

# NORTH DAKOTA LEGISLATIVE COUNCIL

## Minutes of the

### HIGHER EDUCATION COMMITTEE

Tuesday and Wednesday, September 28-29, 1999  
Exchequer Room, Jamestown Civic Center, 212 Third Avenue NE  
Jamestown, North Dakota

Senator David E. Nething, Chairman, called the meeting to order at 8:30 a.m.

**Committee members present:** Senators David E. Nething, Tim Flakoll, Tony Grindberg, Ray Holmberg, Ed Kringstad, Elroy N. Lindaas, Ken Solberg, Rod St. Aubyn, Steve Tomac, Rich Wardner; Representatives Ole Aarsvold, Al Carlson, Jack Dalrymple, Eliot Glassheim, Nancy Johnson, Myron Koppang, Ed Lloyd, Andrew G. Maragos, Bob Stefanowicz, Gerald O. Sveen, Janet Wentz

**Roundtable members present:** Hardin Aasand, Bethany Andreasen, Ryan Bernstein, Craig Caspers, Joseph Chapman, Beverly Clayburgh, Maggie Clemmens, Vern Dosch, Jennifer Feist, Bruce Furness, Red Geurts, Bill Goetz, Gary Hagen, Don Hedger, Bruce Henke, Dennis Hill, John Hoeven, William Isaacson, Larry Isaak (ex officio nonvoting), Jim Jensen, Dennis Johnson, Marlowe Johnson, Dave Kemnitz, Dale Knutson, John Korsmo, Charles Kupchella, Max Laird, Melvin Olson, Joe Peltier, Ryn Pitts, Ken Quamme, Roger Reiersen, Wayne Sanstead, Jeanette Satrom, H. Erik Shaar, Charles Stroup, Donna Thigpen, Jodi Uecker-Rust, Sister Thomas Welder

**Roundtable member absent:** Carty Monette

**Others present:** See Appendix A

Others in attendance were Senator Aaron Krauter and Senator Larry J. Robinson, members of the Legislative Council, and Representative Pam Gulleeson.

#### HIGHER EDUCATION ROUNDTABLE

Chairman Nething welcomed invited members of the Higher Education Roundtable and discussed the procedures and process relating to the roundtable. He said the North Dakota University System will be studied as a complete entity and the roundtable study will not consider closure of any institutions of higher education or focus on individual institutional budgets. He said the study will focus on identifying the expectations and needs of the University System in the 21st century, the funding methodology to meet those expectations and needs, and an accountability and reporting system.

Chairman Nething said the process begins with the September 28-29 roundtable when the expectations will be developed and background information provided and will continue with an October 29

roundtable meeting at the Carrington Research Extension Center to finalize the expectations and to develop the task force framework. He said five or six task forces consisting of members of the roundtable will meet after January 1, 2000, and develop recommendations to be brought to the Higher Education Roundtable in late March or early April 2000. At that time, the roundtable will make recommendations to the Higher Education Committee for its consideration and possible introduction to the 2001 Legislative Assembly. He said 150 individuals applied for participation in the roundtable, and he asked that participants discard any personal agenda, remain open-minded, critically examine emerging trends, and participate in the development of expectations. He asked that roundtable members identify what they want higher education to be in North Dakota and what they want the Higher Education Roundtable to accomplish in this process.

Dr. Charles Schwahn, Consultant, Custer, South Dakota, provided information regarding the shifts, trends, and conditions that are redefining life, opportunities, challenges, organizations, and careers for the new millennium. A copy of a summary of his presentation is on file in the Legislative Council office.

Dr. Schwahn identified the following shifts, trends, and future conditions:

1. Quality is an entrance requirement.
2. Customers demand value.
3. Quality and success are transitory.
4. The seamless world economy.
5. China is coming.
6. Being "glocal."
7. Being "green" is good . . . for the bottom line.
8. Doing well by doing good.
9. English as the common global language.

Dr. Schwahn discussed the adept, empowered employee in the nimble organization and identified the following themes:

1. Change is the only constant.
2. Mass customization.
3. Small is powerful.
4. Competence as capital, knowledge as power.
5. Empowered people produce.
6. The precarious intermediary.
7. From competition to cooperation.
8. Unit-based management.

9. The 24-hour economy.
10. Value-added decisionmaking.

Dr. Schwahn identified the following issues regarding transformational technology:

1. The Internet.
2. Interactive machines and tools.
3. Being digital.
4. On-demand interactive communication.
5. Miles are meaningless.
6. If it does not require high-level thinking, it does not need you.
7. Where has all the paper gone?
8. Virtual reality and the fulfillment mall.
9. Hitting the techno saturation point.

Dr. Schwahn identified the following conditions relating to the virtual workplace:

1. The anywhere, anytime workplace.
2. The cocooning of the techno able.
3. The virtual organization.
4. The lure of strategic alliances.

