

# MICROFILM DIVIDER

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ROLL NUMBER

DESCRIPTION

1518

2007 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1518

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1518

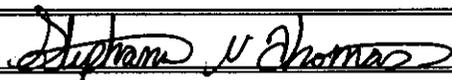
House Industry, Business and Labor Committee

Check here for Conference Committee

Hearing Date: January 24, 2007

Recorder Job Number: 1862

Committee Clerk Signature



Minutes:

**Chair Keiser** opened the hearing on HB 1518.

**Rep. Chris Griffin, District 19:** See written testimony #1.

**Rep. Keiser:** Is it a good investment to college education?

**Rep. Griffin:** It's a very good investment. All the statistics would show that there's a large payoff.

**Rep. Keiser:** I understand that there's a debt associated, but isn't that debt eventually recovered?

**Rep. Griffin:** Yes, it would be, but at the same time with the job market in ND, students coming out of this state are the 3<sup>rd</sup> highest in the nation, and they do not face the 3<sup>rd</sup> highest initial income level. The system right now seems to be a little unfair, because as college tuition has increased, the state has actually benefited from the increase in tuition, greater loans, and greater profit for the Bank of ND.

**Rep. Johnson:** There's no requirement that the person, after graduating, has to stay in the state?

**Rep. Griffin:** I left the bill pretty basic. I originally anticipated that we could do something, and have it be some type of loan paid, if you stayed in the state. It would be a lot more

complicated to administer, and so I thought the scholarship fund would be a way to help alleviate this.

**Rep. Amerman:** Could institutions give out scholarships, and put in there so long after graduation or something like that?

**Rep. Griffin:** I don't know how you would enforce that.

**Rep. Dosch:** So, it would be up to the State Board of Higher Education to set out guidelines, as far as whose eligible, and what amount their eligible for?

**Rep. Griffin:** The State Board of Higher Education is the ones transferring it. It would be up to the individual universities or colleges to set the criteria for scholarships.

**Rep. Dosch:** Then each college, university out there could have their own set of parameters, and different guidelines for the different universities?

**Rep. Griffin:** Correct.

**Rep. Dosch:** Are any of the students in the state eligible, or just one attending public colleges? Do any of the students at the private colleges qualify?

**Rep. Griffin:** It would just be for public schools.

**Rep. Johnson:** At any time did you think about doing a forgivable loan program?

**Rep. Griffin:** I considered doing something with loan forgiveness, and I think that would be a good program as well, but I thought the scholarship fund might be more beneficial.

**Rep. Vigesaa:** So, under this plan schools would control the money. Do you see a situation where perhaps one institution could be very aggressive using this program, and thereby offer maybe more scholarships than another institution, and use this competitive advantage against other institutions?

**Rep. Griffin:** The universities would be receiving them based on enrollment, so I think that they would be at a level playing field.

**Rep. Keiser:** If you did distribute the money based on enrollment, then each institution could do whatever they wanted. They could give 100% scholarship or 1% scholarship to more students, but the way the structure is, the Higher Education Institution will have the flexibility to do whatever they want to do with the scholarship dollars, correct?

**Rep. Griffin:** That's correct. I think each university would know what program it would like to enhance, or areas that they need to improve on. This would give them the flexibility to do that.

**Rep. Keiser:** Is there some reason statutorily or functionally that we need to put the board in there of Higher Ed? Couldn't the bank send it directly to the institution?

**Rep. Griffin:** I don't see why it couldn't.

**Rep. Benjamin Vig, District 23:** See written testimony #2.

See handouts A and B.

**Rep. Keiser:** On the one hand as I look across this tuition, it seems like using those numbers, we're not too far off other places. We're kind of right in the ballpark, is that what your study has shown?

**Rep. Vig:** This study and student affordability packet comes from the University System website. To calculate out the averages, for some people that takes up a large portion of their income, and some not so much.

**Rep. Keiser:** In terms of the total tuition on a regional basis, are they too high, sitting comfortable, or too low?

**Rep. Vig:** I would say that they're too high when ND students graduate college, and we're 3<sup>rd</sup> highest in debt.

**Rep. Jasper Schneider, District 21:** I have grave concerns for the state of ND, because it is partially funded on the backs of the students in ND. Really what this bill does is it's supposed

to address some of those concerns. It alleviates some of the debt load of our current graduates.

**Rep. Clark:** ND's making money on the tax of their students, isn't it kind of nice that ND makes available money for loans for students?

**Rep. Schneider:** I think it's a wonderful program, but it certainly was never intended to profit on our future generations. It certainly is wonderful that we're providing that service for students, but to profit from it, that's a whole separate issue.

**Eric Hardmeyer, Bank of ND:** See written testimony #3, and overview of fiscal note.

**Rep. Keiser:** What would have been transferred into the general fund?

**Eric:** That's the hit earnings for the Bank of ND by using that money. What gets transferred to the trust fund is \$11 million \$250,000. So, the bank of ND will lose income, because that money leaves the Bank of ND, and we're not able to generate income from that revenue.

**Rep. Kasper:** Reading what the bill says on line 6, I read that as the intent being if you have \$100 million of student loans out there, and we're earning on that loan package \$2 million dollars per year, you're supposed to transfer 75% of the \$2 million which you'd be earning on the fund. I think that is what is intended, if I'm not mistaken. So, therefore the transfer amount is only 75% of the earnings on the loan, not the earnings from the bank.

**Eric:** When you look at the earnings of our student loan portfolio, the Bank of ND this year will make around \$42-\$43 million. With the student loan cost and the profits there we'd make somewhere around \$17-\$18 million dollars. So, when we print the fiscal note, that's what we're looking for.

**Rep. Kasper:** Then your fiscal note is correct. You're saying you're going to transfer \$11 million every year, which would be used for scholarships and \$22 million for the biennium.

