

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

HIGHER EDUCATION COMMITTEE

Thursday and Friday, March 4-5, 2004
North Dakota Vision Services - School for the Blind,
University of North Dakota,
UND School of Medicine and Health Sciences, and
Mill and Elevator
Grand Forks, North Dakota

Senator Ray Holmberg, Chairman, called the meeting to order at 9:00 a.m. on Thursday, March 4, 2004, at the North Dakota Vision Services - School for the Blind, Grand Forks.

Members present: Senators Ray Holmberg, Tim Flakoll, Ed Kringstad, Elroy N. Lindaas, Dave Nething; Representatives Ole Aarsvold, Thomas Brusegaard, Bette B. Grande, Kathy Hawken, Nancy Johnson, Bob Martinson, Darrell D. Nottestad, Steven L. Zaiser

Members absent: Senator Tony S. Grindberg; Representatives Frank Klein, Eugene Nicholas

Others present: Louise Potter, Ken Svedjan, Lonny Winrich, State Representatives, Grand Forks John Syverson, State Senator, Fargo John D. Olsrud, Legislative Council, Bismarck See Appendix A for additional persons present.

It was moved by Senator Nething, seconded by Representative Nottestad, and carried on a voice vote that the minutes of the December 18, 2003, meeting be approved as distributed.

NORTH DAKOTA VISION SERVICES - SCHOOL FOR THE BLIND

Ms. Carmen Grove Suminski, Superintendent, North Dakota Vision Services - School for the Blind, welcomed the committee to the North Dakota Vision Services - School for the Blind and provided information regarding the status of the 2003-05 budget, programs and services, current land and buildings utilization, and anticipated budget needs for the 2005-07 biennium. A copy of the information is on file in the Legislative Council office.

Ms. Suminski said the agency has experienced a decrease in funding from the general fund of approximately \$100,000 from the 1999-2001 biennium to the 2003-05 biennium. She said at the present time the agency's salaries and wages and operating expenses for the 2003-05 biennium are less than anticipated due to a retirement, reorganization of administrative support staff, and timing of educational supplies and small equipment purchases. She said an energy audit of the agency's facilities was completed in May 2003 and it was determined that the cost of the agency's utilities provided by the University of North

Dakota are too low to justify an energy-saving grant. Information regarding the agency's land and building utilization is attached as Appendix B.

In response to a question from Senator Nething regarding the agency's lease of a parking lot to the University of North Dakota, Ms. Suminski said the agency will review the lease to determine if the rental amount should be increased. She said the original rate was low because the University of North Dakota had to pave and maintain the lot.

Ms. Suminski presented the following schedule summarizing the number of clients served in recent years:

	Clients Served (Unduplicated)		
	Infants/ Students	Adults	Total
1999-2001 biennium	260	82	342
2001-03 biennium	403	174	577
2003-05 biennium (July 2003-December 2003)	191	90	281

In response to a question from Senator Flakoll regarding teacher salaries, Ms. Suminski said the 2001 Legislative Assembly provided funding to the agency for teacher compensation increases of \$1,000 the first year of the 2001-03 biennium and an additional \$2,000 for the second year, the same as provided to public schoolteachers.

Ms. Suminski said the agency has contracted with Roger Worner Associates, Inc., Sartell, Minnesota, for an organizational status study. She said the study established a status profile of the agency to be used as a basis for further strategic planning, organizational self-improvement, and longitudinal organizational self-evaluation. The study concluded that the agency is an effective, efficient, and cost-effective organization, and the agency's conversion from a center-based model to an outreach-based and center-based model in the mid-1990s was a brilliant decision, largely responsible for increasing the agency's cost-effectiveness and its "staggering" increase in clients served.

In response to a question from Senator Nething regarding the organizational status study, Ms. Suminski said the agency will be incorporating

the recommendations from the study in the agency's 2005-07 budget request.

Senator Nething suggested the agency contact Microsoft Great Plains in Fargo regarding the possibility of receiving technology grant funds from the Bill and Melinda Gates Foundation.

