

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

HIGHER EDUCATION COMMITTEE

Tuesday and Wednesday, April 23-24, 2002
Minot State University - Bottineau and Forest Service
Bottineau, North Dakota
Minot State University and North Central Research Extension Center
Minot, North Dakota

Senator Dave Nething, Chairman, called the meeting to order at 9:40 a.m. on Tuesday, April 23, 2002, at the Nelson Science Center, Minot State University - Bottineau, Bottineau.

Members present: Senators Dave Nething, Tim Flakoll, Ray Holmberg, Ed Kringstad, Elroy N. Lindaas, Ken Solberg; Representatives Ole Aarsvold, Rachael Disrud, Nancy Johnson, Bob Martinson, Ralph Metcalf

Members absent: Senators Linda Christenson, Tony Grindberg, Rich Wardner; Representatives Eliot Glassheim, Michael Grosz, Pam Guleson, Roxanne Jensen, Myron Koppang, Bill Pietsch, Janet Wentz, Lonny Winrich

Others present: See attached appendix

Chairman Nething said without objection the minutes of the March 25, 2002, meeting were approved as distributed.

MINOT STATE UNIVERSITY - BOTTINEAU

Chairman Nething welcomed Senator Larry J. Robinson, Valley City, a member of the Legislative Council, and Representative Bob Hunskor, Newburg, to the meeting.

Dr. Ken Grosz, Campus Dean, Minot State University - Bottineau, and Mr. Larry Kotchman, State Forester, Forest Service, welcomed the committee to the campus of Minot State University - Bottineau. Dr. Grosz recognized Dr. H. Erik Shaar, President, Minot State University, who provided comments on Minot State University - Bottineau. Mr. Kotchman recognized Dr. Joseph Chapman, President, North Dakota State University, who provided comments on the Forest Service.

Dr. Grosz provided information regarding the university's enrollment, program offerings, and accomplishments related to the Higher Education Roundtable cornerstones. The information is included in the committee's tour packet, a copy of which is on file in the Legislative Council office. He said the university's fall 2001 headcount and full-time equivalent enrollment was 526 and 389, respectively. He said the university plans to increase enrollment by offering Canadian students a tuition waiver beginning in the fall 2002 semester.

Dr. Grosz said 47 percent of the university's students are enrolled in liberal arts, undecided, or transfer programs and the largest area of growth is in the technology programs. He said the university is reviewing new program initiatives in the environmental technology, network security, eco tourism, taxidermy, gunsmithing, and golf course management areas.

Dr. Grosz said in regard to accomplishments related to the Higher Education Roundtable cornerstones, the university is in the process of expanding distance delivery courses by increasing the number of on-line courses and the number of dual credit courses. He said the university in a cooperative agreement with the Bottineau County Economic Development Corporation established a Technology Center in downtown Bottineau. The center houses the Bottineau Chamber of Commerce and the Bottineau County Economic Development Corporation and is used by the university for community education classes and information technology classes. He said the university is in the process of developing certificate programs such as medical coding, medical transcription, legal secretary, and bookkeeping to be delivered on campus and on-line.

In response to a question from Senator Solberg regarding the university's dual credit program, Dr. Grosz said at the present time the university's dual credit program consists of Bottineau High School students attending select classes on campus. He said the university will be expanding the dual credit program in the fall 2002 semester by offering two classes through the Interactive Video Network.

In response to a question from Senator Holmberg regarding the university's dual credit program, Dr. Grosz said the university's dual credit courses are taught by university faculty, not high school teachers.

Mr. Bill Dallman and Mr. Conrad Bulltail, students, provided comments regarding being a student at Minot State University - Bottineau.

Mr. Jim Borkowski, Director of Financial Affairs, Minot State University - Bottineau, provided information regarding the university's 2001-03 biennium budget, tuition rates for the 2002-03 academic year, future capital improvement needs, and the University

System's long-term financing plan and resource allocation model. The information is included in the committee's tour packet. Mr. Borkowski said the university's general fund appropriation for the 2001-03 biennium has been increased by \$109,774, from \$4,285,240 to \$4,395,014, to properly account for the carryover of unspent appropriation authority from the 1999-2001 biennium of \$413 and allocations received from the University System's equity and special needs pool of \$109,361. He said the funding received from the equity and special needs pool was for equity (\$40,037) and for a campus initiative relating to the development of an environmental technology program (\$69,324).