That's a whole lot of money that we're going to give scholarships. How many students do we have to divide this residence to over the \$11 million?

**Eric:** I guess there are 45,000 students in our system from both the private and public institutions. We graduate 7,000 or 8,000 high school students a year.

**Rep. Ruby:** This is going to be dedicated and obligated, so that is money that the general fund will no longer have.

**Eric:** That's not accurate. We're going to make \$90 million dollars next biennium. We transfer \$60 million of that to the general fund. The \$30 million difference, we keep and grow capital in the Bank of ND. That stays in the bank in the form of the paid earnings, and our capital grows by the amount that we get to keep, versus what we send up there.

**Rep. Keiser:** If this bill passes, we're going to take that one fund, and say 75% of it is now not going to the general fund, not be kept in the Bank of ND, but would now be going into the Student Scholarship fund.

**Eric:** So, what happens there is the \$90 million an employer would make, we'll make a million and one something less than that, because we're not going to have that \$11 million dollars anymore, and we won't have the opportunity to earn money on it.

**Rep. Nottestad:** A statement was made about the high debt loan that people are walking away in ND. What do you attribute it to?

**Eric:** I think there are a couple of factors. One is tuition cost increases by double digits in the last few years. I think North Dakotans probably don't save for their children like they do in other places. Our approach has been a real comprehensive approach that we're going to look at student loan interest rates. We also think the 529 option, where parents save for their children in a tax deductible manner with a tax deduction on the contribution, is a great approach.

**Rep. Nottestad:** How does the availability compare?

**Eric:** I think it is pretty universal across the country. Most of our student loans are federally insured with the federal programs. Of the \$565 million that we have in the student loans, \$500 million of them are federal loans. We have our own alternative loan program, and that is where there's a gap between what their parents have saved, what they can get from the federal programs, and what scholarships are offered, there's a gap. The availability in ND is as good as anywhere in the country.

**Rep. Keiser:** Have you seen the national study, in the last 3 or 4 months, I believe, it's filling almost a perfect correlation between lower interest rates on student loans, and increased college tuition?

**Eric:** I have not seen that.

**Peggy Wipf, ND University System:** See written testimony #4, submitting testimony for Eddie Dunn.

**Rep. Keiser:** Will you support us reducing your fund?

**Peggy:** Our board has taken a strong position that the 21% is what's been put forward.

**Kayla Pulvermacher, ND Farmers Union:** Support HB 1518.

**Rep. Kasper:** Does Farmers Union have a college scholarship fund that ND students can apply for?

**Kayla:** Yes, we do have a college scholarship fund.

**Rep. Griffin:** Some of the confusion on the fiscal note, that would be 75% of the profit, but that would not be the expense to the state, because that money would just be sitting in that scholarship fund. So, the only expense would be the interest derived from that money, and that's why it's the \$1.2 million.

Hearing closed.

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1518

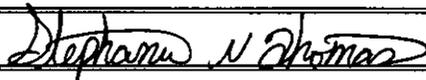
House Industry, Business and Labor Committee

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Hearing Date: January 31, 2007

Recorder Job Number: 2492

Committee Clerk Signature



Minutes:

**Chair Keiser** opened the hearing on HB 1518. This is the transfer of 75% of the profit from the student loan program and the Bank of ND into a special fund. The interest earnings from that would be used for scholarship for students. The monies would be sent to each institution, and each would establish its own policy for the scholarship. The only financial impact to the Bank of ND is \$1 million \$181,249 or \$3 million \$543,750 for the biennium.

**Rep. Thorpe:** I thought the sponsors did an admirable job of bringing this bill to the floor. I'm going to support the bill.

**Rep. Kasper:** I move a do not pass.

**Rep. Vigesaa:** Second.

**Rep. Keiser:** I think the effort is admirable, and it's a very interesting approach, but I don't think it's well developed. It's so simply that it's complicated. How do we get the monies? Why are we transferring it to the Higher Ed, and to the institution? How are they going to use the money? What's the formula? Is it proportional to the number of students that have loans at those institutions, or is it proportional to the number of students at the institution? What about the private schools whose students have loans in the student loan program? It's an interesting concept, I think one session away.

**Rep. Thorpe:** You bring up some very logical points. I still do support this. I should have gotten together with them and asked for some amendments that might have helped this bill. That's where I'm at.

**Rep. Vigesaa:** The one major problem that I saw is that colleges and universities are free to decide how to distribute the scholarships, and who could use the scholarships. There were no parameters on how many scholarships they could have in one institution, if they're very aggressive with the program and use all the scholarship money and leave all the other universities out in the cold. There're too many open areas here.

**Rep. Keiser:** It is a great strategy for creating scholarship dollars.

**Rep. Zaiser:** I agree.

**Roll call vote was taken. 8 Yeas, 3 Nays, 3 Absent, Carrier: Rep. Zaiser**

Hearing closed.

**FISCAL NOTE**  
**Requested by Legislative Council**  
01/17/2007

Bill/Resolution No.: HB 1518

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>				(\$1,181,249)		(\$3,543,750)
<b>Expenditures</b>						
<b>Appropriations</b>						

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This legislation provides for a transfer of an amount equal to 75% of any profits that accrue as a result of BND's administration of the student loan programs. Fiscal impact would reduce BND projected earnings.

B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 1 has a fiscal impact to BND. 75% of Student Loan earnings for each year of the biennium equals \$11,250,000 or a total of \$22.5 million for the biennium. This would be a reduction of BND capital. Income over and above the \$60 million transfer to the General Fund referenced in SB 2015 would be used to grow capital. The projected capital is estimated to be \$215 million at the end of the 2007-2009 biennium. This additional transfer would limit capital growth to \$7.5 million versus \$30 million which was originally projected.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

There would be a reduction of projected earnings for 2007-2009 biennium in the amount of \$1,181,249. There would be a reduction of projected earnings for 2009-2011 biennium in the amount of \$3,543,750.

