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5/30/2011

Chancellor William G. Goetz  
North Dakota University System  
State Capitol Building  
Bismarck, North Dakota 58505

Dear Chancellor Goetz,

Subsequent to our conversation on May 26, 2011, please consider this letter the second supplemental submission in support of my performance evaluation documentation. Listed below please find a written response to your twelve questions.

1. Positive Aspects and Primary Issues: my current web-based GoalShare report and my supplemental performance evaluation letter dated March 31, 2011 outline many accomplishments and successful team efforts that signal the positive momentum and focused energy that prevails on our campus. A brief overview of primary efforts/challenges during this year would include the following: maintain DSU's financial wellbeing; advance the DSU 2015 Plan in support of the SBHE strategic plan; shared governance conversations regarding faculty sick leave, a new code of conduct and a new tobacco free policy; our many budget conversations and reports throughout the legislative assembly session; our second year of new academic initiatives; successfully earning NACATE re-accreditation while also gaining new national accreditation for our environmental health program and our business department program; building, dedicating and operating the new Badlands Activities Center while staying under the authorized \$16 million construction budget; receiving SBHE approval for limited graduate credit and our ongoing effort to be approved by the Higher Learning Commission for future graduate credit classes; sustaining and advancing our Strom Center programs in support of economic development; sustaining and advancing our Theodore Roosevelt Initiatives while expanding our partnerships and

signing an agreement with Harvard University to incrementally access to their entire TR collection; working to save the Dakota Athletic Conference and subsequently successfully defending our application to move into the Frontier Conference effective fall of 2012; launching a task force to examine future student housing requirements; obtaining SBHE approval for a new Confucius Institute, and subsequently, successfully defending our application in Beijing in front of the senior leaders for China's Confucius Institute Headquarters.

2. Working Relationship with Administrative Team: as you know, we periodically discussed the ongoing difficulties that I experienced during the first two years as I worked with the VPAA who was established when I arrived. He had been in that position for almost 20 years, and he was bitter because as an applicant for the President's position, he felt that I was the wrong selection and he would have been a better choice. Consequently, he could never join my team, and he worked against many of my suggestions. With your concurrence and legal advice, I changed his assignment and this past year my relationship with my administrative team greatly improved. I meet with my three VPs and we harmoniously discuss issues together and solve problems together. We share common values and a strong commitment to the overall wellbeing of our students and our University. We openly share divergent ideas and develop a balanced analysis. My Cabinet has been enhanced with a new Athletic Director and the Strom Center Director works well with everyone on my administrative team. This year we did a search and restored the Arts & Science Dean position; Dr. Haught will assume that assignment on July 1st. With two Deans and a new VPAA, I anticipate many future academic successes because of the synergy and strong leadership that will be realized when these three leaders work together. Like all organizations, we have some who resist change and want to maintain their comfort zone. I think about half of our Department Chairs would prefer to maintain the status quo. However, by using a new funding initiative, we are seeing voluntary efforts for change coming from many of the Departments as we promote three major academic initiatives. First, we are advancing a continuous quality improvement effort (CQI) designed to ensure a timely and relevant curriculum. One example from this effort can be seen with our Business Department's recent success to gain national accreditation. The second initiative

seeks to advance innovative teaching and scholarship and the third is an attempt to internationalize our campus life and academic focus using the recommendations from a recent ACE Report. Additionally, I have started a conversation and committee effort to advance our student success coordination. We sent a team to the national first-year conference and a team to the recent NDUS retention conference. We have organized a coalition-of-the-willing who want to be involved. To begin our action strategy, we plan to focus our attention to improve the process of academic advising as part of our deliberate efforts to enhance retention and graduation rates.

3. DSU's work environment: I believe our faculty and staff have an enduring commitment to student success and a growing commitment to our DSU 2015 Vision. Each semester we are converting ideas into action to advance our progress as part of the journey to become a premier university in the upper Great Plains. The innovators and early adopters are being encouraged, and some of the middle adopters are starting to support new initiatives. Throughout this academic year, I have reported our progress to foster an organizational culture that embraces shared governance. After more than 18 months of a very collaborative effort, we launched a DSU Faculty Sick Leave policy that was subsequently endorsed by the Faculty Senate with a unanimous vote during their February meeting. Moreover, I created a Code of Conduct committee that includes both Faculty and Staff Senate representation, and this task force has worked to develop an outstanding DSU Code of Conduct that has been implemented and signed by more than 99% of our benefited employees. Additionally, I established a new committee that is addressing the concerns and suggestions that were outlined within the Campus Quality Survey. This committee continues to work and they are starting to formulate recommendations by taking the concerns/suggestions from the survey and integrating them with national research findings regarding the 10 organizational areas that yield a quality work environment with employee job satisfaction. Also, in March we conducted mandatory harassment training that focused upon respect in the workplace. Moreover, I am working with our three senates (faculty, staff, & student) and the members of my Cabinet to develop and implement a new Tobacco Free campus policy.
4. Personnel Turnover: Attached please find the most current listing of faculty and staff vacancies. It is my understanding that two of the