Mr. Borkowski said the university's tuition rates for the 2002-03 academic year are:

- Resident - \$1,782.
- Nonresident - \$4,758.
- Minnesota resident - \$2,457.
- Contiguous state resident - \$2,228.
- Canadian resident - \$1,782.
- Western Undergraduate Exchange student - \$2,673.
- Midwestern Higher Education Commission student - \$2,673.

In response to a question from Senator Nething, Dr. Grosz said a majority of graduates from the university transfer to Minot State University, North Dakota State University, University of North Dakota, and South Dakota State University. He said the university has not considered entering into articulation agreements relating to transfer students.

In response to a question from Senator Flakoll, Mr. Borkowski said the 2002-03 academic year tuition rates represent increases of approximately \$100 to \$267. The university estimates the tuition increases will result in approximately \$40,000 of additional revenue per year.

Mr. Borkowski said in regard to 2001-03 biennium major capital improvement projects and future capital improvement needs, the university received a \$75,000 general fund appropriation from the 2001 Legislative Assembly for an electrical systems upgrade to Thatcher Hall. He said the university began the project during summer 2001 and anticipates completing the project by June 30, 2002. He said the university's future capital improvement needs include:

- Old Main replacement/Thatcher Hall addition (\$2,818,000).
- Thatcher Hall second floor heating, ventilation, and air-conditioning (\$117,000).
- Thatcher Hall re-roofing (\$54,000).
- Library heating, ventilation, and air-conditioning (\$117,000).
- Steamline replacement (\$221,000).
- Gross Hall windows (\$69,000).

Mr. Borkowski said in regard to the University System long-term financing plan and resource

allocation model, at the present time the university is funded at approximately 68 percent of its peer comparator institutions. He said in order to reach the State Board of Higher Education's goal to fund institutions at 85 percent of its peer comparator institutions, the university would need additional funding of \$1,038,119 from the general fund. He said under the State Board of Higher Education's six-year phased approach, the university would need additional funding from the general fund of \$346,040 per biennium.

In response to a question from Senator Nething, Mr. Borkowski said he is pleased with the University System's long-term financing plan as it recognizes that Minot State University - Bottineau is a small institution that receives a majority of its funding from the state's general fund.

In response to a question from Senator Robinson, Mr. Borkowski said the funding necessary to be funded at 85 percent of its peer comparator institutions does not include funding for capital improvements or deferred maintenance.

In response to a question from Senator Nething regarding nonmonetary requests of the 2003 Legislative Assembly, Dr. Grosz said the university's request would be for continued flexibility.

FOREST SERVICE

Mr. Kotchman provided information regarding Forest Service programs, the status of the 2001-03 biennium budget, and initiatives for the 2003-05 biennium. A copy of the information is on file in the Legislative Council office. He said the mission of the Forest Service is to care for, protect, and improve forest and natural resources to enhance the quality of life for future generations. He said the Forest Service is organized under the State Board of Higher Education and administered by a State Forester who reports to the president of North Dakota State University. He said the Forest Service is authorized 17.81 FTE positions and is comprised of the following seven program coordination teams:

- Community forestry.
- Fire management.
- Forest resource management.
- Information and education.
- State forests.
- Sustainable forestry.
- Tree production.

Mr. Kotchman said the Forest Service's adjusted 2001-03 biennium appropriation of \$3,054,920 includes funding of \$1,768,869 from the general fund; \$1,050,526 of estimated income from tree sale collections, the Trees for North Dakota program, and the State Forester reserve account; and \$235,525 of carryover from unspent appropriation authority from the 1999-2001 biennium. He said the Forest Service received authorization from the 2001 Legislative Assembly for construction of a tree storage building at

the Towner State Nursery (\$120,000) and construction of an equipment storage building at the Lisbon field office (\$20,000).

Mr. Kotchman recommended the 2003 Legislative Assembly consolidate the Forest Service's appropriation line items into operating and capital assets to provide the agency additional program flexibility, to assist the agency with addressing seasonal extremes and tree production needs, and to be consistent with other higher education entities.