The committee conducted a tour of the North Dakota Vision Services - School for the Blind, including the vision resource center, technology center, daily living skills center, vocational center, and east wing.

In response to a question from Senator Flakoll, Ms. Sandy Atkinson, Talking Book Coordinator, North Dakota Vision Services - School for the Blind, said the agency's talking book program is a federal program that is to be converted to digital technology by 2008.

The committee traveled to the North Dakota Museum of Art.

NORTH DAKOTA UNIVERSITY SYSTEM - PERFORMANCE AND ACCOUNTABILITY REPORT

Mr. Michel Hillman, Interim Chancellor, North Dakota University System, distributed a copy of the system's third annual performance and accountability report required by North Dakota Century Code Section 15-10-14.2. A copy of the report is on file in the Legislative Council office. He said the 2003 performance and accountability report includes findings for all required accountability measures except for employer-reported satisfaction with preparation of recently hired graduates and employer-reported satisfaction with the system's responsiveness. Information regarding those measures will be included in the 2004 annual report.

Mr. Hillman reviewed the accountability measures and related findings as follows:

Accountability Measures	Status - Findings
<p>Economic development connection Number of businesses and employees in the region receiving training</p> <p>Levels of satisfaction with training events as reflected in information systematically gathered from employers and employees receiving training</p> <p>Research expenditures in proportion to the amount of revenue generated by research activity and funding received for research activity</p>	<p>The number of businesses using North Dakota's workforce training system to provide training for their employees increased 188 percent between fiscal years 2000 and 2003. The number of employees who received training increased 32 percent during the same time period.</p> <p>Businesses reported a 99.9 percent average workforce training satisfaction level for fiscal year 2003. Employees reported a satisfaction level of 98.5 percent with workforce training during the same period.</p> <p>Real dollar research has grown by more than 50 percent during the last four years with \$92 million in research expenditures in fiscal year 2003. Research expenditures comprised 17.7 percent of total University System expenditures in fiscal year 2003, compared to 15.2 percent in fiscal year 2000.</p>
<p>Education excellence Ratio of faculty and staff to students</p> <p>Student performance on nationally recognized exams in their major fields compared to the national averages</p> <p>First-time licensure pass rates compared to other states</p> <p>Student graduation and retention rates</p>	<p>The average University System student-to-faculty ratio is 15.9-to-1, ranging from 13.6-to-1 at Minot State University to an average of 16.3-to-1 at the doctoral universities. The average student-to-staff ratio is 12.9-to-1 for the University System, ranging from an average of 11.1-to-1 at the doctoral universities to an average of 19.6-to-1 at the two-year institutions.</p> <p>University System students met or exceeded the national average on most nationally recognized exams for fiscal year 2003.</p> <p>University System graduates exceeded the national first-time licensure pass rates for most professions measured for fiscal year 2003.</p> <p>Based on adjusted 2002 graduation rates, 46.9 percent of students who attended University System two-year institutions completed degrees within three years, and 48.2 percent of four-year students completed degrees within six years, compared to the national rates of 29.8 percent and 54 percent, respectively.</p>
<p>Alumni-reported and student-reported satisfaction with preparation in selected major, acquisition of specific skills, and technology knowledge and abilities</p> <p>Levels of satisfaction and reasons for noncompletion as reflected in a survey of individuals who have not completed their program or degree</p>	<p>For alumni who graduated between July 1999 and June 2000, 74.1 percent reported their current jobs were highly related or moderately related to the most recent degrees they earned, and 82.4 percent reported the institution they attended prepared them at least adequately for their current jobs.</p> <p>Based on results of a student satisfaction inventory conducted in October 2002, University System students are generally satisfied with their college experience.</p> <p>Based on surveys of students who left University System institutions during fall 2002, spring 2003, and fall 2003 semesters, it was determined that most students left because they wanted to attend a different college or university. Other students left because they wanted to move to a new location or because they believed the majors they wanted were not offered at the institution they were attending.</p>

