised a concern about the appropriateness of including the violation of academic misconduct in the Student Code. Presidents Jackson and Griffiths provided perspective on the academic misconduct violations and felt that this violation should remain within the Student Code.

IT WAS MOVED by Regent Jewett, seconded by Regent Adam to remove sections 4.E.1.g and 4.E.2.a.ii, which effectively deletes all mandatory sanctions including mandatory minimum sanctions, and to strike the language in section 3.J. 2.f “and except that, in lieu of suspension or expulsion, the organization shall suspend or revoke the privileges of membership, including residence privileges” and to declare emergency implementation.

This revised item shall be brought to the Board in October as an informational item.

A copy of BOR Policy 3:4 – Student Code of Conduct can be found on pages ___ to ___ of the official minutes.

6-J State Library – Joint Powers Agreement – SDDOE

Dr. Paul Turman explained that during the June 2016 Board of Regents meeting an update was provided describing the consortium that had been created to allow existing members of the South Dakota Library Network (SDLN) to continue using EBSCO Databases and External Resource Sharing available through Minitex. To formalize this, Legal Counsel from the South Dakota Department of Education (SDDOE) feels that a Joint Powers Agreement between the two agencies is needed.

IT WAS MOVED by Regent Morgan, seconded by Regent Roberts to approve the Joint Powers Agreement between the South Dakota Board of Regents and the South Dakota Department of Education to allow for participation in the Regental Database Consortium. Motion passed.

A copy of the Joint Powers Agreement can be found on pages ___ to ___ of the official minutes.

BUDGET AND FINANCE

7-A Building Committee Report

Dr. Kramer provided an overview of the action of the building committee meeting on June 28, 2016, for the SDSU Performing Arts Center Theatre and Music Education Addition, represented by Regent Morgan. He said at that meeting the building committee selected Journey Construction to serve as the Construction Manager at Risk for the project.

A copy of the Building Committee Report can be found on page ___ of the official minutes.

7-B BOR Policy 4:25 Revision – Overtime (First Reading)

Kayla Bastian, System Director of Human Resources, explained the U.S. Department of Labor's (DOL) final rule that increases the salary threshold for exemptions to the federal overtime pay requirements under the Fair Labor Standards Act was released on May 18. With this, she indicated that the salary threshold for exempt employees was increased from \$23,660 to \$47,476 with automatic increases every three years. Kayla highlighted the substantive changes to BOR Policy 4:25 – Overtime in response to this federal requirement.

Regent Bastian asked about the difference between a manager and supervisor of which are both referenced in the policy. Kayla indicated that she will revise the policy to reflect supervisor only.

IT WAS MOVED by Regent Schieffer, seconded by Regent Morgan to approve the first reading of BOR Policy 4:25 Overtime as shown in Attachment I. Motion passed.

A copy of the changes to BOR Policy 4:25 Overtime can be found on pages ____ to ____ of the official minutes.

7-C FY17 Operating Budgets

Leah Ahartz, System Budget Manager, provided a brief overview of the agenda item.

In response to a question by Regent Johnson about the small amounts of HEFF in the campus operating budgets, it was explained that HEFF maintenance and repair money is kept at the Board office. The university operating budgets include a total amount of \$343,867 that is used for facilities operations. This was funding put in the operating budgets many years ago by the legislature and those HEFF funds remain in the base budgets.

IT WAS MOVED by Regent Schieffer, seconded by Regent Sutton to approve the FY17 operating budgets as shown in Attachment II. Motion passed.

A copy of the FY17 Operating Budgets can be found on pages ____ to ____ of the official minutes.

7-D FY17 Minnesota Reciprocity

Dr. Kramer provided an overview of the item.

IT WAS MOVED by Regent Schieffer, seconded by Regent Morgan to approve the Minnesota Reciprocity Rates for FY17 and execute the Administrative Memo of Understanding. Motion passed, Regents Sutton and Bastian abstained.

A copy of the FY17 Minnesota Reciprocity can be found on pages ____ to ____ of the official minutes.

7-E BOR Policy 4:27 – Drug Free Environment (Second Reading)

Guilherme Costa explained that BOR Policy 4:27 is being revised in response to new BOR Policy 6:14 – Sale of Alcoholic Beverages approved at the June 2016 Board meeting. The

changes to BOR Policy 4:27 make an exception to the prohibition of alcohol on premises controlled by the Board, provided “when alcohol is possessed, used, or distributed in a manner that is expressly approved by a Board Policy.”

IT WAS MOVED by Regent Schieffer, seconded by Regent Morgan to approve the second and final reading of BOR Policy 4:27, as shown in Attachment I. Motion passed.

A copy of BOR Policy 4:27 – Drug Free Environment (Second Reading) can be found on pages ___ to ___ of the official minutes.

7-F FY18 Budget Request

Dr. Kramer introduced the final draft of the Board FY18 Budget Priorities.

IT WAS MOVED by Regent Schieffer, seconded by Regent Adam to approve the FY18 Budget Request to include the priorities identified in Attachment I; to direct the staff to prepare and submit the FY18 Budget Request detail and justification to the Bureau of Finance and Management, and to refine any budget request figures and narratives as necessary; any needs for federal and other expenditure authority, full-time-equivalent (FTE), South Dakota Opportunity Scholarship, HEFF and utility adjustment requests should be included. Motion passed.

A copy of the FY18 Budget Request can be found on pages ___ to ___ of the official minutes.

7-G BOR Policy 5:5 – Tuition & Fees: General Procedures (Second Reading)

Dr. Kramer explained that this policy revision comes in response to the Business Affairs Council’s recommendation that late fees be restructured so that the fees track better with amounts owed.

IT WAS MOVED by Regent Morgan, seconded by Regent Roberts to approve the second and final reading of BOR Policy 5:5 Tuition & Fees: General Procedures as shown in Attachment I. Motion passed.

A copy of BOR Policy 5:5 – Tuition & Fees: General Procedures (Second Reading) can be found on pages ___ to ___ of the official minutes.

The meeting adjourned at 4 p.m.