

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2347

2007 SENATE EDUCATION

SB 2347

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2347

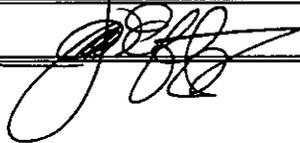
Senate Education Committee

Check here for Conference Committee

Hearing Date: January 30, 2007

Recorder Job Number: 2263, 2329

Committee Clerk Signature



Minutes:

Chairman Freborg opened the hearing on SB 2347, a bill relating to creation of the North Dakota promise grant programs for students enrolled in institutions of higher education. All members were present.

Senator Grindberg introduced the bill. (Written testimony attached)

Senator Taylor asked if the intent is to include private institutions that are located in North Dakota. Is it not spelled out in the bill. (Meter 22:33)

Senator Grindberg said yes.

Senator Gary Lee asked if there are any assurances that eligible students will find job opportunities when they finish their education.

Senator Grindberg said that is an excellent question. The Indiana model requires the student to stay in the state after graduation. He is not sure how to address it. From his perspective, it will be an employee market for years and years. He expects the good work of our communities and economic development strategies will continue to grow thereby creating more opportunities and creating a very robust period for the state. In the 90's, our approach was the worst thing we could have done, selling minimum wage. We had many, many underemployed people, college grads working for \$7 per hour. That labor pool is gone.

Senator Gary Lee said we hear about the cost of tuition. What will the impact of this bill be on tuition cost?

Senator Grindberg said he has not heard it. Our economy has been very tight the last three bienniums. After we adjourned last session, our economy started to ignite. With additional resources, tuition costs will be held down. If we fund higher education at their request and we see big tuition increases the next two years, the round table is in trouble.

Senator Taylor asked what percentage of students are we expecting to see over a 23 ACT score?

Senator Grindberg said about 30% of our student population. He added if the committee has a concern over the fiscal note, increasing the required ACT score will bring down the cost.

Senator Robinson testified in favor of the bill. (Written testimony attached) (Meter 28:13)

Senator Flakoll said in this committee we have to balance our preferences, Senator Robinson is also a co-sponsor of 2306, can we assume he prefers this bill.

Senator Robinson said time did not allow him to testify on 2306. The concepts in this bill and 2306 have the potential of working hand in hand. Send the bill to appropriations where we can look at the big picture and fit them together. The bottom line is we have to move, there is broad based support.

Senator Taylor said in referencing 2306, what potential is there for a match with this bill?

Senator Robinson said that is a good point. He doesn't know the potential. The private sector is very sensitive to the issues we have before us. Entities are begging for employees, they know their future hinges on their ability to hire the best and our brightest. Everything has to be on the table. We can't afford to dismiss this. Other states are not sitting still.

Representative Aarsvold testified in favor of the bill. He attended higher education meetings in Denver several months ago. He was shocked to find that North Dakota students graduate with

the third highest debt load of debt incurred while they are in college. If we identify only the students in public school, the numbers are even worse. Our folks in the private institutions do a better job of providing financial aid to their students. Coupling the significant student debt with the lower than average family income in North Dakota and affordability becomes a big issue for North Dakota students and their families.

David Martin, President, Fargo Moorhead Chamber of Commerce, testified in favor of the bill. Members across the state are looking for employees that can meet contemporary job opportunities in North Dakota. They have members from Minnesota and South Dakota. Minnesota Governor Pawlenty has put forth an "Achieve" proposal which is similar to the North Dakota promise proposal and would seek to attract and retain the best and the brightest in Minnesota as well. This is a way to incent those students and their families to move here and be educated here and we hope, stay here as well.

Kate Haugen, Associate Vice President for Student Affairs, NDSU, testified in favor of the bill. (Written testimony attached) 50% of state scholar program kids are leaving the state.

Senator Flakoll asked if she would envision fewer students with jobs and therefore with more time to devote to academics?

Ms. Haugen said there is the potential for that; some students currently take lighter class loads so they can work more hours. Research shows some work in college is positive, its when the number of hours exceeds about 15 per week that it causes problems.

Senator Flakoll asked if a more rigorous plane of study were incorporated into this, we would have less remediation required.

Ms. Haugen said that would be a hoped for outcome. They are seeing in admissions, an increase in GPA and a decrease in ACT score. She is glad to see the amendment reflecting the change to ACT score as the standard.

Senator Taylor asked if we are currently capturing the top 30% of students.

Ms. Haugen said we are losing them. More and more families are looking at the bottom line dollar in the final decision of where to attend college.

Eddie Dunn, Chancellor, North Dakota University System, testified in favor of the bill. (Written testimony attached) (Meter 49:21)

Senator Flakoll asked for two pieces of information: retention by campuses of North Dakota students and the return rate of students who get an education out of state.

Chancellor Dunn said the first will be easier than the second. He will rely on Dr. Hillman to see what they can provide.

Mike Hillman, North Dakota University System, testified in favor of the bill. He distributed recent reports on the status of education in North Dakota. He reviewed the 4 handouts, (meter 56:56)

Senator Flakoll asked how this aligns with SB 2309.

Dr. Hillman said it is very much in line. Yesterday he handed out the recommended course requirements and this is very consistent with the P16 recommendations. This would permit all students to have high levels of academic achievement.

Senator Gary Lee asked if NAPE scores for math, is the packet all low income statistics?

Dr. Hillman said the packet takes both views, the overall state and the most disadvantaged.

Senator Flakoll asked what percent of our students graduate from high school and go out of state for their education, directly out of high school?

Dr. Hillman said of those going to college, 20 – 25% go out of state. We need to remember with Minnesota and reciprocity, we have a relatively open border.

Crystal Sistad, Executive Commissioner of Government Relations and Intercollegiate Affairs, NDSU Student Government, testified in favor of the bill. She submitted written testimony from Dante Miller, NDSU Student Body President. (Written testimony attached)

Brian Walters, President of the Greater Fargo Moorhead Economic Development Corporation, testified in favor of the bill. (Written testimony attached)

Dennis Hill, Executive Vice President, North Dakota Association of RECs, testified in favor of the bill. (Written testimony attached)

Jim Hirsch, Director of Workforce Development with the North Dakota Department of Commerce, testified in favor of the bill. (Written testimony attached)

Chairman Freborg closed the hearing on senate bill 2347.

Senator Flakoll moved amendment 70660.0201, seconded by Senator Taylor.

Senator Flakoll said he likes the change to ACT score from GPA. He hates to see parental pressure for better grades or taking a less rigorous course of study to improve grade point. With the use of the ACT score, a student will benefit from rigorous courses and be prepared for the ACT.

Senator Bakke said some students don't test well. Without getting into the philosophical discussion of standardized tests, an ACT score tells her nothing. Some kids will forego more challenging courses to keep up their grade points. She would rather see ACT or GPA. That is a personal feeling.

Senator Flakoll said he doesn't necessarily disagree. He has had discussions on P16 about requiring the ACT test, it would be cheaper than the state assessment and some students will do better than they would be more inclined to move on to some kind of advanced academic work. Is the ACT test score perfect? No. You can retake the ACT, its hard to retake a GPA.

Chairman Freborg asked if we are better off to give a marginal student a bit of leeway and allow them to go to college or are we better off the keep them out.

Senator Flakoll said this does not keep them out. There are minimums recently put in place in our institutions of higher education that will also restrict some folks from pursuing higher education. In the P16 discussion, there was more emphasis for K12 folks for making admission requirements for higher ed more rigorous. Part of the reason we have very high levels of remediation is historically very few people have been turned away. This is the carrot.

Senator Bakke said she is more comfortable with a 23 on the ACT or a GPA so the students have two ways to qualify for a promise for the future.

Senator Taylor said to adopt these amendments would be prudent at this time, we can always address the and vs. or on ACT and GPA at a later time.

Senator Bakke said she is fine with that.

Senator Flakoll said one could argue that we are not consistent across the state, a high GPA in one school might be easier than at another school, Students might shop for the easier teacher.

The motion passed 5 – 0.

Senator Taylor said pages 2-3, the grants to the private institutions, are they required to be in North Dakota? On page 1 it says North Dakota school so that could be ok. We did not hear from the Bank of North Dakota?

Chairman Freborg said if we pass it out the house will hear from them. Maybe they are fine with it.

Senator Flakoll said he would not want to see out of state schools set up in North Dakota as a technology based institution to harvest these dollars.

Senator Gary Lee said it is worth pushing down the hall and discussing the merits and allowing them to look at the costs. What does it mean to be taking from these funds in significant amounts. What does it do to tuition rates over time? Will it rise because of the free flow of cash? Will students who do not qualify be subsidizing that? What about essentially a free ride for 30% of our kids. Are we going to be able to find some help for the rest of the kids? He applauds the efforts here and understands other states are ramping up. We need to do something. There are concerns but they are worth a further look.

Senator Bakke said to carry that one step further, are we really helping the kids who need it or are we helping the kids who would already have the opportunities anyway. Wouldn't they go anyway? Are we creating more disparity between those who can and those who can't.

Chairman Freborg said these are all valid concerns. By the time we are through the session, if we get a blip in the economy, we may have to break the promise.

Senator Bakke said 2306 was merit and needs based, no need is involved here.

Chairman Freborg said that's right.

Senator Taylor said it has enough merit to send to appropriations. He would like to see the match in 2306 implemented, we need private sector involvement. He is not sure about the needs component. This is not just a free ride, there is a lot of work in the math and science requirements. The students would demand the courses.

Senator Flakoll said he has no amendments.

Chairman Freborg said what we do will be looked at carefully by appropriations. All three sponsors are in appropriations.

Senator Flakoll moved a Do Pass As Amended and Rerefer to Appropriations on SB 2347, seconded by Senator Taylor.

Senator Flakoll said after it is changed and amended by appropriations, he doesn't know if we will support it, There are a lot of components we like. He would like to keep it alive. We need to continue to have the discussions.

Senator Gary Lee said he will support the bill although he has some reservations.

Appropriation will take a good look.

The motion passes 5-0. Senator Flakoll will carry the bill.

FISCAL NOTE

Requested by Legislative Council

03/16/2007

Amendment to: Reengrossed
 SB 2347

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
Revenues						
Expenditures						
Appropriations			\$25,000,000			\$40,000,000

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).*

Provides prorata tuition reduction to students who attended 9 of 13 years, four at the high school level, in K-12 in North Dakota and attend a ND campus beginning in Fall 2012. Qualifying students must have a 23 composite ACT score and completed four years of math and science.

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.*

Cost of providing from a 65% to 100% tuition reduction to qualifying students after all gift aid is first taken into account.

The second engrossment of SB 2347 does not change the fiscal impact as originally identified.

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.*

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.*

Expenditures do not begin until 2012 (2011-13 biennium), since the college freshmen class of 2012 is the first eligible class. Costs are as follows: \$5.3 million in 2011-13, \$27 million in 2013-15; \$51 million in 2015-17; \$66 million in 2017-19; \$78 million in 2019-21; \$85 million in 2021-23; \$93 million in 2023-25; \$87 million in 2025-27; and \$40 million in 2027-29, as the program expires in 2028. Costs beginning in about 2015-17 would be reduced or offset by any repayment funds from those students who do not remain in the state following graduation. Amounts of potential repayment cannot be determined until the repayment provisions have been determined.

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.*

\$15,000,000 from the state general fund and \$10,000,000 from the fire and tornado fund in 2007-09 and \$40 million

each biennium thereafter from BND profits (\$15 million), oil extraction trust fund (\$10 million) and balance from student loan trust fund and lottery, along with interest earnings needed to fund the program.

Name:	Laura Glatt	Agency:	NDUS
Phone Number:	328-4116	Date Prepared:	03/19/2007

FISCAL NOTE
Requested by Legislative Council
02/13/2007

Amendment to: Engrossed
 SB 2347

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
Revenues						
Expenditures						
Appropriations			\$25,000,000			\$40,000,000

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).*

Provides prorata tuition reduction to students who attended 9 of 13 years, four at the high school level, in K-12 in North Dakota and attend a ND campus beginning in Fall 2012. Qualifying students must have a 23 composite ACT score and completed four years of math and science.

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.*

Cost of providing from a 65% to 100% tuition reduction to qualifying students after all gift aid is first taken into account.

The second engrossment of SB 2347 does not change the fiscal impact as originally identified.

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.*

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.*

Expenditures do not begin until 2012 (2011-13 biennium), since the college freshmen class of 2012 is the first eligible class. Costs are as follows: \$5.3 million in 2011-13, \$27 million in 2013-15; \$51 million in 2015-17; \$66 million in 2017-19; \$78 million in 2019-21; \$85 million in 2021-23; \$93 million in 2023-25; \$87 million in 2025-27; and \$40 million in 2027-29, as the program expires in 2028.

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.*

\$15,000,000 from the state general fund and \$10,000,000 from the fire and tornado fund in 2007-09 and \$40 million each biennium thereafter from BND profits (\$15 million), oil extraction trust fund (\$10 million) and balance from student loan trust fund and lottery, along with interest earnings needed to fund the program.

Name:	Laura J. Glatt	Agency:	NDUS
Phone Number:	328-4116	Date Prepared:	02/14/2007

FISCAL NOTE

Requested by Legislative Council

02/02/2007

Amendment to: SB 2347

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
Revenues						
Expenditures						
Appropriations			\$25,000,000			\$40,000,000

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).*

Provides prorata tuition reduction to students who attended K-12 in North Dakota and attend a ND campus beginning in Fall 2012. Qualifying students must have a 23 composite or mathematics ACT score and completed four years of math and science.

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.*

Cost of providing from a 65% to 100% tuition reduction to qualifying students after all gift aid is first taken into account.

The January 29, 2007 amendments to this bill do not change the fiscal impact as originally identified.

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.*

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.*

Expenditures do not begin until 2012 (2011-13 biennium), since the college freshmen class of 2012 is the first eligible class. Costs are as follows: \$5.3 million in 2011-13, \$27 million in 2013-15; \$51 million in 2015-17; \$66 million in 2017-19; \$78 million in 2019-21; \$85 million in 2021-23; \$93 million in 2023-25; \$87 million in 2025-27; and \$40 million in 2027-29, as the program expires in 2028.

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.*

\$15,000,000 from the state general fund and \$10,000,000 from the fire and tornado fund in 2007-09 and \$40 million each biennium thereafter from BND profits (\$15 million), oil extraction trust fund (\$10 million) and balance from student loan trust fund and lottery, along with interest earnings needed to fund the program.

Name:	Laura Glatt	Agency:	NDUS
Phone Number:	328-4116	Date Prepared:	02/02/2007

FISCAL NOTE
 Requested by Legislative Council
 01/22/2007

Bill/Resolution No.: SB 2347

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
Revenues						
Expenditures						
Appropriations			\$25,000,000			\$40,000,000

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).*

Provides prorata tuition reduction to students who attended K-12 in North Dakota and attend a ND campus beginning in Fall 2012. Qualifying students must have a 23 composite or mathematics ACT score and completed four years of math and science.

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.*

Cost of providing from a 65% to 100% tuition reduction to qualifying students after all gift aid is first taken into account.

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.*

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.*

Expenditures do not begin until 2012 (2011-13 biennium), since the college freshmen class of 2012 is the first eligible class. Costs are as follows: \$5.3 million in 2011-13, \$27 million in 2013-15; \$51 million in 2015-17; \$66 million in 2017-19; \$78 million in 2019-21; \$85 million in 2021-23; \$93 million in 2023-25; \$87 million in 2025-27; and \$40 million in 2027-29, as the program expires in 2028.

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.*

\$15,000,000 from the state general fund and \$10,000,000 from the fire and tornado fund in 2007-09 and \$40 million each biennium thereafter from BND profits (\$15 million), oil extraction trust fund (\$10 million) and balance from student loan trust fund and lottery, along with interest earnings needed to fund the program.

Name:	Laura Glatt	Agency:	NDUS
--------------	-------------	----------------	------

Phone Number: 328-4116

Date Prepared: 01/26/2007

PROPOSED AMENDMENTS TO SENATE BILL NO. 2347

Page 1, line 13, replace "2008" with "2012"

Page 1, line 14, after "mathematics" insert "at the level of algebra I and higher"

Page 1, line 16, replace "Maintained a 2.5 cumulative grade point average in high school, provided that" with "Has a 23 cumulative composite score or a 23 mathematics scale score on the test of academic achievement administered by ACT, inc."

Page 1, remove line 17

Page 1, line 18, remove "cumulative grade point average in high school"

Page 1, line 22, remove "as a full-time student" and replace "2008" with "2012"

Page 2, line 1, after "b." insert "is continuously enrolled and carries a course of study that is defined as "full time" by the institution;

c. replace "a two-year, three-year, or four-year" with "an associate or baccalaureate", and remove "that will lead to a"

Page 2, line 2, remove "certificate, diploma, or degree"

Page 2, line 3, replace "c." with "d." and after "cumulative" insert "college"

Page 4, line 22, remove "consecutively" and replace "for a certificate," with "of the associate or baccalaureate program"

Page 4, line 23, remove "diploma, or degree"

Page 4, line 25, replace "and" with an underscored comma and replace "that reduce the amount of" with ", third-party funds, waivers, and other gift aid"

Page 4, line 26, remove "tuition owed by the student"

Page 4, line 28, replace "2024-25" with "2028-29"

Renumber accordingly

REPORT OF STANDING COMMITTEE

SB 2347: Education Committee (Sen. Freborg, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS and BE REREFERRED to the Appropriations Committee (5 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2347 was placed on the Sixth order on the calendar.

Page 1, line 13, replace "2008" with "2012"

Page 1, line 14, after "mathematics" insert "at the level of algebra I and higher"

Page 1, line 16, replace "Maintained a 2.5 cumulative grade point average in high school, provided that" with "Has a 23 cumulative composite score or a 23 mathematics scale score on the test of academic achievement administered by ACT, inc."

Page 1, remove line 17

Page 1, line 18, remove "cumulative grade point average in high school"

Page 1, line 22, remove "as a full-time student" and replace "2008" with "2012"

Page 2, line 1, after "b." insert "Is continuously enrolled and carries a course of study that is defined as "full time" by the institution;

c. replace "a two-year, three-year, or four-year" with "an associate or baccalaureate", and remove "that will lead to a"

Page 2, line 2, remove "certificate, diploma, or degree"

Page 2, line 3, replace "c." with "d." and after "cumulative" insert "college"

Page 4, line 22, remove "consecutively" and replace "for a certificate," with "of the associate or baccalaureate program"

Page 4, line 23, remove "diploma, or degree"

Page 4, line 25, replace "and" with an underscored comma and replace "that reduce the amount of" with ", third-party funds, waivers, and other gift aid"

Page 4, line 26, remove "tuition owed by the student"

Page 4, line 28, replace "2024-25" with "2028-29"

Renumber accordingly

2007 SENATE APPROPRIATIONS

SB 2347

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2347

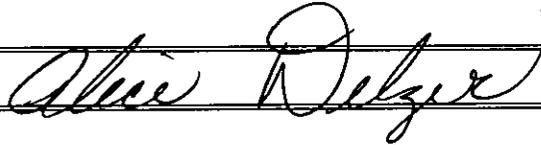
Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: 02-07-07

Recorder Job Number: 3034

Committee Clerk Signature



Minutes:

Chairman Holmberg opened the hearing on SB 2347 on 02-07-07.

Senator Grindberg introduced the bill and presented written testimony (1) and gave oral testimony in support of SB 2347. He shared about the Promise Bill and how it will benefit all students from North Dakota. He shared about other states that are offering tuition or partly paid tuition. A news clip was shown to the committee entitled American Spirit, a clip filmed in Kalamazoo, MI and the benefit that this Promise Bill will provide to young people. He stated there will be some criteria that must be met by the students to be eligible for this grant, specifically academic achievement.

Senator Krauter asked about the state average concerning the ACT testing.

Senator Bowman inquired about the grants being offered to trade schools.

Chairman Holmberg had questions regarding pell grants.

Senator Christmann had questions regarding 2 year colleges, if students could qualify if they wanted to go into a truck driving school, welding or something of that nature. He also asked about whether we have already graduated enough people from 4 year schools than we have jobs for in North Dakota, and is it wise use of our tax money if we graduate 800 teachers and only can fill 100 jobs in North Dakota.

Senator Grindberg explained all the sections of the bill, calling this bill the "North Dakota Promise Program" and it will attract new residents to our state.

Alice Hoffert, Associate Vice President for Enrollment Management at University of ND (UND) provided written testimony (2) and gave oral testimony in support of SB 2347.

Eddie Dunn, Chancellor of the North Dakota University System (NDUS) gave written testimony (3) and oral testimony in support of SB 2347.

Senator Mathern questioned how can we retain these graduates in our state so we can recoup our investment in them. There was discussion regarding Higher Education and the Economic Development working together for that purpose.

Senator Krauter had questions regarding 1st year eligibility costs, how do we get to actual costs if this is only 1% of the students and questions regarding income.

Mike Hillman, Vice chancellor NDUS reported about the findings concerning graduates, stating that at least half of them are working in the field they majored in.

Senator Fischer asked if there could be a longer period of time than one year to track the graduates and if they are working in the field they majored in.

Shane Gottl, on behalf of James Hirsch, Director of the Division of Workforce Development within the North Dakota Department of Commerce. Presented written testimony (4) and oral testimony in support of SB 2347.

Dante Miller, Student Body President at NDSU presented written testimony (6) and oral testimony in support of SB 2347. He felt this bill has great vision for our state and for the young people of North Dakota. **Senator Mathern** asked him if this bill would help him, and he stated no, but he is supporting it for the sake of his children and future college students.