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

<b>Name:</b>	Eric Hardmeyer	<b>Agency:</b>	Bank of North Dakota
<b>Phone Number:</b>	328-5674	<b>Date Prepared:</b>	01/19/2007

Date: 1-31-07  
Roll Call Vote #: \_\_\_\_\_

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1518

House Industry Business & Labor Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do NOT Pass

Motion Made By Rep Kasper Seconded By Rep Vigesaa

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser	X		Rep. Amerman		X
Vice Chairman Johnson			Rep. Boe		
Rep. Clark	X		Rep. Gruchalla		X
Rep. Dietrich	X		Rep. Thorpe		X
Rep. Dosch			Rep. Zaiser	X	
Rep. Kasper	X				
Rep. Nottestad	X				
Rep. Ruby	X				
Rep. Vigesaa	X				

Total Yes 8 No 3

Absent 3

Floor Assignment Rep Zaiser

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE**

**HB 1518: Industry, Business and Labor Committee (Rep. Kelsner, Chairman)**  
recommends **DO NOT PASS** (8 YEAS, 3 NAYS, 3 ABSENT AND NOT VOTING).  
HB 1518 was placed on the Eleventh order on the calendar.

2007 TESTIMONY

HB 1518

REP. CHRIS GRIFFIN  
TESTIMONY IN SUPPORT OF  
HB1518

Mr. Chairman, Members of the House Industry, Business and Labor Committee, my name is Chris Griffin, representative from District 19. HB 1518 was introduced to help alleviate the growing problem students face of increased student loan debt. This debt has been caused by substantial increases in tuition and rising interest rates and has created a situation where students in North Dakota are coming out with the 3<sup>rd</sup> highest school loan debt in the nation. Due to this increasing debt, bank of North Dakota profits attributed to student loans has increased from 12.7 million in 2002 to 17.9 million in 2006. The combination of these two situations led to the introduction of this bill. HB 1518 would take 75 percent of the bank of North Dakota profits attributed to student loans and create a scholarship fund that would be distributed to the public colleges and universities of the State based on full-time enrollment. The percent was set at 75 percent because this has been the percentage of profits of the Bank of North Dakota that the State has been putting into the general fund in recent years. Using this percentage would allow 25 percent of the profits to stay in the bank for capital growth and would assure that students were not taking more than their fair share of profits. Under the bill, colleges and universities would be free to decide how to distribute the scholarships and could use the scholarships to fit their own individual needs. The only requirement is that the scholarships be received by North Dakota residents. If the committee so desires, I would support an amendment to the bill that would require the scholarships be distributed based on economic need. I believe this bill is a good bill that has a number of positive attributes:

1. The scholarship fund would be an investment in current and future students of North Dakota (as the fund continues, greater and greater amounts of scholarships would be available and would be comparable to endowments held by large institutions).
2. The scholarships fund would be derived purely from monies received from current and former students.
3. The scholarship fund would as be a savings mechanism for the State and if the State encountered a fiscal crisis, monies from the fund would be available for use by the State.
4. The scholarship fund would help alleviate ever increasing student loan debt incurred by North Dakota students.
5. The scholarship fund would better represent the initial intentions of the Bank of North Dakota.

For these reasons and for the benefit of current and future students of North Dakota schools, I would respectfully request the committee give this bill a favorable recommendation.

Chairman Keiser  
Industry, Business & Labor

I am Ben Vig, Representative of District 23 which includes Nelson, Griggs, Steele, Eddy and Benson counties, as well as the Spirit Lake Nation.

I am here as a cosponsor of HB 1518, a bill to provide for a scholarship fund from the student loan revenues. I recently graduated college in 2005 and was active in the student governments at Bismarck State College and Valley City State University, vigorously watching the cost of a public education increase at rapid rates while the rate of state appropriations increase moderately. This results in our public colleges and universities increasing the tuition on the students.

In the last six years, tuition has increased at rates of five percent recently, to twenty percent three, four, five years. So fast that more students are forced to take out more student loans to access and achieve a public education. In doing so, they are graduating college with a larger debt. This debt has increased from \$9000 in 1990, to \$20,000 in 2005.

With the rapid increases in tuition the last several years, but not a rapid increase in the wages or salaries, the affordability of attending or achieving a public education is cutting into a persons' household income. It is costing more for an individual to achieve an public education in North Dakota.

I would like to see us fund public education better, but also assuming that tuition will continue to be charged at roughly \$140 per credit, I ask you to seriously consider establishing the student scholarship with a DO PASS.

Mr. Chairman, this completes my testimony

**TESTIMONY TO THE  
INDUSTRY BUSINESS & LABOR COMMITTEE**

**JANUARY 24, 2007**

**HOUSE BILL 1518**

**ERIC HARDMEYER, PRESIDENT**

At Bank of North Dakota, we understand and appreciate the legislative efforts to assist students with the burgeoning levels of debt associated with attending an institution of higher education. We believe there could be a better balance among debt, savings, and scholarships for North Dakota students. To do our part, we have lowered the interest rate on our popular Dakota Education Alternative Loan Program (DEAL) and have begun to pay default and origination fees on behalf of the students. We are also sponsoring legislation to improve and enhance North Dakota's 529 plan by offering tax deductions for college savings (House Bill 1091).

The bottom line for all the legislative efforts to financially assist students is that the funds have to come from somewhere. In this bill and with several other bills closely associated, the funds for the program come from the earnings of Bank of North Dakota. I believe that some amount of our earnings in the form of a transfer (dividend in the private sector) is appropriate. The legislature, along with the Governor, has settled on the amount of \$60 million for each of the last three biennia. For the current biennium, that will amount to about 70% of our total earnings. The balance of our earnings goes to grow capital.