Mr. Kotchman said the Forest Service is proposing a forestry initiative, Building Sustainable Communities Through Forestry, for the 2003-05 biennium. Under the initiative, the Forest Service would utilize \$642,254 of additional funding from the general fund to leverage \$3,078,668 in federal and state grants to strengthen the agency's capacity to meet increasing demands for technical, financial, and educational forestry assistance. He said other initiatives for the 2003-05 biennium include the construction of an equipment/supply storage building at the Towner State Nursery (\$90,000) and construction of an equipment/supply storage addition at the Bottineau field office (\$25,000).

In response to a question from Senator Holmberg regarding the Towner State Nursery tree sales, Mr. Kotchman said the Forest Service is expecting a larger than anticipated number of tree sales for the year.

In response to a question from Senator Nething regarding the consolidation of appropriation line items, Mr. Kotchman said he is aware of the accountability that accompanies the line item consolidation. He said the Forest Service could propose appropriate accountability measures to the 2003 Legislative Assembly.

MINOT STATE UNIVERSITY - BOTTINEAU AND FOREST SERVICE BUDGET TOUR

The committee toured Minot State University - Bottineau and Forest Service facilities, including Old Main, the university greenhouse, the Bottineau Fire Department, and the Technology Center.

In response to a question regarding the Technology Center, Ms. Diane Olson, Director, Bottineau County Economic Development Corporation, said the corporation received a United States Department of Agriculture rural development grant to purchase and renovate the Technology Center building.

In response to a question regarding the Technology Center, Ms. Olson said the Technology Center has two T-1 connections. However, one of the connections is used strictly for educational purposes.

The committee recessed for lunch at 12:30 p.m.

NORTH CENTRAL RESEARCH EXTENSION CENTER

The committee reconvened at 3:10 p.m. at the North Central Research Extension Center, Minot.

Chairman Nething welcomed Senator Karen K. Krebsbach, Minot, and Representative Matthew M. Klein, Minot, to the meeting.

Mr. Jay Fisher, Director, North Central Research Extension Center, welcomed the committee to the center. Mr. Fisher recognized Dr. Chapman and Ms. Patricia Jensen, Vice President, Dean, and Director for Agricultural Affairs, North Dakota State University. Ms. Jensen said each of the research extension centers in the state is unique. She said in a matter related to the North Central Research Extension Center, Northwest Venture Communities, Inc., a nonprofit, community-based planning organization with the mission of reducing poverty in northwest North Dakota, received a grant in the amount of \$600,000 to be used to create a plan for long-term solutions to reduce poverty.

Mr. Fisher provided information regarding the mission, major accomplishments, and the 2001-03 biennium budget of the North Central Research Extension Center. The information is included in the committee's tour booklet, a copy of which is on file in the Legislative Council office. He said the mission of the center is to conduct research to increase agricultural productivity in north central North Dakota and to serve area agricultural producers through crop research, foundation seed production, and dissemination of education programs. He said the center contributes to successful agriculture by:

- Optimizing crop production through reducing crop inputs and increasing crop output.
- Ensuring that producers have the latest in new technology to combat pests.
- Conducting extension outreach programs.
- Offering a proactive, educational approach to controversial issues surrounding agriculture.
- Enabling the discovery and development of new cropping systems and pest management methods.

Mr. Fisher said the center's general fund appropriation for the 2001-03 biennium is \$799,881 and the center's general fund budget for the first year of the biennium is \$397,303, including \$353,344 for salaries and wages, \$38,959 for operating, and \$5,000 for equipment. He said as of March 31, 2002, the center has expended approximately 74 percent or \$292,898 of the budgeted \$397,303 for the first year of the biennium.

Mr. Fisher and Dr. Brian Jenks, Weed Scientist, North Central Research Extension Center, provided information regarding future critical issues facing the center. A copy of the information is included in the committee's tour booklet. Mr. Fisher said the center's future critical issues include the construction of a new agronomy laboratory and greenhouse, the construction of a machine storage building, and increases in operating and equipment funding. Dr. Jenks said the construction of a new agronomy laboratory and greenhouse is necessary to increase available

working area for crop production research. Dr. Jenks said the estimated cost for the project is approximately \$300,000 for the agronomy laboratory and approximately \$100,000 for an attached greenhouse.

NORTH CENTRAL RESEARCH EXTENSION CENTER BUDGET TOUR

The committee conducted a tour of North Central Research Extension Center facilities, including the office and technology center, the old seedhouse, and the old office building.