Brian Walters, President of the Greater Fargo Moorhead Economic Development Corporation presented written testimony (6) and oral testimony in support of the bill.

Senator Mathern had questions regarding the future, like 10 or 20 years down the road, and if all states does this type of program, there is an urgency to pass this bill now. He also asked about the Centers of Excellence and if that is somewhere in the bill.

Connie Flanagan, Fiscal and Investment Officer for the Retirement and Investment Office (RIO) and the State Investment Board (SIB) presented written testimony (7) and gave oral testimony in support of SB 2347.

Dennis Hill, Executive Vice President, ND Association of RECs and also on behalf of the private sector members of the Roundtable on Higher Education presented written testimony (8) and oral testimony in support of the bill.

Laura Glatt with NDUS presented written testimony (9) and gave oral testimony in support of SB 2347.

Senator Bowman expressed concerns about certain students and trade school type of programs.

Senator Kilzer had questions concerning the fiscal note.

Kate Haugen, Associate Vice President for Student Affairs at NDSU presented written testimony (10) after the hearing had closed. She did not testify.

The hearing on SB 2347 closed.

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2347

Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: 02-09-07

Recorder Job Number: 3334

Committee Clerk Signature



Minutes:

Chairman Holmberg opened the hearing on SB 2347. The Proposed Amendments to Engrossed senate Bill No 2347 were presented and explained to the Committee by **Senator Grindberg**.

Senator Grindberg moved to pass the Amendments, 2nd by Krebsbach, motion carried. **Senator Grindberg** moved a DO PASS AS AMENDED, **Senator Krebsbach** seconded.

There was further discussion as to whether private schools were included. Comments were made about the flexibility to the students, and questions concerning grants were addressed.

A roll call vote was taken resulting in 10 yeas, 2 nays, and 2 absent. The motion carried.

Senator Krebsbach will carry the bill.

The hearing on SB 2347 closed.

JS
2-12-07

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2347

Page 1, replace lines 9 through 11 with:

- "1. a. Has been a resident of this state continuously since the school year in which the student enrolled in grade nine; and
- b. Was a resident of this state for any five years during the period beginning with the school year in which the student enrolled or was eligible to enroll in kindergarten and ending with the school year in which the student completed the eighth grade;"

Page 5, line 14, replace "2025" with "2029"

Renumber accordingly

Date: 2/9/07
Roll Call Vote #:

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2347

Senate Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number amendments

Action Taken _____

Motion Made By Grindberg Seconded By Krebsbach

Senators	Yes	No	Senators	Yes	No
Senator Ray Holmberg, Chrm			Senator Aaron Krauter		
Senator Bill Bowman, V Chrm			Senator Elroy N. Lindaas		
Senator Tony Grindberg, V Chrm			Senator Tim Mathem		
Senator Randel Christmann			Senator Larry J. Robinson		
Senator Tom Fischer			Senator Tom Seymour		
Senator Ralph L. Kilzer			Senator Harvey Tallackson		
Senator Karen K. Krebsbach					
Senator Rich Wardner					

Total (Yes) all No _____

Absent _____

Floor Assignment Krebsbach

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

Date: 2/9/07
Roll Call Vote #:

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2347

Senate Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken do pass as amended

Motion Made By Brenberg Seconded By Krebsbach

Senators	Yes	No	Senators	Yes	No
Senator Ray Holmberg, Chrm	✓		Senator Aaron Krauter		
Senator Bill Bowman, V Chrm		✓	Senator Elroy N. Lindaas	✓	
Senator Tony Grindberg, V Chrm	✓		Senator Tim Mathern	✓	
Senator Randel Christmann	✓		Senator Larry J. Robinson	✓	
Senator Tom Fischer	✓		Senator Tom Seymour	✓	
Senator Ralph L. Kilzer		✓	Senator Harvey Tallackson		
Senator Karen K. Krebsbach	✓				
Senator Rich Wardner	✓				

Total (Yes) 10 No 2

Absent 2

Floor Assignment Krebsbach

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

REPORT OF STANDING COMMITTEE

SB 2347, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (10 YEAS, 2 NAYS, 2 ABSENT AND NOT VOTING). Engrossed SB 2347 was placed on the Sixth order on the calendar.

Page 1, replace lines 9 through 11 with:

- "1. a. Has been a resident of this state continuously since the school year in which the student enrolled in grade nine; and
- b. Was a resident of this state for any five years during the period beginning with the school year in which the student enrolled or was eligible to enroll in kindergarten and ending with the school year in which the student completed the eighth grade."

Page 5, line 14, replace "2025" with "2029"

Renumber accordingly

2007 HOUSE EDUCATION

SB 2347

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2347**

House Education Committee

Check here for Conference Committee

Hearing Date: **12 March 2007**

Recorder Job Number: **4863**

Committee Clerk Signature *Jaw Grindle*

Minutes:

Chairman Kelsh opened the hearing of SB 2347.

Senator Tony Grindberg, District 4, and prime sponsor, introduced the bill. (Testimony Attached.) He showed a video of a CBS News clip about a similar program in Kalamazoo MI.

Representative Herbel: When I watching that video tape I thought I heard the superintendent say just public schools, not private schools. Was there a reason they left out private schools.

Senator Grindberg: I did not research why they were not included. In my opinion both public and private schools in our state have done a very fine job and it's about the students and I think both public and private should continue.

Representative Herbel: Does this apply to vocational schools? Would Akkers Business College be included?

Senator Grindberg: I believe so. They are an accredited institution and I believe the offer associate degrees.

Representative Hunsakor: In section 1, the bill talks about four units of math, algebra 1 or higher. It talks about 23 on the ACT. Many of the students that graduate from our high schools are not going to have those qualifications. My concern would be for the students who do not meet those qualifications. The playing field wouldn't be level and they wouldn't have an

opportunity for this promise grant. My second question is that I understand that tuition is only a part of payment for college; however, in the past years students and parents have had a savings program—they put money away. Is the passage of this bill going to take away from that where they say my child has all the qualifications so we don't have to be so concerned about savings and as a result taxpayers end up paying for part of that bill?

Senator Grindberg: The first question with the math, science and ACT, we have set this bill up to begin in fall of 2008 so the freshman going into high school who want this at their discretion in 2012 will know what you need for your science and math. I wrote the bill specifically to work through the schools for parents and students starting in 2008, not this fall. If this bill passes students are going to know as freshmen in 2008 that if they want a Promise Grant, they are going to four years of science of math by the time they graduate in 2012. The statewide average ACT score in ND is 21.7. So 23 raises that just a little higher to challenge our students to achieve that 23 on the ACT. The highest we have on the ACT is 36. The second question you had was savings. Clearly tuition doesn't cover the entire bill of a college education. There are fees, books, room and board.

Representative Hunskor: You addressed the math part but we have many kids in our schools who cannot and will not be able to pass three courses that are more stringent than Algebra 1—geometry, advanced algebra, etc. They are not going to be able to do that. There's a significant percentage that will not. Those people fall through the cracks and will not have the opportunity and that's what I mean for a level playing field for all kids.

Senator Grindberg: I would leave that to the wisdom of your Committee. I think you will hear other testimony about keeping ND competitive. It will be up to you at this point to decide if that's the right approach. Your having a hearing here today gives you a pretty good flavor

about what we are trying to achieve. I don't disagree with you but what's the right way. I leave that up to you at this point.

Representative Solberg: Obviously there is a sizeable fiscal note. How was the amount determined? I know it is variable but did you have a method to determine the size of this fiscal note?

Senator Grindberg: Yes, members from the university system are here. In your packet is a spreadsheet of the numbers. Members of the university system will provide a more clear explanation of their methodology. The retirement investment is here also and we tied current statistics and percentages as well as what it will require to carry this through to 2029. That's in your packet as well.

Chairman Kelsch: The difference between what they did in Kalamazoo and what we are attempting here is that in Kalamazoo it seemed they received sizeable donations from benefactors, private dollars.

Senator Grindberg: That's correct, but the State of MI is going to start the basically the same program as is Arkansas.

There are two amendments in your packet. In the Senate we left out the home school children and one amendment includes them. The second is amendment that addresses the third point about out migration. It requires the BND and the university system to provide a promissory note provision that if they leave the state they have pay it back. I'm not here to speak in favor of that, but I see it as something you need to deliberate on.

I think you need to ask yourselves three questions: 1.) Should ND require higher academic standards to compete in a global economy? If your answer to that is yes, whether that's this session or next session, this bill has merit. 2.) Then is it a wise investment for taxpayers in ND to increase their support. 3.) The future workforce—do you believe this

proposal will retain and attract families with school aged children to stay in ND? If you feel yes, then consider the last point I make. I had the economic impact office at NDSU give me a projection last week. I asked them what would be the economic impact of a 1000 families moving to the state of the ND and their household income be \$75.0 (that assumes both husband and wife working). \$75.0 million in gross income as a result and the gross business volume of that would equate to \$230.9 million and of that \$2.5 million would be generated annually in sales tax and \$1.5 million in income tax. This is not an official report but I use it as an illustration. We would have a 2% impact of in migration. If it did there would be a \$48.0 million in sales, tax collections, and personal income tax. My closing comment will be the point made by the principal or superintendent of Kalamazoo, "If we have the will and this works, in five years then it is considered a success."

Representative Herbel: If we are interested in getting them back why limit to ND institutions of higher education. Let them go to the U of MN, or someplace else and be required to ND if they took the grant.

Senator Grindberg: By having this program to put more kids in college, it is in the best interest of our university system.

Representative Hunsakor: A comment. These students who qualify for the grant and then move out and then have to pay back; it would be nice if all students would do that but that's probably not going to happen. There are no teeth in the law to make it happen. Some of those funds are probably going to be lost by young people who move out to get employment and just don't pay it back. Is that a concern?

Senator Grindberg: In ND we have a very low student loan default rates. Keep in mind that the first payments won't begin until fall 2012. If you adopt that amendment, there is two years to figure it out and put in law before this kicks in.

Representative Wall: In the Kalamazoo plan did they have a minimum grade or ACT score to get the promise grant.

Senator Grindberg: They had to have 2.5 GPA. Originally the bill was introduced at 2.5 GPA in high school. As we refined the bill, there was no data on how many 2.5 GPA students in state so no numbers to plug in to the model, so the decision was made to go to the 23 ACT.

Chairman Kelsch: The biggest reason for that is As aren't the same across the board in high schools and Bs aren't the same. You get consistency when you use the ACT which all students in ND take.

Senator Larry Robinson, District 24, cosponsor, testified on behalf of the bill.

(Testimony Attached.)

Representative Dave Monson, District 24, cosponsor, testified on behalf of the bill. I do wonder how many would take the money and run after they graduate. I think the claw back provision would address that. Another thing I think about is the number of people who would move to ND to live here, work here and pay taxes here while trying to qualify their son or daughter for this program. This is a costly program there is no doubt about. In light of the fact that we would have a lot of people coming here the benefit is not so much the fact that we fill our colleges and universities with the best of the best, but the parents would join our workforce and would really benefit our economy in ND and this program would probably pay for itself.

Representative Ole Aarsvold, District 20, cosponsor, testified in favor of the bill. Last fall I had the opportunity to meet with representatives of 12 other states to discuss higher education. Opportunity, affordability and the cost of higher education were among the topics discussed. ND students currently graduate with the 3rd highest debt load of all the states in the union. If we look only at the public campuses, the picture is even worse. Our private

campuses are doing a better job of providing financial aid and making education more affordable. If we couple that higher debt with lower than average family income we find that ND becomes an expensive place to educate young people. SB 2347 would do much to correct the financial stress that students and families face and chart a new direction for ND.

Dennis Hill, executive vice president of ND Assn of Rural Electric Cooperatives, testified in favor of the bill. (Testimony Attached.)

Bill Isaacson, former NDUS Board President, testified in favor of the bill. I'd like to congratulate the sponsor of this bill for having the vision and taking the initiative to propose this bill which will have a long lasting benefit to residents of ND. The education of our children is the single most important goal we can set for ourselves as parents and citizens of this state. The investment made will enhance the development of the intellectual and human capital of our state which is the key factor in generating economic growth through the entrepreneurial spirits of our young citizens. The long term economic payment by securing the development of man, science and intellectual skills of our young people will return many times the investment required. This program will benefit the state of ND for the following three reasons: 1.) The program will encourage young students to take math and science in high school and it will better prepare them to compete for substantially higher paying jobs they might otherwise not be qualified to fill. 2.) This will encourage our best and brightest students to stay in ND for their college education. It should encourage families to establish residency in ND and remain here during the most productive period of their lives. The chances are better that young people will remain here if they graduate here especially those with an entrepreneurial spirit who recognize the opportunities and quality of life that ND affords. 3.) Our state does not have a common recognized educational goal and it needs one. A long-term goal with an education stamp on it designated to grow intellectual capital from within is a worthy aspiration.

It could be the single most important factor to generating long-term economic growth to our state and securing the future we chose for ourselves and not one we must accept. (He then told his personal educational and work history story.) I believe we have an obligation and responsibility to provide at least the same or better opportunities for an affordable education as our grandfathers and fathers provided for us. ND can become the model education state if we set it as our goal. We already are leaders in the percentage of high school students that go on to college and we are among the leaders of the states where the personal earned income is directed toward higher education. As I recall we are second or third. We can do better by guaranteeing a seamless K-16 education for our young citizens. I believe this bill is the first step in that and I encourage you to support this bill.

Lee Vickers, president of DSU, testified in favor of the bill. He presented the written testimony of **Joe Rothschiller, president and COO of the Steffes Corporation.** (Attached.)

I also had the opportunity to serve on the P-16 Task Force. We had a number of visitors from across the country and we review legislation and reports from across the country. There are findings that I think are relevant to your deliberations. 1.) There are many states that already made the bold step and put in place this program so we are playing catch up in this situation. There are two primary times students leave ND—when they graduate from high school and when they graduate from college. Those that excel, those which this bill is aimed at, are most likely to leave. One of faculty in their dissertation looked at business students at MSU, UND and DSU. One of the findings was that students with a 3.75 GPA are four times more likely to leave the state than students with a 3.5 or lower GPA. This legislation is a good step to keep those students here in ND. 2.) Somewhere between 35 and 40 states have put in place standards to deal with the gap between K-12 and higher education expectations. Once again we are behind the curve in that area. Many states have put in place four years of math and

four years of science for all students. This legislation will help raise the bar for all of our students. 3.) If you look at the assessment data of academic performance of high school seniors in ND when compared with other states, we are losing ground. The ACT scores have been flat for about the last 15 years. This legislation provides a viable incentive for students and parents to focus more on student learning and on academic performance. I was president of an institution in SC when they put in place a similar program. Two outcomes that you might be interested in: The engagement of parents significantly increased and we had discussions if students could do and many of the students rose to the occasion and performed better than they had ever performed before because they had an incentive to do so. This legislation will provide that incentive. 4.) Maximizing the use of information technology and utilizing the resources of the JPAs across the state and in cooperation with all the higher education institutions, we can provide this curriculum to all the students in ND. 5.) There is a sense of urgency regarding this issue. We are as a state significantly behind in this regard. Our students are behind and we as a state are behind. It is time for action. We cannot be complacent about our youth and our future; therefore, I urge you demonstrate the will to take a major step forward and the vision to invest in our future.

Representative Mueller: In the discussion have there been projections made about it might impact student enrollment in the universities particularly DSU?

Vickers: I'm not aware of any studies that have done; however, my best guess is this bill would keep some people in the state. It will also bring some people back. This is not going to solve everything. This is just the first step in the right direction. We in higher education need to do a better job of getting those students engaged with the business sector with internships, part time jobs, helping them understand that we do have a number of jobs available. This

won't solve all the problems but it sends a powerful message to our parents, our students and those outside of ND.

Representative Mueller: Let's say it brought a 5% increase in enrollment in your institution. What would that do in terms of added costs to DSU?

Vickers: I think in regard to the smaller institutions we have the capacity. We have the ability to take more students. For those of concerned about enrollment and recruiting, for every one of these students that you can keep in the state you also keep one or two of their friends.

Sister Thomas Welder, president of the University of Mary, testified in favor of the bill.

An eight year old announced to his mother, "During recess I took a walk and I figured out life. It comes down to two things: people and choices." It does come down to those two things.

Earlier this month Senator Grindberg stated that the citizens of ND had already made two critical choices. The first is that we need to keep our young people in the state. The second is that we need to create more and better jobs. The promise grant program will work because access to an affordable education matters to ND families. It will work because there is a link between the intellectual capital developed in our schools and the economic fortune of our local communities, of our state and of our region. Tom Peters calls this century the age of the great war for talent. One of our leaders in economic development asks if we have good people with skills or are trainable. It's all people issues. Think of the extraordinary implications of you, the leaders of our state, setting new goals for our youth. Think of how empowering it would be to our daughters and sons who chose a university in ND to have cost barriers removed with the promise of tuition assistance. If they succeeded their success would be a promise of the economic success of ND. If ND is to have a future in a global economy we need to grow our next generation of leaders and we need to find a way for our students and our graduates to

choose to stay in ND. Ken Rogers in the Bismarck Tribune said that we need to begin breaking the habit of diminished expectations. What would be reasonable expectation for our state with the ND Promise? It would be a test of our capacity for growth. It would enhance the continuity between secondary and postsecondary education with higher academic standards applied to both. It would address our demographic crisis by reinforcing the key assets driving economic development: education, knowledge, skills, and attitude. It would become an incentive for our young people to stay in our state as students and then to remain in the state as contributing citizens. It would encourage all of us in higher ed to become even more intentional in our efforts to encourage our graduates to stay in the state. At the U of M we have set a goal of retaining 80% of our graduates. Today we are experiencing success. I would like an amendment that was brought forward from my colleague in Jamestown College. As the bill is written now for students enrolling in private institutions they would see a graduated percentage of the statewide average of tuition charged at institutions of higher ed. He is suggesting that we might look at basing that tuition on four-year institutions. Somehow the state of ND must celebrate the Promise of our next generation of leaders and I urge your support. It does come down to people and choices.

Ellen Chaffee, president of Valley City State University, testified on behalf of the bill.

(Testimony Attached.)

Gene Veeder, economic development director for McKenzie County and president of the Economic Development of ND, testified in favor of the bill. The association has over 80 members throughout ND and represents most communities in this state. We have been concerned about out migration. At one time we were looking at attracting business, today that model has changed and we are looking at people. SB 2347 is a much about keeping parents of high achieving students in the state as is it about students. About 10 years ago we started

on a high tech initiative but today we have 12 positions open in Watford City that need high tech degree backgrounds. Recruiting those positions in an area like Watford City and we find that when we can lay this on the table we are hoping to bring back that 30-something professional that has a family that are looking to come back to ND and raise their families. We want you to think about attracting and keeping those young professionals as well.

Galen Bakker, executive vice president of Stark Development in Dickinson, testified in favor of the bill. I am here in support of 2347. I do recall a few years ago Dickinson had a population conference and what was talked about was out migration, birth to death ratios, demographic science and it was a bleak picture. It doesn't look good. We're seeing diminished school age population. We have towns of over 500 populations in our area of the state that have a kindergarten class of 1. Class sizes are down across most of ND and substantial change is needed. We can't just take little baby steps. Our economic development boards across the state are telling us that we need to attract back young families who have left for what they thought was greater promise elsewhere. This bill is not going to be cheap but we should not be afraid to spend on something so vital to our future. I urge you to consider the cost of not moving forward boldly with legislation such as this.

Jim Dahlen, vice president business development, Bismarck, testified in favor of the bill. (Testimony Attached.)

Brian Walters, president of the greater Fargo-Moorhead Economic Development Corporation, testified in favor of the bill. (Testimony Attached.)

Kelli Poehls, Fargo-Moorhead Chamber of Commerce, testified in favor of the bill. (Testimony Attached.)

Haylee Cripe student at UND, testified in favor of the bill. I am confident that 2347 will be highly beneficial to the state of the ND more specifically for higher education. As a life long ND

resident and someone who has been keeping up with the regional higher education trends, I see this bill as a necessity for ND to stay competitive in higher education. I have some concerns about students leaving the state after receiving the grant. I would like to point out what I have heard from students. Students want to stay in ND but with so much debt it not economically feasible for them to stay in a state where they have so much more debt and get paid so much less for similar jobs when they can go to Minneapolis and get paid nearly double for some positions. As far as students meeting academic standards, I'd like to urge you to give the students of ND a little more credit. I can tell you that not only will students rise to the occasion but they may do it simply to prove you wrong.

Dante Miller, NDSU student body president, testified in favor of the bill. We have a great opportunity before us in SB 2347. Affordability is a problem for students, not only at vocational colleges but also at our four-year institutions. Not only is before you get to college a problem, but once you get there. To maintain funding for your college a lot of students have to work many, many hours just to make sure they can remain in college. Parents pay good money for that education. This bill encourages increased academics by increasing science and math which is never a bad thing. I would encourage you to give the students of ND a chance. We will rise to the occasion. This bill gives our students a strong incentive to work hard. Potential benefits of this program will far outweigh the cost of it. All of my life I've heard that the world waits no one, so you better not sit around on your hands and do nothing. We are not going to solve all the problems of keeping students in the state but this is one big step forward. If we do not do something soon, we are going to wake up some day and find that the world has passed us by and we'll be wondering what we can do to catch up rather than what we can do to stay ahead of the curve. I would strongly encourage that this Committee send this bill on with a unanimous do pass recommendation.