At this point, we are tracking several bills that if passed, will take \$102.5 million of earnings from the BND during the 2007-2009 biennium. This poses a challenge to BND in that for that same period we project to earn \$90 million. The difference of \$12.5 million would have to come out of our capital base.

As a recommendation, I suggest that the \$22.5 million for this program either be earmarked as part of the on-going \$60 million that gets transferred from BND (SB 2015) to the general fund each biennium or, the funding for the program comes from a general fund appropriation.

Below for your information is synopsis of our last four years of financial history plus our projection for 2007.

## BND Financial Highlights (millions)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	Unaudited <u>2006</u>	Projected <u>2007</u>
Assets	\$1,953	\$2,015	\$2,062	\$2,326	\$2,272
Loans	\$1,392	\$1,456	\$1,467	\$1,756	\$1,798
Deposits	\$1,057	\$1,199	\$1,352	\$1,617	\$1,505
<b>Capital</b>	<b>\$ 153</b>	<b>\$ 153</b>	<b>\$ 163</b>	<b>\$ 164</b>	<b>\$ 185</b>
Ratio	7.83%	7.75%	7.90%	7.24%	8.14%
<b>Income</b>	<b>\$31.7</b>	<b>\$34.2</b>	<b>\$36.4</b>	<b>\$42.8</b>	<b>\$45.0</b>
GF transfer	\$34.0	\$30.0	\$30.0	\$30.0	\$30.0
ROE	20.7%	22.1%	22.9%	26.1%	24.97%

Assets have grown over the last 4 years with significant growth in 2006. This growth generally can be attributed to the overall strength of North Dakota's economy. As tax and fee income grows they are deposited at BND. Those deposits are then deployed into various asset types; loans or investments.

Loan volume has increased each year with nearly a 20% increase in net loans in 2006. The loan portfolio is diversified into four main categories: business, agriculture, student loans, and residential. The breakdown is as follows: business - \$565 million, agriculture - \$241 million, student loans - \$561 million, and residential - \$388 million.

The Bank of North Dakota is adequately capitalized with capital of \$164 million or 7.24% of average assets. According to Federal Reserve regulations, to qualify as "well-capitalized", a financial institution must have at least 5% capital. A nation-wide average for banks of similar size is 8.01%, while the North Dakota average for all banks is 9.91%. Our internal goal is for BND to have equity of 8% and by the end of the 2005-07 biennium, we project equity to be over 8%.

With the final \$30 million installment to be paid in June of 2007, BND over the past ten years will have transferred to the General Fund nearly \$280 million, making it the fifth largest source of revenue to the state.

Earnings have been consistent over the last four years, with BND achieving record profits the last three years, although 2006 are unaudited at this point. For 2006, we had budgeted for earnings to be \$38 million; however, as a result of increased loan demand and deposit growth, earnings came in at nearly \$43 million. For the 2005-07 biennium, total BND earnings will be approximately \$83 million. This allows BND to grow capital by \$23 million after the \$60 million in transfers to the General Fund.

The return on equity ratio, which averages 23% for the last four years, represents the state's return on its investment in the Bank.

**Testimony before House Industry, Business and Labor  
Committee – HB 1518**

**By Chancellor Eddie Dunn  
North Dakota University System**

*January 24, 2007*

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Chairman Keiser and members of the House Industry, Business and Labor Committee.  
For the record, I am Eddie Dunn, Chancellor of the North Dakota University System.

Thank you for the opportunity to provide testimony in support of HB 1518 regarding the transfer of funds from student loan program profits to a student scholarship fund for North Dakota college students.

This legislation helps drive home an important message – the single most important factor that will determine the success of North Dakota will be its human capital. Secondly, and equally as important, the primary developer and source of that capital is the University System.

HB1518 would not only play a key role in helping maintain an affordable education for our North Dakota students, but would also help keep North Dakota University System institutions attractive relative to a student's total cost of education. Increasing scholarship opportunities for college students is a win-win situation for all students and the state. Currently, the average loan indebtedness of a North Dakota undergraduate student is between \$17,000 and \$22,000. This legislation will be extremely beneficial in reducing the amount of money a student needs to borrow for their education.

Thank you and I would be pleased to respond to any questions you might have.

A

**Student Loan Indebtedness**

With supporting documentation from Appendices 2 and 3, Table 12 shows the average grant funding for students who attend NDUS campuses has continued to increase during the past 16 years from 31.9 percent at MaSU, VCSU, DSU, and MiSU to 55.7 percent at the two-year campuses; however, loan borrowing during the same period has increased at the more rapid pace of 208 to 366 percent.

<b>TABLE 12</b> <b>History of Loan and Grant/Campus Based Financial Aid</b> <b>1989-90 to 2004-05</b> (Millions of Dollars)								
	89-90	99-00	03-04	04-05	16 year change 89-90 to 04-05		6 year change 99-00 to 04-05	
<b>Doctoral (UND and NDSU)</b>								
Loan	\$19.3	\$56.4	\$86.2	\$89.9	\$70.6	366%	\$33.5	59.4%
Grant	\$16.7	\$16.5	\$23.6	\$22.3	\$5.6	33.5%	\$5.8	35.2%
<b>Four-Year (MiSU, MaSU, VCSU, and DSU)</b>								
Loan	\$7.6	\$16.1	\$21.2	\$23.4	\$15.8	208%	\$7.3	45.3%
Grant	\$6.9	\$6.9	\$9.4	\$9.1	\$2.2	31.9%	\$2.2	31.9%
<b>Two-Year (BSC, NDSCS, LRSC, WSC, and MiSU-BC)</b>								
Loan	\$5.3	\$12.9	\$19.8	\$20.0	\$14.7	277%	\$7.1	55.0%
Grant	\$6.1	\$7.1	\$9.6	\$9.5	\$3.4	55.7%	\$2.4	33.8%

*See Appendix 2 and 3 for source details*

A 1989-90 typical UND or NDSU student who completed a bachelor's degree graduated with an average student loan indebtedness of \$8,500 to \$9,500 compared to an average 2004-05 indebtedness of \$15,000 to \$20,000. The average monthly payment for loan indebtedness of \$15,000 to 20,000 would be between \$148 and \$197 per month.