Accountability Measures	Status - Findings
Levels and trends in the number of students achieving goals - Institution meeting the defined needs and goals as expressed by students	At two-year institutions, 49.1 percent of students indicated the intent to earn a two-year degree, and 46.9 percent completed two-year degrees within three years.
Percentage of University System graduates obtaining employment appropriate to their education in the state	At four-year institutions, 61.2 percent indicated the intent to earn four-year degrees, while 48.2 percent completed four-year degrees within six years.
Enrollment in entrepreneurship courses and the number of graduates of entrepreneurship programs	Approximately 70 percent of the graduates who remain in North Dakota and are employed full time find employment related to their education or training.
Equipment expenditure ratio measuring total funds used for equipment replacement as compared to the total inventory value	University System institutions offer 45 entrepreneurship courses, two entrepreneurship programs, and one option within a program. In the past year, 862 students enrolled in entrepreneurship courses, and six students graduated from entrepreneurship programs. An additional 425 participants attended three noncredit seminars that had an entrepreneurial focus.
Flexible and responsive system Levels of satisfaction with responsiveness as reflected through responses to evaluations and surveys of graduates and individuals completing programs	For fiscal year 2003, the University System ratio of equipment replacement to total equipment inventory was 12.6 percent.
Flexible and responsive system Levels of satisfaction with responsiveness as reflected through responses to evaluations and surveys of companies and employees receiving training	More than 85 percent of University System alumni reported overall satisfaction with the quality of instruction at the institution they attended, and 96 percent would recommend the institution to other individuals.
Flexible and responsive system Biennial report on employee satisfaction relating to the University System and local institutions	In fiscal year 2003, companies reported a 99.9 percent satisfaction level with responsiveness of the workforce training system in North Dakota.
Accessible system Levels and trends in rates of participation of: <ul style="list-style-type: none"> • Recent high school graduates and nontraditional students • Individuals pursuing graduate degrees 	University System employees consistently expressed a higher level of employee satisfaction when compared to national survey results.
Student enrollment, including: <ul style="list-style-type: none"> • Total number and trends in full-time, part-time, degree-seeking and non-degree-seeking students being served • The number and trends of individuals, organizations, and agencies served through noncredit activities 	An increasing number of beginning freshmen and students aged 25 and older are enrolling at University System institutions. The number of students who are enrolled in graduate and professional programs has increased 36 percent during the past five years.
Number and proportion of enrollments in courses offered by nontraditional methods	University System part-time and full-time degree credit headcount enrollments continue to increase and are currently at an all-time high of 41,620 students. This is in addition to an annual total of 7,166 non-degree-seeking students and 14,904 noncredit students who were served during calendar year 2003.
Tuition and fees on a per student basis compared to the regional average	During fall 2003, the University System served 7,216 students who enrolled in courses for credit through nontraditional delivery methods. These students comprise 17 percent of the system's total headcount enrollment.
Tuition and fees as a percentage of median North Dakota household income	Tuition and required fees at University System institutions for the 2002-03 school year were less than their regional and national counterparts, except at the two-year institutions.
Levels and trends in partnerships and joint ventures between University System institutions	Tuition and fees at University System institutions for the 2002-03 school year, as a proportion of median household income, were about the same or slightly lower than regional and national averages, except at the two-year institutions.
Proportion of residents of the state who are within a 45-minute drive of a location at which they can receive educational programs from a provider	Institutions are working together to improve access and efficiency throughout North Dakota by creating partnerships in research, service centers, academic programs, and services. Two or more University System institutions have partnered in six centers and three research efforts. In addition to the 35 jointly offered academic programs, University System institutions have formed a collaboration to offer 13 online certificate programs, 17 online two-year programs, and 13 online four-year programs.
Funding and rewards A status report on higher education financing as compared to the long-term finance plan	More than 90 percent of North Dakota residents have access to higher education within 45 minutes of their homes, and almost all North Dakotans have access to higher education through distance-learning opportunities.
	Based on data for fiscal year 2003, all institutions are funded at less than their operating benchmarks per full-time equivalent student. Ten of the 11 institutions exceed their student-share target, while the remaining institution is within .3 percent of its target. University System institutions are funded at an average of 16.1 percent of the Office of Management and Budget capital assets formula and at 5.7