Dr. Schwahn identified the following issues regarding transformational leadership:

1. Purpose, value, and vision-driven.
2. Transparent organizations.
3. Leaders as visionaries.
4. The feminine factor.
5. Future forecasting as a core competency.
6. Lifelong learning.

Dr. Schwahn identified the following trends and conditions relating to beyond business:

1. The population bomb.
2. Maldistribution of wealth.
3. Persistent inequalities of education and training.
4. Paradigm and paralysis in education.
5. Toward individual responsibility.
6. The graying of America.
7. The diversification of America.
8. The frustrated center.

Mr. Dennis Jones, National Center for Higher Education Management Systems, Boulder, Colorado, discussed the implication of trends and conditions on North Dakota and the North Dakota University System. A copy of Mr. Jones' overhead presentation is attached as Appendix B. Mr. Jones' comments regarding North Dakota population included:

- Population has been stable for a long time.
- Population is concentrated with four counties having greater than 50,000 people.
- Population changes from 1980 to 1990 resulted in only seven counties having an increased population.
- The age diversity continues with fewer young people and more older people, especially by the year 2015.
- The over 65 population is increasing.
- People living below the poverty level is approximately 10 to 12 percent.

- Per capita income is approximately 80 percent of the national average, while in the 1970s the state's per capita income was at the national average.
- There are extreme variations by county in per capita income.

Mr. Jones made the following points regarding education:

- Approximately 17 to 18 percent of the population has a college degree, which is less than Minnesota and Montana.
- The percentage of the state's population with an associate degree is relatively high.
- Approximately 13 to 14 percent of North Dakota's population has a bachelor's degree.
- North Dakota lags surrounding states in the percentage of individuals with a graduate or professional degree.

Mr. Jones made the following comments regarding the economy and jobs in North Dakota:

- North Dakota has a larger percentage of adults in the service sector than surrounding states.
- The county distribution of the manufacturing sector closely identifies with the interstate highway system.
- Economic problems vary by county.
- A single response by the North Dakota University System would appear to make little sense.
- Approximately 50 percent of farm operators work off the farm.
- High-speed Internet access is a necessity in rural areas.
- North Dakota is relatively low in the number of manufacturing jobs.
- North Dakota is low in "job churning."
- Industry trends are to require certifications in certain skill levels such as Microsoft computer programs.
- North Dakota has a high percentage of high school students that go on to college.
- North Dakota will be experiencing a decline in high school graduates of approximately 15 percent in the next 10 years.
- North Dakota has a high access to higher education, but the access is local-based, with a large number of local students attending institutions.
- The State College of Science is somewhat atypical as it draws from a majority of counties in the state.
- As students work they become less mobile as they want to retain their job while attending higher education programs.
- The institutions are probably providing programs that people need.
- North Dakota can anticipate 5,000 to 6,000 fewer students in 10 years, without change.

- North Dakota has more out-of-state students than surrounding states as a percentage of total enrollment.
- Studies have shown that between one-fourth and one-third of out-of-state students stay in North Dakota after finishing their education.
- Many out-of-state student enrollments are due to the location of three large institutions along the Minnesota border--the University of North Dakota, North Dakota State University, and the State College of Science.
- Per student costs are higher at the research institutions.
- California limits enrollment at its universities, resulting in a lower system per student cost than Nebraska which has approximately 50 percent of its students in a university.
- Part-time students are not served well in North Dakota.
- An example of a state that is addressing citizen needs is Oklahoma. Oklahoma has many institutions and has assigned institutional responsibility areas to meet the needs of students in that part of the state. This is accomplished through needs assessment and development of programs to meet identified needs.
- North Dakota needs to develop a fiscal incentive for a school to host a program delivered by faculty of another institution.
- The challenge is to deliver programs where they are needed.
- North Dakota is at 85 percent of the national average for tax capacity, while North Dakota is higher than the national average in tax effort.
- North Dakota's per student funding is at approximately 90 percent of the national average, including state appropriations and tuition.
- The percentage of the state budget for higher education is being reduced.
- The portion of the state budget for higher education is higher than the national average.

Mr. Jones distributed a summary of changes in postsecondary demand and delivery, a copy of which is attached as Appendix C.

The committee recessed at 12:00 noon for lunch and reconvened at 1:00 p.m.

Chairman Nething introduced Mr. Dewayne Matthews, Director, Student Exchange and State Relations, Western Interstate Commission for Higher Education (WICHE), and Ms. Carrie Besnette, Assistant Director of State Relations, WICHE, Boulder, Colorado. Chairman Nething said North Dakota was one of nine states conducting higher education roundtable discussions. He said the Ford Foundation is providing funding support for the roundtable process. He said WICHE commissioners are Mr. Joe Peltier, State Board of Higher Education; Mr. Larry Isaak, Chancellor; and Senator Nething.