The most recent information from the National Postsecondary Student Aid Study (NPSAS), a nationally representative survey conducted by the U.S. Department of Education's National Center for Education Statistics, shows that, in 1999-2000, more than 60 percent of all bachelor's degree recipients graduated with some federal student loan debt. The median amount borrowed at public institutions was \$15,375.

Increasing pressure to provide financial assistance to students is being placed on federal and state policymakers. However, it should be noted that the main reason for increased borrowing by NDUS students is due, in part, to policy changes enacted by the U. S. Congress in the reauthorization of the Higher Education Act of 1992. Some of those changes include: (1) higher maximum loan limits (2) approval of unsubsidized Stafford Loans and (3) changes to the federal needs-analysis calculation used to determine the student's and his or her family's ability to pay for post-secondary education. Prior to 1992, students relied on relatively low tuition costs, grants and personal borrowing to help pay for college. Today, loans are relied upon more heavily.

B

**Appendix 4**

**2004-05 Tuition as a Percent of Income  
Comparison of NDUS Campus to Long-Term Finance Plan Peer Group**

Unitid	Institution	State	HUD Very Low Family Income - Family of Four 2004	Per Capita Personal Income 2004	In-State Annual Tuition & Fees 2004-05	Tuition as % of HUD Very Low Income for a Family of 4	Tuition as % of per Capita Personal Income
200022	Bismarck State College	ND	\$25,823	\$29,247	\$3,129	12.1%	10.7%
138558	Abraham Baldwin Agricultural College	GA	\$25,799	\$30,074	\$1,922	7.4%	6.4%
173203	Central Lakes College Brainerd	MN	\$29,517	\$36,173	\$3,253	11.0%	9.0%
175643	East Central Community College	MS	\$19,931	\$24,379	\$1,400	7.0%	5.7%
153445	Hawkeye Community College	IA	\$27,986	\$30,970	\$2,472	8.8%	8.0%
153922	Marshalltown Community College	IA	\$27,986	\$30,970	\$2,820	10.1%	9.1%
142443	North Idaho College*	ID	\$24,895	\$26,839	\$1,832	7.4%	6.8%
101736	Northwest Shoals Community College Muscle Shoals	AL	\$22,430	\$27,630	\$2,700	12.0%	9.8%
175236	Ridgewater College	MN	\$29,517	\$36,173	\$4,257	14.4%	11.8%
196015	SUNY College of Technology at Canton	NY	\$29,353	\$38,333	\$5,305	18.1%	13.8%
	<b>Group Total</b>		<b>\$237,414</b>	<b>\$281,541</b>	<b>\$25,961</b>	<b>10.9%</b>	<b>9.2%</b>
	<b>Group Average</b>		<b>\$62,759</b>	<b>\$31,282</b>	<b>\$2,885</b>	<b>10.7%</b>	<b>8.9%</b>
	<b>Group Median</b>		<b>\$27,986</b>	<b>\$30,970</b>	<b>\$2,700</b>	<b>10.1%</b>	<b>9.0%</b>
	<b>Group Trimmed Mean (20%)</b>		<b>\$26,852</b>	<b>\$31,261</b>	<b>\$2,751</b>	<b>10.2%</b>	<b>8.6%</b>
	*In District Annual Tuition & Fees 2004-05						
200059	Dickinson State University	ND	\$25,823	\$29,247	\$3,799	14.7%	13.0%
219082	Dakota State University	SD	\$24,165	\$30,617	\$4,614	19.1%	15.1%
237385	Glenville State College	WV	\$22,182	\$25,681	\$3,276	14.8%	12.8%
151388	Indiana University-East	IN	\$28,355	\$30,070	\$4,601	16.2%	15.3%
142328	Lewis-Clark State College	ID	\$24,895	\$26,839	\$3,392	13.6%	12.6%
205443	Shawnee State University	OH	\$28,008	\$31,135	\$5,202	18.6%	16.7%
106485	University of Arkansas at Monticello	AR	\$21,370	\$25,724	\$3,625	17.0%	14.1%
161226	University of Maine at Farmington	ME	\$26,739	\$29,973	\$5,150	19.3%	17.2%
218645	University of South Carolina at Aiken	SC	\$25,315	\$27,153	\$5,622	22.2%	20.7%
237932	West Liberty State College	WV	\$22,182	\$25,681	\$3,380	15.2%	13.2%
	<b>Group Total</b>		<b>\$223,211</b>	<b>\$262,873</b>	<b>\$38,862</b>	<b>17.4%</b>	<b>15.4%</b>
	<b>Group Average</b>		<b>\$24,801</b>	<b>\$28,097</b>	<b>\$4,318</b>	<b>17.3%</b>	<b>15.3%</b>
	<b>Group Median</b>		<b>\$24,895</b>	<b>\$27,153</b>	<b>\$4,601</b>	<b>17.0%</b>	<b>15.1%</b>
	<b>Group Trimmed Mean (20%)</b>		<b>\$24,784</b>	<b>\$28,008</b>	<b>\$4,281</b>	<b>17.2%</b>	<b>14.9%</b>
200192	Lake Region State College	ND	\$25,823	\$29,247	\$3,065	11.9%	10.5%
198084	Brunswick Community College	NC	\$25,497	\$29,303	\$912	3.6%	3.1%
198206	Carteret Community College	NC	\$25,497	\$29,303	\$1,277	5.0%	4.4%
162104	Cecil Community College*	MD	\$35,415	\$39,629	\$2,556	7.2%	6.4%
208415	Clatsop Community College	OR	\$26,543	\$30,584	\$2,160	8.1%	7.1%
170587	Kirtland Community College*	MI	\$27,578	\$32,052	\$2,374	8.6%	7.4%
233037	Paul D Camp Community College	VA	\$29,562	\$36,175	\$1,883	6.4%	5.2%
199625	Sampson Community College	NC	\$25,497	\$29,303	\$1,284	5.0%	4.4%
172671	West Shore Community College*	MI	\$27,578	\$32,052	\$1,643	6.0%	5.1%
	<b>Group Total</b>		<b>\$223,167</b>	<b>\$268,401</b>	<b>\$14,088</b>	<b>6.3%</b>	<b>5.5%</b>
	<b>Group Average</b>		<b>\$27,896</b>	<b>\$32,300</b>	<b>\$1,761</b>	<b>6.2%</b>	<b>5.4%</b>
	<b>Group Median</b>		<b>\$27,061</b>	<b>\$31,318</b>	<b>\$1,763</b>	<b>6.2%</b>	<b>5.2%</b>
	<b>Group Trimmed Mean (20%)</b>		<b>\$27,043</b>	<b>\$31,578</b>	<b>\$1,770</b>	<b>6.3%</b>	<b>5.4%</b>
	*In District Annual Tuition & Fees 2004-05						

