

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

HIGHER EDUCATION COMMITTEE

Monday and Tuesday, June 14-15, 2004
Prairie Room, Student Union, Bismarck State College
West Heritage Room, Doublewood Inn
Bismarck, North Dakota

Senator Ray Holmberg, Chairman, called the meeting to order at 11:00 a.m. on Monday, June 14, 2004, at the Student Union, Bismarck State College, Bismarck.

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

Member absent: Representative Thomas Brusegaard

Roundtable members present: Hardin Aasand, Sue Andrews, Ann Burnett, Linda Butts, Joseph A. Chapman, Bruce I. Christianson, Beverly Clayburgh, Jennifer Feist, Bruce Furness, Bill Goetz, Nicholas Hacker, Gary D. Hagen, Don Hedger, Dennis Hill, David Kemnitz, Ralph Kingsbury, Dale Knutson, Pamela Kostelecky, Richard Kunkel, Philip Leitner, Don Morton, Robert Potts, Roger Reiersen, Warren Robinson, Jim Roers, H. Erik Shaar, Tom Shorma, Chuck Stroup, Donna Thigpen, Sister Thomas Welder, Delore Zimmerman

Roundtable members absent: John Botsford, Blaine DesLauriers, Jim Jensen, Dennis Johnson, James Klein, Charles E. Kupchella, Wayne Kutzer, Gloria Lokken, Carty Monette, Ryn Pitts, Ken J. Quamme, Wayne Sanstead, Lee Vickers, Curtis L. Wolfe

Others present: See Appendix A

It was moved by Representative Nottestad, seconded by Senator Nething, and carried on a voice vote that the minutes from the April 21-22 and May 3-4, 2004, meetings be approved as distributed.

BISMARCK STATE COLLEGE - MEETING AND BUDGET TOUR

Dr. Donna Thigpen, President, Bismarck State College, welcomed the committee to the campus of Bismarck State College and reviewed the contents of the committee's tour packet. A copy of the packet is on file in the Legislative Council office.

Dr. Thigpen provided information regarding the Bismarck State College mission, programs, strategic

plan, and enrollment. The information is included in the committee's tour packet. She said Bismarck State College provides a high-quality, learning-centered education that maximizes student learning and makes students partners in their education. She said the college has the fourth largest enrollment in the North Dakota University System and offers transfer, technical, and corporate and continuing education programs. She said the college's strategic plan is integrated with the goals of the Higher Education Roundtable and linked to the college's learning first strategic directions.

Dr. Thigpen said the college's headcount enrollment for the fall 2003 semester was 3,430, an increase of 48 percent from the college's enrollment in fall 1995, and the college's full-time equivalent enrollment for the fall 2003 semester was 2,575, an increase of 43 percent from the college's enrollment in fall 1995. She said the fall 2003 enrollment figures do not include 811 students served on the college's campus through collaborative programs. She said the college's online enrollment for the spring 2004 semester was 1,105, an increase of 161 from the fall 2003 semester online enrollment of 944. The spring 2004 semester online enrollment included 372 students from 45 states in the college's online energy programs, and 58 percent of the enrollment was students who were taking all of their classes online. She said in regard to long-term enrollment plans, the college intends to continue to use external environmental scanning and strategic planning to determine new programs, continue to develop new programs based on industry needs, and maintain the percentage of local students attending the college through various marketing strategies.

In response to a question from Senator Nething regarding student retention, Dr. Thigpen said the college is working on student retention by using placement exam scores to place students in the proper classes.

Mr. Michel Hillman, Interim Chancellor, North Dakota University System, said the University System performance and accountability report includes information on retention and graduation rates at the system level. He said other reports are available

regarding retention and graduation rates at the institution level.

In response to a question from Senator Flakoll regarding remedial classes, Dr. Thigpen said approximately one-third of the college's students are enrolled in a remedial class and the number of students requiring remediation is increasing.

Ms. Michelle Fielder, student, Bismarck State College, provided information regarding her experience at Bismarck State College. She said she graduated from Bismarck State College in May 2004 with an associate in science degree. She said she decided to attend Bismarck State College because of the cost and the quality of education offered by the institution. She said she was a member of the college's board of governors and enjoyed her experience and opportunities at Bismarck State College.