Alice Hoffert, associate vice president for enrollment management at UND, testified in favor of the bill. (Testimony Attached.)

Representative Myxter: Could you tell me what percent of your freshmen this year had an ACT score of 23 or better?

Hoffert: The average score was just over 23. Half were over, half were under. Our freshman class is about 2000.

Representative Myxter: What is the cost of tuition?

Hoffert: I'd rather answer that in cost of attendance. For students who attend it costs approximately \$15.0 Tuition and fees are about \$4-\$5.0.

Chairman Kelsch: You do have a minimum ACT score for admittance don't you.

Hoffert: In order to be automatically admitted you must have a composite 21 ACT score.

Jobey Lichtblau, director of admission at NDSU, testified in favor of the bill. (Testimony Attached.)

Dana Bond, on behalf of Bill Shalhoob, North Dakota Chamber of Commerce presented his written testimony. (That testimony is attached.)

Nancy Sands, ND Education Association, testified on behalf of the bill. I'm going to look at the bill from the eye of what it might do to recruit teachers. NDEA supports anything to help our young people to attend college and get a good K-12 education as well. One of the concerns I have is the requirement of the emphasis on math and science. Certainly math and science teachers are in great demand in this state; however, the ESPB has identified nearly every curricular area as being in short supply for teachers. If someone is entering college to become an elementary teacher and plans to teach in a rural community in ND where we have our greatest shortages, that person needs a well-rounded education because chances are they are going to be teaching all subjects in that school. Therefore, I would like to see some

consideration when you emphasize the math and science requirements for high school graduation in terms of the ability for a person considering education to be able to take a variety of classes more like a liberal arts background in high school. There should be an opportunity for the fine arts and for language arts and for career and tech education. We do understand the need for math and science but please take that into consideration as well. I'm assuming that also in this bill when we provide tuition for our people to attend college that assumption is that they will stay in state because they experienced it and would want their children to also experience. I like the idea of the so-called claw backs. That's important that if we invest we should have some guarantee of return. Perhaps there could be consideration as an additional requirement that the person stay in the state. Anything that we can do to grow the economy of ND and to keep our young people here is good for our state.

Chairman Kelsch: Laura (Glatt) could you come back this afternoon at 2:30 to answer questions (on the fiscal statement) for us?

Glatt: I can.

Chairman Kelsch closed the hearing of SB 2347.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2347**

House Education Committee

Check here for Conference Committee

Hearing Date: **12 March 2007 p.m.**

Recorder Job Number: **4936**

Committee Clerk Signature



Minutes:

Chairman Kelsch opened discussion of SB 2347.

Laura Glatt, University System, provided information to the Committee by going over the assumptions used to develop the fiscal statement for SB 2347. What we established on the front end was the \$40.0 set aside and the continuing contributions thereafter. In many ways we backed in to who was the qualified group in order to stay within those dollar parameters. We started with DPI's enrollment projection data. We looked at the size of 9th grade class of 2008 as the first eligible class for this program. Then we looked at how many of those are likely to graduate. We believe 30% of those students would have ACT scores of 23 or higher. We estimated that 80% would be full time college students. We also assumed there would be an estimated 2% in migration of students per year. Since this grant applies after all other financial aid has been taken into account, 70% of students are not PELL eligible. The bill requires that students maintain a 3.0 GPA while in college in order to continue this grant. We estimated 90% of the students would do that. That is a higher performance rate then currently exists in college but we expect student performance will increase because of the incentive of receiving this award. The last column shows the percentage of those that would be available for the tuition waiver. It isn't until you get to the current fourth grade of this year that 100% of students would be eligible.

Representative Karls: You are assuming that every family that moves here enrolls their children in kindergarten? Or can they enroll their children when they are in 9th grade.

Glatt: As the bill is structured requires you to complete 5 years of K-12 in ND including your high school years. You must be here in your high school years plus one other year.

The assumption is not that they would come here and enroll in kindergarten.

Chairman Kelsch: Thank you. It was important to us to know how you derived at those numbers. So I would say this is a best case scenario.

Glatt: I think Mike (Hillman) said it well--In some cases it's the best guess on our part. Trying to predict student performance, as you well know, is very difficult to do.

Representative Herbel: Presently, all the universities have what they call the presidential scholarship, is this going to tie in with that? If you have a 3.5 average tuition is waived.

Glatt: I can't tell you specifically how each of the scholarship programs work. Tuition is a small part of the cost and fees are fairly significant. I would guess if we find this is duplicative with some of the programs that the campuses currently offer in terms of tuition they will look to shifting some of that funding to some of the other unmet costs that students have whether it be fees or some of their other out-of-pocket expenses. The other thing I need to point out is once you take a close look at the bill you will see that the tuition amount is limited each year in that it can't grow beyond changes in the consumer price index. I would anticipate that based on the recent past that our tuition in any given year will increase more than the CPI. This program would not necessarily fund 100% of tuition because there are caps in bill on the amount of tuition increase per year. The student would still have to make up the difference out-of-pocket.

Representative Mueller: The two different scenarios on each side of this sheet—I'm not sure how that ties into the dollar amount of the bill. You have 70% PELL on Page 1 and 30% PELL on page 2. That's a big difference.

Glatt: To be quite honest with you and working with Connie at the Retirement Investment Board, where we really started from is Senator Grindberg had in mind up front the dollar investment that would be put into the program each biennium so looking at the interest earnings on those set asides each biennium they kind of laid out how much would be available each biennium according to the return on investment. Based on that we backed into a scenario to cash flow this so that there is money available from that set aside each biennium to hit the set aside as students pipeline. So we came at it from the reverse. The ideal would have been to say what the ideal program is and then cost it out, but unfortunately the price tag for doing that gets significant and we know there is a limit to your resources so we started the other way and backed into it.

Representative Mueller: I understand what you did and maybe there isn't a lot of relevance of that column.

Glatt: It's relevant to the extent that in section 3 of the bill on page 4, it says the grant must be credited towards any tuition charges due and payable by the student after accounting for all grants, scholarships. . . . So we needed to look at how much that aid might offset the remaining tuition that would have to be paid from this program.

Representative Mueller: From an administrative standpoint will the intent of a bill like this not have the effect of reducing the availability of scholarships or at least the potential for reducing the availability of scholarships because those that get scholarships will be at a point where they say they really don't need to do this because the State of ND is going to take care of them. Has that concept been opened?

Glatt: It's always difficult to predict behavior except to say that this unfortunately is a very small part of the overall costs that student pay when they get to college. There are still substantial opportunities for donors to provide money to help meet the other share of the cost. This is going to help but it is not going to guarantee, especially for the financially needy student, that they are going to be able to afford to go to college. You still have fees and books and living expenses which are probably 2/3 of your costs.

Connie Flannigan, State Investment Board, provided information to the Committee. I wanted to make it clear from our perspective that we were given the assumptions that Laura just went over and we did the same thing as far as backing into an assumed rate of return for the fund. It's very difficult to predict what the investment markets will do over the next twenty years but based on the information that Laura gave us we did come up with a break-even point based on assumptions that the fund would earn about 5.34% that there would be enough money through the entire program. We work with investment management firms that were able to give us an idea that we could earn between 5% and 6% on this fund. The opportunity is there to invest the fund in a vehicle to earn that amount of interest going forward.

Chairman Kelsch: I know we are probably not ready to take this bill up. Representative Karls has the amendment that Sister Welder talked about regarding the average tuition at four-year colleges and then we had two more proposed amendments brought by Senator Grindberg. I ask that you review those amendments. We will probably take this and 2309 tomorrow afternoon.

Discussion closed.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. **SB 2347**

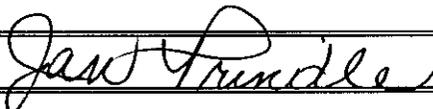
House Education Committee

Check here for Conference Committee

Hearing Date: **13 March 2007**

Recorder Job Number: **5003**

Committee Clerk Signature



Minutes:

Chairman Kelsch opened discussion of SB 2347. This Committee typically believes that we should add amendments and send a bill out in the best form possible. We have amendments that were proposed by Senator Grindberg: 0401 and 0402. Then we also had an amendment proposed by Sister Thomas Welder. We can do them as a package or individually.

Representative Johnson: Regarding the claw back, my son was in the power plant course in Bismarck. Of the 26-27 students that passed only that there were only 1 or 2 that had job offers in ND. The rest were encouraged to go Kansas or other states to get 4 -5 years of experience and then come back to ND. That was his frustration with the program.

Vice Chairman Meier: I would move the amendments as a package.

Representative Herbel: I second.

A voice vote was taken. The amendments were accepted.

Representative Haas: Do you want to do anything about the funding source in here—on page 5?

Chairman Kelsch: Not in my mind, but please offer whatever you like.

Representative Hunsakor: This is a big issue and there are certain young people who are left out of the mix if they don't meet certain qualifications. Is that the way it is?

Chairman Kelsch: I think the intent is good. Nancy Sands spoke about extending it to the liberal arts, fine arts and other sorts of degrees but the reason math and science is here is that's where the US is lagging behind. The sponsors thought that putting in the focus on math and science was important. The second issue is that I think they wanted to nab some of the brightest students in the state of ND and use this to propel them on to keep their grades up. I like it better it better when it's based on the ACT rather than the GPA because I know the GPAs differ across the state. In discussion with the bill sponsors, what their idea was if you get a kid that is interested in math and science and if they know they do well in high school and on their ACT, the state is going to reward them and it's going to help them through school. Does it necessarily leave kids out—maybe not, but it does narrowly focus on students in math and science but that's really what they're trying to get at. I think it's a very good idea and what

Kalamazoo did was great for the community but when it started out and still continues with donations from benefactors. There are donations from concerned citizens and it continues that way although MI now has adopted this program and is running it. My fear is that. . . I'm one of those people that like to build it, but I also like to know they are coming. I'm usually very optimistic but quite honestly these kids have to be in school five years here and that means that people across the US will they look at ND and actually relocate their business or relocate here. I don't know. I can't tell you. That's one of my concerns.

Representative Wall: It does leave some kids out. Those who don't meet those qualifications. . .

Chairman Kelsch: I think the bill sponsors' thought was that it would maybe motivate kids if they knew about it.

Representative Herbel: I don't know how many but some university systems have what they call presidential scholarships and if you get a 3.5 GPA you get your tuition paid for. That's somewhat like this but I don't know how it's paid—perhaps their foundation.

Chairman Kelsch: Do they give it to all the kids?

Representative Herbel: I think they have limited numbers because of the dollars. You have to maintain that average to get it year after year.

Representative Mueller: One of my wife's children qualified for that too and the way I understood that is they took the top ACT tests and backed down to a set amount of money. I think that's the program you're talking about.

Representative Wall: I personally applaud the efforts of the people behind the Promise Bill and I think it's noble. Every time some one brings something like this to table that helps people get an opportunity for an education. . . . I have a couple of problems and perhaps my biggest problem is that I think it applies to 20% of the students and 80% of the students get nothing plus their parents are taxpayers. I think there would be a revolt if they knew they were paying taxes and it isn't going to their own children's tuition but to only 20%. It is elitist and maybe that's a strong word. I don't think it's fair. I think it would be fair if we took the same amount money and somehow doled it to colleges so they could reduce tuition or we give it to the BND to buy down interest on loans. I think it that should be fair to all. We picked out a group and I applaud good students in math in science but I think we shouldn't limit it to those two. We need social scientists today to solve some of world's problems. We need communicators today. I realize we need people in math and science but we also need people in foreign language. The ACT test score is a real problem for me. No matter how hard a lot of children struggle and they aren't going to get 23 on the ACT test. We're treating them like second class citizens. I might add that many of them go on to do great things. They're very

talented; probably not academically but they are very talented. Yet we are going to deny them what we are going to give to someone with a 23 in the ACT test. I just can't agree with the bill for those reasons. I love the idea but I cannot support it.

Representative Herbel: I move a Do Not Pass.

Representative Myxter: I second it.

A roll call vote was taken: Yes: 10, No: 3, Absent: 0

The Do Not Pass prevailed.

Chairman Kelsch will carry the bill.

Representative Herbel: I have a friend who tells me that in the State of GA they use their lottery money to fund this kind of thing. Any student with a B average in high school is given free tuition at in-state universities. Perhaps we should be looking at the lottery to run this. I think this has merit and has potential.

Chairman Kelsch: I think GA has a lot more revenue coming in with their lottery than ND does.

Representative Mueller: We know there are some other states that are doing this but we didn't ever hear about the funding stream for those states. They may be expanding on the Kalamazoo plan in some way, shape or form. That is the part of discussion that we didn't get to hear about—how they're doing it.

Vice Chairman Meier: I had requested from Laura Glatt from the states that are doing this, their funding sources. Quite a few of them do them from state lotteries and some actually do it from unclaimed property.

Adjourned.

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2347

Page 1, replace lines 15 and 16 with:

"2. On or after May 1, 2012:

- a. Graduated from a public or nonpublic high school in this state;
- b. Graduated from a high school in another state under the provisions of chapter 15.1-29; or
- c. Met the requirements for a high school diploma through home education, in accordance with section 15.1-23-17;"

Renumber accordingly

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2347

Page 1, line 4, after "transfer" insert "; to provide for the preparation of legislation"

Page 6, after line 7, insert:

**"SECTION 10. PROMISSORY NOTE REQUIREMENTS - CONDITIONS -
PREPARATION AND PRESENTATION OF LEGISLATION.**

1. During the 2007-08 interim, the state board of higher education shall collaborate with the Bank of North Dakota to determine the statutory provisions that need to be enacted in order to:
 - a. Require that before any payment may be made on behalf of a student under the provisions of this Act, the student must execute a promissory note; and
 - b. Establish the conditions upon which a promissory note executed by a student under the provisions of this Act must be based.
2. The state board of higher education and the Bank of North Dakota shall consider all issues pertinent to the terms and conditions of repayment, including relocation to accept employment, relocation for graduate school attendance, full-time volunteer service, missionary or other religious commitments, military commitments, marital and family commitments, health concerns, and the priority of other debts.
3. The state board of higher education and the Bank of North Dakota shall prepare the proposed legislation required by this section and present the legislation to the sixty-first legislative assembly."

Renumber accordingly

Proposed Amendments to Reengrossed Senate Bill No. 2347

Page 2, Line 16, after the word "at" insert "four year"

Page 2, Line 28, after the word "at" insert "four year"

Page 3, Line 9, after the word "at" insert "four year"

Page 3, Line 21, after the word "at" insert "four year"

Page 4, Line 2, after the word "at" insert "four year"

Page 4, Line 14, after the word "at" insert "four year"

*Justice Thomas Steider
proposal*

Date: 13 Mar 07
Roll Call Vote #: 1

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. 2347

House Education Committee

Check here for Conference Committee

Legislative Council Amendment Number 70660-0401
70660.0402 + System Welder attached

Action Taken Amend as above

Motion Made By Meier Seconded By Herbel

Representatives	Yes	No	Representatives	Yes	No
Chairman Kelsch			Rep Hanson		
V Chairman Meier			Rep Hunskor		
Rep Haas			Rep Mueller		
Rep Herbel			Rep Myxter		
Rep Johnson			Rep Solberg		
Rep Karls					
Rep Sukut					
Rep Wall					

Total Yes _____ No _____

Absent _____

Floor Assignment _____

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

Carried

Date: 13 Nov 07
Roll Call Vote #: 2

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. 2347

House Education Committee

Check here for Conference Committee

Legislative Council Amendment Number 70660.0401 *+ Sister Welder proposal*
70660.0402

Action Taken Do Not Pass as Amended

Motion Made By Herbel Seconded By Myxter

Representatives	Yes	No	Representatives	Yes	No
Chairman Kelsch	✓		Rep Hanson	✓	
V Chairman Meier		✓	Rep Hunskor	✓	
Rep Haas		✓	Rep Mueller		✓
Rep Herbel	✓		Rep Myxter	✓	
Rep Johnson	✓		Rep Solberg	✓	
Rep Karls	✓				
Rep Sukut	✓				
Rep Wall	✓				

Total Yes 10 No 3

Absent 0

Floor Assignment Kelsch

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

REPORT OF STANDING COMMITTEE

SB 2347, as reengrossed: Education Committee (Rep. R. Kelsch, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO NOT PASS** (10 YEAS, 3 NAYS, 0 ABSENT AND NOT VOTING). Reengrossed SB 2347 was placed on the Sixth order on the calendar.

Page 1, line 4, after "transfer" insert "; to provide for the preparation of legislation"

Page 1, replace lines 15 and 16 with:

"2. On or after May 1, 2012:

- a. Graduated from a public or nonpublic high school in this state;
- b. Graduated from a high school in another state under the provisions of chapter 15.1-29; or
- c. Met the requirements for a high school diploma through home education, in accordance with section 15.1-23-17;"

Page 2, line 16, after "at" insert "four-year"

Page 2, line 28, after "at" insert "four-year"

Page 3, line 9, after "at" insert "four-year"

Page 3, line 21, after "at" insert "four-year"

Page 4, line 2, after "at" insert "four-year"

Page 4, line 14, after "at" insert "four-year"

Page 6, after line 7, insert:

"SECTION 10. PROMISSORY NOTE REQUIREMENTS - CONDITIONS - PREPARATION AND PRESENTATION OF LEGISLATION.

1. During the 2007-08 interim, the state board of higher education shall collaborate with the Bank of North Dakota to determine the statutory provisions that need to be enacted in order to:
 - a. Require that before any payment may be made on behalf of a student under the provisions of this Act, the student must execute a promissory note; and
 - b. Establish the conditions upon which a promissory note executed by a student under the provisions of this Act must be based.
2. The state board of higher education and the Bank of North Dakota shall consider all issues pertinent to the terms and conditions of repayment, including relocation to accept employment, relocation for graduate school attendance, full-time volunteer service, missionary or other religious commitments, military commitments, marital and family commitments, health concerns, and the priority of other debts.

3. The state board of higher education and the Bank of North Dakota shall prepare the proposed legislation required by this section and present the legislation to the sixty-first legislative assembly."

Renumber accordingly

2007 TESTIMONY

SB 2347

**Testimony on the North Dakota Promise Proposal
S.B. 2347**

**Senate Education Committee
January 30, 2007
Hearing: 10:15 a.m.**

**By Senator Tony Grindberg
District 41-Fargo**

Mr. Chairman and members of the Senate Education Committee, good morning!

For the record, my name is Tony Grindberg, State Senator from District-41, Fargo.

I stand before you today as prime sponsor in support of SB 2347 which in my opinion will change the landscape in North Dakota. My interest in proposing this legislation stems from my concern for North Dakota's future, fourteen years of service as a State Senator with expertise in economic development and higher education and as a dedicated professional in a knowledge driven occupation.

When I first began my legislative career in 1992 there was intense competition amongst states for financial incentives to lure companies to their respective states. In the 1990's, State Economic Development strategies promoted cheap labor, low utility rates, and stable tax environments. North Dakota was very much part of that competitive landscape and we experienced many successful economic development projects during that time, particularly in the back-office service-support sector.

Today however, our country clearly has transformed to a "Knowledge-Based Economy."

Business expansion and investment decisions made today in the United States, are primarily based on an available and qualified knowledge-driven workforce. One does not have to look very far to find examples of how federal and state governments are responding to these changes.

Examples:

- *A recent meeting of AURP, Washington, D.C.
- *Examples-Other State proposals (Review-Handout)
- **The World is Flat*, Thomas L. Friedman

North Dakota's economy is strong and now is time to **"Push the Envelope"** S.B. 2347 does just that! (Apollo 11-Goal)

Private and public sector employers across the State of North Dakota share a consistent message, which is the need to focus our efforts on growing and training a skilled Knowledge-Based workforce. The 60th Legislative Assembly can set a **Big** goal by implementing this program which in my opinion, will deliver measurable results for years to come. S.B. 2347 is truly about the next generation!

I have been very pleased and to be honest, a little surprised by the positive feedback received from across the State of North Dakota regarding this proposal. (E-mails received--New Rockford, Lisbon, Bismarck, Grand Forks, Dickinson, Fargo and Stanley-Bill Isaacson-testimony)

As you can probably imagine, the number one question has been how will the proposal be funded? SB 2347 creates a trust fund that will require an initial capital investment this biennium and intent language that future legislatures will direct the funds necessary to make the program actuarial sound. I will explain in more detail in a few moments.

It is important to keep in mind that as this bill moves through the legislative process you recognize it as a "Work in Progress." Mr. Chairman and members of the committee I welcome your thoughts and suggestions to further improve S. B. 2347 that maintain the following three important goals.

Anticipated outcomes of S.B. 2347:

1. Higher Academic Achievement
 - *P-16 Initiative (Emphasis Science & Math)
 - *Increased taxpayer support....sound investment
2. Increased Population Results
 - *Kalamazoo, MI results...article
 - *Growing student population and Tax Base
 - *Underwood Bismarck Tribune article
3. Global and Regional Preparedness
 - *Skilled technical Competitive Workforce
 - *Higher Wages.....Better jobs!

Explain the bill and amendments

- *Section 1 Promise Grant-Eligibility
- *Section 2 Promise Grants-Amounts payable-annual increases
- *Section 3 Promise Grants-Credits
- *Section 4 Annual Reports
- *Section 5 North Dakota Merit Award Trust Fund
- *Sections 6 & 7 \$25 million in funding and transfer authority
- *Section 8 Legislative intent 2009/2011 biennium
- *Section 9 Legislative intent/Access to education-global economy

Mr. Chairman and members of the committee, I hope you agree with the intent of S.B. 2347 as presented today. As I mentioned last week on the Senate floor, it is very important that this bill be forwarded on to the Senate Appropriations committee for comparison with similar legislation and further work on appropriate funding options.

