

**BOARD OF REGENTS
MINUTES OF THE MEETING
October 9-11, 2012**

The South Dakota Board of Regents met on October 9-11, 2012 in the Muenster Center Ballroom, MUC 225ABC at the University of South Dakota, Vermillion, South Dakota, with the following members present:

Kathryn Johnson, President
Dean Krogman, Vice President
Randy Schaefer, Secretary
Terry Baloun, Regent
James Hansen, Regent
Harvey Jewett, Regent
Randy Morris, Regent
Carole Pagones, Regent
Patrick Weber, Regent

Also present during all or part of the meeting were Jack Warner, Executive Director and CEO; James Shekleton, General Counsel; Sam Gingerich, System Vice President for Academic Affairs; Janelle Toman, Director of Communications; Michele Anderson, Internal Auditor; Paul Turman, System Vice President for Research and Economic Development; Janice Minder, System Student Affairs; Daniel Palmer, Director of Institutional Research; Paul Gough, Director of Policy and Planning; Barbara Basel, Director of Human Resources; Monte Kramer, System Vice President of Finance and Administration; Dave Hansen, Director of Information Technology; Mary Ellen Garrett, Accounting Manager; Heather Forney, Financial Compliance Officer; Tracy Mercer, Information Research Analyst; Molly Weisgram, Executive Administrative Assistant; James Abbott, USD; David Chicoine, SDSU; David Borofsky, DSU; Kay Schallenkamp, BHSU; Marjorie Kaiser, SDBVI and SDSU; Duane Hrcir, SDSM&T; James Smith, NSU; Mark Lee, UC-Sioux Falls; Jeff Siekmann, Wesley Tschetter, Mike Ravenhorst, Laurie Nichols, Dean Kattelman, Colleen O'Connell, Jessica Nowak, Vanessa Dykhouse, Austin VanderWal, Daniel Verrek, Rebecca Powell, Jameson Berreth, SDSU; Steve Erpenbach, SDSU Foundation; Matt Fuks, SDSU Alumni Association; Cecelia Wittmayer, Stacy Krusemark, Jared Mills, Elliott Breukelman, DSU; Rob Houdek, Rocky Maier, Devon Halajian, Alyssa Niesen, Taylor Degen, BHSU; Spencer Ferguson, Carlos Beatty Jr., Colton Simpson, Anthony Amarasinghr, Rachel Raysby, SDSM&T; Veronica Paulson, Tom Hawley, Ethan Brown, Jory Kunzma, Menno Schukling, Zachary Anderson, NSU; Ron Lindahl, Sheila Gestring, Roberta Ambur, Jesus Trevino, Kim Grieve, Kurt Hackemer, Laurie Becvar, Chuck Staben, Laura Jenski, Diane Zak, Alan Aldrich, Aaron Pamerenke, Chad Sabers, Angeline Lau, Nate O'Bryon, Karl Reasoner, Eric Schlimgen, Marissa Meyer, USD; Loren Paul, SDEA; Rory Fensky, Hanna McElroy, Cassandra Tomac, Student Federation; Steve Young, Bob Mercer, media; other students, faculty and members of the press.

TUESDAY, OCTOBER 9, 2012

The Regents convened in open session at 6:00 p.m. on Tuesday, October 9, 2012, in the Muenster University Center, MUC 211A, at the University of South Dakota.

IT WAS MOVED by Regent Schaefer, seconded by Regent Hansen that the Board of Regents Convene and Dissolve into Executive Session at 6:00 p.m. on Tuesday, October 9, 2012, in order to discuss personnel matters; that it adjourn at 9:00 p.m. and reconvene in executive session at 8:00 a.m. on Wednesday, October 10, 2012, in order to discuss personnel matters; pending and prospective litigation, contractual and collective bargaining matters, and to consult with legal counsel; that it rise from executive session at 1:30 p.m. to report its deliberations in executive session and to resume the regular order of business according to the published agenda, dissolving once again into executive session on October 11, 2012, to discuss personnel matters after completing action on items carried forward from the October 10 agenda, if any, and on committee reports. All members voting AYE. The MOTION CARRIED.

Wednesday, October 10, 2012

Regent President Kathryn Johnson called the meeting of the Board of Regents to order at 1:40 p.m. on October 10, 2012, and declared a quorum present.

WELCOME AND PRESENTATION BY USD PRESIDENT JAMES ABBOTT

President James Abbott welcomed the audience to the University of South Dakota. President Abbott invited the group to tour the campus while here. He mentioned the upcoming expansion of the Muenster University Center. He also reported that the USD Foundation board of trustees recently approved the Onward SD program, which enhances scholarship dollars. He introduced three new key people at USD: Dr. Jesus Trevenio, Associate Vice President for Diversity; Dr. Kimberly Grieve, New Dean of Students; and Steve Brown, new CEO and president of USD Foundation.

APPROVAL OF THE AGENDA

IT WAS MOVED by Regent Hansen, seconded by Regent Baloun to approve the agenda for the meeting as printed and mailed. All members voting AYE. The MOTION CARRIED.