**2004-05 Tuition as a Percent of Income  
Comparison of NDUS Campus to Long-Term Finance Plan Peer Group**

Unitid	Institution	State	HUD Very Low Family Income - Family of Four 2004	Per Capita Personal Income 2004	In-State Annual Tuition & Fees 2004-05	Tuition as % of HUD Very Low Income for a Family of 4	Tuition as % of per Capita Personal Income
200226	Mayville State University	ND	\$25,823	\$29,247	\$4,533	17.6%	15.5%
219082	Dakota State University	SD	\$24,165	\$30,617	\$4,614	19.1%	15.1%
230931	Lyndon State College	VT	\$30,106	\$31,737	\$6,146	20.4%	19.4%
207351	Oklahoma Panhandle State University	OK	\$22,327	\$27,819	\$2,899	13.0%	10.4%
161341	University of Maine at Presque Isle	ME	\$26,739	\$29,973	\$4,460	16.7%	14.9%
180692	Western Montana College-University of Montana	MT	\$23,801	\$27,666	\$3,730	15.7%	13.5%
	<b>Group Total</b>		<b>\$127,138</b>	<b>\$147,812</b>	<b>\$21,849</b>	<b>17.2%</b>	<b>14.8%</b>
	<b>Group Average</b>		<b>\$26,428</b>	<b>\$29,562</b>	<b>\$4,370</b>	<b>17.0%</b>	<b>14.6%</b>
	<b>Group Median</b>		<b>\$24,165</b>	<b>\$29,973</b>	<b>\$4,460</b>	<b>16.7%</b>	<b>14.9%</b>
	<b>Group Trimmed Mean (20%)</b>		<b>\$24,902</b>	<b>\$29,470</b>	<b>\$4,268</b>	<b>17.1%</b>	<b>14.5%</b>
Note: Does not include private institutions.							
200253	Minot State University	ND	\$25,823	\$29,247	\$3,712	14.4%	12.7%
138716	Albany State University	GA	\$25,799	\$30,074	\$2,896	11.2%	9.6%
175616	Delta State University	MS	\$19,931	\$24,379	\$3,582	18.0%	14.7%
207041	East Central University	OK	\$22,327	\$27,819	\$3,042	13.6%	10.9%
187648	Eastern New Mexico University-Main Campus	NM	\$21,558	\$26,154	\$2,578	12.0%	9.9%
213783	Mansfield University of Pennsylvania	PA	\$26,925	\$33,257	\$6,180	23.0%	18.6%
226833	Midwestern State University	TX	\$23,648	\$30,697	\$3,016	12.8%	9.8%
207865	Southwestern Oklahoma State University	OK	\$22,327	\$27,819	\$3,200	14.3%	11.5%
171146	University of Michigan-Flint	MI	\$27,578	\$32,052	\$5,422	19.7%	16.9%
101709	University of Montevallo	AL	\$22,430	\$27,630	\$4,418	19.7%	16.0%
	<b>Group Total</b>		<b>\$212,523</b>	<b>\$259,881</b>	<b>\$34,334</b>	<b>16.2%</b>	<b>13.2%</b>
	<b>Group Average</b>		<b>\$23,614</b>	<b>\$28,876</b>	<b>\$3,815</b>	<b>16.0%</b>	<b>13.1%</b>
	<b>Group Median</b>		<b>\$22,430</b>	<b>\$27,819</b>	<b>\$3,200</b>	<b>14.3%</b>	<b>11.5%</b>
	<b>Group Trimmed Mean (20%)</b>		<b>\$23,573</b>	<b>\$28,892</b>	<b>\$3,654</b>	<b>15.7%</b>	<b>12.8%</b>
200314	Minot State University - Bottineau Campus	ND	\$25,823	\$29,247	\$2,938	11.4%	10.0%
223922	Clarendon College	TX	\$23,648	\$30,697	\$1,680	7.1%	5.5%
114433	Feather River Community College District	CA	\$30,872	\$35,172	\$728	2.4%	2.1%
162609	Garrett College*	MD	\$35,415	\$39,629	\$2,850	8.0%	7.2%
198905	Martin Community College	NC	\$25,497	\$29,303	\$1,254	4.9%	4.3%
180373	Miles Community College*	MT	\$23,801	\$27,666	\$2,820	11.8%	10.2%
107549	Ozarka College	AR	\$21,370	\$25,724	\$1,985	9.3%	7.7%
107743	Rich Mountain Community College*	AR	\$21,370	\$25,724	\$1,056	4.9%	4.1%
215309	University of Pittsburgh-Titusville	PA	\$26,925	\$33,257	\$8,838	32.8%	26.6%
245625	Warren County Community College*	NJ	\$38,119	\$41,636	\$2,136	5.6%	5.1%
	<b>Group Total</b>		<b>\$247,017</b>	<b>\$288,808</b>	<b>\$23,347</b>	<b>9.5%</b>	<b>8.1%</b>
	<b>Group Average</b>		<b>\$27,446</b>	<b>\$32,090</b>	<b>\$2,594</b>	<b>9.7%</b>	<b>8.1%</b>
	<b>Group Median</b>		<b>\$25,497</b>	<b>\$30,697</b>	<b>\$1,985</b>	<b>7.1%</b>	<b>5.5%</b>
	<b>Group Trimmed Mean (20%)</b>		<b>\$26,790</b>	<b>\$31,635</b>	<b>\$1,969</b>	<b>7.4%</b>	<b>6.3%</b>
*In District Annual Tuition & Fees 2004-05							