Thank you for your attention and thoughtful consideration of this important legislation. I look forward to working with you and the members of the committee to advance S.B. 2347 for passage by the North Dakota Senate.

By doing so, we will send a strong message that North Dakota will continue its leadership position with high academic achievement, a strategy to grow our population and tax base which will provide increased opportunities for our State's number one asset.....

"Our People"

At this time, I welcome your questions.

Thank you!

HIGHER EDUCATION SCHOLARSHIP INITIATIVES

This memorandum provides information regarding higher education scholarship initiatives implemented or proposed as a student retention incentive.

INDIANA - HOOSIER HOPE SCHOLARSHIP FUND AND WORLD CLASS SCHOLARS FUND

In December 2006, Governor Mitchell E. Daniels, Jr., proposed creating two new scholarship funds, one fund for top students who remain in the state of Indiana after graduation and another fund to attract world-class researchers and scholars to Indiana's public universities.

The proposed **Hoosier Hope Scholarship** fund would provide annual stipends in the form of forgivable loans to outstanding Indiana high school graduates who attend any Indiana college or university and agree to work in the state for at least three years after graduation. Students attending four-year institutions could receive a total of \$20,000 for tuition, fees, books, and other expenses and students attending two-year institutions could receive a total of \$5,000 with the opportunity to automatically be eligible for two additional years of funding at a four-year institution. The scholarships would be based on merit. Scores on the SAT or ACT examination, cumulative grade point average, and class rank would be the key award criteria. Once awarded, students would be required to maintain a 3.0 grade point average and complete studies in the time specified by their degree program to continue to receive awards each year. Students who leave the state would have to repay the loans to the state.

The proposed **World Class Scholars** fund would create endowments to cover salary and startup costs for renowned researchers and scholars recruited to Indiana's public universities from outside the state. All grants from the fund would require matching contributions from the universities.

To finance the new scholarship funds, Governor Daniels proposed franchising the Hoosier lottery for a fixed term to a contractor who would operate the lottery while continuing current payment levels to the state. Under the Governor's proposal, the state would seek a bid that would provide for an upfront payment, a continued annual payment, and a payment for an ongoing percentage of the operator's revenue. The annual payment would continue to fund police, firefighters' and teachers' pensions, local motor vehicle excise tax replacement, and state and local capital projects as provided for by the current lottery revenue stream. Sixty percent of the upfront payment would be placed in a permanent endowment for the Hoosier Hope Scholarship fund, and the other

40 percent of the payment would be used for the World Class Scholars fund.

MICHIGAN - PROMISE SCHOLARSHIP PROGRAM

In December 2006, Governor Jennifer M. Granholm signed legislation creating the **Michigan Promise** scholarship program which provides up to \$4,000 to high school graduates for successfully completing two years of postsecondary education beginning with the high school graduating class of 2007. Under the program, students who receive a qualifying score on the state high school assessment will receive \$1,000 during their freshman and sophomore years and earn the remaining \$2,000 after successfully completing two years of postsecondary education. Students who do not receive qualifying scores on the high school assessment can earn the entire \$4,000 scholarship by successfully completing two years of postsecondary education. Students must maintain a 2.5 grade point average in their postsecondary education to earn a Michigan Promise scholarship when they reach that two-year point.

MINNESOTA - ACHIEVE AND ACHIEVE II

Governor Tim Pawlenty has proposed two free college tuition programs--**Academic Competitiveness** **Highlighting Individual Excellence and Valuing Education (ACHIEVE)** and **ACHIEVE II**--for students in the state of Minnesota. Under the proposed **ACHIEVE** program, Minnesota high school students who graduate in the top 25 percent of their class or post a comparable ACT score and have a family annual adjusted gross income of \$150,000 or less may attend their first two years of public college for free. Students' third and fourth years of college will also be free if they major in a mathematics or science field. Students participating in the program must attend college full-time and maintain at least a B average each academic year.

The proposed alternative free college tuition program--**ACHIEVE II**--is for high school students who take rigorous college level courses and earn college credit while in high school. Under the proposed alternative program, Minnesota high school students who finish a year of college in high school will receive a scholarship award equal to an average year's tuition and fees at Minnesota public colleges regardless of their class rank and ACT score.

Sen. Grindberg

WISCONSIN - THE WISCONSIN ACCORD

In December 2006, the Commission on Enhancing the Mission of the University of Wisconsin Colleges, a group of individuals from business, education, and the Wisconsin Legislature, submitted a report to Dr. David Wilson, Chancellor, University of Wisconsin Colleges and University of Wisconsin - Extension. The report contains 20 recommendations centered around six themes, including maximum access and success; maximum collaboration; maximum agility; marketing; funding, insufficiencies, and ways and means; and the Wisconsin Accord.

In regard to the Wisconsin Accord, the commission recommended the state borrow a sufficient amount of money to create greater financial access in the form of grants and scholarships for Wisconsin residents who wish to receive a higher education. The recipients of the grants and scholarships would be required to spend time in the

state after graduation to pay back the state for the upfront investment in their education.

At the present time, no legislation regarding the Wisconsin Accord has been introduced in the Wisconsin Legislature.

WYOMING - HATHAWAY SCHOLARSHIP PROGRAM

The 2006 Wyoming Legislature established the Hathaway Scholarship program, a scholarship program designed to provide an incentive for Wyoming students to prepare for and pursue postsecondary education in the state of Wyoming. The program, which began with the fall 2006 semester, consists of four types of merit scholarships and a need-based scholarship.

Merit Scholarships

The Hathaway Scholarship program's four types of merit-based scholarships are summarized as follows:

Scholarship Name	Scholarship Award (Per Semester)	Initial Eligibility Requirements	Continued Eligibility Requirements	Eligible Postsecondary Institutions	Scholarship Length
Career	\$800	Minimum high school GPA of 2.5 and minimum ACT score of 17	Cumulative college GPA of 2.25	Certificate or applied science degree program at Wyoming community colleges ¹	Four full-time semesters
Opportunity	\$800	Minimum high school GPA of 2.5 and minimum ACT score of 19	Cumulative college GPA of 2.25	Certificate or degree program at Wyoming community colleges ¹ or degree program at the University of Wyoming	Eight full-time semesters with the limit of six academic years after the initial eligibility
Performance	\$1,200	Minimum high school GPA of 3.0 and minimum ACT score of 21	Cumulative college GPA of 2.5	Certificate or degree program at Wyoming community colleges ¹ or degree program at the University of Wyoming	Eight full-time semesters with the limit of six academic years after the initial eligibility
Honors	\$1,600	Minimum high school GPA of 3.5 and minimum ACT score of 25	Cumulative college GPA of 2.5	Certificate or degree program at Wyoming community colleges ¹ or degree program at the University of Wyoming	Eight full-time semesters with the limit of six academic years after the initial eligibility

¹Eligible community colleges include Casper College - Casper, Central Wyoming - Riverton, Eastern Wyoming College - Torrington, Laramie County Community College - Cheyenne, Northwest College - Powell, Sheridan College - Sheridan, and Western Wyoming Community College - Rock Springs.

Need-Based Scholarship

The Hathaway Scholarship program need-based scholarship is intended to supplement the Hathaway merit-based scholarships for qualifying students. To qualify, a student must first earn a Hathaway merit scholarship and have at least \$2,000 annually in unmet financial need. The following is a summary of the need-based scholarship awards provided under the scholarship program:

Merit Scholarship Received	Amount of Need-Based Scholarship
Career, opportunity, or performance	25 percent of the annual unmet need in excess of \$2,000, half awarded each semester not to exceed \$750 per semester
Honors	100 percent of the annual unmet need in excess of \$2,000, half awarded each semester

Scholarship Program Funding

The 2006 Wyoming Legislature established a Hathaway Scholarship Endowment Account to provide sustained funding for the **Hathaway Scholarship** program. The endowment account is to consist of \$400 million in federal mineral royalties which are estimated to be deposited approximately \$24 million in fiscal year 2005, \$151 million in fiscal year 2006, \$121 million in fiscal year 2007, and \$98 million in fiscal year 2008. It is anticipated that the \$400 million endowment account will produce at least \$16 million in earnings each year to be used to fund the scholarship program.

The 2006 Wyoming Legislature appropriated \$13.5 million of one-time special funds as "startup" funding for the first two years of the **Hathaway Scholarship** program. Any remaining funds are to be used for future years when earning might not be sufficient to fully fund all scholarships.

The state estimates the Hathaway Scholarship program to cost approximately \$4 million to \$5 million for the first year and approximately \$16 million per year when the program is fully operational.

KALAMAZOO, MICHIGAN - KALAMAZOO PROMISE

In November 2005 the city of Kalamazoo, Michigan, with the assistance of anonymous donors, implemented the **Kalamazoo Promise**, a program

that provides each Kalamazoo Public School student with the opportunity to receive a 100 percent scholarship for up to four years of tuition and mandatory fees for postsecondary education regardless of financial need. To qualify for the program, a student must be a graduate of a Kalamazoo public high school and admitted to and enrolled at a public university or community college in Michigan. In order to be eligible for the program, students must maintain a 2.0 grade point average at the postsecondary education institution. The amount of tuition scholarship is based on the length of attendance in the Kalamazoo public school system as follows:

Kindergarten through grade 12	100%
Grades 1 through 12	95%
Grades 2 through 12	95%
Grades 3 through 12	95%
Grades 4 through 12	90%
Grades 5 through 12	85%
Grades 6 through 12	80%
Grades 7 through 12	75%
Grades 8 through 12	70%
Grades 9 through 12	65%
Grades 10 through 12	None
Grades 11 and 12	None
Grade 12	None

INFORMATION RELATING TO THE PROPOSED "NORTH DAKOTA PROMISE" PROGRAM

This memorandum provides information relating to:

- Elementary and secondary student enrollment and grade point averages.
- Higher education tuition rates.
- Sales and use tax collections.
- Bank of North Dakota profits.
- North Dakota resident births.
- Student loan trust fund.
- Common schools trust fund.

ELEMENTARY AND SECONDARY - CURRENT AND PROJECTED STUDENT POPULATION

The following is a summary of the current and projected elementary and secondary student population for both public and private schools as provided by the Department of Public Instruction:

School Year	Student Population
2006-07 (current)	102,200
2007-08 (projected)	100,558
2008-09 (projected)	99,056
2009-10 (projected)	97,804
2010-11 (projected)	96,830
2011-12 (projected)	95,909

NOTE: Information regarding student population by grade level is attached as Appendix A.

ELEMENTARY AND SECONDARY - GRADE POINT AVERAGES

The Department of Public Instruction does not collect information on student grade point averages. Information would be available at the local level.

HIGHER EDUCATION TUITION RATES

The following is a summary of the average resident tuition and mandatory fee rates for the 2006-07 academic year by institution type:

Doctoral universities North Dakota State University University of North Dakota	\$5,757
Master degree granting institutions Minot State University	\$4,492
Other four-year institutions Dickinson State University Mayville State University Valley City State University	\$4,426
Two-year institutions Bismarck State College Lake Region State College Minot State University - Bottineau State College of Science Williston State College	\$3,442

Sen. Grindberg

SALES AND USE TAX COLLECTIONS

The following is a summary of sales and use tax collections for the 1989-91 through 2007-09 bienniums:

Biennium	Sales and Use Tax Collections	Increase (Decrease) From Previous Biennium	Percentage Increase (Decrease) From Previous Biennium
1989-91 (actual)	\$465,991,671 ¹		
1991-93 (actual)	\$409,956,362	(\$56,035,309)	(12.0%)
1993-95 (actual)	\$472,305,330	\$62,348,968	15.2%
1995-97 (actual)	\$517,328,106	\$45,022,776	9.5%
1997-99 (actual)	\$569,501,827	\$52,173,721	10.1%
1999-2001 (actual)	\$613,066,466	\$43,564,639	7.6%
2001-03 (actual)	\$640,618,364	\$27,551,898	4.5%
2003-05 (actual)	\$717,758,293	\$77,139,929	12.0%
2005-07 (estimate)	\$847,845,753 ²	\$130,087,460	18.1%
2007-09 (estimate)	\$925,709,000 ²	\$77,863,247	9.2%

¹During the 1989-91 biennium, the sales and use tax rate was 6 percent for five months until it was referred, at which time the rate was reduced to 5 percent.

²Estimated sales and use tax collections according to the November 2006 executive budget revenue forecast.

BANK OF NORTH DAKOTA PROFITS

The following is a summary of the Bank of North Dakota profits for calendar years 1996 through 2006:

Calendar Year	Profits	Increase (Decrease)	Percentage Increase (Decrease)
1996	\$23,191,000		
1997	\$25,544,000	\$2,353,000	10.1%
1998	\$28,137,000	\$2,593,000	10.2%
1999	\$30,459,000	\$2,322,000	8.3%
2000	\$32,582,000	\$2,123,000	7.0%
2001	\$33,059,000	\$477,000	1.5%
2002	\$32,191,000	(\$868,000)	(2.6%)
2003	\$31,694,000	(\$497,000)	(1.5%)
2004	\$34,216,000	\$2,522,000	8.0%
2005	\$36,357,000	\$2,141,000	6.3%
2006 (estimate)	\$42,700,000	\$6,343,000	17.4%

BIRTHS

The following is a summary of the number of North Dakota resident births for calendar years 2001 through 2006 as provided by the State Department of Health:

Calendar Year	Resident Births
2001	7,664
2002	7,755
2003	7,976
2004	8,179
2005	8,381
2006 (as of December 29, 2006)	8,337

NOTE: The State Department of Health does not project birth data, and at the present time, the agency is not aware of any entities that do so.

STUDENT LOAN TRUST FUND

The 1971 Legislative Assembly authorized the Industrial Commission to acquire and hold all unpaid government-guaranteed or reinsured student loans and North Dakota student loans belonging to the state or any of its agencies. As a result, the student loan trust fund was created which enabled the state to sell tax-exempt bonds and use the proceeds for purchasing student loans made or acquired by the Bank of North Dakota.

The student loan trust is comprised of funds held under two general bond resolutions. The first general bond resolution referred to as the 1979 bond resolution includes funds from bonds issued in 1979, 1988, 1992, and 2004. The second general bond resolution referred to as the 1996 bond resolution includes funds from bonds issued in 1996, 1997, 1998, and 2000. All issuances prior to 2004 with bonds outstanding are insured by Ambac Assurance Corporation.

Under both of the bond resolutions, assets may only be used for:

- Purchase of student loans.
- Payment of debt service to bondholders.
- Providing financial assistance to the North Dakota Student Loan Guarantee Agency.
- Payment of any rebate liability to the federal government.
- Administration of the student loan trust fund.

An analysis of the student loan trust fund for the 2005-07 and 2007-09 bienniums is attached as Appendix B.

The following is a summary of the student loan trust fund net assets for the 1997-99 through 2009-11 bienniums:

Biennium	Net Assets			Net Income ¹		
	1979 Bond Resolution	1996 Bond Resolution	Total	1979 Bond Resolution	1996 Bond Resolution	Total
1997-99	\$57,646,000	\$11,541,000	\$69,187,000	\$5,689,000	\$3,458,000	\$9,147,000
1999-2001	\$60,078,000	\$14,337,000	\$74,415,000	\$5,932,000	\$2,796,000	\$8,728,000
2001-03	\$53,240,000	\$19,034,000	\$72,274,000	\$2,227,000	\$4,697,000	\$6,924,000
2003-05	\$28,027,000	\$23,340,000	\$51,367,000	\$4,138,000	\$5,314,000	\$9,452,000
2005-07 (estimated)	\$21,964,000	\$26,549,000	\$48,513,000	\$3,200,000	\$3,286,000	\$6,486,000
2007-09 (estimated)	\$20,447,000	\$27,658,000	\$48,105,000	\$1,900,000	\$1,200,000	\$3,100,000
2009-11 (estimated)	\$19,471,000	\$28,634,000	\$48,105,000	\$1,363,000	\$1,084,000	\$2,447,000

¹Includes interest earnings and special allowance payments from the federal government. As of January 31, 2006, the trust is no longer able to recycle student loans and receive a guaranteed 9.5 percent return (special allowance payment); therefore, the trust's portfolio of "9.5 percent earning loans" will continue to shrink as students consolidate or repay their loans and the trust's special allowance payments will decrease.

COMMON SCHOOLS TRUST FUND

Article IX, Section 1, of the Constitution of North Dakota as included in the original constitution enacted in 1889 provides that the following money must be deposited in a permanent trust fund--the common schools trust fund--and used to support the common schools of the state:

- All proceeds relating to public lands granted to the state by the federal government for the support of common schools.
- All proceeds relating to property acquired by the state through escheat.
- All gifts, donations, and other property acquired by the state for the support of the common schools.
- The proceeds of all bonuses relating to the leasing of coals, gas, oil, or other mineral interests relating to common schools lands.

The section also provides that only the interest and income, not the principal, of the trust fund may be expended for the benefit of the common schools of the state.

Information regarding common schools trust fund-related constitutional and statutory provisions is attached as Appendix C.

ATTACH:3

**Current and Projected Student Population, by Grade Level
Public and / or Private
2006-2007 to 2011-2012 School Years**

School Year	Public Schools													Total
	K	1	2	3	4	5	6	7	8	9	10	11	12	
2006-07 *	6,629	6,717	6,761	6,921	6,940	7,012	7,130	7,465	7,868	8,281	8,189	7,968	7,816	95,697
2007-08	6,569	6,783	6,600	6,763	6,929	7,012	7,066	7,306	7,470	8,170	7,922	7,773	7,705	94,068
2008-09	6,497	6,777	6,675	6,595	6,746	6,998	7,044	7,219	7,312	7,735	7,861	7,559	7,538	92,556
2009-10	6,431	6,742	6,678	6,683	6,586	6,815	7,038	7,200	7,227	7,578	7,458	7,498	7,325	91,259
2010-11	6,371	6,695	6,649	6,695	6,674	6,653	6,865	7,197	7,207	7,516	7,313	7,117	7,263	90,215
2011-12	6,317	6,646	6,607	6,673	6,689	6,748	6,696	7,022	7,217	7,484	7,258	6,985	6,892	89,234

School Year	Private Schools													Total
	K	1	2	3	4	5	6	7	8	9	10	11	12	
2006-07 *	769	559	528	525	534	522	544	454	442	386	408	415	417	6,503
2007-08	770	584	520	542	548	527	556	452	433	402	393	383	382	6,490
2008-09	774	599	549	525	555	534	543	460	423	387	416	372	363	6,500
2009-10	779	608	564	554	539	543	550	446	432	384	399	395	352	6,545
2010-11	785	613	574	570	567	529	566	452	418	392	397	377	375	6,615
2011-12	791	618	581	580	583	560	549	471	426	377	404	377	358	6,675

School Year	Public and Private Schools													Total
	K	1	2	3	4	5	6	7	8	9	10	11	12	
2006-07 *	7,398	7,276	7,289	7,446	7,474	7,534	7,674	7,919	8,310	8,667	8,597	8,383	8,233	102,200
2007-08	7,339	7,367	7,120	7,305	7,475	7,539	7,622	7,758	7,903	8,572	8,315	8,156	8,087	100,558
2008-09	7,271	7,376	7,224	7,120	7,301	7,532	7,587	7,678	7,735	8,122	8,277	7,931	7,901	99,056
2009-10	7,210	7,350	7,242	7,237	7,125	7,358	7,588	7,646	7,659	7,962	7,857	7,893	7,677	97,804
2010-11	7,156	7,308	7,223	7,265	7,241	7,182	7,431	7,649	7,625	7,908	7,710	7,494	7,638	96,830
2011-12	7,108	7,264	7,188	7,253	7,272	7,308	7,245	7,493	7,643	7,861	7,662	7,362	7,250	95,909

* Current Student Population (2006-2007 School Year)

Projections dated: 12/27/2006

NOTE: Department of Public Instruction /MIS does not collect student grade point averages.

S:\Girish\LegReq2007\Woeste-Roxanne_1-2-07.xls|2006-07

**ANALYSIS OF THE STUDENT LOAN TRUST FUND FOR THE 2005-07 AND 2007-09 BIENNIUMS
(REFLECTING THE 2007-09 BIENNIUM EXECUTIVE BUDGET RECOMMENDATION)**

	2005-07 Biennium ¹		2007-09 Biennium ¹	
Beginning balance		\$28,026,050		\$21,963,550
Add estimated revenues				
Fund earnings (net)	\$3,200,000 ²		\$1,900,000 ²	
Total available		\$31,226,050		\$23,863,550
Less estimated expenditures and transfers				
Transfer to the general fund	\$9,000,000 ³		\$3,100,000 ⁵	
Funding for veterinary medicine program	262,500 ⁴		317,460 ⁶	
Total estimated expenditures and transfers		9,262,500		3,417,460
Estimated ending balance		\$21,963,550		\$20,446,090

¹This analysis reflects the estimated revenues, expenditures, and ending balance for the 1979 bond resolution only.

²The projected income is based on interest rates as of December 1, 2006, and the trust's ability to continue to receive a return of 9.5 percent on a smaller portion of the student loans held by the trust. As of January 31, 2006, the trust is no longer able to recycle student loans and receive the return of 9.5 percent; therefore, the trust's portfolio of "9.5 percent earning loans" will continue to shrink as students consolidate or repay their loans.