APPROVAL OF THE MINUTES

Regent President Kathryn Johnson noted a correction to the September 18 special Board meeting minutes. She said that it is incorrect in its mention that the SDSU Headhouse-Greenhouse project is using a construction manager at-risk. The wording should reflect they are not using a CMR.

IT WAS MOVED by Regent Morris, seconded by Regent Pagonos to approve the minutes of the regular August 7-9, 2012 meeting, special August 17, 2012 meeting, and the corrected minutes

of the special September 18, 2012 meeting. All members voting AYE. The MOTION CARRIED.

REPORT AND ACTIONS OF EXECUTIVE SESSION

Upon convening at 6:00 p.m. on Tuesday, October 9, 2012, the Board dissolved into executive session in order to discuss personnel matters. As shown on the official agenda, it adjourned at 9:00 p.m. and reconvened in executive session at 8:00 a.m. on Wednesday, October 10, 2012, in order to discuss personnel matters; pending and prospective litigation, contractual and collective bargaining matters, and to consult with legal counsel, rising from executive session at 1:30 p.m. to report its deliberations in executive session and to resume the regular order of business.

Regent Schaefer reported that while in executive session, the Board considered personnel matters, pending and prospective litigation, contractual and collective bargaining matters, consulted with legal counsel, and gave directions to its executive director and general counsel concerning these matters.

IT WAS MOVED by Regent Schaefer, seconded by Regent Hansen 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. Adopt the Hearing Examiner's recommended findings of fact and conclusions of law and enter an order denying SDSU Exempt Grievance Number 11-001.
2. Adopt the Hearing Examiner's recommended findings of fact and conclusions of law and enter an order denying SDSM&T Exempt Grievance Number 12-001.
3. Approve the administrative actions to appoint Ms. Judy Payne for the position of DSU special assistant to the president at an annualized salary of \$100,880 effective August 22, 2012; to appoint Ms. Erica Clements for the position of DSU associate director of marketing at the annualized rate of \$42,000 effective July 22, 2012; to appoint Mr. Calvin Phillips for the position of NSU vice president for student affairs at an annualized salary of \$105,000 effective October 22, 2012; and to appoint Mr. Duane Hrcir as acting president of SDSM&T at an annualized salary of \$312,000 effective September 19, 2012.
4. Approve awarding one (1) year of prior service credit toward tenure for Gregory Blair (NSU) and three (3) years of prior service credit toward tenure for Linda DeVeaux (SDSM&T).
5. 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.
6. Award the title of Professor Emeritus to Zbigniew Hladysz (SDSM&T) and Judy Struck (USD) and award an honorary Doctor of Science degree to Craig J. Tieszen (SDSM&T) and invite Mr. Tieszen to serve as speaker for the fall 2012 commencement. A copy of the resolutions of recognition can be found of pages ____ to ____ of the official minutes.

All members voting AYE. The MOTION CARRIED.

REPORT OF THE COUNCIL OF PRESIDENTS AND SUPERINTENDENTS

Dr. Warner reported that the Council of Presidents and Superintendents met on September 25, 2012 in Pierre. He said the theme of the meeting focused on enrollment. He said later that day the annual enrollment announcement was given to the media. He said it was a level enrollment scenario; however, there was quite a bit of growth in online enrollment. They considered the students of the future and the trend toward online enrollment and hybrid delivery. They also discussed the Enrollment Services Center and how this department supports the institutions.

REPORT AND ACTIONS OF THE EXECUTIVE DIRECTOR

Dr. Warner referenced a few items of importance on the agenda. He said two major athletic facilities at SDSU and USD will be discussed on both Committee B and during the discussion of full board item 14. If the board approves the items, facility design plans, and budget plans, they would expect to take them to this upcoming legislative session. He also mentioned the item related to Performance Funding and Legislative Study Committee, whose work is in progress to look at different ways to fund higher education by a formula rewarding performance. Approval processes and definitions of distance versus face-to-face offerings.

Dr. Warner referenced the Interim Actions taken by the Executive Director on behalf of the Board of Regents. A copy of the Interim Actions of the Executive Director can be found on pages ____ to ____.

STUDENT FEDERATION REPORT

Mr. Rory Fenske, student federation executive director, reported that the student federation convened the previous evening. Mr. Fenske reported that the group reviewed their goals, including student voting registration drives and initiatives. He said SHED Days 1 has been set for January 27-28. He said the student federation will also be in Pierre on February 11 to have a second higher education presence. Lastly, he mentioned that the group will again advance the Good Samaritan Alcohol Policy. He said each campus has been directed to talk to parties involved and interested.

STUDENT ORGANIZATION AWARDS – DAKOTA STATE UNIVERSITY

Dr. Kimberly Grieve, Dean of Students, presented USD's student organization awards.

The Panhellenic Council accepted the award for Academic Excellence. The Panhellenic Council serves as the governing body of the four sororities at the University of South Dakota. Students in Alternative Week of Off-Campus Learning accepted the award for Community Service. The Alternative Week of Off-Campus Learning program immerses students in educational, service-learning experiences through exposure to diverse social issues and encourages post-trip application of those experiences. Coyote Capital Management accepted the award for Organizational Leadership. Coyote Capital Management is a unique investment organization of just over 30 members that manage three investment portfolios totaling more than \$1 million.