**2004-05 Tuition as a Percent of Income  
Comparison of NDUS Campus to Long-Term Finance Plan Peer Group**

Unitid	Institution	State	HUD Very Low Family Income - Family of Four 2004	Per Capita Personal Income 2004	In-State Annual Tuition & Fees 2004-05	Tuition as % of HUD Very Low Income for a Family of 4	Tuition as % of per Capita Personal Income
200305	North Dakota State College of Science	ND	\$25,823	\$29,247	\$3,074	11.9%	10.5%
218858	Central Carolina Technical College*	SC	\$25,315	\$27,153	\$2,500	9.9%	9.2%
153472	Indian Hills Community College	IA	\$27,986	\$30,970	\$2,148	7.8%	7.1%
142443	North Idaho College*	ID	\$24,895	\$26,839	\$1,832	7.4%	6.8%
173115	Northwest Technical College-Bemidji	MN	\$29,517	\$36,173	\$3,900	13.2%	10.8%
207564	Oklahoma State University-Okmulgee	OK	\$22,327	\$27,819	\$4,410	19.8%	15.9%
175041	St Paul Technical College	MN	\$29,517	\$36,173	\$3,454	11.7%	9.5%
196006	SUNY College of Technology at Alfred	NY	\$29,353	\$38,333	\$5,276	18.0%	13.8%
196015	SUNY College of Technology at Canton	NY	\$29,353	\$38,333	\$5,305	18.1%	13.8%
229319	Texas State Technical College-Harlingen	TX	\$23,648	\$30,697	\$2,774	11.7%	9.0%
	<b>Group Total</b>		<b>\$241,911</b>	<b>\$292,490</b>	<b>\$31,635</b>	<b>13.1%</b>	<b>10.8%</b>
	<b>Group Average</b>		<b>\$26,879</b>	<b>\$32,499</b>	<b>\$3,515</b>	<b>13.1%</b>	<b>10.7%</b>
	<b>Group Median</b>		<b>\$27,986</b>	<b>\$30,970</b>	<b>\$3,454</b>	<b>11.7%</b>	<b>9.5%</b>
	<b>Group Trimmed Mean (20%)</b>		<b>\$27,152</b>	<b>\$32,474</b>	<b>\$3,500</b>	<b>12.9%</b>	<b>10.5%</b>
	*In District Annual Tuition & Fees 2004-05						
200332	North Dakota State University-Main Campus	ND	\$25,823	\$29,247	\$4,776	18.5%	16.3%
217882	Clemson University	SC	\$25,315	\$27,153	\$7,840	31.0%	28.9%
155399	Kansas State University	KS	\$25,420	\$31,003	\$4,665	18.4%	15.0%
188030	New Mexico State University-Main Campus	NM	\$21,558	\$26,154	\$3,666	17.0%	14.0%
209542	Oregon State University	OR	\$26,543	\$30,584	\$5,319	20.0%	17.4%
106397	University of Arkansas Main Campus	AR	\$21,370	\$25,724	\$5,135	24.0%	20.0%
142285	University of Idaho	ID	\$24,895	\$26,839	\$3,632	14.6%	13.5%
240727	University of Wyoming	WY	\$28,630	\$34,199	\$2,721	9.5%	8.0%
230728	Utah State University	UT	\$26,734	\$26,946	\$3,374	12.6%	12.5%
102614	University of Alaska Fairbanks	AK	\$35,859	\$34,085	\$4,355	12.1%	12.8%
	<b>Group Total</b>		<b>\$236,324</b>	<b>\$262,687</b>	<b>\$40,707</b>	<b>17.2%</b>	<b>15.5%</b>
	<b>Group Average</b>		<b>\$26,258</b>	<b>\$29,187</b>	<b>\$4,523</b>	<b>17.7%</b>	<b>15.8%</b>
	<b>Group Median</b>		<b>\$25,420</b>	<b>\$27,153</b>	<b>\$4,355</b>	<b>17.0%</b>	<b>14.0%</b>
	<b>Group Trimmed Mean (20%)</b>		<b>\$25,585</b>	<b>\$28,966</b>	<b>\$4,307</b>	<b>17.0%</b>	<b>15.0%</b>
200280	University of North Dakota-Main Campus	ND	\$25,823	\$29,247	\$4,828	18.7%	16.5%
204857	Ohio University-Main Campus	OH	\$28,008	\$31,135	\$7,780	27.8%	25.0%
149222	Southern Illinois University-Carbondale	IL	\$27,935	\$34,725	\$6,340	22.7%	18.3%
196088	SUNY at Buffalo	NY	\$29,353	\$38,333	\$5,966	20.3%	15.6%
157289	University of Louisville	KY	\$23,028	\$27,151	\$5,040	21.9%	18.6%
178402	University of Missouri-Kansas City	MO	\$24,697	\$30,516	\$6,752	27.3%	22.1%
182290	University of Nevada-Reno	NV	\$30,456	\$33,783	\$3,037	10.0%	9.0%
218663	University of South Carolina at Columbia	SC	\$25,315	\$27,153	\$6,416	25.3%	23.6%
238032	West Virginia University	WV	\$22,182	\$25,681	\$3,938	17.8%	15.3%
206604	Wright State University-Main Campus	OH	\$28,008	\$31,135	\$6,245	22.3%	20.1%
	<b>Group Total</b>		<b>\$238,982</b>	<b>\$279,612</b>	<b>\$51,514</b>	<b>21.6%</b>	<b>18.4%</b>
	<b>Group Average</b>		<b>\$26,554</b>	<b>\$31,068</b>	<b>\$5,724</b>	<b>21.7%</b>	<b>18.6%</b>
	<b>Group Median</b>		<b>\$27,935</b>	<b>\$31,135</b>	<b>\$6,245</b>	<b>22.3%</b>	<b>18.6%</b>
	<b>Group Trimmed Mean (20%)</b>		<b>\$26,621</b>	<b>\$30,800</b>	<b>\$5,814</b>	<b>22.5%</b>	<b>19.1%</b>