³The 2005 Legislative Assembly provided for a transfer of \$9 million from the student loan trust fund to the general fund.

⁴House Bill No. 1397 (2005) provides the State Board of Higher Education a \$262,500 appropriation from the student loan trust fund for the purpose of reducing the amount of tuition and other costs payable by or on behalf of eligible students enrolled in the veterinary medicine education program at Kansas State University. The State Board of Higher Education is to develop a plan for the continuation of funding for the program from a funding source other than the student loan trust fund.

⁵The 2007-09 executive budget recommends transferring \$3.1 million from the student loan trust fund to the general fund. The \$3.1 million is the projected income for both the 1979 and the 1996 student loan trust resolutions; however, the transfer to the general fund is only being made from the 1979 resolution.

⁶The 2007-09 executive budget recommends a \$317,460 appropriation from the student loan trust fund for continuing the Kansas State University veterinary medicine program.

FUND HISTORY

The 1971 Legislative Assembly authorized the Industrial Commission to acquire and hold all unpaid government-guaranteed or reinsured student loans and North Dakota student loans belonging to the state or any of its agencies. As a result, the student loan trust fund was created which enabled the state to sell tax-exempt bonds and use the proceeds for purchasing student loans made or acquired by the Bank of North Dakota.

The student loan trust fund does not make loans to students or service loans which it acquires. The Bank of North Dakota continues to service those loans which the student loan trust fund holds.

The student loan trust is comprised of funds held under two general bond resolutions. The first general bond resolution includes funds from bonds issued in 1979, 1988, 1989, 1992, and 2004. The second general bond resolution referred to as the 1996 bond resolution includes funds from bonds issued in 1996, 1997, 1998, and 2000. All issuances prior to 2004 with bonds outstanding are insured by Ambac Assurance Corporation.

Under both of the bond resolutions, assets may only be used for:

- Purchase of student loans.
- Payment of debt service to bondholders.
- Providing financial assistance to the North Dakota Student Loan Guarantee Agency.
- Payment of any rebate liability to the federal government.
- Administration of the student loan trust fund.

In addition, North Dakota Century Code Section 6-09-40 provides that the Bank of North Dakota shall request from the Industrial Commission a transfer from the student loan trust fund to reimburse the Bank for any losses incurred from investments in North Dakota alternative and venture capital investments and early-stage capital funds. Section 10-03.5-04(3) provides that the maximum amount of funds that may be borrowed from the Bank of North Dakota for the purpose of investing in North Dakota alternative and venture capital investments and early-stage capital funds is \$10 million. Senate Bill No. 2032 (2005) increased the maximum amount of funds that may be borrowed for alternative and venture capital investments and early-stage capital funds by \$5 million to \$10 million. As of December 1, 2006, the Bank has not informed the trust if it will be seeking a transfer for any losses the Bank may have incurred from investments made in North Dakota alternative and venture capital investments and early-stage capital funds.

After all bonds in the 1979 and 1996 general bond resolutions have matured, been redeemed or defeased, and all expenses paid, any remaining assets held under the general bond resolution would be transferred to the Industrial Commission for use at its discretion. In order to use assets held under the 1979 general bond resolution for a purpose other than those stated in the general bond resolution, the administrators of the student loan trust fund must receive a certification from the trustee of the bond (Bank of North Dakota) that sufficient reserves remain for bond payments and other related program costs. In order to use assets held under the 1996 general bond resolution for a purpose other than those stated in the general bond resolution, the administrator of the student loan trust fund must receive permission from the bond issuer, and the trustee of the bond (Bank of North Dakota) would have to certify that sufficient reserves remain for bond payments and other related program costs.

The 2003 Legislative Assembly with the passage of Senate Bill No. 2232 authorized the Industrial Commission to issue subordinate or residual bonds of up to \$23 million, and as a result the Industrial Commission issued \$23 million of subordinate bonds on December 1, 2004. House Bill No. 1152 (2005) enables the Industrial Commission to issue subordinate or residual bonds when so determined by the Industrial Commission.

COMMON SCHOOLS TRUST FUND - RELATED CONSTITUTIONAL AND STATUTORY PROVISIONS

This memorandum summarizes select constitutional and statutory provisions relating to the common schools trust fund and changes made to the constitutional provisions since enactment.

SELECT CONSTITUTIONAL PROVISIONS

Article IX - Section 1

This section provides that the following moneys must be deposited in a permanent trust fund, known as the common schools trust fund, and used to support the common schools of the state:

- All proceeds relating to public lands granted to the state by the federal government for the support of the common schools.
- All proceeds relating to property acquired by the state through escheat.
- All gifts, donations, and other property acquired by the state for the support of the common schools.
- The proceeds of all bonuses relating to the leasing of coal, gas, oil, or other mineral interests relating to common schools lands.

This section also provides that only the interest and income, not the principal, of the trust fund may be expended.

This section was included in the original Constitution of North Dakota enacted in 1889. In 1970 the section was amended to include references to institutional trust funds. In 1982 the section was amended to provide that bonuses relating to the leasing of coal, gas, oil, or other mineral interests relating to common schools lands were to be deposited in the common schools trust fund.

Article IX - Section 2

This section provides that payments to the common schools include:

- Interest and income from the common schools trust fund.
- All fines for violation of state laws. (These moneys are not added to the trust fund but are distributed to schools along with the interest and income from the trust fund.)
- All other amounts provided by law.

This section was included in the original Constitution of North Dakota enacted in 1889. The original law contained the following two provisions that were removed through voter approval of measure No. 3 in June 1982:

- Payments to the common schools must be distributed in proportion to the number of school-age children in each district. (This provision is included in North Dakota Century Code (NDCC) Section 15.1-28-03.)

- Any portion of the interest or income of the common schools trust fund not distributed during a fiscal year must be added to the permanent balance of the trust fund. (North Dakota Century Code Section 15-03-05.2 provides that the Board of University and School Lands can add excess income to the trust fund balance or retain it for distribution in a future year.)

Article IX - Section 5

This section provides that in all sales of common schools lands, the state must retain the mineral interests. Leases may be executed for the extraction and sale of the minerals.

This section was included in the original Constitution of North Dakota enacted in 1889. As originally enacted, the section prohibited the sale of common schools lands that were "coal lands" and did not address other minerals. In 1960 the section was amended to its current form which allows the sale of lands containing minerals but requires that the state retain the mineral interests. Minerals are defined to include, but are not limited to, the following: oil, gas, coal, cement materials, sodium sulphate, sand and gravel, road material, building stone, chemical substances, metallic ores, uranium ores, and colloidal or other clays.

Article X - Section 24

This section provides that 10 percent of oil extraction tax revenue must be deposited in the common schools trust fund.

This section was enacted in 1994 through voter approval of measure No. 1 (1993 Senate Concurrent Resolution No. 4011). The section has not been changed since enactment.

SELECT NORTH DAKOTA CENTURY CODE PROVISIONS

Section 15-01-02

This section provides that the Board of University and School Lands has full control of:

- The selection, appraisalment, rental, sale, disposal, and management of common schools lands.
- The investment of any funds derived from the sale of common schools lands.
- The proceeds of any other property required by law to be used for the support of the common schools.

Section 15-03-05.2

This section provides that the Board of University and School Lands may distribute only a portion of a fund's income each year. The amount distributed must be consistent with the long-term goals of providing for inflationary increases in the fund value and income stability. If the amount of income earned in a fiscal year exceeds the amount distributed during the preceding fiscal year, the board has the following three options for the use of the additional income:

- Distribute all or a portion of the excess income.
- Retain for distribution in future years all or a portion of the excess income, up to \$10 million.
- Add to the permanent fund all or a portion of the excess income.

Section 15.1-28-01

This section provides that the state tuition fund, which is distributed to the state's public schools, consists of the net proceeds from all fines for violation of state laws and distributions from the common schools trust fund.

Section 15.1-28-02

This section provides that the treasurer of each county shall collect the net proceeds of all fines for violation of state laws and shall forward the amounts collected together with a detailed statement of moneys collected to the State Treasurer by the 15th of each month.

Section 29-27-02.1

This section provides that, except as otherwise provided by law, all statutory fees, fines, forfeitures, and pecuniary penalties for violations of state laws must be paid into the treasury of the county to be added to the state school fund. Bail bonds that are forfeited must be credited to the state general fund.

Section 47-30.1-23

This section provides that all funds received by the state under the Uniform Unclaimed Property Act, except amounts deducted for the payment of claims and certain administrative costs, must be deposited in the common schools trust fund.

Section 54-27-25

This section, which was enacted by the 1999 Legislative Assembly, creates a tobacco settlement trust fund to be used to deposit tobacco settlement moneys received by the state. Forty-five percent of the moneys in the fund must be transferred to the common schools trust fund and become a part of the principal of that fund. Consequently, the interest and income relating to these moneys will be distributed to schools along with other interest and income or retained in the fund pursuant to NDCC Section 15-03-05.2, at the discretion of the Board of University and School Lands.

Grindberg, Tony S.

From: William B. Isaacson [aeronca@starband.net]
Sent: Sunday, January 28, 2007 12:21 PM
To: Grindberg, Tony S.
Subject: Re: SB 2347 SPONSOR NOTIFICATION

Tony.....I just wanted to confirm my total support for Senate Bill 2347 to provide free college tuition to students graduating from North Dakota High Schools who have completed 4 years of math and science. Congratulations on having the vision and taking the initiative to propose this program which will have a long lasting benefit to the residents of our State. The investment required to initiate and sustain this program will enhance the development of intellectual and human capital for our State **which is the key factor in generating economic growth through the entrepreneurial spirit of our young citizens.** The long term economic playback by investing in the development of the math, science, and intellectual skills of our you people will pay back 5-10 times the investment required, a common sense investment that anyone would want to make.

North Dakota does not have a recognized common goal and needs one. It is the single most important factor to generate long term economic growth in our State and to secure the future we choose for ourselves. A long term goal with an education component of creating new knowledge and building our intellectual capital within is the best goal we can set for ourselves.

North Dakota can become the model education State in the nation by providing and guaranteeing K-16 education for our young citizens and future leaders. We are a small enough State that we can do anything we want to if we make this our common goal.

Congratulation for taking a giant step to move North Dakota into the 21st Century.

Bill Isaacson
Stanley, North Dakota
Ph.D. Chemical Engineer
3M Retired Career Employee 32 years
ND State Board of Higher Education member 1998-2002
President SBHE 2000-2001

Weichert Realtors
 New York City Apartments
 Foreclosure Homes
 Self Storage Resources
 Online Property Auctions
 Moving Companies

Home Security
 Find Your Home Value
 Home Finance Calculators
 Property in Bulgaria
 South Florida Real Estate
 South Jersey Rentals

DIRT NOT MEASURED

[Home](#) > [Buying and Selling](#) > [Regional News](#)

REAL ESTATE PARTNERS

College Tuition Promise Stokes Housing in Kalamazoo, Mich.

By Neal E. Boudette
 From

SITE MAP

CONTACT US

ABOUT US

ADVERTISING INFO

KALAMAZOO, Mich. — Last year, Greg DeHaan and his partner built 189 homes in the leafy, middle-class suburbs ringing this downtrodden industrial city, but not one in Kalamazoo itself. "There was no demand," says Mr. DeHaan, whose company, Allen Edwin Homes, is one of the largest home builders in Michigan.

By early December, however, a market had suddenly materialized, prompting the developer to pay \$7 million for three separate tracts of land. Out-of-state investors began scouring the area for opportunities, too.

Mr. DeHaan and others in town trace this new interest in Kalamazoo to an unusual, anonymously funded plan. Beginning this June, college tuition will be free for any student who enters the Kalamazoo school system by the ninth grade — regardless of income or need. The program, unveiled in November by the city's superintendent of schools and underwritten by a group of local philanthropists, is to run for at least 13 years.

Called the "Kalamazoo Promise," the tuition plan requires only that students live in Kalamazoo or neighboring Oshtemo township, graduate from public high school and attend a public university or community college in Michigan. Students who go from kindergarten through the 12th grade get a full ride. The program will cover 65% of tuition costs for those who spend at least their four high-school years in the city's schools, with the percentage of aid rising for those who spend more years in the system.

With its commitment to the Promise, Kalamazoo is upsetting the traditional economic-development model. In the past, blighted cities across the nation signed onto various types of revitalization plans. Mainly, they focused on physical improvements — including new public spaces, office parks and other civic amenities — in hopes of spurring economic and social progress.

The Promise is different. By making education the cornerstone of the city's turnaround plan, Kalamazoo is hoping that other positive changes will follow.

Mr. DeHaan, the developer, says the Promise already has helped fuel housing demand. His company plans to put up 70 houses in Kalamazoo this year, and perhaps 500 over the next five years. Suburbanites have begun moving into the city. Both families and investors from outside the state are hunting for property, which has seen modest price increases.

What isn't clear is whether the Promise will bring much-needed jobs to Kalamazoo. Although the plan hasn't lured any companies yet, Southwest Michigan First, a regional development agency, says the number of inquiries from small businesses has recently quadrupled to between 20 to 25 calls a week.

The Wall Street Journal
 CareerJournal CollegeJournal
 OpinionJournal StartupJournal
 WSJBooks CareerJournalAsia
 CareerJournalEurope MarketWatch

SITE MAP

12/17/2006

Sen Grindberg

Economic Benefits

CONTACT US

ABOUT US

ADVERTISING INFO

The Wall Street Journal
 CareerJournal CollegeJournal
 OpinionJournal StartupJournal
 WSJBooks CareerJournalAsia
 CareerJournalEurope MarketWatch
 REAL ESTATE PARTNERS

John Austin, a nonresident fellow at the Brookings Institution, suspects the Promise will have a big economic punch in the long run. "The places that produce and attract talented people are going to be the places that participate in today's economy," he says. "Your economic future is linked to how many people get to post-secondary higher education and how many you can keep in the community."

William Johnston, the founder of the Greenleaf Cos., a local investment group, is confident that the Promise is "a jump-start" for the city's economy – one that is more compelling than tax breaks or similar incentives. "It designates Kalamazoo as education-minded," Mr. Johnston says. "And high on the list of employers' minds today is the quality of the schools."

Kalamazoo's population of 77,000 is roughly 70% white and has a mix of blue-collar and middle-class neighborhoods. Waves of plant closings, including Upjohn Co. and General Motors Corp., have left the once-affluent city with a depleted center and a poverty rate of 25%. Those trends alarmed local residents and prompted meetings among various government, business and education leaders.

"We gathered together all the stakeholders and looked at the overall health of the county," Mr. Johnston says. Many in Kalamazoo speculate that Mr. Johnston and his wife, Ronda Stryker, a member of the family that founded medical-devices maker Stryker Corp., are among the donors. (He says only that "the donors have requested anonymity.")

A few years ago, a group of wealthy individuals began discussing the same issues in private, and invited Janice Brown, the superintendent of schools, to join them. Over time, the group focused its talks on the link between jobs and education. "One of the conclusions was that a better economy was going to require a healthier Kalamazoo school system," Mr. Johnston says.

Eventually, recalls Dr. Brown, one of the group's members posed a question: "What if everyone got free college tuition?"

The idea seemed to strike at the heart of a problem facing cities in the Midwest, now in a painful economic transition. In the past, all around the Great Lakes, a high-school diploma was all that was needed to get a factory job paying good, middle-class wages. Over the past two decades, the Midwest has struggled to shift away from manufacturing toward what is often called the "knowledge-based economy" – newer, advanced industries and professions that require more education.

Forty years ago, Kalamazoo was a rarity among the industrial cities of the Midwest. It was home to plenty of gritty factories, like the half dozen or so paper plants along the Kalamazoo River and the Checker Motors Corp. plant that made taxicabs. A General Motors stamping plant employed more than 3,000 well-paid union workers.

But the city also had an artsy, affluent side. Downtown featured an elaborate, European-style pedestrian mall with fountains and tall evergreens. In the hilly neighborhoods southwest of the city's center, well-paid scientists and researchers lived in stately homes. A city symphony, a lively arts community and the city's schools flourished, thanks in part to backing from wealthy families such as the Upjohns and the Strykers.

Today, Kalamazoo looks more like other cities across the Rust Belt. At the closed Checker plant, the hulks of junked cabs are lined up behind a battered chain-link fence. Near the river, windows are cracked and paint peeling at the shuttered Georgia Pacific paper mill.

The donors think the Promise "is the way to revitalize their city," says Dr. Brown, who is one of the few people in the city who knows their identities. They believe that "equal access to higher education for all creates a powerful incentive that will bring people and employers back to Kalamazoo."

By last September, the group had a plan in place. Unlike some other free-tuition programs, which often limit eligibility, the Promise was designed to serve as many students as possible, with no grade-point requirements. All Kalamazoo residents who graduate from high school and are accepted at public Michigan colleges will qualify – including students applying to community colleges.

SITE MAP

12/17/2006

CONTACT US

ABOUT US

ADVERTISING INFO

The Wall Street Journal
CareerJournal CollegeJournal
OpinionJournal StartupJournal
WSJBooks CareerJournalAsia
CareerJournalEurope MarketWatch
REAL ESTATE PARTNERS

The public got its first word of the Promise on Nov. 10, when parents, students and local reporters were urged to attend a school-board meeting. The regular agenda was tabled and Dr. Brown took the microphone, saying "a group of donors who understand that education equals economics are making an investment in our students." When she finished, the crowd gasped, then began clapping. Parents and board members wiped away tears.

At a gathering across town, people watching the meeting on television "were crying and hugging, just going crazy," said Dick Stewart, whose daughter is a junior and eligible to have 65% of her tuition covered. "It was one of the coolest things I've ever witnessed."

The Promise will cover tuition costs -- which range from about \$1,700 a year for community colleges to almost \$9,000 a year at the University of Michigan -- but not room and board. Bills are to be paid by the donors, with no money going directly to students or their families.

Cost Estimates

The school department estimates it will cost about \$3.5 million to send this year's crop of about 500 graduates to college, and sees the annual cost rising to \$12 million or more over the next four years. More details of the plan are expected to be announced next week.

For Megan VanOrsdol, a 17-year-old junior at Loy Norrix High School who wants to go into broadcasting, the Promise has broadened her choices. Worried about the cost of college, her parents had been pushing her to get a two-year nursing degree.

But now that she can count on the Promise to pay 70% of her tuition, Ms. VanOrsdol is looking at communications programs at Michigan schools. "I'm totally going and my parents are totally supporting me and it's totally awesome," she says.

After the announcement, Mr. DeHaan, the developer, was calling around Kalamazoo to check out property deals. One small development, called Nichols Landing, caught his eye and he snapped up 19 vacant lots. By February, five new homes were nearly completed. Three had already sold.

One other lot was purchased by Corey and Dan Reed. Although Mr. Reed's business, a mortgage lending company, is based in Kalamazoo, the couple had always thought the suburb of Parchment a better place to raise their two daughters, ages 8 and 6.

With less money needed for college, Ms. Reed, 32, is planning on being a stay-at-home mom for at least a few more years. "That's a big quality-of-life issue," she says.

In Kalamazoo, the Reeds were also able to get more house for their money. Their four-bedroom home under construction at Nichols Landing had a base price of \$175,000. But anticipating savings from the Promise, they added \$35,000 of upgrades, including a kitchen island and hardwood floors.

The plan even has attracted people outside of Michigan. In Arizona, Maria Buccilli, a single mother, had considered going to graduate school at Western Michigan University in Kalamazoo. The lure of free tuition for her three grade-schoolers prompted her to act. Last month she bought a four-bedroom home in Kalamazoo for \$175,000, about \$100,000 less than she expects to get for her three-bedroom house in Tucson.

Meanwhile, other communities and businesses are watching. A delegation from Philadelphia visited Kalamazoo in February to learn about the Promise. Newton, Iowa -- which is bracing for job losses now that its main employer, Maytag Corp., is in the process of being acquired by Whirlpool Corp. -- is trying to pass a sales tax to fund a Newton Promise scholarship program modeled after Kalamazoo's.

Kim Didier, executive director of Newton Development Corp., says that the Promise -- though still unproven -- is a compelling economic model. "What sets you apart is the skills and quality of your work force," Ms. Didier says.

Enrollment in the city's schools has been declining for years, but in February 277 youngsters registered to start kindergarten next September -- up from 193 last year.

Bismarck, North Dakota - News

[subscribe]

Sunday, Jan



Sports Show
 Feb. 9, 10 and 11, 2007
 Bismarck Civic Center
 Click here for more information
 or to reserve a booth

WeatherNow
 Partly Cloudy
 -4 degrees
 Via Winds

News Brief | Classifieds | Jobs | Homes | Cars | Other

- Home/Help
- News
- Sports
- Outdoors
- Business
- Entertainment
- Features
- Community
- Classifieds
- Customer Service Center
- Hot Deals
- Web Shopping

More jobs, better wages bringing children home

By LAUREN DONOVAN
Bismarck Tribune

UNDERWOOD - Like a mom at supertime, North Dakota calls her children home. That message to every kid who graduated and packed his bags for opportunity is being heard around the country. Those kids are growing up, they've got valuable job experience and they want for their kids what they had - ties that bind and simplicity.

There are jobs on the table and they are coming home.

Their reappearance with spouse and children tucked in the moving van beside them means North Dakota is finally picking ripe fruit from its own shelter belt, planted with seeds of economic development, jobs creation and financing, good business climate and utilization of natural resources.

Their mothers - the grandmothers of those little ones - are overjoyed to see them.

So are the communities where they're settling and so especially are the employers who are hiring them.