A copy of the Student Organization Awards – USD can be found on pages ____ of the official minutes.

NEW PROGRAM – NSU MINOR IN SPORT MANAGEMENT

Dr. Paul Gough explained that Northern State University submitted a proposal for a baccalaureate minor in Sport Management. The University believes that the proposed minor will provide students with an opportunity to gain additional preparation in sport management. No new resources are needed to implement the minor.

IT WAS MOVED by Regent Krogman, seconded by Regent Morris to approve Northern State’s proposal for a Minor in Sport Management with the usual conditions. All members voting AYE. The MOTION CARRIED.

A copy of New Program – NSU Minor in Sport Management can be found on pages ____ to ____ of the official minutes.

TECHNOLOGY UPDATE

Dr. Monte Kramer and Dave Hansen provided a brief summary of all the technology projects that are currently ongoing. He said the student success initiatives are the highest priority; they include Retention Alert - Starfish, Degreeworks, Ellucian-Datatel Portal, and Ellucian-Datatel Mobile to name a few. He touched upon the details of having an integrated system approach and challenges and benefits to this methodology. He asked for board clarification that this approach continues to be the direction and mission for the use of technology within the systems.

Regent Krogman asked for the estimated savings for employment and bandwidth. Dr. Kramer said there have been many economies over time, but they haven’t necessarily been collected as one number. Dr. Warner gave insight into the costs of a full enterprise system and the redundancy of costs and staffing if the institutions individually purchased these.

Regarding internet bandwidth, Regent Krogman asked questions about service and pricing provided by the Bureau of Information Technology. Dr. Kramer and Dave Hansen clarified that the deal provided to us from BIT was a good one. They said this deal will last roughly five years including renewal periods. Dr. Kramer said that considering the equipment we invested, we are not looking to leave this deal soon.

Claude Garelik from RIS answered questions related to equipment upgrades necessary to move to a 100Gig research network. He said both SDN and the university system would have to make similar upgrades in order to achieve the desired upgrade. He also addressed the type of investment that would be included in doing upgrades at all campuses. He said that the investment would likely be what it was for the last upgrade, roughly \$14 million or so. This could be considered in pieces.

Question related to D2L and the definition of on campus access grids, which are video collaboration environments.

Regent Krogman asked why we need to reaffirm this directive developed 10 years ago. Dr. Kramer addressed the pressure by the institutions to buy their own software, which is not cost efficient nor is it student friendly. Dr. Warner explained that reaffirmation on something like this is important because the state of technology can change quickly.

IT WAS MOVED by Regent Morris, seconded by Regent Pagonis to reaffirm the mission of the Regents Information Systems to “leverage the system” in the following ways: 1) Utilize an integrated systems approach to deploying technology in the system, focused on student-centered needs; 2) Implement software and systems in support of an improved model for delivery of services for our students, faculty and staff; 3) Find cost efficiencies through resource sharing, operational coordination, utilizing common platforms, common software systems and deployments; 4) Integrate information for planning, collaboration, and assessment of technology at the system and campus level.

Regent Krogman emphasized the good work the board office had done. He does not want to continue a relationship with BIT without further discussion of the current administration, however.

All members voting AYE, except Regent Krogman. The MOTION CARRIED.

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

2013 BOARD SPONSORED LEGISLATION

Dr. Kramer explained that campus representatives will outline the items their institutions would like to bring forward for legislative approval in 2013. He clarified that any HEFF projects on the ten-year plan have already been approved by the legislature. Dr. Kramer further explained that the SDSU Indoor Practice and Human Performance Facility, and USD Sports Performance Enhancement Facility and Outdoor Track/Soccer Complex are found on the Committee on Budget and Finance agenda for approval of the Program Plans following the full board meeting.

Wes Tschetter and Dean Kattelman presented SDSU’s four items: (1) Swing Unit and Demolition of Buildings; (2) Off Campus General Storage Facility Demolition; (3) Construction of a General Storage Building; and (4) Indoor Practice Facility and Human Performance Facility. Regarding the Swine Unit, Mr. Tschetter said at this point they will not plan to bring the project to the legislature as there is currently not enough funding; however, if funding is in place for the project by December, they will bring it back for this upcoming legislative session.

Tim Henderson presented the Transfer of the Child Care Facility item for SDSM&T.

President Abbott and Sheila Gestring presented two pieces of legislation for USD: (1) USD – Sports Performance Enhancement Facility, Arena, and Outdoor Track and Soccer Complex; (2) Property Gift. Questions ensued related to bonding dates and corporate sponsorships and donors.

IT WAS MOVED by Regent Baloun, seconded by Regent Schaefer to approve the items with the exception of the Swine Unit for legislation in 2013. SDSU will need to submit a Preliminary Facility

Statement with a funding letter from the Foundation at the December meeting if that item is to proceed. All members voting AYE. The MOTION CARRIED.

A copy of the item prepared for 2013 Board Sponsored Legislation can be found on pages ____ to ____ of the official minutes.