Mr. Dave Clark, Executive Vice President, Bismarck State College, provided information regarding the college's growth, status of the 2003-05 budget, tuition rates, and salary adjustments. The information is included in the committee's tour packet. He said the college added 148 new employee positions and 15 new programs from July 1996 through December 2003. As a result of the growth, the college has moved Dr. Thigpen and her administrative team to leased space in the Horizon Building, adjacent to the campus, and is in the process of remodeling a portion of Schafer Hall to allow the college's admissions, financial aid, and student services divisions to more effectively serve students. He said the college is also exploring the possibility of moving its allied health programs to the former Workforce Safety and Insurance Building in downtown Bismarck.

In response to a question from Senator Flakoll regarding the relocation of the college's allied health programs, Mr. Clark said at the present time the college's allied health programs are spread out in inefficient spaces around the campus. He said the relocation and collocation of the programs would bring about cost-savings, equipment sharing, and synergy between programs. He said the college is reviewing student transportation issues that may arise with the relocation of the programs.

Mr. Clark said the college's spending for fiscal year 2004 is on track with budgeted expenditures and the college's tuition revenue collections for fiscal year 2004 are approximately \$400,000 ahead of projections due to an 8 percent increase in enrollment. He said the college's tuition revenue collections include approximately \$1.6 million of revenue from the college's online energy programs. He said the college had approximately \$850,000 of unspent appropriation authority at the end of the 2001-03 biennium and the college plans to use those carryover funds during the 2003-05 biennium for one-time operational and plant improvement needs.

Mr. Clark said the college increased tuition for the 2003-04 academic year by 13 percent and plans on

increasing tuition for the 2004-05 academic year by the same percentage. He said the college intends to continue college employee, cultural diversity, National Guard, and other statutory tuition waivers; however, the college does not anticipate expanding the tuition waiver options. He said the college provided faculty and staff salary increases of approximately 2.2 percent for fiscal year 2004 and anticipates providing faculty and staff salary increases of approximately 5.3 percent for fiscal year 2005. He said the college also provided a \$150 one-time increase or bonus to eligible employees in November 2003. He said the cost of the one-time increase was \$47,800 and the increase was funded from the college's 2001-03 carryover funds. He said the college supports the University System long-term financing plan and the resource allocation model and at the present time the college is funded at approximately 44 percent of its peer comparator institutions.

In response to a question from Representative Aarsvold, Mr. Clark said the one-time increase was provided to all permanent employees with satisfactory work performance.

In response to a question from Senator Holmberg regarding faculty and staff salary increases, Mr. Clark said the college is confident it will have funds in the future to continue the salary increases provided in fiscal years 2004 and 2005.

The committee recessed for lunch at 12:35 p.m. and reconvened at 1:05 p.m.

Chairman Holmberg invited Dr. Robert Potts to provide comments regarding his upcoming role as the chancellor of the North Dakota University System. He said the state should be applauded for creating the Higher Education Roundtable and bringing together representatives of business, industry, the State Board of Higher Education, higher education institutions, higher education students, and the executive and legislative branches to discuss the expectations of the University System in meeting the state's needs. He said the committee should be commended for taking the time to visit each of the 11 higher education institutions during the interim and he looks forward to working with members of the Legislative Assembly on higher education issues.

Mr. Clark provided information regarding the status of any plant improvements during the 2003-05 biennium and 2005-07 plant improvement needs. The information is included in the committee's tour group packet. He said the 2003 Legislative Assembly provided the college funding of \$250,000 from the general fund for extraordinary repairs. He said the college will use approximately \$100,000 of the funding for special assessment payments to the City of Bismarck. He said the college is considering using a portion of its 2001-03 carryover funds or additional tuition revenue collections for construction of a plant services building.