Accountability Measures	Status - Findings
State general fund appropriation levels for University System institutions compared to peer institutions' general fund appropriation levels	percent of total capital funding needs, including outstanding deferred maintenance. Based on 2001-03 state funding levels, all University System institutions are funded at less than 100 percent of their peer comparator benchmarks and at less than 95 percent of their long-term peer benchmark targets. The institutions, as a whole, are funded at an average of 61.7 percent of their peer comparator benchmarks and 65 percent of their 95 percent benchmarks.
Incentive funding, including the allocation and use of incentive funding	Board initiative funding for the 2001-03 biennium was allocated in support of the objectives identified in the Higher Education Roundtable report.
State general fund appropriation levels and trends as compared to changes in the state's economy and total state general fund appropriations	Changes in total state general fund appropriations, state appropriations for higher education, and personal income appear to track closely to one another. However, changes in gross state product vary significantly from the other three trends.
Per capita general fund appropriations for higher education	In fiscal year 2003, per capita state general fund revenue for higher education was \$307.
Cost per student in terms of general fund appropriations and total University System funding	In fiscal year 2003, funding from the state general fund comprised approximately 31 percent of the total unrestricted and restricted revenues for the University System and approximately 45 percent of the total unrestricted revenues. The remaining portion is generated by the institutions.
Administrative, instructional, and other costs per student	In fiscal year 2003, the University System spent a total of \$14,914 per student from all funding sources. A majority of the funding was spent in support of instruction, research, and public service.
Percentage of total University System funding used for instruction, research, and public service	In fiscal year 2003, the University System spent 60.3 percent of its total combined revenues and state transfers on instruction, research, and public service.
Percentage of total University System funding used for academic support, student services, and scholarships and fellowships	In fiscal year 2003, the University System spent 15.5 percent of its total combined revenues and state transfers on academic support, student services, and scholarships and fellowships.
Percentage of total University System funding used for institutional support, operations, and maintenance of physical plant	In fiscal year 2003, the University System spent 15 percent of its total combined revenues and state transfers on institutional support, operations, and maintenance of physical plant.
Ratio measuring the funding derived from operating and contributed income compared to total University System funding	In fiscal year 2003, the University System generated 68.5 percent of its total revenues either internally or externally from grants or contributions.
Viability ratio measuring the amount of expendable net assets as compared to the amount of long-term debt	The University System has a debt ratio of .98-to-1 as of the end of fiscal year 2003. Reporting requirements require the University System to include the debt of a related, but separate legal entity. Excluding this debt, the University System would have a favorable debt ratio of 1.24-to-1.
Deferred maintenance ratio measuring the size of the University System's outstanding maintenance as compared to its expendable net assets	For fiscal year 2003, the University System has a favorable average deferred maintenance ratio of .65-to-1, which means the University System would be able to fund total outstanding deferred maintenance needs with total current expendable net assets and have funds remaining for other purposes.
Report on new construction and major renovation capital projects for which specific appropriations are made, including budget to actual comparison, use of third-party funding, and related debt	Of the major capital projects specifically appropriated and completed during the 2001-03 biennium, all remained within the project budget.

Mr. Hillman said the Higher Education Roundtable may want to review the accountability measures during its June 2004 meeting. He said the state has a large number and there may be an opportunity to discontinue some that may not have as much value as others.

In response to a question from Senator Flakoll, Mr. Hillman said in regard to the student graduation rate accountability measure, students entering four-year higher education institutions were tracked for six years because the national norm for completing a four-year degree is six years.

In response to a question from Senator Nething, Mr. Hillman said according to the percentage of University System funding used for support services

and student aid accountability measure, approximately 3 percent of total University System funding is used for scholarships and fellowships. He said adequate student financial aid is an area of concern for the University System.

The committee recessed for lunch at 11:40 a.m. and reconvened at 12:15 p.m.

NORTH DAKOTA MUSEUM OF ART

Chairman Holmberg invited Ms. Laurel Reuter, Director, North Dakota Museum of Art, to comment on the museum's rural art outreach program funded by the 2003 Legislative Assembly. She said the North Dakota Museum of Art is using the funding provided by the 2003 Legislative Assembly to bring art

exhibitions to rural schools in the state. She said the museum's current exhibition Snow Country Prison represents the first public examination of the lives of 3,850 men incarcerated in North Dakota's Fort Lincoln during World War II.