In response to a question regarding the proposed agronomy laboratory and greenhouse, Mr. Fisher said the proposed agronomy laboratory and greenhouse would adequately house the center's permanent and temporary staff.

The committee recessed at 4:50 p.m.

MINOT STATE UNIVERSITY

The committee reconvened at 9:00 a.m. on Wednesday, April 24, 2002, at the Student Union, Minot State University. Chairman Nething welcomed Senator Karen K. Krebsbach, Minot; Representative Matthew M. Klein, Minot; Representative Andrew G. Maragos, Minot; and Representative John M. Warner, Ryder, to the meeting.

Dr. Shaar welcomed the committee to the campus and presented a video on Minot State University's mission, core values, beliefs, and vision.

Dr. Nancy Hall, Vice President for Academic Affairs, Minot State University, provided information regarding plans for and accomplishments regarding the recommendations of the 1999-2000 interim Higher Education Committee report. The information is included in the committee tour booklet, a copy of which is on file in the Legislative Council office. Dr. Hall said representatives of the university meet annually to discuss and set goals relating to the Higher Education Roundtable cornerstones. She said in regard to economic development, the university has established the North Dakota Center for Persons with Disabilities that promotes the adoption of practices that increase the independence, productivity, integration, and inclusion of people who have disabilities. The center uses funding received from the university of approximately \$150,000 per year to leverage approximately \$3 million from external sources. She said in regard to educational excellence, the university is expanding educational opportunities by establishing bachelor of science in arts administration and bachelor of applied science programs, collaborating with the University of North Dakota to offer a doctorate program in criminal justice, and offering entire degree programs on-line. She said in regard to the funding and rewards cornerstone, the university has identified salary targets for all faculty, staff, and administration and is working toward meeting those targets by enhancing salary compensation increases

provided by the Legislative Assembly with internal funds.

In response to a question from Senator Solberg regarding the North Dakota Center for Persons with Disabilities, Dr. Hall said the center is in the process of completing a study of the Medicare and Medicaid programs, including potential program disincentives for disabled individuals to return to work. She said the study is a three-year initiative that began in October 2001.

Ms. Lisa Johnson, Director of Records, Minot State University, provided information regarding enrollment. A copy of the information is included in the committee's tour booklet. Ms. Johnson said the university's headcount enrollment for the spring 2002 semester was 3,260. She said the university has targeted non-Canadian international students, dual credit high school students, graduate students, and distance education students as future growth areas.

In response to a question from Senator Solberg, Dr. Shaar said Minot State University - Bottineau has an office located on the campus of Minot State University and approximately 100 students registered at Minot State University - Bottineau are receiving their education on the Minot State University campus. He said those students are included in the enrollment figures for Minot State University - Bottineau.

Dr. Richard Jenkins, Vice President for Advancement and Student Affairs, Minot State University, provided information regarding enrollment management efforts. A copy of the information is included in the committee's tour booklet. Dr. Jenkins said the efforts to recruit and retain students at the university are continuously being refined. He said in 1998 the university contracted with Odney Advertising to assist with the development of a strategic marketing plan to build general awareness. In October 2000, staff from the university met with representatives of the higher education consulting firm Noel-Levitz. The representatives of Noel-Levitz recommended the university move away from general awareness building and increase one-on-one marketing to students. He said at the present time the university is focusing recruitment and retention activities on graduate school students, international students, adult nontraditional students, dual credit students, and students enrolled in professional or continuing education.

In response to a question from Representative Aarsvold regarding the recruitment of international students, Dr. Jenkins said the university received funding of \$137,500 from the University System's equity and special needs pool to support a campus initiative to recruit and manage international students. He said the funding will be used to contract with TransWorld Education, a company specializing in international student recruitment, and to hire an on-campus person to recruit international students.

In response to a question from Representative Disrud regarding dual credit students, Dr. Shaar said

high school students who enroll in dual credit courses pay the same per credit hour tuition for the course as registered college students.

In response to a question from Representative Martinson regarding dual credit programs, Dr. Shaar said dual credit programs can be abused and therefore can result in the substitution of a high school course for college credit.

Senator Holmberg said the area of dual credit programs may be an issue to be studied during the 2003-04 legislative interim.