Mr. Clark said the college's first priority for 2005-07 plant improvement needs is the construction of a career and technology institute facility consisting of a national energy center for the college's energy programs, a higher education center for collaborative education programs, and a workforce training center for multipurpose training and business incubation. The estimated cost of the facility is \$12.7 million, of which \$1.5 million would be from the general fund and \$11.2 million would be from federal and private funds. He said the college received a \$500,000 general fund appropriation from the 2003 Legislative Assembly and has raised approximately \$5,770,000 in federal and private funds for the facility. He said the college will request an additional \$1 million general fund appropriation from the 2005 Legislative Assembly for the facility. He said the college's second priority for 2005-07 plant improvement needs is the renovation and expansion of the Vocational Technical Center for an estimated cost of \$7.8 million to \$10.3 million. He said the renovation and expansion project would be funded from the general fund and special funds from the Bismarck Public School District and the City of Bismarck. Information regarding the college's land and building utilization is attached as Appendix B.

In response to questions from Senator Nething regarding the proposed career and technology institute facility, Mr. Clark said the proposed facility will be financed by the Bismarck State College Foundation. He said depending on the success of the college's capital campaign, the college would release bids for the facility during summer or fall 2005.

In response to a question from Senator Flakoll regarding the proposed career and technology institute facility, Mr. Clark said the proposed facility is not ranked on the State Board of Higher Education major capital projects priority list for the 2005-07 biennium.

In response to a question from Senator Nething regarding the renovation and expansion of the Vocational Technical Center, Mr. Clark said the state's share of the estimated cost of the renovation and expansion of the Vocational Technical Center would be approximately \$3 million.

Dr. Thigpen provided information regarding the college's plans for and accomplishments regarding the recommendations of the Higher Education Roundtable. A copy of the information is included in the tour group packet. The following are examples of action taken by the college in relation to the recommendations:

Economic Development

- An increase in primary sector income through the enrollment of out-of-state students in the college's online energy programs and the receipt of federal grants for the college's online energy programs.
- Provision of workforce training service for the southwest region of North Dakota, including

the serving of 2,689 individuals from 286 businesses for fiscal year 2003.

Education Excellence

- Development of new programs in the areas of human services, electric power technology, nuclear power technology, nursing, and paraeducation.
- Receipt of a National Merit Award for the surgical technology program's 100 percent pass rate on the national certification exam in 2003 and 2004.

Flexible and Responsive System

- Establishment of two new programs--industrial mechanic and instrumentation and control--as requested by industry.
- Development of a partnership with the City of Mandan to offer college classes in their community.

Accessible System

- Receipt of a National Science Foundation grant that provides scholarships designed for minority students studying computer science, math, and engineering technology.
- An increase in the number of online classes and programs.

Funding and Rewards

- Receipt of over \$1.4 million in new grants during fiscal year 2004.
- Capital campaign collections of \$6.3 million for the proposed career and technology institute facility.

Sustaining the Vision

- Participation in and support of the ongoing activities of the Higher Education Roundtable and commitment to fully implement the roundtable cornerstones.

The committee conducted a tour of the campus of Bismarck State College, including Schafer Hall and the Horizon Building.

In response to a question regarding the Horizon Building, Mr. Clark said the college entered into a long-term lease agreement for approximately 50 percent of the Horizon Building. He said the lease payments will be paid with funds from the college's operating budget, the Bismarck State College Foundation, and federal grants. He said the Bismarck State College Foundation has the option to purchase the building for below market value after 10 years.

Upon completion of the tour, the committee recessed at 3:10 p.m.

HIGHER EDUCATION ROUNDTABLE

The committee reconvened at 9:00 a.m. on Tuesday, June 15, 2004, at the Doublewood Inn. Chairman Holmberg welcomed representatives of business, industry, the State Board of Higher Education, the institutions of higher education, higher education students, the executive branch, and private and tribal higher education institutions who joined the

committee for a Higher Education Roundtable discussion.

Chairman Holmberg said the Higher Education Committee has visited 9 of the 11 North Dakota University System higher education institutions over the past few months and has seen a new excitement and resolve to move forward. He said at the present time, the challenge of the Higher Education Roundtable is to reflect on what has been accomplished, ask questions, and decide on potential action by the legislature, executive branch, higher education, and private sector that could push North Dakota further out front in demonstrating the powerful potential of the public, private, and higher education partnership.