Over the past 20 years, the state has invested many millions in economic development and financing and proposes to spend \$12 million for the next two years alone.

There have been stumbles and starts, loud fanfare and quiet failure and a gradual understanding that development would best come by building from the inside out, not the outside in.

All those efforts are coming together, and there are more and many better paying jobs available in North Dakota and in this region than there have ever been. The surge is helped in no small part by a lucky Jack-and-the-Beanstalk seed in the oil patch and by baby boomers who are retiring out of some of the state's best-paying jobs in coal mines and power plants.

Dan Schumacher, business service consultant for Job Service North Dakota, says the strength of North Dakota's economy is being noticed around the country.

Getting a double-take for muscularity is better than being noticed for good looks when the economic strength sags elsewhere.

St. Alexius PrimeCare

Find A Doctor | Ask An Expert | Online Appointments
 Employment Opportunities | Birth Place Babies | Health Information/Publications

See us online at www.st.alexius.org

Web Search:

Search

Get daily headlines via e-mail:

Submit

HOT LINKS
• Lottery Results

Sm. Grindhen

- Directory
- Horoscopes
- Sudoku
- Forum *NEW*
- Weather



Schumacher said the region's retail growth, the Northern Plains Commerce Centre - a manufacturing and transmodal shipping project in Bismarck that's aligned with Bobcat Melroe - computer-based centers for customer service and information processing, two ethanol plants, major industrial retrofits at several power plants, and wind energy development add up to an exciting time.

More jobs than ever are being listed through Job Service - more than double the number of jobs posted eight years ago,

Job Service posted 60,000 job openings in the year ending July. There are 10,000 jobs posted statewide this week and 1,600 of them are in Bismarck-Mandan alone. This does not count the many private sector job listing in the state's newspapers.

Wages are better, too.

Job Service analyst Michael Ziesch said just the past three years have shown a marked increase in wages of jobs on the market. That reflects pressure on the labor pool and the quality of jobs themselves.

Today, 33 percent of employers who put a wage on their job order are offering between \$10 and \$20 an hour. Three years ago, just 24 percent of employers offered that much, Ziesch said.

Jobs posted at more than \$20 per hour make up 6 percent of jobs posted, compared to 2 percent three years ago.

Around 1.5 percent of jobs are for minimum wage, and those jobs go longest without being filled.

"Our economic activity and job opportunity is probably at the highest level that I can recall," said Schumacher. He's been with the agency for more than two decades.

As jobs increase, so do contacts from people who live out of state.

Each 90-day posting period attracts 200 job seekers registered from out of state, and not just neighboring Montana and South Dakota.

Schumacher says those job seekers are from 32 to 38 states, and a majority have some connection to North Dakota, either through birth, marriage or military service.

Others are attracted to the combination of employment and lower cost of living.

Shane Goettle is commissioner of the state Commerce Department.

The department was created four years ago to merge three former state agencies, Community Services, Economic Development & Finance and Tourism, plus a new Workforce Development Division within the Department of Commerce.

For a long time, those agency efforts have been focused on creating jobs to keep North Dakota's population from tipping backward.

This task of finding people to fill them is something new.

"We've not had this kind of challenge before," Goettle said. Part of the department's focus is working with trades and colleges to get a handle on how young people can prepare themselves through education and training to remain in the state.

Another part is capturing that pent up base of people who want to come back home.

Goettle said the department has developed a program that hooks up employers with expatriated North Dakotans.

It's like mom leaving the doorstep to fetch her children home from one end of the neighborhood to the other.

The department tried out the program two months ago in St. Paul, Minn., and plans

another go in Denver this spring.

Goettle said the program -Experience North Dakota - played matchmaker, bringing 30 booths representing private sector employers, including the city of Dickinson peddling 1,000 job openings, to North Dakota alumni living in the St. Paul metro area.

He said he would have been happy had 200 expatriates showed.

More than twice that many did.

Goettle said it was fulfilling to watch young couples, kids in tow, come into the room, to learn, to talk and to leave resumes.

He said there's a long list of work categories that need people, ranging from welders, health workers and electricians, to basic manufacturing.

It was typical for alumni from St. Paul to say their folks were living back here, and they already know North Dakota is a great state, he said.

The call of North Dakota as a place to live is loud and clear. It only needs a job to close the deal.

This is as good a time, and perhaps better time, than any.

"There's the old North Dakota trying to create jobs. The new North Dakota is we're trying to fill jobs," he said.

Comments

Add Your Own Comments

Important information regarding online commenting:

- * All online comments are limited to 350 words total.
- * Comments are reviewed for taste, tone and language before posting.
- * Some comments may be used in the Tribune's print edition.

Name:

Comments:



Image Verification:

Post Comment

Get the whole story every day!

Click here to start a subscription

www.michigan.gov

(To Print: use your browser's print function)

Contact: Heidi Watson 517-335-6397

Release Date: December 19, 2006

Last Update: December 19, 2006

College Gets More Affordable for Michigan Students

December 19, 2006

Michigan Promise scholarship provides \$4,000 to all

LANSING - Governor Jennifer M. Granholm today kicked-off a week of celebrations of the Michigan Promise scholarship, a cornerstone of her comprehensive economic plan. Every student in Michigan, beginning with this year's high school seniors, will now be eligible for a \$4,000 scholarship. Granholm today visited with students in Lansing and Ferndale to discuss this new opportunity and will meet with students in Flint and Grand Rapids later in the week.

"The Michigan Promise scholarship opens the doors of education to every student in Michigan," said Granholm. "A \$4,000 scholarship makes earning a college degree or technical certification a real possibility for every student. It's an amazing opportunity for our students and a critical necessity for our economy."

Making college more affordable was a key recommendation of the Governor's Commission on Higher Education and Economic Growth chaired by Lieutenant Governor John D. Cherry, Jr. The commission, which was charged with identifying strategies to double the number of college graduates in Michigan in the next decade, recommended that the state create a "new compact with its residents: an expectation that all students will achieve a post-secondary degree or credential coupled with a guarantee from the state of financial support linked to the achievement of that goal."

The Michigan Promise was first proposed by Governor Granholm in her 2005 State of the State address. Starting with the Class of 2007, every student who attends college or technical training can earn a \$4,000 scholarship - \$1,500 more than the current Merit Award program. Students can attend any two- or four-year school in Michigan, public or private, or a wide array of technical training programs.

Students who score well on the high school assessment will receive \$1,000 during their freshman and sophomore years and earn the remaining \$2,000 after successfully completing two years of post-secondary education. Students who do not receive qualifying scores on the high school assessment can earn the entire \$4,000 scholarship by successfully completing two years of post-secondary education. Students must maintain a 2.5 grade point average in their post-secondary institution to earn a Michigan Promise scholarship when they reach that two-year point.

The Governor called the Michigan Promise scholarship a critical step for Michigan's economy, as the states with the highest number of college graduates have the lowest unemployment rates and the fastest-growing economies. Coupled with the rigorous high school curriculum standards Granholm fought for and signed into law, the Michigan Promise scholarship will position Michigan as the state that will lead the nation in educational achievement and economic growth.

"The evidence is clear: the states with the highest education levels have the most thriving economies and lowest unemployment rates," said Granholm.

The legislation creating the Michigan Promise scholarship - Senate Bill 1335, sponsored by Senator Deborah Cherry (D-Burton), and House Bill 6302, sponsored by Representative Tupac Hunter (D-Detroit) - passed both legislative chambers earlier this month on nearly unanimous votes.

###

Copyright © 2006 State of Michigan

Sen. Grindberg



Friday, December 29, 2006



Tony | Log Out | PressPass | News Tips | Advertise | Contact



Classifieds

Home News Associated Press
Weather Sports Opinion Valley
R & R Movie Times
Columnists Business Farm

Weddings Obituaries
Photography Births Calendar
Dining Special Projects
Outdoors Corrections

Personals Internet Access
Marketplace Newspaperprints
Travel

Member Center Archive
Company Site Ethics Code
Contact Us InfoGuide
Newspapers in Education
Public Notices Resources
Subscribe/
Customer Care Yellow Pages
XML



Forum editorial: Tuition incentive looks good

The Forum Published Friday, December 29, 2006

A proposal to pay college tuition for North Dakota students makes sense because it's family friendly. Sen. Tony Grindberg, R-Fargo, will introduce a bill in the 2007 Legislature that would reward successful high school students who take a full load of mathematics and science. The idea, the senator said, is to prepare young people for the jobs required in a high-tech economy.

Moreover, the program has the potential to be very attractive to families of college-bound students. The plan's tuition incentives not only will help families pay for college education, but also have the potential to hold graduates in the state - close to home.

Grindberg was moved to develop his legislation by college incentive programs in other states. His primary model is the Kalamazoo, Mich., "Kalamazoo Promise," which is credited with increasing enrollment in that city's schools by 1,000 students, or 9 percent, in one year. The program also stimulated a building boom in a depressed, industrial city as more families with children took advantage of the tuition break.

In Minnesota, Gov. Tim Pawlenty is pushing a free tuition program for students in the top 25 percent of their college classes. Students majoring in math and science would be eligible for additional incentives. The program could attract North Dakota's best students to Minnesota campuses.

Several other states have in place - or are contemplating - similar tuition breaks or other incentives in order to attract college-bound students or hold college students on their campuses.

- Text Si:
- [Print](#)
- [Email](#)
- [Mobile](#)
- [Article](#)
- [Purchase](#)
- [Browser](#)
- [Alert](#)

- Save and
- [Bookmark](#)
- [Delete](#)
- [Digital](#)
- [Share](#)
- [Face](#)

Unlike the failed 2002 Youth Initiative championed by the state Democratic-NPL Party, Grindberg's incentives target high school students. The Youth Initiative was a mish-mash of tax breaks and student loan repayments for college students who agreed to live and work in the state for at least five years. It was a kind of back door approach, rather than a commitment that began with families of high school students.

Ads by Goo
**North Da
Homes**
Find HUD
in ND. Re
Access Li
www.Realty!

Given the state's projected surplus, Grindberg believes the plan can be sustained over time. The first years would require using a small portion of the surplus for the initial investment. After that, the Bank of North Dakota's student loan trust fund could be used along with future tax revenues generated by increasing economic activity.

North Da
All Zephyr
adj) Free
or More
www.headh

It's a good idea. It will help families and qualified students pay for college. It also has the potential to keep educated North Dakotans in a state work force that will need more people proficient in math and science.

North Da
Providing
homes &
for those
WaterfordFa

Forum editorials represent the opinion of Forum management and the newspaper's Editorial Board.

**Free Gov
Grants**
Step-by-S
for Obtain
& Grants
freeeducatio

**Law Offic
ND**
Personal
Specialist
To Repre:
BossartLaw.

[News](#) | [Weather](#) | [Sports](#) | [Valley R & R](#) | [jobsHQ](#) | [carsHQ](#) | [homesHQ](#) | [apartm](#)
[Business](#)
[Comments/Questions](#) | [Advertising Information](#) | [FCC Careers](#) | [Privacy Statement](#) | [Terms](#) |
[Archives](#) | [Press Pass](#) | [Make Us Your Homepage](#)
[Forum Communications Company](#) Media Partners: [The Forum](#) | [WDAY TV 6](#)
©2006 Forum Communications Co. Fargo, ND 58102 [AM](#) |
— All rights reserved The Forum: [Home Delive](#)

NORTH DAKOTA SENATE

STATE CAPITOL
600 EAST BOULEVARD
BISMARCK, ND 58505-0360



COMMITTEES:
Appropriations, Vice Chairman



Senator Tony S. Grindberg
District 41
2832 39 1/2 Avenue SW
Fargo, ND 58104-7014
tgrindbe@state.nd.us

December 21, 2006
For Immediate Release

Contact: Tony Grindberg
Phone: 231-7450 or 261-4691

College Tuition Plan To Boost North Dakota's Communities

Grindberg to Introduce North Dakota's Promise

(Fargo, North Dakota)—Senator Tony Grindberg said today that he will introduce legislation in early January to create a new program called the "North Dakota Promise."

North Dakota's Promise will create the opportunity for North Dakota students who have achieved a solid foundation of academic performance with the privilege to receive tuition-free financial assistance at any public higher educational institution in North Dakota. The amount of tuition assistance will be tied to a formula that will be based on years of residency in the State of North Dakota and grant aid that is applicable under the Federal Title IV need-based grant programs.

The "North Dakota Promise" is patterned from a program implemented in Kalamazoo, Michigan, in 2005. The Michigan program aims to increase emphasis on educational opportunities and position Kalamazoo with a skilled and growth-driven workforce to compete in a global economy. Local economists in Kalamazoo indicate it's too soon to chart their economic impact, but there are certainly positive signs. Local realtors say home sales are up 6 percent, where prior to the program, they were flat.

Grindberg believes that a similar program in North Dakota will produce many of the same results that have been already realized in Michigan and contribute solid economic impact to North Dakota. Grindberg said, "Imagine the potential impact to many of our communities that for many years, have experienced declining population. A program such as North Dakota's Promise could be part of an economic toolkit that provides communities with the opportunity to grow their tax base, populations and job opportunities.

Sen. Grindberg

Early results in Kalamazoo reveal:

- *Significant increase in housing construction
- *Population growth has come from across the United States that has produced 1,000 new students and created 30 new teaching jobs

North Dakota's Promise proposed eligibility requirements:

- *Students must obtain four years of high school science and math
- *Maintain a minimum 2.5 GPA both in high school and college
- *Full time student making progress towards a degree or certificate program
- *Program will begin Fall semester 2008 and expire in 2018
- *Extent of graduated benefits will be based on State residency requirements.
 - Resident of State
 - Kindergarten through grade 12--100% tuition benefit
 - Grade 9-12--65% tuition benefit

Expected benefits of North Dakota Promise Program:

- *Increased student achievement due to the emphasis on science and math
- *Increased economic growth (per capita spending, employment and)
- *Measurable population growth
- *Position North Dakota with a competitive advantage as a knowledge leader in the United States
- *Engage a strategy for long term proactive growth

"We are in a knowledge economy today and our future is dependant on a available skilled workforce," said Grindberg. "In order for us to compete in a world economy, we must begin to plan for the future and develop a strategy to increase our knowledge base here in North Dakota.

North Dakota is experiencing strong economic progress and now is the time to debate bold initiatives that have the potential for proactive systemic change to position our great State for future generations."

The initial estimated investment for the program is estimated at \$10-12 million dollars for the first biennium. (2007-2009) As the program grows, so does the level of investment to support the program. Grindberg proposes to target the initial funding for the program from the North Dakota's surplus and identify future tax collections through anticipated growth and profits from the Bank of North Dakota and Student Loan Trust Fund to provide the necessary funding for future biennium's.

January 2007

FISCAL INFORMATION SUMMARY

This memorandum provides fiscal information reflecting the December 2006 executive budget revenue forecast regarding major tax types and key cost areas.

1. **Sales and use tax revenue (including motor vehicle excise tax).** The estimated impact on state general fund revenues of a one percentage point change in the state's 5 percent sales and use tax, including the motor vehicle excise tax, is approximately **\$229 million per biennium**, or \$114.5 million per year for the 2007-09 biennium based on the December 2006 executive budget revenue forecast. The following schedule shows general fund revenue collections from sales and use taxes, including motor vehicle excise taxes, for the 1997-99 through 2007-09 bienniums:

Biennium	Actual or Estimated Revenue (In Millions)	Percentage Change From Previous Biennium
1997-99	\$664.4	
1999-2001	\$722.2	8.7%
2001-03	\$760.2	5.3%
2003-05	\$845.8	11.3%
2005-07 (revised forecast)	\$968.9	14.6%
2007-09 (executive forecast)	\$1,055.1	8.9%

2. **Individual income tax revenue.** House Bill No. 1399 (2001) decoupled the state income tax from the federal income tax to a rate based on federal taxable income. The equivalent tax rates range from approximately 2.1 to 5.54 percent of taxable income. The estimated impact on state general fund revenues of a 10 percent change in the state income tax rates (for example, the 3.92 percent rate would increase or decrease by .392 to 4.31 percent, or 3.53 percent) is approximately **\$58.2 million per biennium** or \$29.1 million per year for the 2007-09 biennium based on the December 2006 executive budget revenue forecast. The following schedule shows general fund revenue collections from individual income taxes for the 1997-99 through 2007-09 bienniums:

Biennium	Actual or Estimated Revenue (In Millions)	Percentage Change From Previous Biennium
1997-99	\$358.3	
1999-2001	\$409.3	14.2%
2001-03	\$396.2	(3.2%)
2003-05	\$452.5	14.2%
2005-07 (revised forecast)	\$553.3	22.3%
2007-09 (executive forecast)	\$608.0	9.9%

3. **Gas tax revenues.** A one-cent gas tax increase over the current 23 cents per gallon raises an estimated \$3.5 million per year or **\$7 million for a biennium**. A one-cent special fuels (diesel) tax increase over the current 23 cents per gallon raises an estimated \$1.55 million or **\$3.1 million per biennium**. Of the \$10.1 million total, \$6.4 million, or 63 percent, would be deposited in the state highway fund and \$3.7 million, or 37 percent, would be distributed to counties and cities.
4. **Oil tax revenue.** The estimated impact on state revenues of a \$1 increase or decrease in the price of a barrel of oil is approximately **\$5.15 million per biennium** based on the December 2006 executive budget revenue forecast for oil and gas production and oil extraction tax collections. The 2007-09 estimated impact on state revenues of a \$1 change in the price of oil is \$1.65 million more than the \$3.5 million estimate for the 2005-07 biennium due primarily to increases in oil production. The following schedule presents general fund revenue collections from oil and gas taxes for the 1991-01 through 2007-09 bienniums:

Biennium	Actual or Estimated Revenue (In Millions)	Percentage Change From Previous Biennium
1997-99	\$43.7	
1999-2001	\$62.0*	41.9%
2001-03	\$62.0*	0.0%
2003-05	\$71.0*	14.5%
2005-07 (executive budget estimate)	\$71.0*	0.0%
2007-09 (executive budget estimate)	\$71.0*	0.0%

*Transfers to the permanent oil tax trust fund were \$13.2 million for the 1999-2001 biennium, \$7.6 million for the 2001-03 biennium, and \$49.5 million for the 2003-05 biennium. The 2007-09 executive forecast estimates that \$158.5 million will be transferred to the permanent oil tax trust fund for the 2005-07 biennium. The 2007-09 executive budget estimates that oil tax collections during the 2007-09 biennium will total \$238 million; therefore, transfers to the permanent oil tax trust fund during the 2007-09 biennium are estimated to total \$167 million.

5. **Oil prices.** The following schedule compares estimates during the 2005 Legislative Assembly to actual oil prices during the 2005-07 biennium:

Quarter/ Month	Estimated Average Price Per Barrel During 2005 Legislative Assembly	Actual Average Price Per Barrel ¹	Amount Over (Under) Original Estimate
July-September 2005	\$38.70	\$57.58	\$18.88
October-December 2005	\$36.34	\$54.73	\$18.39
January-March 2006	\$33.96	\$55.45	\$21.49
April-June 2006	\$31.71	\$62.11	\$30.40
July-September 2006	\$30.57	\$62.29	\$31.72
October-November 2006	\$30.00	\$50.75	\$20.75

¹The actual market price per barrel of oil is the Tesoro-posted field price for North Dakota sweet crude, including the Montana counties of Sheridan, Roosevelt, and Richland.

6. **Tobacco settlement payments.** North Dakota has received \$174.5 million as of January 2006 as a result of the tobacco settlement, which has been deposited in the tobacco settlement trust fund. The tobacco settlement trust fund collections, through June 30, 2007, are allocated among the community health trust fund, common schools trust fund, and water development trust fund, pursuant to North Dakota Century Code Section 54-27-25, as follows:

	Community Health Trust Fund (10%)	Common Schools Trust Fund (45%)	Water Development Trust Fund (45%)	Total Tobacco Settlement Collections
1999-2001 (actual)	\$5,290,078	\$23,805,353	\$23,805,353	\$52,900,784
2001-03 (actual)	5,363,637	24,136,363	24,136,363	53,636,363
2003-05 (actual)	4,631,002	20,839,504	20,839,504	46,310,010
2005-07 (as of January 2007)	2,161,049	9,724,719	9,724,719	21,610,487
2005-07 (estimated remaining payments)	2,182,346	9,820,559	9,820,559	21,823,464
Total estimated through June 30, 2007	\$19,628,112	\$88,326,498	\$88,326,498	\$196,281,108

Total collections for the next 10 years as estimated by the Office of Management and Budget are:

2007-09	\$73,687,000
2009-11	\$73,687,000
2011-13	\$73,687,000
2013-15	\$73,687,000

Collections are estimated to total \$777,144,000 through the year 2025. This compares to a total of \$866,800,000 originally projected during the 1999 Legislative Assembly.

7. **State school aid program.** The 2007-09 biennium executive budget recommendation provides funding of \$777,165,879, of which \$700,965,879 is from the general fund and \$76,200,000 is from the state tuition fund, for a new proposed state school aid program. Under the proposed program, per student payments, teacher compensation payments, special education average daily membership payments, revenue supplemental payments, and tuition apportionment payments are consolidated into a new funding formula. The recommended funding level, which is summarized as follows, represents an increase of \$78.6 million,

of which \$74 million is from the general fund and \$4.6 million is from the state tuition fund, from the 2005-07 legislative appropriation of \$698,565,879.