Dr. Schwahn and Mr. Jones then led the committee through a process to identify answers to the following questions:

1. What choices are facing the North Dakota University System?
2. Should the North Dakota University System serve the entire state or the four largest counties?
3. What is the North Dakota University System's role in the overall health of North Dakota?

The following are some of the areas identified by roundtable members:

- The state is making changes.
- Some building blocks are already in place.
- The state needs to actively seek a growth in population and job creation.
- The North Dakota University System needs to match student needs and available jobs.
- Higher education can be a "driver" in the state's economic growth.
- Higher education is only one of the players in the state's economic development.
- The state needs to seek diversity, more wealth, and jobs, and the institutions of higher education need to be allowed to take risks and create an environment that will take advantage of the skills of its people.
- The labor force is a key to economic development as companies locate where there are available training facilities and a trained labor force.
- Education and practical experience partnerships are developed but need to be expanded.
- The North Dakota University System needs to be responsive and seek input in curriculum development.
- North Dakota needs high-speed Internet access.
- Skills shortages for some businesses are a concern and can limit growth.
- The work force training infrastructure was mandated by the 1999 Legislative Assembly.
- The willingness to empower higher education and to provide flexibility, especially in the budget process, needs to be addressed.
- There are links between education and business such as the Skills Training Center in Fargo, the proposed NDSU technology park, and the Schafer leadership forum at the University of Mary.

Mr. Jones asked that each participant list their answers to the three listed questions, with the responses provided to the consultants for their summary and review.

The consultants then led the roundtable through the development and identification of expectations of the North Dakota University System. They discussed the difference between a vision and a mission. A

vision was identified as one that is describable, desirable, doable, and directing to the unit. Questions that need to be answered in the development of the vision are what needs to change, what should North Dakota look like in the future, what needs to change in the North Dakota University System, what is the North Dakota University System to be like in the future, and what are the expectations for the North Dakota University System.

Roundtable members then identified expectations which include:

- The faculty culture may need to change to develop better ties with business.
- The system should serve the state's educational needs.
- The system should be more responsive, be customer-driven, allow for changes in curriculum, and provide a system of incentives and rewards.
- The system should assist in lifelong learning.
- Higher education spending should be viewed as an investment rather than as an expenditure.
- Customers need to be identified, including businesses, parents, students, and taxpayers.
- The successes of the North Dakota State University Extension Service should be applied to other industries.
- The future system should include no borders, diversity on campuses, a balance between on-campus and extension courses, the importing of students, a recognition that national markets drive program development, and incentives for cooperative and collaborative efforts.
- Accreditation efforts may need to change in the future.
- Development of more entrepreneurs.
- The use of excess campus capacity by attracting out-of-state students.
- Development of course delivery in nontypical hours.
- Consideration of the effect on alumni giving as a result of Internet education.
- Possible alumni investing in venture capital or other efforts to facilitate financing new efforts.
- Eliminate competition and encourage collaboration among the institutions.
- Affordability of education.
- Strengthen the relationship between kindergarten through grade 12 and higher education.
- Address the issue of tenure and its impact on entrepreneurial risk taking.
- Provide high-quality programs.

The committee recessed at 4:15 p.m. and reconvened at 8:30 a.m. on Wednesday, September 29, 1999.

Mr. Jones reviewed the planning assumptions developed the previous day. Mr. Jones said the

consultants would like additional time to review the information provided by roundtable members and restate the planning assumptions and identified expectations at the October 29 meeting. He said their preliminary review identified the following planning assumptions:

1. North Dakota should take a proactive stance to address the trends and North Dakota's:
  - a. Economy should grow faster.
  - b. Economy should be more diversified.
  - c. Economy should be less concentrated geographically.
  - d. Population growth should be anticipated.
2. All of North Dakota be served, including the development of technology infrastructure for local communities and the identification of the state's role in economic development.
3. The North Dakota University System be a major partner in economic development and in fostering entrepreneurship.
4. Leadership be a part of the agenda.

Roundtable members said North Dakota's population goal should be specific as goals that lack specificity and do not include incremental targets will not be effective.

Mr. Jones summarized the following preliminary expectations of the North Dakota University System:

1. The system should serve an expanded client base, including nontraditional students, life-long learners, communities, businesses and industries, and include an award and incentive system.
2. The system should be accessible to clients, including geographical accessibility, should be accessible when clients are able to access the service, and should consider alternative methods of delivery.
3. The system should be affordable based upon the client's ability to pay.
4. The system should be customer-centered and should have procedures to "connect" to its customers.
5. The system should be a high-quality system that emphasizes learner outcomes, has high-quality faculty and staff, and current technology.
6. The system should function as a system and the resources of the system should be used to respond to customer needs and the funding mechanism should encourage this behavior.
7. The system should strive to eliminate borders, including the recruitment of out-of-state students, distance education development, and global thinking.
8. The system should be flexible and responsive and the "culture change" should take place to provide for responsiveness.