Chairman Holmberg invited Dr. Robert Potts to provide comments regarding his upcoming role as the chancellor of the North Dakota University System. He said the state should be applauded for creating the Higher Education Roundtable and bringing together representatives of business, industry, the State Board of Higher Education, higher education institutions, higher education students, and the executive and legislative branches to discuss the expectations of the North Dakota University System in meeting the state's needs. He said the work of the roundtable is one of the items that attracted him to seek the chancellor position. He said it is important for the higher education institutions to have the flexibility granted to them by the Legislative Assembly. He said he looks forward to working with members of the roundtable to ensure the roundtable continues to be a success.

Chairman Holmberg called on Roundtable Members Morton, Hedger, and Shorma and Mr. Randy Eisenhardt, Staff Process Engineer, Alien Technology, to comment on progress made, the current status, and further actions needed to enhance the economic and social vitality of the state and make the state even more attractive for business attraction and expansion.

Roundtable Member Morton said Microsoft Great Plains has benefited from its close proximity to North Dakota State University. He said Microsoft Great Plains strives to achieve gender, ethnic, and geographical diversity and higher education institutions should also work on geographical diversity by increasing recruitment efforts outside the regional area. He said the state should not worry so much about losing the best and the brightest individuals but work on attracting those individuals back to the state. He said the state should concentrate on assisting existing companies with growth and expansion.

Mr. Eisenhardt said Alien Technology seeks employees with good "soft skills" such as time management and problem-solving skills and he said these skills are not necessarily being taught at higher education institutions.

Roundtable Member Hedger said economic development in southwest North Dakota has benefited from the Higher Education Roundtable; however,

challenges do remain. He said it is important for the private sector to have access to individuals with good "soft skills" and local access to training for those skills.

Roundtable Member Shorma said the state is making progress; however, the private sector needs more students with specific skills needed by business and industry. He said at the present time Job Service North Dakota is in the process of surveying business and industry on the specific skills that are needed of students. He said the state must identify those skills and ensure that those skills are being taught at higher education institutions. He said the state also needs to do a better job of articulating the career tracks students may pick from if they wish to stay in the state.

Roundtable Member Hedger suggested the state allow businesses in small communities to utilize the statewide information technology network to receive management and other workforce training.

Roundtable Member Morton suggested the state allow startup businesses in small communities to access the statewide information technology network for a limited period of time.

Chairman Holmberg called on Roundtable Members Chapman, Thigpen, and Shaar to comment on the impact of the Higher Education Roundtable on higher education in the state.

Roundtable Member Shaar said the state has a better understanding of higher education because of the roundtable and there has been greater acceptance of the roundtable on the part of faculty after faculty were provided an explanation as to how economic development relates to higher education. He said the roundtable has inspired growth at Minot State University, including the establishment of a rural criminal justice center and the sponsoring of an annual chamber music seminar.

Roundtable Member Thigpen said the roundtable has resulted in a common vision for the North Dakota University System, provides goals and objectives for institution presidents to accomplish, and has resulted in a higher level of trust between all stakeholders. She said the flexibility granted by the Legislative Assembly has allowed institutions to respond quickly.

Roundtable Member Chapman said the roundtable has had an incredible impact on North Dakota State University and the State of North Dakota. He said since the creation of the roundtable, the college has had several years of steady enrollment increases; added 107 baccalaureate, 51 masters, and 40 doctoral programs; increased research expenditures; and established a research and technology park. A copy of the information presented by Roundtable Member Chapman is on file in the Legislative Council office.

Chairman Holmberg called on Mr. Dennis Jones, President, National Center for Higher Education Management Systems, Boulder, Colorado, to address the comments made by the private sector and

institution presidents, observations on roundtable achievements, and remaining challenges for the stakeholders of higher education in North Dakota. Mr. Jones made the following observations:

- The roundtable should have a public agenda that focuses on the future of the state not the future of higher education.
- The state may be losing the urgency relating to the vision of the roundtable. The goals, objectives, benefits, and impacts of the roundtable should be shared with public and private higher education faculty, staff, and students; the business community; and the general public.
- The state's finance policy relating to higher education should be aligned with the roundtable's public agenda.
- The state's accountability mechanism relating to higher education should be aligned with the roundtable's public agenda.
- The state should continue the roundtable concept by having annual meetings.
- The state's higher education institutions are functioning more entrepreneurially; however, the institutions must also function as a system. The flexibility granted to institutions has resulted in the institutions being more competitive, but the institutions must also be more collaborative.