**2004-05 Tuition as a Percent of Income  
Comparison of NDUS Campus to Long-Term Finance Plan Peer Group**

Unitid	Institution	State	HUD Very Low Family Income – Family of Four 2004	Per Capita Personal Income 2004	In-State Annual Tuition & Fees 2004-05	Tuition as % of HUD Very Low Income for a Family of 4	Tuition as % of per Capita Personal Income
200572	Valley City State University	ND	\$25,823	\$29,247	\$4,558	17.7%	15.6%
219082	Dakota State University	SD	\$24,165	\$30,617	\$4,614	19.1%	15.1%
230931	Lyndon State College	VT	\$30,106	\$31,737	\$6,146	20.4%	19.4%
207351	Oklahoma Panhandle State University	OK	\$22,327	\$27,819	\$2,899	13.0%	10.4%
161341	University of Maine at Presque Isle	ME	\$26,739	\$29,973	\$4,460	16.7%	14.9%
180692	Western Montana College-University of Montana	MT	\$23,801	\$27,666	\$3,730	15.7%	13.5%
	<b>Group Total</b>		<b>\$127,138</b>	<b>\$147,812</b>	<b>\$21,849</b>	<b>17.2%</b>	<b>14.8%</b>
	<b>Group Average</b>		<b>\$25,428</b>	<b>\$29,562</b>	<b>\$4,370</b>	<b>17.0%</b>	<b>14.6%</b>
	<b>Group Median</b>		<b>\$24,166</b>	<b>\$29,973</b>	<b>\$4,460</b>	<b>16.7%</b>	<b>14.9%</b>
	<b>Group Trimmed Mean (20%)</b>		<b>\$24,902</b>	<b>\$29,470</b>	<b>\$4,268</b>	<b>17.1%</b>	<b>14.5%</b>
Note: Does not include private institutions.							
200341	Williston State College	ND	\$25,823	\$29,247	\$2,638	10.2%	9.0%
175643	East Central Community College	MS	\$19,931	\$24,379	\$1,400	7.0%	5.7%
114433	Feather River Community College	CA	\$30,872	\$35,172	\$728	2.4%	2.1%
153922	Marshalltown Community College	IA	\$27,986	\$30,970	\$2,820	10.1%	9.1%
101602	Lurleen B Wallace Junior College	AL	\$22,430	\$27,630	\$2,130	9.5%	7.7%
198923	McDowell Technical Community College	NC	\$25,497	\$29,303	\$1,313	5.1%	4.5%
180373	Miles Community College*	MT	\$23,801	\$27,666	\$2,820	11.8%	10.2%
240657	Northwest Community College	WY	\$28,630	\$34,199	\$1,808	6.3%	5.3%
107585	University of Arkansas Community College Morrilton*	AR	\$21,370	\$25,724	\$2,048	9.6%	8.0%
172671	West Shore Community College	MI	\$27,578	\$32,052	\$1,643	6.0%	5.1%
	<b>Group Total</b>		<b>\$228,096</b>	<b>\$267,096</b>	<b>\$16,710</b>	<b>7.3%</b>	<b>6.3%</b>
	<b>Group Average</b>		<b>\$25,344</b>	<b>\$29,677</b>	<b>\$1,857</b>	<b>7.5%</b>	<b>6.4%</b>
	<b>Group Median</b>		<b>\$25,497</b>	<b>\$29,303</b>	<b>\$1,808</b>	<b>7.0%</b>	<b>6.7%</b>
	<b>Group Trimmed Mean (20%)</b>		<b>\$25,327</b>	<b>\$29,849</b>	<b>\$1,880</b>	<b>7.7%</b>	<b>6.5%</b>
*In District Annual Tuition & Fees 2004-05							

SOURCE OF DATA (for Appendix 4):

HUD Very Low Family Income-Family of Four 2004 - US Department of Housing and Urban Development (HUD) annual estimates for housing policy, (State averages of total counties, by state, <http://www.huduser.org/datasets/il.html>)

Per Capita Personal Income 2004 - Bureau of Economic Analysis: Regional Economic Accounts, <http://www.bea.doc.gov/bea/regional/data.htm>

In-State Annual Tuition & Fees 2004-05 - National Center for Education Statistics, <http://nces.ed.gov/globallocator/>