The committee traveled to the Energy and Environmental Research Center, University of North Dakota.

UNIVERSITY OF NORTH DAKOTA

Dr. Charles E. Kupchella, President, University of North Dakota, welcomed the committee to the campus of the University of North Dakota and reviewed the committee's tour packet contents. A copy of the packet is on file in the Legislative Council office. He said the university's strategic plan is linked to the Higher Education Roundtable report and each of the goals in the strategic plan has specific measures and other indicators of success that will be monitored by the university. He said the university is positioning itself to:

- Be a leading graduate research university.
- Be innovative in blending teaching, research, and service.
- Offer a comprehensive array of programs.
- Establish centers for excellence.
- Be a preeminent university in the nation for services and programs dedicated to American Indian people.
- Be a major cultural center.
- Be effective in the integration of competitive, intercollegiate athletics into the academic mission.

Ms. Alice Brekke, Budget Director, University of North Dakota, provided information regarding the status of the university's 2003-05 budget. The information is included in the committee's tour packet. She said the university's general fund appropriation for the 2003-05 biennium has been increased by \$14 million, from \$86.9 million to \$100.9 million, to properly account for the allocation received from the University System's technology pool. She said the university's spending is on track with budgeted expenditures.

Dr. Kupchella provided information regarding the university's tuition rates and average salary increases. The information is included in the committee's tour packet. He said the university's resident undergraduate tuition rate including mandatory fees for the 2004-05 school year is \$4,828. He said the university's tuition and fee rates for the 2002-03 school year were below the regional average, the national average, and the average of peer comparator institutions. He said the tuition increases have allowed the university to provide average salary increases of 5 percent for faculty and 4.5 percent for staff for fiscal year 2004.

In response to a question from Representative Martinson regarding salary increases, Dr. Kupchella

said the university will be able to sustain salary increases provided to faculty and staff.

Dr. Robert Gallagher, Vice President for Finance and Operations, University of North Dakota, provided information regarding university capital improvement projects. The information is included in the committee's tour packet. He said the university has completed several capital improvement projects, including an addition to the Energy and Environmental Research Center, renovation of Memorial Union, renovation of Dakota Hall, and parking lot repairs. He said the university's current capital improvement projects include renovation of the Energy and Environmental Research Center, construction of an American Indian center, construction of a wellness center, renovation of the Ireland Laboratory in O'Kelly Hall, renovation of the Carnegie Building, and construction of the Ina Mae Rude Entrepreneur Center. He said the university's capital improvement requests for the 2005-07 biennium will include renovation of O'Kelly Hall, construction of a parking ramp structure, acquisition of an observatory at Emerado, North Dakota, construction of an earth system science facility, and infrastructure improvements. Information regarding the university's land and building utilization is attached as Appendix C.

Dr. Kupchella provided information regarding educational excellence efforts of the university. The information is included in the committee's tour packet. He said the university has one of the highest graduation rates of student athletes in the nation. He said for 11 of the past 12 semesters, the university's student athletes have maintained a cumulative grade point average over 3.0.

Mr. Adam Baker and Ms. Stacy Horter, students, University of North Dakota, provided information regarding their experiences at the university.

Dr. Robert H. Boyd, Vice President for Student and Outreach Services, University of North Dakota, provided information regarding the university's enrollment status and trends. The information is included in the committee's tour packet. He said the mission of enrollment management at the university is to achieve and maintain a student recruitment, enrollment, retention, and completion rate that is appropriate for the university. He said one of the university's strategic plan goals regarding enrollment is to achieve total enrollment of 14,000 students, with approximately 12,200 served on campus and 1,800 served through distance education, by fall 2005. He said the university's fall 2003 headcount enrollment was 13,034 students, of which 1,894 were graduate students. He said the university is targeting recruitment in Arizona, Colorado, Illinois, Oregon, Washington, Nevada, and California.