Per student formula payments	\$724,165,879
Transportation aid payments	33,500,000
Special education - Contracts	17,500,000
Joint powers agreement incentives	2,000,000
Total	\$777,165,879

8. **State employee salary increase, excluding higher education.** The estimated cost of a 1 percent state employee salary increase per year, including fringe benefits, is \$3.8 million, of which \$1.9 million is from the general fund. This estimate excludes higher education employees.
9. **Inflationary increases.** The historic and projected consumer price indexes as recorded or projected by Economy.com based on the **consumer price index for all urban consumers** are:

1991	4.2%	2000	3.4%
1992	3.0%	2001	2.8%
1993	3.0%	2002	1.6%
1994	2.6%	2003	2.3%
1995	2.8%	2004	2.7%
1996	2.9%	2005	3.4%
1997	2.3%	2006	3.5% (projected)
1998	1.5%	2007	2.4% (projected)
1999	2.2%	2008	2.1% (projected)
		2009	2.1% (projected)
		2010	2.2% (projected)

January 29, 2007

TO: Senator Layton Fregborg, Chr.
Senate Education Committee
RE: Testimony - Senate Bill 2347

By: Senator Larry Robinson, District 24, Valley City.

Mr. Chairperson and members of the committee. I appear before you today as a co sponsor of Senate Bill #2347, the North Dakota Promise Proposal. I want to express my thanks and appreciation to Sen. Grindberg for asking me to be a co sponsor of this bill.

Mr. Chairperson and members of the committee, SB2347 provides our state with an opportunity to seize the moment and retain some our best and brightest students in this great state. It is also an opportunity to recruit additional students from out of state.

Senator Grindberg has shared with you information regarding initiatives that other states have underway. You will note from that information that many states are moving in a similar direction as the one embedded in SB2347. It is time for North Dakota to move. SB2347 can well be the vehicle to move our state forward.

Some have said that SB2347 is our opportunity to recruit new students to our state. I believe we can be successful in doing so with SB2347. However, our first priority is to retain the students we currently have in our university system. Mr. Chairperson and members of the committee, the competition in the marketplace is intense. We can elect to compete, or we can sit back and let other states pass us by while we watch. I believe it is time for action. SB2347 can serve as the North Dakota response to the numerous initiatives that are underway in other states.

Mr. Chairperson and members of the committee. Not many years ago, our state struggled with too many jobs and too few workers. Today, that phenomena has reversed. Our state is hungry for qualified workers. We have jobs that have been vacant for months and months. By all reports there is no end in sight.

We have worked hard to recruit workers to our state to fill our vacant positions. To large extent, our efforts have been unsuccessful. The competition for qualified workers is intense. We find ourselves competing with numerous other states across the region. We can continue to compete and lose, or we can elect to win and embrace the concept embedded in SB2347 and train our own workers. Let's keep our best and brightest in North Dakota. Let's encourage students from other states to look seriously at our North Dakota University System and take advantage of the benefits of SB2347.

Mr. Chairperson and members of the committee. You need only pick up the local newspaper to see how serious our challenges are in this area. We have job openings all over the state. It will be difficult to grow our economy and to grow our state unless we address this problem head on.

There are those that say we cannot afford SB2347. I appreciate their concerns. However, I would join Sen. Grindberg in asking them to join us in the refinement of this bill. Sen. Grindberg referred to SB2347 as a work in progress. I agree. However, I would add that it is a very important work. We must not elect to pass this on for another time. Our time is now.

Testimony before Senate Education Committee

On SB 2347

By Chancellor Eddie Dunn
North Dakota University System

January 30, 2007

Chairman Freborg and members of the Senate Education Committee, for the record, I am Eddie Dunn, Chancellor of the North Dakota University System. Thank you for the opportunity to provide testimony to your committee.

The SBHE supports SB 2347. Support of this bill is consistent with one of the central messages I am sure you have been hearing from business and community leaders, economic developers and from students, throughout this legislative session. That message is: The single most important factor that will determine the success of North Dakota will be its human capital – people with the knowledge and skills required to fill positions in the knowledge-based economy we are experiencing today.

Secondly, and a point that is clearly articulated in this bill, is the fact that the primary vehicle for attracting and developing that human capital is North Dakota's education system.

I want to commend Senator Grindberg and the other sponsors of this bill for putting the most important issue facing North Dakota squarely in front of all of us to consider. That issue is – How will we attract and retain the human capital which is becoming increasingly essential to the success of businesses, communities and the state?

Futurist Edward Barlow, got at the heart of the issue while addressing the State Chamber of Commerce meeting this past year in Fargo, when he said: "Knowledge capital will separate winners from losers in the race for wealth creation in the 21st century."

His point was – knowledge capital is critical. Everything else is secondary and over time will be irrelevant. In not so polite of a way, he was saying, "Please wake up before it is too late." He provided compelling information regarding what is happening in other countries and in some states to support his contention. He concluded by saying, "If you do not invest in, retain and nurture your human capital, you will not win many races and, in time, you won't even be in the race."

I left that conference with a deeper appreciation for what I was already hearing from Paul Steffes, President of Steffes Manufacturing in Dickinson, from Don Morton with Microsoft Corporation in Fargo, Richard McKennett with the McKennett law firm in Williston, Dennis Hill with the REC's, Tom Shorma, CEO of WCCO Belting in Wahpeton, Roger Reiersen, CEO of Flint Communications in Fargo, and from many of the other private sector members of the Roundtable on Higher Education. Each of these individuals were already saying what people in other states are just beginning to

realize: We need to pay attention to retaining our youth and developing our human capital.

While the North Dakota University System has been successful in maintaining total enrollments, K-12 numbers have been declining. It will become increasingly more difficult to maintain college enrollment as K-12 numbers continue the significant downward trend over the next 10-20 years.

Programs such as "North Dakota Promise" can help attract new residents to the State. This program will also help encourage more of our high school seniors to stay in North Dakota to pursue college education. Attending college in this state is important since there is strong evidence that once a student leaves a state to pursue their postsecondary education, they are less likely to return. Keeping our college enrollments strong is also an important strategy for holding costs down and providing access to college for our North Dakota high school graduates.

The reality is, competition for college students from other states is becoming greater as these states implement scholarship programs to entice their own students to stay in their state. Several states in the Midwest have, or are considering, programs similar to "North Dakota Promise". With increased competition for students and the potential decline of a significant number of out-of-state students coming to North Dakota, it is imperative that we take steps to retain as many North Dakota students as possible. In the absence of doing so, the cost to North Dakota residents will be significantly higher as the fixed costs of providing a college education are spread over a smaller number of students.

Dr. Mike Hillman, Vice Chancellor for Academic and Student Affairs, is here today and will be able to provide details regarding the positive impact this legislation will have on improving the level of academic performance for North Dakota high school students and for college students. His data suggests that students who take four years of math and science will be more successful in college, thereby increasing college retention rates and improving college graduation rates. Dr. Mike Hillman will also provide background on how this bill supports the principles in the P-16 Task Force report.

Allow me to conclude with a quote from Governor Granholm of Michigan. In her announcement on the introduction of a similar program in Michigan she stated what is becoming increasingly obvious across the nation regarding the importance of developing and retaining human capital. She said: "The evidence is clear: the states with the highest education levels have the most thriving economies and lowest unemployment rates." That is the issue "North Dakota Promise" addresses.

This legislation is bold but, as its title suggests, it is also promising. We would encourage your careful consideration of the potential of this important legislation to the future of North Dakota.

Chairman Freborg and members of the committee that completes my testimony. I would be pleased to respond to questions.

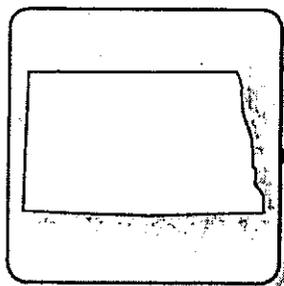
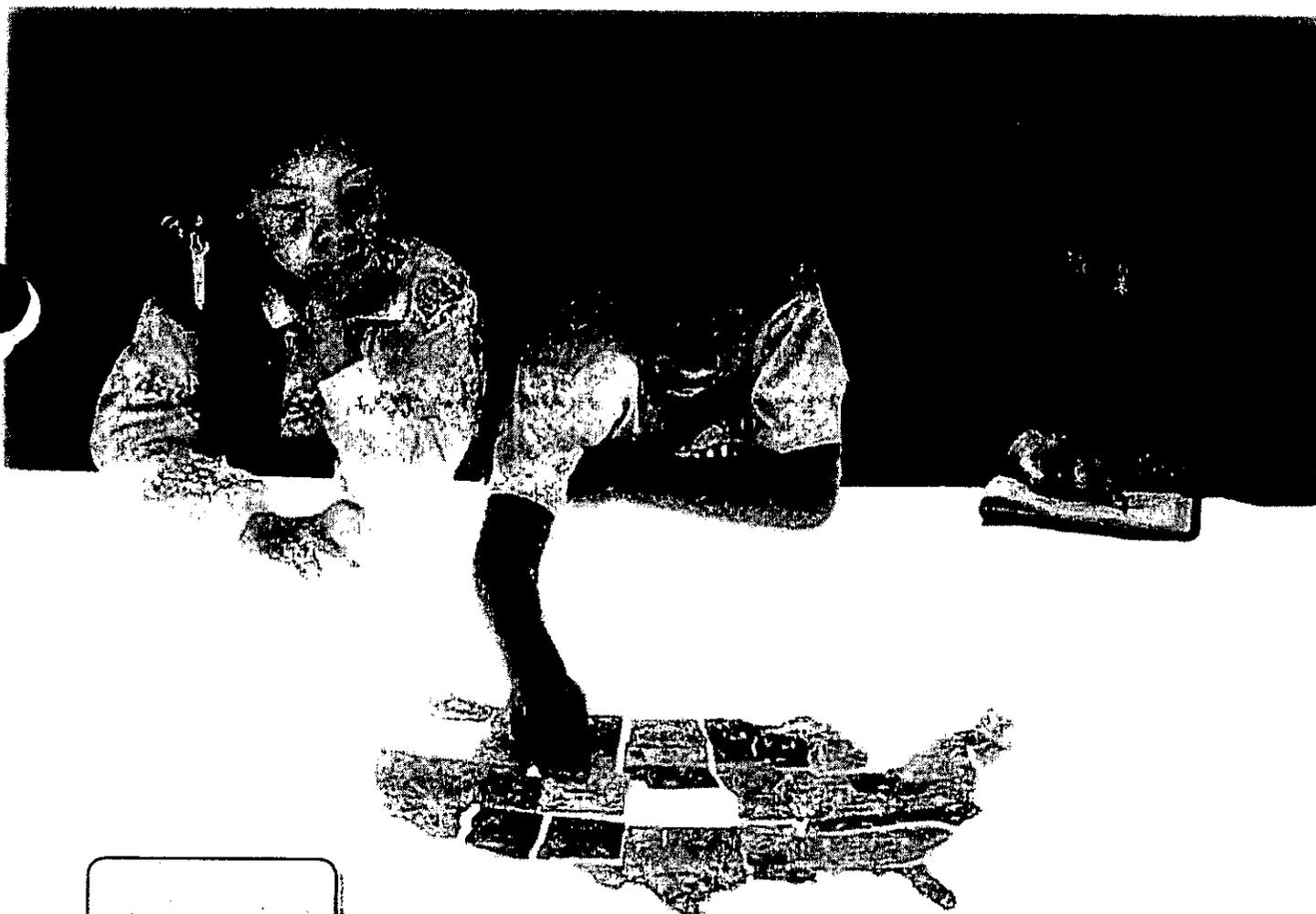
Education Watch

NORTH DAKOTA

Key Education Facts and Figures

Achievement, Attainment and Opportunity

From Elementary School through College



Prepared by the Education Trust, Inc.

Fall 2006

Hillman

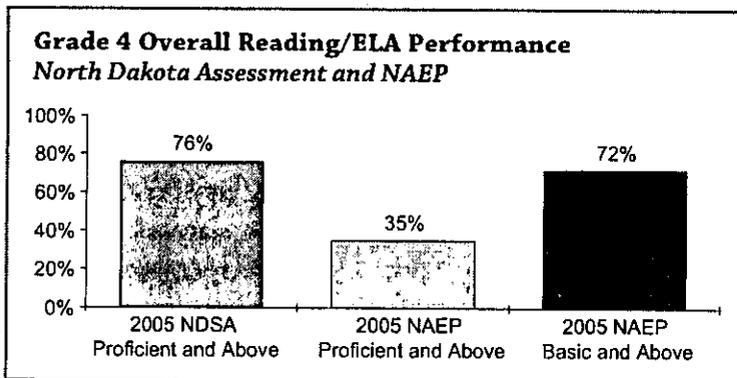
ACHIEVEMENT

North Dakota Elementary Reading Achievement

Perhaps the most important task of elementary schools is to teach students to read well. Strong reading skills are the key to later success both in school and in life.

The following charts compare your state's reading performance on the 2005 state assessment and National Assessment of Educational Progress (NAEP). Be aware that some states have changed their standards, assessments, or both since 2005. Readers should investigate the most recent state assessment data to get a complete picture of student achievement.

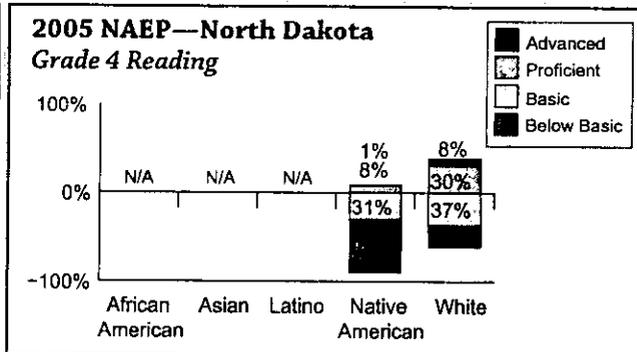
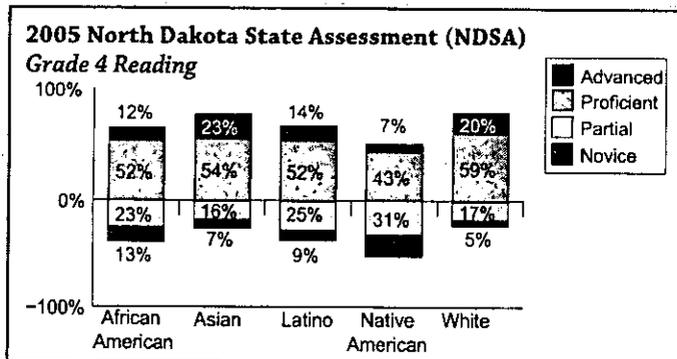
Are students proficient in reading?



The bar on the left shows the percentage of students scoring at or above the proficient level, or state equivalent, on the state's elementary reading/ELA assessment. The bar in the middle shows the percentage of your state's fourth-graders performing at or above proficient on the National Assessment of Educational Progress (NAEP) in reading. Comparing the two is one way to get some perspective on the level and rigor of the state's assessment. The bar on the right shows the percentage of your state's fourth-graders performing at least at the basic level on NAEP.

Do results vary by group?

It's also important to look underneath overall averages to see how different groups of students are performing. By looking at achievement data by group, states can draw attention to the students who need the most help. The charts below show the distance each group has to go in order to reach the proficient level on the state assessment and on NAEP.



Is NAEP performance improving?

Grade 4 Reading

	NAEP Scale Score		Change from 2003-2005	
	2003	2005	State Change	Biggest Gainers
African American	N/A	N/A	N/A	9 (PA)
Asian	N/A	N/A	N/A	19 (MN)
Latino	N/A	N/A	N/A	10 (SC)
Native American	202	198	-4	8 (NM)
White	224	228	4	5 (TX)
All	222	225	3	4 (ID, LA, NM, PA, TX)

This table shows the amount of progress your state made on NAEP with each group of fourth-graders. The last column shows the amount of progress made by the biggest gaining state for that group over the same period of time. How does your state compare?

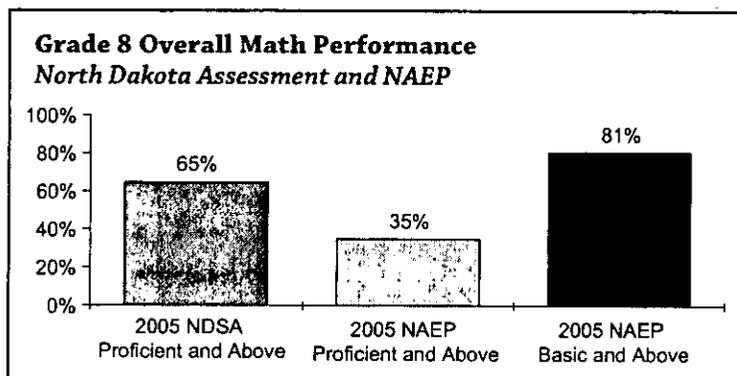


North Dakota Middle Grade Mathematics Achievement

To survive in our information society, all Americans need a solid foundation in mathematics. Middle schools play a particularly central role in assuring that students have not only mastered basic computation, but are also developing the mathematical thinking and problem-solving skills that are so important in the mathematics courses they will take in high school.

As we showed with reading on the previous page, the following charts compare students' mathematics performance on the 2005 state assessment and National Assessment of Educational Progress (NAEP).

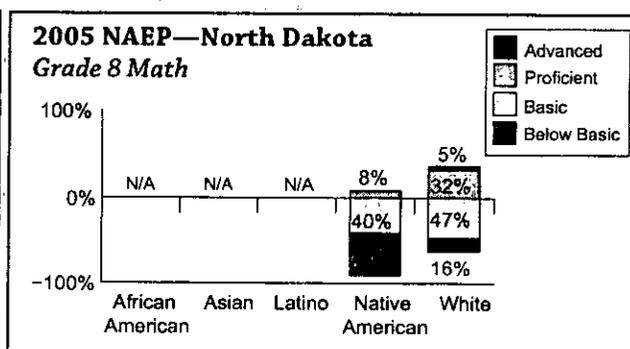
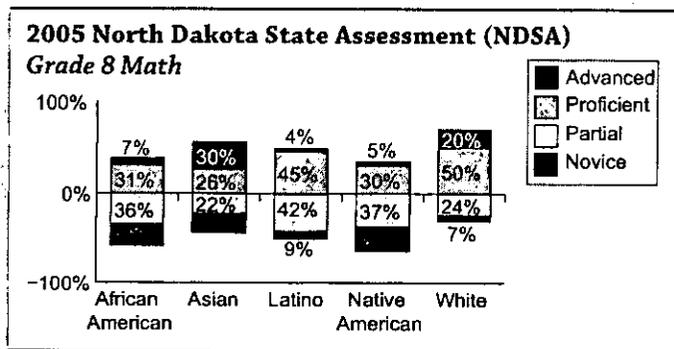
Are students proficient in mathematics?



The bar on the left shows the percentage of students scoring at or above the proficient level, or the state equivalent, on the state's middle grades mathematics assessment. The bar in the middle shows the percentage of your state's eighth-graders performing at or above proficient on the National Assessment of Educational Progress (NAEP) in mathematics. Comparing the two is one way to get some perspective on the level and rigor of the state's assessment. The bar on the right shows the percentage of your state's eighth-graders performing at least at the basic level on NAEP.

Do results vary by group?

It's also important to look underneath overall averages to see how different groups of students are performing. By looking at achievement data by group, states can draw attention to the students who need the most help. The charts below show the distance each group has to go in order to reach the proficient level on the state assessment and on NAEP.



Is NAEP performance improving?

Grade 8 Mathematics

	NAEP Scale Score		Change from 2000-2005	
	2000	2005	State Change	Biggest Gainers
African American	N/A	N/A	N/A	17 (AZ)
Asian	N/A	N/A	N/A	22 (MA)
Latino	N/A	N/A	N/A	19 (MA, NE)
Native American	243	261	18	18 (ND)
White	285	290	5	17 (DC, SC)
All	282	287	5	16 (SC)

This table shows the amount of progress the state made with each group of eighth-graders on NAEP. The last column shows the amount of progress made by the biggest gaining state for that group over the same period of time. How does your state compare?



ACHIEVEMENT

How Does North Dakota Achievement Compare?

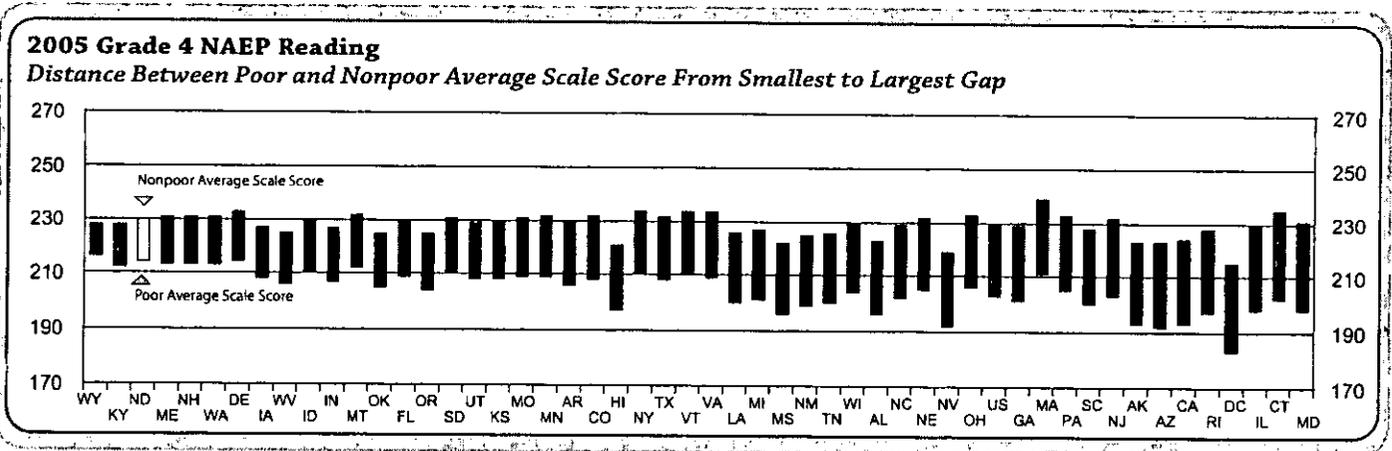
NAEP Grade 4 Reading

The win-win pattern most state residents will want to see is rising student achievement combined with narrowing gaps between student groups. On these pages, we show where your state is in meeting this twofold goal with respect to low-income students.