FINANCIAL RATIOS

Dr. Kramer and Heather Forney provided financial ratios excluding the foundation assets and activities. He noted that along with the two sets of ratios there was a narrative explanation of the ration interpretations. He said that the exclusion of Foundation information is contrary to the guidance provided for the calculation of these ratios and makes comparison of the South Dakota public universities to other universities impossible. These data isolate the activities of the universities and should only serve to make comparisons between our own universities and to look for trends over time. The benchmarks are no longer valid because they were developed assuming the Foundations were included. The descriptions of the ratios are still relevant and provide guidance on their use and what may impact them.

Dr. Kramer said they will continue to prepare the financial ratios for the board. And, with the board's direction, they will continue to provide two sets of ratios (one including and one excluding the foundation assets and activities). Regent President Johnson said she'd like some trend analysis and explanation of what's happening over the trend line as well.

A copy of the item prepared for Financial Ratios can be found on pages ____ to ____ of the official minutes.

PEFORMANCE FUNDING AND LEGISLATIVE POSTSECONDARY STUDY COMMITTEE

Dr. Paul Turman and Dr. Daniel Palmer explained that this item has been 10 months in the making. Dr. Turman said over the last few months the legislature has engaged in a summer study of performance and formula funding. He said they've had three meetings, most recently a meeting on September 19 which included a discussion/overview of the proposal being advanced by the sub-committee chaired by Representative Tad Perry. Additionally, Dr. Warner was given an opportunity to present an illustrative model being explored/reviewed within the Regental System.

Dr. Turman gave a brief description of the basic tenants for each of these approaches. He further explained the reaction and concerns of the presidents regarding these formulas in their current form.

Regent Jewett expressed his thoughts on how there should be more done on spreading opportunities between the doctoral institutions and the master granting institutions. Regent President Johnson clarified that this is just a proposal and the legislative study committee continues to work on these formulas. She said they would look at the system as a whole, distribute money depending on overall system performance, and the Board of Regents would have flexibility to distribute the funds to the individual institutions as it sees fit.

Further discussion of how performance funding should be structured and how this has the potential of bringing new money to the system.

A copy of Performance Funding and Legislative Postsecondary Study Committee can be found on pages ____ to ____ of the official minutes.

THURSDAY, OCTOBER 11, 2012

Regent President Johnson called the meeting of the Board to order at 9:32 a.m.

2011 HIGH SCHOOL TO COLLEGE TRANSITION REPORT

Dr. Turman said since 1995, SDBOR has provided data to in-state school districts on the first-year performance of the most recent cohort of high school graduates entering the Regental system. Individualized (district-level) data readouts – depicting Regental enrollments, remedial placement, first-year academic performance, and course taking patterns – are distributed to the state’s school districts on an annual basis. Dr. Turman summarized the indicators of the report.

He reported that they continue to monitor overall level of remediation our students need. He said although the number dropped significantly in 2007, it has grown back to roughly 28% and has remained fairly consistent over the last 3-4 years. He said they continue efforts with the Department of Education to find a way for students to take the classes they need to be successful once they arrive to a higher education program.

He noted that 2011 marked the year when there was the largest number of Opportunity Scholarship recipients that came into the regental system. 82-83% of all Opportunity Scholarship recipients remain within the public system.

Regent President Johnson said with only 29% of all high school graduates being college ready per their ACT scores, remediation is a highly important part of the education. This also highlights the importance for the Department of Education and the Board of Regents to work together.

Discussion of whether or not all students should be required to take the ACT in their junior and whether or not the state can require this activity.

Dr. Sam Gingerich said with implementation of common core standards and the related smarter balanced high-stake assessment will be used as a measure of college readiness. All eleventh graders will be taking that assessment and this will give an indication of where the students are in their path to college readiness as well as provide opportunities for the high schools to address these with some remedial education. In addition, there is a pilot project likely to launch this fall for students who took the ACT last spring and tested as not college ready. The program will provides these students some opportunities for remediation in the high school.

Regent Baloun mentioned the academic curriculum rigor required for the Opportunity Scholarship. He said he'd like to look into whether or not we could tighten these criteria even more.

A copy of 2011 High School to College Transition Report can be found on pages ____ to ____ of the official minutes.

PROGRAM PRODUCTIVITY REPORTING

Dr. Sam Gingerich explained the annual program productivity evaluation process recently established. As set in policy, majors not producing the agreed upon number of graduates will be terminated unless the Board approves a continuation plan. This process will be based on graduates by major rather than graduates by program. To further refine this, the number of graduates from each major will be disaggregated into degree levels with benchmarks established for each.

He said roughly 35 programs came up for review. Each campus reviewed the majors listed and formulated a recommendation to either terminate or continue the offering. If continuation was recommended, the campus was asked to provide a brief justification. In addition, an action plan(s) was developed which states the desired enrollment/graduation levels and the steps to be taken to reach these points. It is recommended that the majority of targeted programs be continued but there are a few recommended for termination.

A review of those recommended for continuance leads to the observation that there are two sets. For the majority, the institution recognizes that the program must increase the number of graduates or the program will be terminated. Strategies and targets for these are included and these will be tracked/reviewed annually until they meet the established goal or are terminated. The second small set contains those majors that are integral parts of a system's offerings even though they are undersubscribed now and they will probably continue to be undersubscribed. The recommendations of the campuses were reviewed by Board staff and the recommendation of Board staff concurred.