In response to a question from Senator Flakoll, Dr. Boyd said he would provide the committee with information regarding the university's enrollment trends from the targeted states.

Dr. Kupchella and Dr. Peter Alfonso, Vice President for Research, University of North Dakota,

provided information regarding economic development efforts of the university. The information is included in the committee's tour packet. Dr. Kupchella said the university's major goals regarding research and creative activity are to:

- Achieve \$100 million in annual research funding by 2010.
- Achieve a ranking as a doctoral, research university.
- Become the regional leader in the number of research, creative activity, and scholarship experiences available to undergraduates.
- Link research and creative activity to economic development, where appropriate.

Dr. Alfonso said the university was awarded \$188.2 million in research contracts and spent \$67.7 million in research funding for fiscal year 2003.

In response to a question from Representative Martinson regarding the delay in completion of the Ina Mae Rude Entrepreneur Center, Dr. Kupchella said the university is in the process of securing funding of \$700,000 from the United States Department of Commerce to complete financing for the Ina Mae Rude Entrepreneur Center. The university anticipates construction of the center to begin in spring 2004. He said Mr. Bruce Gjovig, Director, Center for Innovation, University of North Dakota, was unable to attend the meeting.

Dr. Sean Snaith, University of North Dakota Bureau of Business and Economic Research, provided information regarding the economic impact of the university's research and development. The information is included in the committee's tour packet. He said the university's current external funding of \$67 million in research expenditures results in \$109.8 million of spending in the state, 1,261 jobs, and \$2.3 million of state and local tax revenues. He said the university's future external funding goal of \$80 million of research expenditures by 2006 is projected to result in \$146.4 million of spending in the state, 1,681 jobs, and \$3.1 million of state and local tax revenues.

Dr. Kupchella provided information regarding flexible, responsive, and accessible efforts of the university. The information is included in the committee's tour packet. He said the university is working on developing program-to-program articulation agreements, expanding American Indian programs and evening and weekend programs, and developing alternative delivery methods.

Dr. James Shaeffer, Associate Vice President for Outreach Services and Chief Information Officer, University of North Dakota, provided information regarding the university's outreach services. The information is included in the committee's tour packet. He said one of the university's strategic goals is to offer a full array of accessible, affordable degree programs and continuing education programs addressing both the region's need for particular graduates and for educational opportunities. He said

the university's division of continuing education had 18,866 enrollments in fiscal year 2003.

Dr. Kupchella provided comments regarding the North Dakota University System long-term financing plan and resource allocation model. The information is included in the committee's tour packet. He said the peer comparator institutions selected for the University of North Dakota as part of the long-term financing plan are:

- Ohio University - Main campus.
- Southern Illinois University - Carbondale.
- SUNY at Buffalo.
- University of Louisville.
- University of Missouri - Kansas City.
- University of Nevada - Reno.
- University of South Carolina at Columbia.
- West Virginia University.
- Wright State University - Main campus.

Dr. Kupchella said at the present time the university is funded at approximately 70 percent of its peer comparator institutions. He said the recommended funding share for the university is 60 percent from state appropriations and 40 percent from tuition revenue.

In response to a question from Senator Holmberg regarding the university's peer institutions, Dr. Kupchella said the university is comfortable with its selected peer institutions.

The committee conducted a tour of the campus of the University of North Dakota, including the Energy and Environmental Research Center and Gamble Hall.

In response to a question, Dr. Gerald H. Groenewald, Director, Energy and Environmental Research Center, said the center is a research, development, demonstration, and commercial facility recognized internationally for its expertise in cleaner, more efficient energy technologies.

Upon completion of the tour, the committee recessed at 5:10 p.m.

UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH SCIENCES

The committee reconvened at 9:00 a.m. on Friday, March 5, 2004, at the Energy and Environmental Research Center, University of North Dakota. Dr. H. David Wilson, Vice President for Health Affairs and Dean of the School of Medicine and Health Sciences, provided information regarding the UND School of Medicine and Health Sciences. A copy of the information is on file in the Legislative Council office.