four faculty vacancies have been filled, but we are awaiting the return of signed contracts so the positions are still listed. As a Cabinet, we have discussed and analyzed our personnel turnover rates and the reasons for individual departure. Also attached please find a complete summary from this past calendar year. A few months ago, we did an internet search and found the national turnover rate for all businesses is 14.4% according to the Bureau of National Affairs. Last year, our turnover rate was 14.4% and the previous year it was 11.8%. The reasons for individual departure are listed on the summary form. We are trying to maintain our employees within a very competitive wage market. As the energy development continues and the competition for workforce escalates, we are doing our best to retain personnel. This energy trend not only affects our full-time personnel, our custodians and skilled labor, but it also influences the availability of part-time personnel. This year, we had to significantly increase our hourly wages in order to recruit and employ student workers on campus.

5. Relationship with DSU Foundation, Alumni and the City of Dickinson: as we have discussed, I am diplomatically working with many stakeholder groups and seeking to achieve consensus and positive momentum. And yet I know every decision that I make disappoints some and angers a few. For example, my decision to keep the BAC alcohol-free during college sporting events angered a number of groups and created some powerful opponents. However, as we move forward, I have developed many avenues to convey the positive aspects of our DSU story and to share the progress that is being achieved. My quarterly *Signal Butte* messages reach the entire mailing list of donors and alumni as well as many elected area officials. Last fall I started a new President's Newsletter as another means of regular communication. I also started writing periodic guest columns within the Dickinson Press. I routinely attend the quarterly board meetings with the Foundation and Alumni Boards. I also periodically attend Blue Hawk Booster board meetings. I always provide progress reports during these meetings and respond to questions. Moreover, I have traveled on a regular basis to attend and support our Alumni Reunions. Last summer, the Foundation's legal counsel asked everyone at the board meeting to sign a confidentially agreement. When I checked with Mr. Pat Seaworth, he advised me that I could not sign such an agreement because it violates state law

and open records policies. Since then, the Foundation and Alumni board materials have been moved to a password protected website and I do not have a password since I did not sign their confidentially agreement. Last fall we started working on the DSU code of conduct policy to comply with the new SBHE policy, and I was informed by the Foundation President and Vice President that they wanted to transition all foundation and alumni employees away from university employee status because as a foundation they not comfortable with the code of conduct policy requirement regarding open records and they want to always protect the confidentially of donor records. So, in January the foundation assumed payroll and insurance responsibility for all their employees. Our current operating agreement is signed by Dr. Vickers and with the employee transition to the foundation payroll, the legal counsel for the foundation proposed a new operating agreement that reflected this new employee arrangement. That proposed agreement is currently pending review by Mr. Seaworth and I believe Mr. Seaworth wanted to wait for the SBHE foundation policy to be confirmed before he reviewed and suggested comments on the proposed draft from the DSU foundation. Since the SBHE policy is now established, we want to move forward to develop a new operating agreement with the Foundation and Alumni Boards. Simultaneously, I met last week with the Blue Hawk Booster Board and we have started the conversation for a new agreement with the Booster Club. About two weeks ago, my wife and I attended the Foundation's annual donor recognition banquet and I gave the audience a progress report that was warmly received with several rounds of applause. Currently, we are very close to successfully completing the fundraising effort to finance the new \$16 million BAC, and the first year of BAC operations is projected to finish on June 30th well into the black with perhaps \$35-40K that can be used to establish a reserve account for future maintenance; we are ahead of our fundraising goals to meet the NEH Challenge Grant that will create our first DSU Endowed Chair position as part of our TR Library project, and through the Foundation, we are collaboratively working with private donors, the County Commissioners and the City Council to create a beautiful bronze statue of TR that will be unveiled on the Court House lawn as part of next October's TR symposium. Both the County Commission and the City Council have agreed to financially support this statue project. They have been supportive of all our efforts and I believe I have

earned their trust and support. I am consciously working to enhance our campus relationships with the community of Dickinson. My wife and I frequently entertain as part of our friend-making effort. I have an office mailing list of area officials and I periodically send them informational pieces and progress reports. I make time to appear in front of both the County Commissioners and the City Council during their routine meetings. I also have established a positive relationship with the Stark County Development Board and they are helping us with financial support for the Strom Center. Additionally, I attend most of the BAC Development Board meetings and I have established a positive working relationship with Dickinson's two high schools and the five other entities that are represented within the Joint Powers agreement for the BAC.