IT WAS MOVED by Regent Morris, seconded by Regent Weber to approve the recommendations of the campuses with the expectation that programs being monitored will meet graduation targets within the timeframe established in the plans or within the next two years. All members voting AYE. The MOTION CARRIED.

A copy of Program Productivity Reporting can be found on pages ____ to ____ of the official minutes.

RECOMMENDED REVISIONS TO PROGRAM APPROVAL PROCESSES

Regent President Johnson said that this item is based upon the definitions of the Higher Learning Commission; however, this could modify our program approval process that we use to date. She said this might take the board more than one session to work through.

Dr. Gingerich discussed the changing dynamics of face-to-face versus online course offerings. He said currently 15-20% of the system's courses are offered via distance. He said distance continues to be poorly defined, however.

He explained that historically, campuses delivered all offerings in face-to-face formats. In this environment, where both audience and location were fixed, required approval processes focused on a few parameters and, once granted, the limits were apparent to all. With the advent of broadcast technologies, the requirements and the processes to gain approval became a bit more complex, since even though a course was delivered during a discrete, scheduled time period, the audience could be in several different locations. More than a decade ago, online delivery began to gain popularity, permitting campuses to offer courses to audiences that engaged in learning at any time from any place. Once again approval strategies evolved to accommodate program delivery. Further complicating this environment, courses are now commonly delivered using a range of methodologies. In other words, rather than a world where a course is solely online, broadcast or face-to-face, it is common for multiple delivery strategies to be used in a single course. As a result, the terms hybrid or blended delivery are now in vogue.

Both governing boards and accrediting bodies typically focus on and approve programs rather than courses. To a certain extent, this is driven by the requirement that students be enrolled in a program to be eligible for financial aid. As a result, the USDOE has established a set of expectations that campuses provide evidence that they have required approvals and authorizations to deliver all programs offered.

This is the model followed in South Dakota, where Board authorization has been required to develop a new program. While these new programs are most commonly authorized for on campus, this is not always the case. Once authorized to deliver a program, a campus is required to seek Board approval to deliver a program at a different physical site or in a distributive fashion using technologies.

These Board approvals have always viewed program delivery as a discrete activity. For example, if a campus seeks approval to deliver a program at a new physical location, the expectation is that all required courses will be offered face-to-face, allowing students to complete all requirements by attending courses offered at the identified site. Similarly, if a campus seeks authorization to deliver a program online, the expectation is that students can complete all requirements online with no requirement that they ever attend a face-to-face class meeting. Further, these approvals have historically been reported to the Higher Learning Commission, which may have additional requirements that must be met before the program can be offered. Historically the HLC's processes have also been framed by a traditional, discrete view of offerings.

The USDOE has ramped up requirements that accrediting bodies define, categorize, and monitor online offerings. In response to this, the Higher Learning Commission has established a set of definitions for online courses and online programs. Representatives of the system's academic community including the Academic Affairs Council have framed a proposal to the Board, asking that they align system guidelines and practices with the Commission's definitions. The Commission defines a distance (online) education course as one in which 75% or more of the instruction is offered by distance (online) education. With this established, the Commission requires that any programs that can be completed 50% or more through distance (online) education, regardless of whether students are enrolled in online courses, must be reported as a

distance delivered (online) programs. All other programs are face to face programs. So even though the terms hybrid and blended instruction are now commonly used to describe a mix of face-to-face and online delivery, this has no meaning in accreditation language.

The Council of Presidents took up this topic at their recent meeting. The group discussed this from a number of perspectives but they ended up recognizing that the HLC and the USDOE do not recognize the terms hybrid or blended. Rather, as they noted, the Commission has developed a definition that categorizes every course offered as online or face-to-face. The Commission's definitions continue and two sets of programs, online and face-to-face, are created based on the mix of face-to-face and online courses. In fact, at this point in time campuses are expected to determine if a hypothetical student can complete more than 50% of every program offered and, if this is the case, the program must be reported to the Commission as an online offering. This information is then provided to the USDOE and used as participation in financial aid programs is monitored. The Presidents agreed that these definitions should be accepted and applied. This would allow the campuses to remain in compliance with external bodies.

To accomplish this, staff recommend that the universities no longer be required to request Board approval of a new site request in order to offer a program online. If this is agreed to, a two-step process can be used to ensure that the universities stay in compliance with both HLC and USDOE requirements. First, the universities could be asked to report to the Board in December the set of programs that are NOT delivered online based on the HLC definition (50% or more of the requirements can be completed online; an online course is one in which more than 75% of the instruction is delivered in this modality). It would be assumed that the Board has authorized all other programs for online delivery. Second, the new program approval process would be revised. Board approval of a new program would be assumed to include approval to deliver the program online as well as at any other locations identified in the new program proposal. Special attention to online delivery would not be needed in program proposals. However, if a proposed new program is not going to be delivered online, the university would note this in the proposal and this would be included in the recommended action of the executive director.

Further, the Presidents discussed another of the underlying issues. Geographical boundaries are being blurred by the continued growth in online offerings and this could be a unique challenge in the home communities of each of the campuses as well as in the communities with established Centers. Recognizing this, the Presidents agreed that inter-campus communications are critical and that in those cases where an institution plans to deliver an online/blended program in the region typically served by another, partnerships need to be formatted to accomplish joint delivery. The system's academic policies and guidelines support this structure.