Dr. Wilson said the mission of the UND School of Medicine and Health Sciences is to educate and prepare North Dakota residents as physicians, medical scientists, and other health professionals for service to the people of North Dakota and the nation, and to advance medical and biomedical knowledge through research. He said the school's academic

programs are fully accredited by the Liaison Committee on Medical Education through May 2006. He said more than 80 percent of the school's medical students receive one of their top three choices in residency training programs and approximately 30 percent of students are matched to residencies in North Dakota.

Dr. Wilson said the school's budget for the 2003-05 biennium is \$128 million, including \$30.2 million from the state's general fund, \$19 million from tuition and mill levy revenue, and \$78.8 million from grants and other local funds. He said the school increased tuition rates for the 2004-05 school year by 14.1 percent. He said the increased flexibility granted by the Legislative Assembly has allowed the school to make investments in faculty and staff salaries. He said if additional funding resources were available, the school would use the funding to address faculty salaries, add faculty and staff, construct an allied health sciences building, and add a branch to the state morgue.

Dr. Wilson reviewed the following major priorities of the school:

1. Improve faculty salaries.
2. Continue to strengthen partnerships to support the school.
3. Increase endowment funds for faculty support and student scholarships.
4. Foster clinical research.
5. Continue to demonstrate the value of the school to the state and its citizens.
6. Faculty development for new curriculum.

Ms. Jennifer Beckwith, Mr. Corey Kroetsch, Mr. Michael Johnson, and Ms. Heather Stoy, students, UND School of Medicine and Health Sciences, provided information regarding their experiences at the medical school.

In response to a question from Senator Holmberg regarding the resignation of seven faculty members at the Grand Forks Family Practice Center, Dr. Wilson said there is reasonable potential for talks to continue between the School of Medicine and Health Sciences and the faculty members at the UND Family Practice Center regarding administrative and budget issues.

In response to a question from Representative Nottestad regarding the situation at the Grand Forks Family Practice Center, Dr. Wilson said the situation at the Family Practice Center will be resolved and quality of education will not be adversely affected.

In response to a question from Representative Hawken regarding a family practice center in Fargo, Dr. Wilson said he does not believe the state of Minnesota will establish a family practice center in Fargo. He said there is a declining interest in the medical field in the area of family practice.

The committee conducted a tour of the UND School of Medicine and Health Sciences facilities,

including the medical school and the Grand Forks Family Practice Center.

The committee recessed for lunch at 11:30 a.m. After lunch, the committee traveled to the Mill and Elevator.

MILL AND ELEVATOR

Mr. Ed Barchenger, Controller and Financial Manager, Mill and Elevator, welcomed the committee to the Mill and Elevator. He presented the mill's mission statement, strategic plan, and statistics. A copy of the information presented is on file in the Legislative Council office. He said the mill's strategic plan is to:

- Promote and support North Dakota agriculture, commerce, and industry.
- Increase the earnings potential of the mill.
- Focus on customers.
- Develop and grow employees.
- Improve technology.
- Expand internal and external communications.

Mr. Barchenger said the mill can store 4.3 million bushels of grain. He said the mill uses 62,000 bushels of wheat per day to produce 27,000 hundredweight of flour per day.

Mr. Barchenger said the mill's spending for the 2003-05 biennium is on track with budgeted expenditures. He reviewed the mill's recent profits as follows:

Fiscal year 2000	\$1,850,242
Fiscal year 2001	\$330,085
Fiscal year 2002	\$1,924,595
Fiscal year 2003	\$2,003,461
Fiscal year 2004 (for the seventh-month period ending January 2004)	\$2,286,456

In response to a question from Representative Svedjan, Mr. Barchenger said the price of flour depends on the futures price.

In response to a question from Senator Lindaas, Mr. Barchenger said the smallest containers of flour marketed by the mill are 5-pound and 10-pound bags.

The committee conducted a tour of the Mill and Elevator.

Upon completion of the tour, the committee adjourned subject to the call of the chair at 2:35 p.m.

Roxanne Woeste
Senior Fiscal Analyst

Jim W. Smith
Legislative Budget Analyst and Auditor

ATTACH:3