Mr. Dale Gehring, Director of Financial Aid, Minot State University, provided information regarding the university's tuition waiver programs. A copy of the information is included in the committee's tour booklet. Mr. Gehring said the primary objectives in establishing the university's tuition waiver or awards programs were:

- To promote a culturally diverse student body on campus.
- To benefit all groups of students and the academic community.
- To promote enrollment of graduate students and research.
- To promote student retention.
- To remain revenue neutral.

Mr. Gehring said the university has established the following tuition waiver or awards programs:

- Diversity award - This award program is directed toward creating diversity within the university's student body and is awarded to students based upon their ethnic origin or economic hardship. A student with a 2.25 to 2.49 grade point average would receive an award equal to one-fourth of the tuition charged, and a student with a 2.50 or greater grade point average would receive an award equal to one-half the tuition charged. This award is renewable provided the student maintains a minimum grade point average of 2.0 and completes at least 20 credits per academic year.
- Global award - This award program is directed toward international students from countries other than Canada. A student meeting admission requirements would receive an award equal to the difference between the nonresident tuition rate and 150 percent of the resident rate. This award is renewable provided the student maintains a minimum grade point average of 2.0 and completes at least 20 credits per academic year.
- Academic excellence award - This award program is directed toward high school students who have maintained academic excellence. A student with an ACT composite score of 25 to 29 or a student with a grade point average of 3.50 to 3.74 would receive a \$750 academic excellence award for the

academic year. A student with an ACT composite score of 30 or higher or a student with a grade point average of 3.75 to 4.0 would receive a \$1,500 academic excellence award for the academic year. This award is renewable provided the student maintains a minimum grade point average of 3.0 and completes at least 20 credits per academic year.

- Provincial award - This award program is directed toward Canadian students from provinces other than Manitoba and Saskatchewan. The amount of the award is equal to the difference between the nonresident tuition rate and the contiguous state tuition rate. The award is renewable provided the student maintains a minimum grade point average of 2.0 and completes at least 20 credits per academic year.
- National award - This award program is directed toward recruiting students from states other than South Dakota, Montana, Minnesota, and other states who are members of the Western Undergraduate Exchange and the Midwestern Higher Education Commission. The amount of the award is equal to the difference between the resident tuition rate and the Western Undergraduate Exchange tuition rate, which is 150 percent of the resident tuition rate. The award is renewable provided the student maintains a minimum grade point average of 2.0 and completes at least 20 credits per academic year.
- Presidential award - This award program is directed toward recruiting graduate students from other states and international graduate students. The students who meet all of the graduate school admission requirements will be charged 125 percent of the resident graduate tuition rate instead of nonresident graduate tuition, which is 266 percent of the resident graduate tuition rate. The award is renewable provided the student maintains eligibility for the graduate school and maintains continuous enrollment.

Mr. Gehring said at the present time the university anticipates providing 21 provincial awards, 1 presidential award, 6 national awards, and 11 global awards for the fall 2002 semester.

In response to a question from Senator Holmberg regarding the university's tuition waiver programs, Dr. Shaar said the 20 credits per academic year requirement provides students flexibility with class schedules.

Senator Solberg said he believes the minimum grade point average requirement of 2.0 is a low standard.

In response, Dr. Shaar said the university's tuition waiver programs are new programs that will be reviewed to determine their effectiveness.

Mr. Bruce Haskins, Vice President for Administration and Finance, Minot State University, provided information regarding the university's 2001-03 biennium budget, the University System's long-term financing plan and the resource allocation model, and future capital improvement needs. A copy of the information is included in the committee's tour booklet. Mr. Haskins said the university's general fund appropriation for the 2001-03 biennium has been increased by \$778,071, from \$26,532,386 to \$27,310,457, to properly account for allocations received from the University System's equity and special needs pool of \$279,871 and the technology pool of \$498,200. He said the funding received from the equity and special needs pool was for equity (\$142,371) and for a campus initiative relating to marketing targeted at recruiting international students (\$137,500). The funding received from the technology pool was for a University System distance education coordinator position.

Mr. Haskins said the 2001 Legislative Assembly provided the university with funding of \$7,850,000 from state bonding proceeds for the renovation of Old Main. He said of the \$7,850,000, \$2,299,000 is the local responsibility of the university to be repaid in 10 annual payments. He said the university received approval from the Budget Section to increase the funding for the project by \$800,000, from \$7,850,000 to \$8,650,000. The university is committed to raising the additional \$800,000 from private and local sources. He said the project is scheduled to be completed by the end of December 2002.