6. Recent Enrollment Reporting: As you know, I have repeatedly apologized for the mistakes that were made during our fall semester enrollment process. You will recall that we corrected the NSSE database error within 24 hours of discovery. We continue to be willing to make any additional corrections that you recommend. Your letter dated February 10, 2011 presented several questions regarding the process. We did the research and provided you with our report on February 25, 2011. With the departure of Marty Odermann-Gardner and the change of VPAA, we experienced coordination and communication slip-ups. However, these mistakes were human errors and not intentional. Please recall Mr. Melbye's assessment that the academic integrity of these classes was not jeopardized and no policy violations occurred. I do believe the new NDUS enrollment matrix will clarify future reporting procedures and help us as we move forward.
7. Describe the events involving the Volleyball Team: The attached summary provided by our Athletic Director, Mr. Tim Daniel, outlines the complete timeline with all the decisions and procedures. Throughout this process, we tried to do the right thing and I made the decision to immediately self-report this situation. We worked with the DAC Commissioner and NAIA officials to follow the established process and comply with their policies and procedures. The outcome of this process was transparent and reported by the Dickinson Press.
8. Provide Financial Information and Issues: The NDUS financial review for FY2010 prepared in March 2011 states "DSU's financial position remains very sound. The viability ratio, current ratio and working

capital ratio all increased since 2007 and long-term debt decreased.” According to this report, DSU has the best viability ratio in the state. Our reserve ratio is second best in the state and our current ratio is best in the state. Our working capital ratio is second best in the state and our net income margin is the best in the state. Attached please find our Financial Viability report as recently prepared by Mr. Binstock. Please note our projected carry-forward and our financial concerns as outlined within this summary. As you know, the Legislature approved \$750K to support another two years for the TR Center; we have funds presently available to support another two years of Strom Center operations, and Mr. Strom just recently agreed to extend and increase his annual support for the Strom Center. When we launch the Confucius Institute, we will receive \$150K as a start-up grant and subsequently half the annual operating budget will be provided by funds from our China University partner. We anticipate the tuition collected from our language classes will help cover part of our share in support of the operating budget.

9. Describe Leadership Style: During the interview process for this position and throughout my time as the DSU President, I have attempted to convey my leadership philosophy and my leadership values. Attached please find a copy of these values and philosophy as they appear on our website. Please visit our DSU homepage, click on the link entitled “From the President.” Please note my posted Leadership Values and Leadership Platform pages. Each day, I try to make my actions congruent with these words. I established these webpages to help people better understand my philosophy while I simultaneously seek to be a publicly transparent leader. These beliefs and values reflect the fiber of my personality and guide my leadership style.
10. Describe Working Relationships with Faculty, Staff, Students and Administrators: First, I consciously try to be open, accessible and available for communication with faculty, staff, students, administrators and members of the community. Since I am not always in my office, I encourage people to make an appointment if they want to visit with me. I attend most of the faculty senate meetings, some of the staff senate meetings and make myself available to attend and support as many student activities and events as possible. Each semester, my wife and I work at the midnight breakfast in support of the student senate. Each spring for the last

two years, I make time to meet with each department during one of their routine meetings in order to provide them with an update and respond to questions. About twice each semester, I host a senior faculty breakfast to be available to senior faculty and to share information. Twice each semester, I host a luncheon for the officers of all three senates. This is a time for them to share information with each other, to discuss possible senate collaboration and an opportunity for me to have the chance to provide updates. Moreover, this year I established a new Administrative Council that assembles the fourth Monday of each month in order to enhance communication and share information across the campus. This is a large group of about 45 campus leaders. All academic and staff unit leaders are present along with my Cabinet and the Presidents of all three senates. The second part of our working relationship focuses upon my desire to foster teamwork. We are a student-centered university. Our mission is to educate our students and advance the well-being of our society. As we work together, we can achieve many things through teamwork that cannot be achieved with individual efforts. So, our DSU 2015 planning effort is being advanced by five teams that involve almost 40 members of the faculty and staff. Our collation to advance student success is working as a team. My leadership values center around the concept of teamwork and the ability to support collective goals. I believe we are empowered to forge the boundaries of our future and I try to share my proactive philosophy with our campus and the community. This last year, our various academic and campus life programs achieved a number of significant accomplishments; many of these benchmarks represent "high-water" marks in the history of the university. The brochure entitled "Hallmarks of Distinction" conveys a brief overview of these activities.