As the discussion concluded, the presidents agreed to recommend to the Board that in those cases where a campus was planning to establish any physical presence that included the delivery of a program in a region historically served by another, the originating campus is obligated to establish a partnership that will allow a collaborative delivery of coursework and related services.

The board engaged in discussion regarding the complication of approving every course for online delivery. It was suggested that this be moved to the December meeting when there will be

more data on current completion rates, showing whether or not a hybrid model actually improves completion and performance. Regent Morris expressed that he likes that this could accomplish collaboration among our universities.

Dr. Gingerich gave further clarification on how our current programs would fall if the board adopted the HLC's categorization of programs.

IT WAS MOVED by Regent Baloun, seconded by Regent Schaefer to defer this item until the meeting in December 2012. All members voting AYE. The MOTION CARRIED.

A copy of Recommended Revisions to Program Approval Processes can be found on pages ____ to ____ of the official minutes.

REPORT AND ACTIONS OF THE COMMITTEE ON ACADEMIC AND STUDENT AFFAIRS

Regent Morris presented the report and actions of the Committee on Academic and Student Affairs as follows:

INFORMATIONAL ITEMS

Institutional Items of Information

The Committee 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. No action required. A copy of the Institutional Items of Information can be found on pages ____ to ____ of the official minutes.

Annual Curriculum Report

Black Hills State University, Dakota State University, Northern State University, South Dakota School of Mines and Technology, South Dakota State University, and the University of South Dakota have provided reports on the approved minor course and minor program modifications of the VPAA's for the previous year. Information only. A copy of the Annual Curriculum Report can be found on pages ____ to ____ of the official minutes.

2012-2013 Discipline Councils

Discipline Councils are established each fall and the campus representatives for each council have been compiled in a matrix that was provided to the committee. It was moved by Regent Weber and seconded by Regent Baloun to approve the list of campus representatives for the 2012-2013 discipline councils. Motion passed. A copy of the 2012-2013 Discipline Councils can be found on pages ____ to ____ of the official minutes.

CONSENT CALENDAR

FY2012 Distance Education Report

The *FY2012 Distance Education Report* replaces last year's *Off-Campus Education Report*, which merged material from an assortment of related reports that in previous years had been presented separately: 1) the *Electronic University Consortium Annual Report*, 2) the *University Centers Annual Report*, and 3) various ad hoc analyses of distance education data. The goal of the current report is to provide a summary of performance data related to SDBOR's distance delivery initiatives. The Executive Summary and Full Report were provided to the committee. Information only. A copy of the FY2012 Distance Education Report can be found on pages ____ to ____ of the official minutes.

SUBSTANTIVE ITEMS

New Certificate Request: DSU – Informational System, Business Analytics Certificate

It was moved by Regent Baloun and seconded by Regent Weber to approve DSU's request for a certificate in Information System, Business Analytics. Motion passed. A copy of the New Certificate Request: DSU – Informational System, Business Analytics Certificate can be found on pages ____ to ____ of the official minutes.

Cooperative Agreement – USD

It was moved by Regent Weber and seconded by Regent Baloun to approve the proposed cooperative agreement between USD and the Consortium of Transatlantic Studies and Scholarship (CTSS). Motion passed. A copy of the Cooperative Agreement – USD can be found on pages ____ to ____ of the official minutes.

Full Report

IT WAS MOVED by Regent Morris, seconded by Regent Weber to adopt the report and actions of the Committee on Academic and Student Affairs. All members voting AYE. The MOTION CARRIED. A copy of the Full Report can be found on pages ____ to ____ of the official minutes.

REPORT AND ACTIONS OF THE COMMITTEE ON BUDGET AND FINANCE

Regent Krogman presented the report and actions of the Committee on Budget and Finance as follows:

INFORMATIONAL

Institutional Items of Information

The Committee received the Institutional Items of Information from BHSU, DSU, NSU, SDSM&T, SDSU, USD, SDSBVI, and SDSD. No action required. A copy of the Institutional Items of Information can be found on pages ____ to ____ of the official minutes.

Capital Project List

The Committee received the Capital Project List that identifies the current capital improvement projects along with the Regental representative, estimated dollar amount, the source of funds for the project, and the current status of the project. The list includes the Board's second ten-year Capital Plan which was approved by the 2005 Legislature, and the Science and Laboratory facilities approved by the 2008 Legislature. Information only. A copy of the Capital Project List can be found on pages ____ to ____ of the official minutes.