The roundtable then discussed the next step in the study process, the identification of system success measurements.

Senator St. Aubyn said an issue to be addressed will be the appropriateness of out-of-state students. Mr. Korsmo said the recruitment of out-of-state students will be necessary to meet the identified expectations. Mr. Reiersen said 40 percent of out-of-state students are retained as citizens of North Dakota. Representative Glassheim said he is concerned that if too much flexibility is provided to institutions, it could potentially conflict with quality programs. He said the development of entrepreneurship may become too much of an emphasis at the campuses. Senator Nething said any flexibility provided must include accountability. Senator Solberg said out-of-state students should not be educated at a tuition rate that is below the cost to the taxpayers of North Dakota. He said entrepreneurship education does not directly result in success as success must come from the individual.

Senator Nething said tentative task force roles and responsibilities will be presented at the October 29 meeting for the committee's consideration.

The consultants then discussed success indicators related to the expectations identified. The following is a summary of the various successes identified for each of the eight expectation areas:

1. Expanded client base:
  - a. Expanded enrollment.
  - b. Clear and accurate data.
  - c. A different reporting model for the number served rather than full-time equivalent on-campus enrollment.
  - d. An assessment of whether clients are adequately served.
  - e. Degrees granted and students employed.
  - f. Continuing education programs.
  - g. Market research.
  - h. Outreach.
  - i. Joint planning between business needs and the University System.
  - j. Projecting business needs.
  - k. Work with students regarding potential job opportunities.
  - l. Stressing written and oral communication skills.
  - m. Lifelong learner.
2. Accessibility:
  - a. Delivery of continuing professional education courses through the University System.
  - b. On-line programs.
  - c. Weekends and evening courses.
  - d. Recognizing the host school's effort for programs delivered by another school.
  - e. Benchmarking the access needs of the state.
- f. Identification of a critical mass for a program to begin--what is the minimum number of students?
- g. Defining the marketplace to reach beyond the state's borders.
3. Affordability:
  - a. Student debt, aid provided, unmet student need in the state.
  - b. What the customers are getting for what they are paying.
  - c. For older than average students a cost benefit analysis of education.
  - d. Cost of not doing the program--opportunity lost.
  - e. Tuition assistance.
4. Customer-centered system:
  - a. Evaluate customer satisfaction.
  - b. Campus retention.
  - c. Return business.
  - d. Alumni giving.
  - e. Employer surveys.
  - f. Placement success.
  - g. Faculty and student internships.
5. High quality:
  - a. Accreditation.
  - b. National perspective.
  - c. Meeting the client's needs.
  - d. Transfer successes.
  - e. Internal audit or assessment functions evidencing improvement.
  - f. Quality outcomes standards.
6. Functioning as a system:
  - a. Transferability from other institutions.
  - b. Joint ventures.
  - c. Allocation of resources by the Legislative Assembly and the State Board of Higher Education.
  - d. More flexibility, more latitude.
  - e. Less overlapping of programs.
7. Eliminating borders:
  - a. Cooperative agreements with other states.
  - b. Financial viability of out-of-state students.
  - c. Thinking nationally--value to North Dakota students of out-of-state students.
  - d. Retaining out-of-state students after school completion.
  - e. A single tuition rate with a discount for North Dakota students.
  - f. Capitalize on program strengths.
8. Flexibility and responsiveness:
  - a. Allow risk taking.
  - b. Timeliness of course delivery.
  - c. Ability of system to drop and add courses.
  - d. Identifying people that do not access programs.

- e. Funding mechanism--ability to reallocate funds.
- f. University as a driver of cultural change.
- g. Faculty resistance to change.
- h. Increasing number of part-time students and nontraditional students.

Senator Nething said Dr. Schwahn and Mr. Jones will prepare a summary report, including the planning assumptions, expectations, and success indicators, and provide the information to the chairman, Legislative Council staff, and the North Dakota University System staff. He said the facilitators will provide recommendations regarding possible task force organizations in line with committee study responsibilities to identify the expectations of the University System, the funding methodology to meet those expectations, and the appropriate accountability and reporting system. He said the information should be available to committee members prior to the October 29 meeting. He said at the October 29 meeting the committee will consider task force assignments, and he is expecting that either five or six task

forces will be formed consisting of from 10 to 12 members each. He said the final roundtable meeting will be held in late March or early April 2000. He said after that meeting the Higher Education Committee will consider the recommendations of the Higher Education Roundtable.

The committee adjourned at 11:45 a.m. subject to the call of the chair.

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Jim W. Smith  
Assistant Legislative Budget Analyst and Auditor

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Chester E. Nelson, Jr.  
Legislative Budget Analyst and Auditor

ATTACH:3