11. DSU Personnel Hiring Policy, Background checks and pending personnel cases: Enclosed please find two reports. The first outlines our hiring procedures and the second summarizes pending personnel issues. We have one pending claim of illegal hiring practice and we are working with Ms. Wagner-Goulet to resolve this issue. This charge is against our financial aid office. There are no pending claims of hostile work environment or bullying and we are current and in compliance with SBHE Policy for background checks.
12. Enrollment and Student Housing Projections for next Fall: We are tracking enrollment progress for the fall semester and working hard to

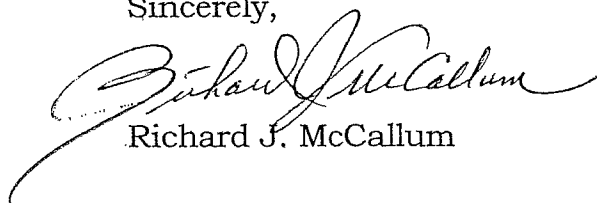


be successful. Our most recent application report shows a modest increase; 484 compared to 429 this time last year. Our Extended Learning projections are slightly behind this time last year. We have escalated our marketing and recruiting efforts with the hope of recovering some of the lost-numbers that we have experienced. The head-winds of demographics and economics have certainly influenced us the last two years. Specifically, the decline in high school graduates plus the increased competition for this audience reduced the size of last year's incoming first-year, full-time student numbers. We also see many high school male graduates going to work in the oil fields; already we are about 66% female throughout our total enrollment. We have lost 130 international students since 2008 and we are hoping to recover part of this lost by moving from 300 to 400 international students next fall. However, our most recent international enrollment projection is 357 so the goal of 400 may be too optimistic especially since the window of opportunity to obtain an international Study Visa is quickly closing. Overall, we continue to recruit new freshmen, new transfer students and new online students. Last year, we lost about 60 online students compared to the previous year and the current enrollment report for online indicates we have secured about two-thirds of our online enrollment goal for next fall. Our housing reservations are approximately 40 ahead of last year's returning student reservations. We have been discussing and analyzing our housing needs. Enclosed please find my March letter creating a Task Force on student housing. This correspondence outlines the many variables that were discussed during previous administrative council meetings. Also enclosed please find my recent correspondence to all faculty members and staff. Given the existing misunderstandings regarding our occupancy rates, I wanted to share the actual numbers with the entire campus community. You will recall our previous discussions regarding the conversion of some rooms into triple occupancy. We took this action to ensure student access and affordability. This last year, we did not need to use triple occupancy. However, if all our recruiting efforts are realized in the most optimistic manner, we anticipate the need to have triple occupancy during the fall semester. The co-chairs of our housing task force, Mr. Haynes and Mr. Binstock, have recommended a new payment policy for fall semester housing. I have endorsed their recommendation and therefore all international students must pay in

advance for their room and meal plan. This will help ensure our projections are as firm and realistic as possible. Our domestic students must document they have pending financial aid in order to reserve a room. Hopefully, as we track room reservations, we will be as accurate as possible and not experience the "soft" reservations that have been part of our past. The housing task force continues to work toward the development of short-term, mid-range and long-range planning recommendations. The fastest growing segment of our enrollment is the part-time student, and they do not require housing. Given the many uncertainties that will influence our future housing requirements, we are not ready to build another residence hall at this time. However, that option may emerge after the task force completes its analysis. As we discussed, if the DSU Foundation develops plans for new student apartments, we are willing to work with them within the constraints that are established by our housing policies and our ability to remain affordable.

Thank you for your consideration. Please let me know if you have questions or need additional information.

Sincerely,

A handwritten signature in cursive script, reading "Richard J. McCallum". The signature is written in dark ink and is positioned above the printed name.

Richard J. McCallum

cc: Mr. Jon Backes