Building Committee Report

The Committee received information regarding the activities of the various building committees that had met since the last meeting as follows: the Building Committee for the SDSU Cow-Calf Education Research Unit selected designArc to design the project; the Building Committee for the SDSU Utility Infrastructure Upgrades selected HR Green to design the project; the Building Committee for the SDSU North Tunnel Extension and Supplemental Plant selected Farris Engineering to design the project; the Building Committee for the SDSU Visual Arts Building selected Koch Hazard/BNIM to design the project; the Building Committee for the SDSU Headhouse-Greenhouse Building approved the preliminary design, authorized the A/E to issue contract documents to award the foundation and exterior shell of this project, and approved the facility design plan and program plan; the Building Committee for the SDSU Architecture, Math and Engineering Building selected Sioux Falls Construction to oversee the project; the Building Committee for the SDSU Indoor Practice and Human Performance Facility authorized SDSU to proceed with design of the project; the Building Committee for the USD Sports Performance Enhancement/DakotaDome Renovation approved the facility program plan for the project; the Building Committee for the NSU Johnson Fine Arts Center selected Baldrige & Nelson Architects to design the project; and the Building Committee for the USD Muenster University Center Expansion approved the Facility Design Plan and the guaranteed maximum price for the project. Information only. A copy of the Building Committee Report can be found on pages ____ to ____ of the official minutes.

Student Accounts Receivable as of 6-30-12

The Committee received FY12 collections data. This process has become more efficient and consistent across the system as it now includes collecting all monies due after the drop/add. Information only. A copy of Student Accounts Receivable as of 6-30-12 can be found on pages ____ to ____ of the official minutes.

Minnesota Reciprocity

The Committee received information regarding the rates paid by Minnesota students and South Dakota students when attending either Minnesota or South Dakota state schools. Information only. A copy of the Minnesota Reciprocity can be found on pages ____ to ____ of the official minutes.

CONSENT CALENDAR

IT WAS MOVED by Regent Hansen, seconded by Regent Schaefer to approve the following items on the consent calendar:

M&R Institutional

Approve the Executive Director's emergency authorization of BHSU's request to install a stand-alone boiler unit in Pangburn hall at a cost of \$140,000. Funding for this project will come from university overhead funds.

Approve the Executive Director's emergency authorization of DSU's request to renovate the former Java City coffee shop area to accommodate the Einstein Brothers Bagel franchise at a cost of \$150,038.43. Funding for this project will come from Auxiliary Reserve Funds.

Approve SDSU's request to install two natural gas drying ovens in the Seedhouse at an estimated cost of \$125,000. Funding for this project will come from AES appropriated funds.

Approve SDSU's request to construct and equip a clean room lab space in the Daktronics Engineer Hall at a cost of \$519,906. Funding for this phase of the project will come from university support fees, discipline fees and indirect overhead. All actual construction costs will come from indirect overhead revenues. A copy of the M&R Institutional can be found on pages ____ to ____ of the official minutes.

HEFF M&R Projects

Approve SDSU's request to perform asbestos abatement and debris cleanup in the Scobey Hall Crawl Tunnel at an estimated cost of \$162,000. Funding for this project will come from residual FY13 HEFF funds.

Approve SDSU's request to remodel Crothers Engineering Hall first and second floor restrooms for ADA compliance at an estimated cost of \$110,000. Funding for this project will come from residual FY13 HEFF funds. A copy of the HEFF M&R Projects can be found on pages ____ to ____ of the official minutes.

All voted AYE. The MOTION CARRIED.

SUBSTANTIVE

SDSU – Indoor Practice Facility and Human Performance Facility – Facility Program Plan

IT WAS MOVED by Regent Schaefer, seconded by Regent Jewett to approve SDSU's Facility Program Plan request to construct an Indoor Practice Facility and Human Performance Facility at an estimated cost of \$38,300,000. Funding for construction of this project is to come from donations, pledges, and gifts earmarked as part of the SDSU Foundation 2007-2012 \$200 million comprehensive campaign. The utility budget will come from the state budget or may be passed onto students if operating revenues are not sufficient. The fund sources for operations would be new rental agreements and user fees as well as annual and endowment funds from the SDSU Foundation. Maintenance and repair would come from revenues from endowment funds and annual funds raised by the SDSU Foundation in cooperation with the university and Athletics. HEFF would be used for maintenance and repair if revenues are not sufficient. No student fee increases beyond the amount needed for utilities are anticipated for construction, operation, or maintenance of this facility. All voted AYE. The MOTION CARRIED. A copy of the SDSU – Indoor Practice Facility and Human Performance Facility – Facility Program Plan can be found on pages ____ to ____ of the official minutes.

SDSU – Authorization for Demolition

IT WAS MOVED by Regent Hansen, seconded by Regent Schaefer to authorize the Executive Director to permit South Dakota State University to demolish, for an estimated expenditure of \$15,000, the general storage facility formerly known as the Knights of Columbus Hall in Brookings County once an environmental audit has been completed and (1) the property has been determined to harbor no hazardous materials or (2) any identified hazardous materials have been abated. All voted AYE. The MOTION CARRIED. A copy of the SDSU – Authorization for Demolition can be found on pages ____ to ____ of the official minutes.

USD – Muenster University Center Expansion Project – Facility Design Plan

IT WAS MOVED by Regent Hansen, seconded by Regent Schaefer to approve USD's Muenster University Center Expansion Facility Design Plan of 31,000 square feet at a cost of \$11,600,000. Funding for this project will come from operating income and cash from the MUC operations totaling \$4,472,393, and a loan from the auxiliary system totaling \$7,127,607, to be repaid from MUC operations through FY2023. Each year in October, USD is to provide a comparison of the proposed plan against actuals until the loan is satisfied. For the purpose of analyzing USD's debt capacity for its auxiliary system, the internal debt will be included as bond debt for future internal debt calculations. All voted AYE. The MOTION CARRIED. A copy of the USD – Muenster University Center Expansion Project – Facility Design Plan can be found on pages ____ to ____ of the official minutes.