In response to a question from Senator Nething regarding recommendations requiring legislative action, Roundtable Member Hedger said the businesses in small communities have difficulties paying for broadband telecommunications access. He said the Legislative Assembly may want to consider allowing startup businesses in small communities to access the statewide information technology network for a limited period of time and allowing other businesses in small communities to access the network to receive workforce training.

Roundtable Member Morton said the state government should encourage technology-readiness.

In response to a question from Senator Grindberg, Mr. Jones said all states are beginning to see the key role that higher education plays in economic development.

In response to a question from Roundtable Member Hill, Roundtable Members Shaar, Chapman, and Thigpen said the North Dakota University System should be provided funding to encourage and reward collaboration between higher education institutions.

In response to a question from Representative Zaiser, Roundtable Member Morton said it is important for the state to have proper performance and accountability measures in place.

The committee recessed for lunch at 12:05 p.m.

After lunch the committee convened discussion groups to consider comments and recommendations made by members of the private sector and Mr. Jones

and to develop recommendations for action by the Legislative Assembly, State Board of Higher Education, executive branch, and the private sector.

The committee reconvened at 2:35 p.m.

Chairman Holmberg called on Senator Grindberg for comments regarding discussion group recommendations.

Senator Grindberg reviewed the following recommendations of the discussion group:

- Continue to provide for investments in higher education.
- Continue to emphasize the building of trusting relationships.
- Review other states' processes for completing legislative requests for information.
- Integrate the vision of the roundtable to all levels of the North Dakota University System and the general public.
- Review the higher education accountability measures and make changes as necessary.

Chairman Holmberg called on Representative Grande for comments regarding discussion group recommendations.

Representative Grande reviewed the following recommendations of the discussion group:

- Provide assistance to the private sector relating to the accessing of broadband telecommunications services.
- Provide higher education funding equal to 21 percent of the total state budget utilizing the long-term finance plan adopted by the State Board of Higher Education.
- Develop a structured and uniform student internship program through a task force consisting of higher education and private sector members.

Chairman Holmberg called on Roundtable Member Hacker for comments regarding discussion group recommendations.

Roundtable Member Hacker reviewed the following recommendations of the discussion group:

- Continue the roundtable concept by convening a roundtable meeting before the 2005 legislative session.
- Continue the budgetary flexibility granted to the higher education institutions by the Legislative Assembly.
- Review the higher education accountability measures and make changes as necessary.
- Provide funding to the State Board of Higher Education to encourage and reward collaboration between higher education institutions.
- Conduct a study of the remedial needs of higher education students.
- Allow new or expanding businesses in small communities to access the statewide information technology network for a limited period of time and allow other businesses in small

communities to access the network to receive workforce training.

- Develop academic programs that respond quickly to the state's needs.
- Identify necessary "soft skills" needed by the private sector and incorporate the teaching of those skills into the curriculum for academic programs.
- Communicate the results of a survey being conducted by Job Service North Dakota regarding job skills needed by employees.
- Provide higher education funding equal to 21 percent of the total state budget.

Chairman Holmberg called on Senator Nething for comments regarding discussion group recommendations.

Senator Nething reviewed the following recommendations of the discussion group:

- Identify necessary "soft skills" needed by the private sector, incorporate the teaching of those skills into the curriculum for academic programs, and inform students of the skills they should possess.
- Develop a uniform student internship program that benefits both students and the private sector.
- Review the higher education accountability measures and make changes as necessary.
- Review the provision of distance education programs by higher education institutions, including the distribution of revenue generated by distance education programs.
- Explain the goals, objectives, benefits, and impacts of the roundtable to potential beneficiaries.

Chairman Holmberg called on Roundtable Member Roers for comments regarding discussion group recommendations.

Roundtable Member Roers reviewed the following recommendations of the discussion group:

- Provide funding to the State Board of Higher Education to encourage and reward collaboration between higher education institutions.
- Provide incentives to students and faculty relating to student internships.
- Continue to promote higher education centers of excellence.
- Allow Work Force 2000 funding to be utilized by employers for providing "soft skills" training to employees.
- Market the benefits of the roundtable to the general public.
- Interface with the federal government where possible.
- Identify necessary "soft skills" needed by the private sector and incorporate the teaching of those skills into the curriculum for academic programs.