Mr. Haskins said the university supports the University System's long-term financing plan and the resource allocation model and is comfortable with its selected peer comparator institutions. He said at the present time the university is funded at approximately 84 percent of its peer comparator institutions. He said the recommended funding share for the university is 65 percent from state appropriations and 35 percent from tuition revenue and at the present time the university receives approximately 58 percent of its funding from state appropriations.

Mr. Haskins said the university's major capital improvement needs for the 2003-05 biennium include the renovation and construction of an addition to Swain Hall for an estimated cost of \$1,590,000 and the renovation of the Student Union west wing and ballroom area for an estimated cost of \$670,000.

In response to a question from Senator Nething regarding requests of the 2003 Legislative Assembly, Dr. Shaar said the university's request would be for funding for the university's costs to continue and for continued flexibility.

Ms. Stephanie Witwer, Director of Outreach, and Mr. Mark Timbrook, Online Coordinator, Minot State

University, provided information regarding Minot State University Online. A copy of the information is included in the committee's tour booklet. Mr. Timbrook said the university utilizes WebCT software to allow instructors to provide delivery of on-line courses anytime and anywhere. He said Minot State University Online has reached 450 students in North Dakota, 40 students across the United States, and 8 students outside the United States. Ms. Witwer said the university offers bachelor of science in business management, bachelor of science in management information systems, bachelor of science in general studies, and bachelor of applied science in management, management information systems, or general studies degrees completely on-line.

In response to a question from Representative Martinson regarding on-line courses, Mr. Timbrook said the WebCT software has built-in security options to safeguard against cheating. He said in some cases, instructors require students to take tests at a selected test center.

OTHER INFORMATION

Mr. Bruce Christianson, State Board of Higher Education member, provided comments to the committee regarding his recent participation in the Association of Governing Boards National Conference on Trusteeship. Mr. Christianson said in higher education it is important to understand the agendas of institutions, administration, and the public.

Mr. Larry Isaak, Chancellor, North Dakota University System, provided information regarding funding allocated by the 2001 Legislative Assembly for campus activities and funding allocated from the University System's equity and special needs pool and board initiative funding. A copy of the information is on file in the Legislative Council office. Mr. Isaak said the funding allocated by the 2001 Legislative Assembly for various campus activities is being used by campuses for the intended purposes. He said the State Board of Higher Education allocated the equity and special needs pool of \$4,628,824 to institutions to address equity based on the University System's long-term financing plan (\$3,703,000) and for specific campus initiatives and programs (\$925,824). He said to date the State Board of Higher Education has allocated \$1,095,500 of the board initiative funding of \$1,581,616 for statewide higher education initiatives.

In response to a question from Senator Nething, Mr. Isaak said the State Board of Higher Education should allocate the remainder of the board initiative funding of \$486,116 by fall 2002.

Senator Flakoll suggested the North Dakota University System office develop a template for reporting enrollment figures to the committee that would provide information regarding headcount, full-time equivalent, resident, nonresident, tuition revenue, and other enrollment-related information by institution.

The committee recessed for lunch at 12:15 p.m.

MINOT STATE UNIVERSITY BUDGET TOUR

After lunch, the committee toured the campus of Minot State University, including the Student Union Ballroom, the Dome, Old Main, Swain Hall, Moore Hall, and the Gordon B. Olson Library.

In response to a question regarding the renovation of Old Main, Mr. Larry Eide, Project Construction Manager, Minot State University, said the renovation of McFarland Auditorium in Old Main will be completed in the last phase of the renovation project.

In response to a question regarding the proposed renovation of Swain Hall, Mr. Jared Edwards, Director of Facility Services, Minot State University, said the proposed renovation of Swain Hall consists of the removal of asbestos, the upgrade and replacement of the electrical and heating, ventilation, and

air-conditioning systems, and the remodeling and addition of space for the physical education department.

The committee adjourned subject to the call of the chair at 3:00 p.m.

Roxanne Woeste
Fiscal Analyst

Jim W. Smith
Legislative Budget Analyst and Auditor

ATTACH:1