USD – Science, Health and Research Lab – Preliminary Facility Statement and Facility Program Plan

IT WAS MOVED by Regent Hansen, seconded by Regent Schaefer to approve USD's Preliminary Facility Statement and Facility Program Plan requests to construct the Science,

Health and Research Lab building at an estimated cost of \$10,609,000. Funding for this project will be \$8,695,000 from HEFF bonding in FY2014 and \$1,914,000 in donations. All voted AYE. The MOTION CARRIED. A copy of the USD – Science, Health and Research Lab – Preliminary Facility Statement and Facility Program Plan can be found on pages ____ to ____ of the official minutes.

USD – Sports Performance Enhancement Facility and Outdoor Track/Soccer Complex – Facility Program Plan

IT WAS MOVED by Regent Schaefer, seconded by Regent Hansen to approve USD’s Facility Program Plan request to construct a Sports Performance Enhancement Facility Arena and Outdoor Track and Soccer Complex at an estimated cost of \$48,178,885. Funding for construction of this project is to come from cash donations of \$14,150,000, a cash pledge from the Foundation of \$9,938,559, athletic revenues of \$3,400,000 set aside for the project, \$20,690,326 from debt financing (repaid with \$20M Sanford Gift; \$2.0M from rental agreements, and \$8.4M from corporate sponsorship agreements). The utility budget will come from the state budget or be funded with a GAF increase. The fund sources for operations will be increased sponsorship agreements, increased gate receipts, and ticket sales. Maintenance and repair would come from HEFF and the university maintenance and repair fee. No student fee increases beyond the amount needed for utilities are anticipated for construction, operation or maintenance of this facility. All voted AYE. The MOTION CARRIED. A copy of the USD – Sports Performance Enhancement Facility and Outdoor Track/Soccer Complex – Facility Program Plan can be found on pages ____ to ____ of the official minutes.

FY13 HEFF Cash Flow Statement

IT WAS MOVED by Regent Schaefer, seconded by Regent Hansen to approve an additional allocation of \$2.0M from HEFF for FY13 to fund maintenance and repair needs at the universities. All voted AYE. The MOTION CARRIED. A copy of the FY13 HEFF Cash Flow Statement can be found on pages ____ to ____ of the official minutes.

Full Report

IT WAS MOVED by Regent Krogman, seconded by Regent Hansen to adopt the report and actions of the Committee on Budget and Finance. All members voting AYE. The MOTION CARRIED. A copy of the Full Report can be found on pages ____ to ____ of the official minutes.

BHSU RESIDENT TUITION PROPOSAL FOR WYOMING

IT WAS MOVED by Regent Jewett, seconded by Regent Hansen to support the Wyoming resident rate tuition proposal so that BHSU can begin to recruit knowing that the rate will be approved in March 2013. BHSU should annually report on the program to assess its success over the next four years.

President Schallenkamp said the ability to offer resident tuition will allow them to compete with the Hathaway Scholarship and other State of WY scholarship programs that create challenges in the current environment.

She said the recruiters have an aggressive rollout plan for communicating this to Wyoming students and community college graduates. She and her team believe that this lost revenue will quickly be recovered due to the increase in enrollments. They need 33 more students in order to break even, if they do not accomplish this, BHSU is responsible for the loss.

In order to impact Fall 2013 enrollment, recruiting efforts need to begin as soon as possible even though the rate will not take effect until FY14 and the Board may not officially approve the rate until March of 2013.

Discussion around the current Wyoming students and their possible dissatisfaction when they learn they are not eligible for the in state tuition since they are already enrolled. Regent Jewett recommended these students receive something in order to soften the blow.

Regent Krogman recommended that BHSU market this as the Black Hills State Scholar Award rather than merely a discount.

It was mentioned that the community colleges in Wyoming will graduate roughly 24,000 people this coming year, so there's a great pool of students from which to recruit.

All members voting AYE. The MOTION CARRIED.

A copy of BHSU Resident Tuition Proposal for Wyoming can be found on pages ____ to ____ of the official minutes.

EXECUTIVE SESSION

IT WAS MOVED by Regent Schaefer, seconded by Regent Hansen that the Board of Regents Dissolve into Executive Session at 10:50 a.m. on Thursday, October 11, 2012, in order to discuss personnel matters and that it adjourn at 12:00 p.m. All members voting AYE. The MOTION CARRIED.

EXECUTIVE SESSION REPORT AND ADJOURNMENT

At 12:00 p.m. on Thursday, October 11, the Board of Regents reconvened in open session. Regent Secretary Schaefer reported that the Board met in executive session to discuss personnel matters, and no further action will be taken at this meeting.

IT WAS MOVED by Regent Hansen, seconded by Regent Morris to adjourn the meeting of the Board of Regents on October 11 at 12:00 p.m. All members voting AYE. The MOTION CARRIED.