Chairman Holmberg called on Roundtable Member Hill for comments regarding discussion group recommendations.

Roundtable Member Hill reviewed the following recommendations of the discussion group:

- Conduct an evaluation of the higher education accountability measures to determine the usefulness of the measures in developing public policy and making campus-level management decisions.
- Continue the roundtable concept by having two meetings each year with a half day orientation session for new members.
- Identify necessary "soft skills" needed by the private sector and incorporate the teaching of those skills into the curriculum for academic programs.
- Increase the faculty representation on the roundtable by at least including the president of the North Dakota University System Council of College Faculties.

The roundtable adjourned and the Higher Education Committee met for committee discussion and staff directives.

It was moved by Representative Nottestad, seconded by Senator Nething, and carried on a voice vote that the Legislative Council staff be requested to prepare a bill draft to extend the continuing appropriation authority for higher education institutions' special revenue funds through June 30, 2007.

It was moved by Representative Zaiser, seconded by Representative Johnson, and carried on a voice vote that the Legislative Council staff be requested to prepare a bill draft to extend the requirement that the budget request for the North Dakota University System include budget estimates for block grants for a base funding component and for an initiative funding component and a budget estimate for an asset funding component and the requirement that the appropriation for the North Dakota University System include block grants for a base funding appropriation and for an initiative funding appropriation and an appropriation for asset funding through June 30, 2007.

It was moved by Senator Nething, seconded by Representative Johnson, and carried on a voice vote that the Legislative Council staff be requested to prepare a bill draft to extend the North Dakota University System authority to carry over at the end of the biennium unspent general fund appropriations through June 30, 2007.

It was moved by Senator Kringstad and seconded by Representative Zaiser that the Legislative Council staff be requested to prepare a study resolution to direct a Legislative Council study of the State Board of Higher Education performance and accountability report required by North Dakota Century Code Section 15-10-14.2.

Senator Kringstad said the study resolution would allow for the review of the higher education accountability measures by the Higher Education Roundtable during the 2005-06 interim. Mr. Hillman said the State Board of Higher Education is in the process of reviewing the accountability measures included in the performance and accountability report. Mr. Hillman said the board would provide recommendations relating to the accountability measures to the 2005 Legislative Assembly Appropriation Committees; however, the board is also supportive of a Legislative Council study of the accountability measures with input from the Higher Education Roundtable. After this discussion, **the motion carried on a voice vote.**

Representative Martinson requested the Legislative Council staff provide the committee information regarding the level of state funding received by North Dakota University System peer institutions. He requested the data for the UND School of Medicine and Health Sciences be reported separately from the University of North Dakota.

Mr. Hillman said the North Dakota University System office is not able to separately identify state funding relating to the medical schools for the University of North Dakota's peer institutions.

Representative Martinson said he will work with the Legislative Council staff to determine how to proceed with his request for information.

Senator Nething said the committee may want to consider a bill draft to allow startup businesses in small communities to access the statewide information technology network for a limited period of time and allow other businesses in small communities to access the network to receive workforce training.

It was moved by Representative Nottestad that the Legislative Council staff be requested to

prepare a bill draft similar to a bill considered by the 2001 Legislative Assembly relating to the private sector use of the statewide information technology network. Chairman Holmberg declared the motion died for lack of a second.

The legislative budget analyst and auditor said the Information Technology Committee will be discussing information technology statutory changes at its next meeting scheduled for Wednesday, July 7, 2004.

Chairman Holmberg said he would discuss the committee's concerns relating to private sector use of the statewide information technology network with the chairman of the Information Technology Committee and coordinate any necessary legislation.

Chairman Holmberg said the committee's next scheduled meeting is at Minot State University - Bottineau, Forest Service, North Central Research Extension Center, and Minot State University on Monday and Tuesday, September 13-14, 2004.

The committee adjourned subject to the call of the chair at 3:35 p.m.

Roxanne Woeste
Senior Fiscal Analyst

Jim W. Smith
Legislative Budget Analyst and Auditor

ATTACH:2