Readers should note that progress on one part of the goal does not necessarily mean progress on the other. For example, a state can have a narrow achievement gap between poor and nonpoor students, but the achievement levels of both groups are low. Likewise, low-income achievement can be high relative to other states, but low in relation to nonpoor achievement in their own state, leaving a large gap. The best situation is progress on both fronts.

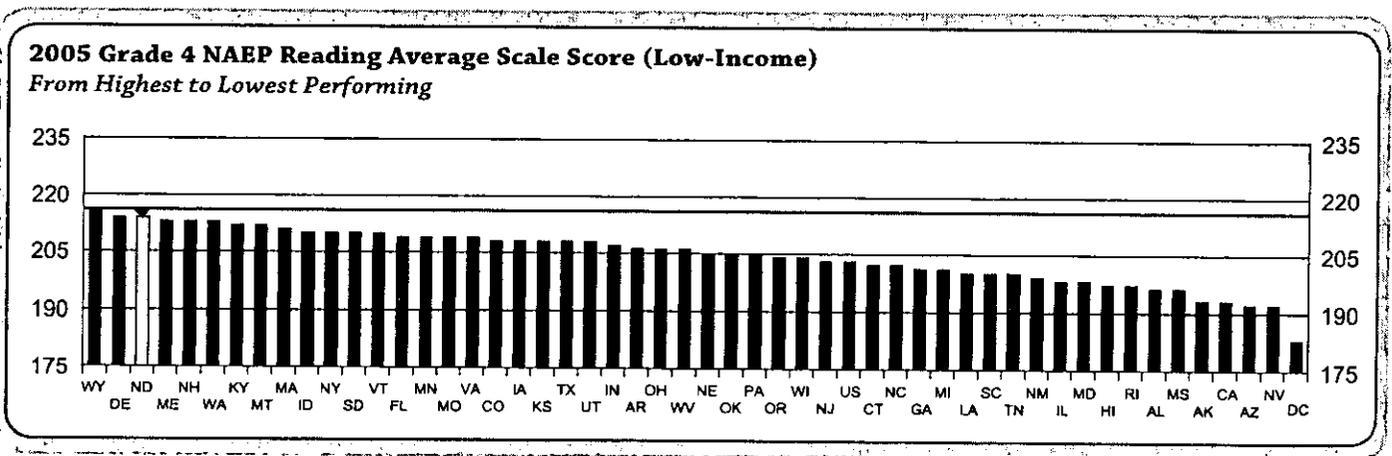
How does your state's gap between poor and nonpoor students compare?

The chart below shows the reading achievement gap between your state's poor and nonpoor students on NAEP. The top of each bar represents the average scale score for nonpoor students and the bottom is that for low-income students.



How do low-income scores in your state compare?

Some states are far more successful teaching low-income students than others. The following chart shows the average scale scores of low-income fourth-graders across states.



Questions to think about: How does the performance of this group of students in your state compare across states? How does the gap size compare across states?



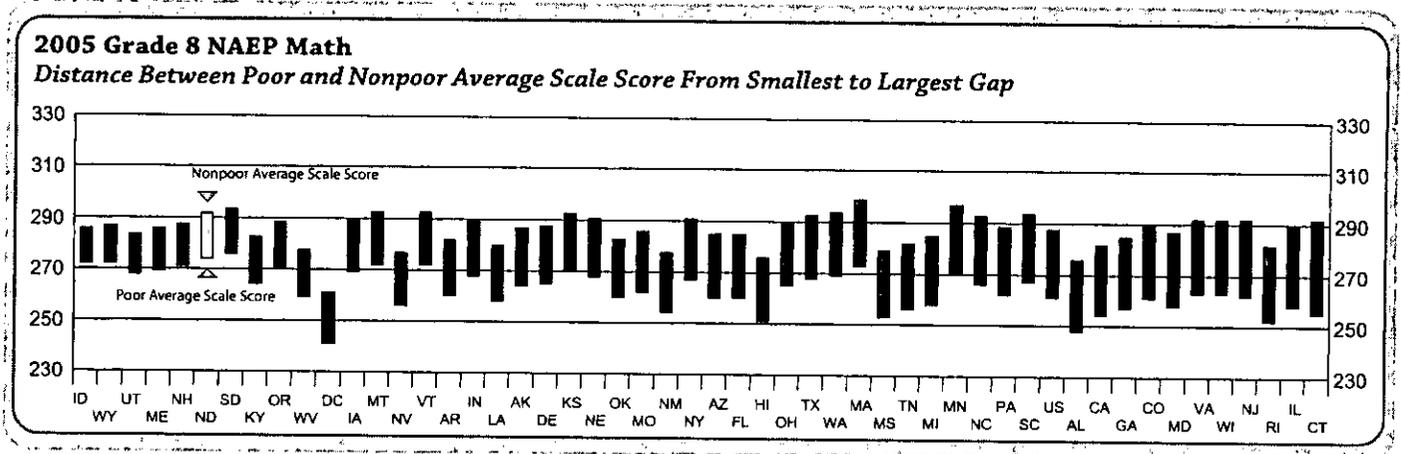
How Does North Dakota Achievement Compare?

NAEP Grade 8 Mathematics

These charts examine the achievement of low-income students.

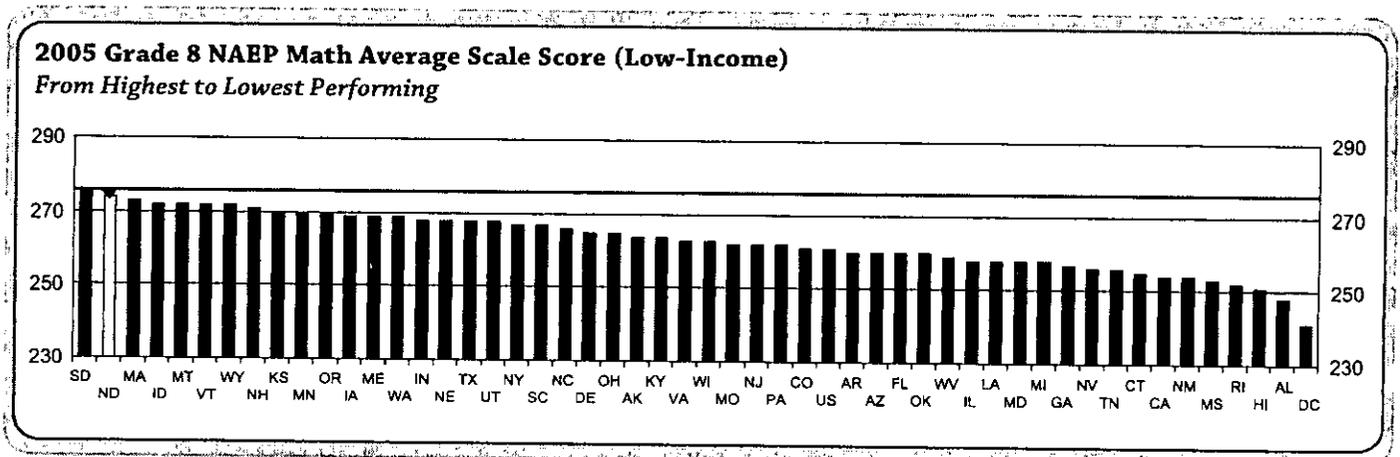
How does your state's gap between poor and nonpoor students compare?

The chart below shows the mathematics achievement gap between your state's poor and nonpoor students on NAEP. The top of each bar represents the average scale score for nonpoor students and the bottom is that for low-income students.



How do low-income scores in your state compare?

Some states are far more successful teaching low-income students than others. The following chart shows the average scale scores of low-income eighth-graders across states.



Questions to think about: How does the performance of this group of students in your state compare across states? How does the gap size compare across states?



In earlier times, young people with weak reading and math skills could still find good jobs if they were willing to work hard. Now a high school diploma is the bare minimum for young people. Most will also want at least some postsecondary education or training in order to succeed in today's marketplace.

Student Demographics, 2005

Population and enrollments: These data offer a picture of the student population in this state. Comparing the demographic distribution of students across each educational level shows what happens to children as they journey through the education system. Significant differences should raise questions about equity.

	Population, age 5-24	Public K-12	Two-Year Colleges	Four-Year Colleges
African American	1%	1%	1%	2%
Asian	1%	1%	1%	1%
Latino	2%	2%	1%	1%
Native American	7%	8%	12%	6%
White	87%	87%	83%	87%
Other	2%	N/A	2%	3%
Number	196,409	100,513	14,418	37,740

* Census 2000, Most recent data.

Participation and Success in Advanced Placement, 2005

Composition of AP test takers: Students take Advanced Placement (AP) exams after completing year-long AP courses, typically among the highest level offered in high schools. In a system where all students have equal access to these opportunities, the percentage of test-takers by race and ethnicity would be proportional to their representation in public K-12 enrollment.

Who Takes AP Tests?

Example: Of all AP test takers, this proportion were African Americans.

	Public K-12 Enrollment	Calculus AB	English Language and Composition	Biology
African American	1%	1%	0%	1%
Asian	1%	6%	5%	9%
Latino	2%	1%	1%	0%
Native American	8%	0%	0%	0%
White	87%	92%	95%	91%
Number	100,513	155	130	161

Success rates of AP test takers: While AP test taking offers a picture of access to AP coursework, relative achievement on these exams is an important measure of student/teacher preparedness. Huge variability in the proportion of test takers that earn a 3 or greater should raise questions about the quality of instruction or educational resources provided in courses labeled Advanced Placement.

Who Scores a 3, 4, or 5?

Example: Of all African Americans who took the AP Calculus exam, this percent scored a 3, 4 or 5.

	Calculus AB	English Language and Composition	Biology
African American	N/A	N/A	N/A
Asian	N/A	N/A	N/A
Latino	N/A	N/A	N/A
Native American	N/A	N/A	N/A
White	78%	67%	60%
Overall	79%	68%	62%



North Dakota High School and College Success

Who makes it through high school?

On-Time High School Graduation Rates, 2003

African American	N/A
Asian	N/A
Latino	28%
Native American	N/A
White	85%
Overall	83%

The high school diploma represents a basic certification of knowledge and skills. This table shows the probability that a student in the ninth grade will complete high school on time with a regular diploma.

Who makes it through college?

For young people today good jobs increasingly require at least some postsecondary training with the greatest advantage going to those with a B.A. or better. In the last decade, college-going rates skyrocketed. Below we offer several indicators of post-secondary trends in your state compared to the performance of the top states on each indicator.

Participation and Persistence in Postsecondary

	North Dakota	Top States*
H.S. freshmen enrolling in any U.S. college w/in 4 years, 2002	62%	53%
1st year community college students returning their 2nd year, 2004	48%	62%
Freshmen at 4 year colleges returning their sophomore year, 2004	71%	82%
First-time full-time freshmen completing a BA within 6 years, 2005	50%	67%

* Top States = Median of Top 5 Performing States

In order to determine equity in attainment rates, we provide official six-year graduation rates for students in your state's largest public university. We also provide 4- and 6-year college-graduation rates statewide. Taken together, these indicators should paint a fairly representative picture of who makes it through college.

6-Year Graduation Rates at Largest State University, 2005

(first-time, full-time freshmen, fall 1999)

University Of North Dakota - Main Campus	
African American	23%
Asian	50%
Latino	39%
Native American	22%
White	57%
Overall	56%

4- and 6-Year College-Graduation Rates Statewide, 2003 and 2005

(first-time, full-time freshmen, fall 1999)

	4 Years	6 Years
African American	7%	27%
Asian	20%	55%
Latino	23%	31%
White	22%	51%
Other	24%	42%
Overall	22%	50%



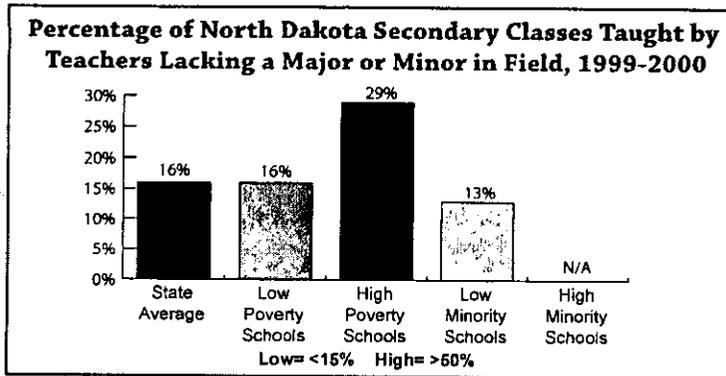
Differences in achievement and attainment between groups of students are often rooted in differences in the availability of educational resources. To begin to understand achievement gaps between groups of students, states and districts should look at the distribution of qualified teachers, challenging curricula, and funds.

Qualified Teachers

Who teaches whom?

Research is very clear: Good teachers make good schools. Students who get several effective teachers in a row will soar no matter what their family backgrounds, while students who have even two ineffective teachers in a row rarely recover.

Under the No Child Left Behind Act (NCLB), every state and school district must make sure that low-income students have their fair share of qualified and experienced teachers. Readers should investigate their state's plan for doing this.



This chart shows one measure of the distribution of teacher talent in this state. According to national survey data, about 1 in 4 of all secondary classrooms are taught by teachers lacking either a major or minor in the subject area. Classrooms in high-poverty schools and high-minority schools are far more likely than those in low-poverty or low-minority schools to be taught by teachers out of their field of expertise.

Challenging Curriculum

Employers have joined higher education in the demand for individuals with high-level knowledge and skills. All students need a rigorous curriculum in order to be prepared for success whether they choose college or work after high school. Yet too few students have the opportunity to gain these skills through rigorous math and science courses.

High Level Course-Taking, 2004

Course-taking is an indicator of the amount of access students have to challenging subject matter. States should examine differences in access for different student groups.

	North Dakota	Top States*
8th graders taking Algebra	16%	35%
9th-12th graders taking at least 1 upper-level math course	53%	64%
9th-12th graders taking at least 1 upper-level science course	34%	40%

* Top States = Median of Top 5 Performing States



Opportunity Gaps in North Dakota

Special student placements, 2002

School programs vary a great deal in their level of curriculum and instruction. If there is equity in placements, the number of Latino students, for example, placed in gifted and talented programs should be proportional to Latinos enrolled in K-12. Although suspensions are not precisely an academic program, we include data about them because too often they represent a placement out of the system altogether.

Example for reading this chart: Of all students enrolled in gifted and talented programs in your state, this proportion were African Americans.

	% Public K-12 Enrollment	% Gifted and Talented	% Special Education	% Suspensions
African American	1%	2%	2%	3%
Asian	1%	3%	0%	1%
Latino	1%	2%	1%	2%
Native American	9%	17%	19%	31%
White	88%	77%	78%	64%

Investments

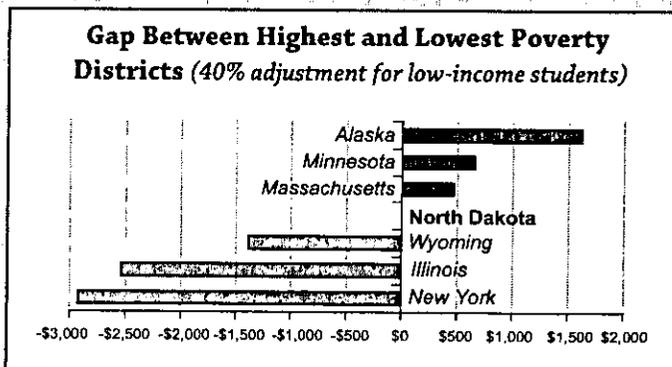
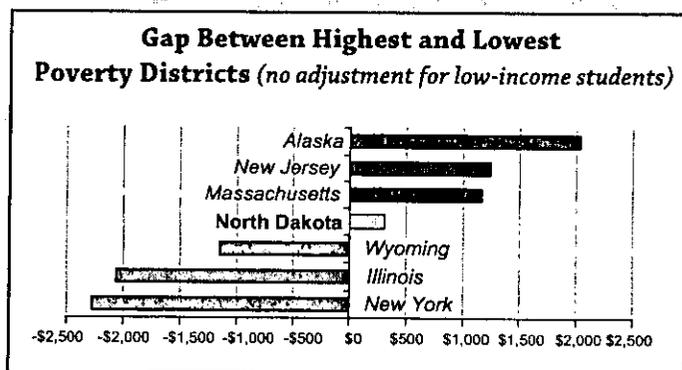
Funding Gaps: Education Dollars by District Poverty Enrollment, 2003

Many states spend considerably less money, in terms of state and local resources, on the education of poor children than they do on other children.

The chart on the left shows the dollar difference between per-student funding in high- and low-poverty districts in your state. Some states, like Illinois, have funding gaps of more than \$2,000 per student. Other states, like Massachusetts, actually provide more resources to high-poverty districts.

Your state does not have a funding gap in absolute dollars.

These absolute numbers, however, underestimate the relative inequity poor students face. It is generally accepted that poor children need more support to reach the same standards as their more advantaged peers. The chart on the right shows the dollar difference between high- and low-poverty districts using a 40% adjustment for low-income students. This adjusted measure gives a more accurate comparison of the relative capacity of different districts to effectively serve their students.



College Affordability Gaps, 2005

College costs often discourage students with limited means from seeking further education. States can lessen this problem by targeting their aid dollars to low-income students and by providing affordable colleges within the reach of low-income families.

	North Dakota	Top States*
Amount state provides to low-income students for every \$1 of federal Pell grants	\$0.04	\$0.82
Share of income that poorest families need to pay for tuition at lowest priced colleges	25%	7%

* Top States = Median of Top 5 Performing States

Online Data Resources from the Education Trust

These easy-to-use, fully interactive online data tools are available on our website at www.edtrust.org:

Education Watch Online

EdWatch Online, our state and national data site, allows users to compare student achievement and opportunity data across states and for the nation.

Dispelling the Myth Online

Dispelling the Myth Online allows users to mine school-level achievement data in almost every state. This tool allows you to use the demographic and performance criteria of your choice to conduct searches for high-performing or high-improving schools serving large proportions of low-income and minority students.

College Results Online

College Results Online provides graduation rates for all four-year public or private non-profit colleges and universities in the country. Users can see how the graduation rate of a selected institution compares to those of other similar institutions. Users can also see graduation rates broken down by students' race, ethnicity, and gender within a single institution and how overall graduation rates at individual colleges and universities have increased or declined over time.



The Education Trust was created to promote high academic achievement for all students at all levels, pre-kindergarten through college. While we know that all institutions could better serve their students, our work focuses on the schools and colleges most often left behind in efforts to improve education: those serving Latino, African American, Native American and low-income families.



Achievement

Pages 2-3

- **National Assessment of Educational Progress (NAEP), 2005**
National Center for Education Statistics, NAEP Data Explorer.
<http://nces.ed.gov/nationsreportcard/nde/>

Notes:

- NAEP data are not reported for racial/ethnic groups where the sample size is too small for a reliable estimate.
- NAEP scale score changes may not be statistically significant.
- **State Assessments, 2005**
Data collected from state department of education Websites except for Hawaii, Maine, and Nebraska. Data from these states are from the Consolidated State Performance Report for 2004-05, submitted to the U.S. Department of Education on March 6, 2006.

Pages 4-5

- **National Assessment of Educational Progress (NAEP), 2005**
National Center for Education Statistics, NAEP Data Explorer.
<http://nces.ed.gov/nationsreportcard/nde/>

Notes:

- In NAEP family income cross-state graphs, low-income status is defined as eligibility for the federal free or reduced-price lunch program.
- In all NAEP cross-state graphs, states that share the same gap size or average scale score are ordered alphabetically.

Attainment

Page 6

- **Population, Age 5-24, 2000**

U.S. Census, American Fact Finder, 2000. <http://www.census.gov>

Note:

- Population percentages are for 2000, the most recent year available, while public K-12, two-year college, and six-year college enrollment percentages are for 2004-05, so caution should be used when making direct comparisons.
 - **Public K-12 Enrollment, 2005**
National Center for Education Statistics, Common Core of Data.
<http://nces.ed.gov/ccd/>
- Notes:
- K-12 enrollment percentages are for the 2004-05 school year for all states and the District of Columbia, except for Nevada. The 2004-05 data were not available for Nevada, so 2003-04 data is used instead.
 - K-12 enrollment racial distribution is based on the sum of African-American, Asian, Latino, Native American, and White students in the state. Unlike population age 5-24, two-year college enrollment, and four-year-college enrollment, K-12 enrollment does not have an 'Other' category.
 - **Two- and Four-Year College Enrollment, 2005**
Ed Trust analysis of data from the National Center for Education Statistics, Integrated Postsecondary Education Data System.
<http://nces.ed.gov/ipeds/>
 - **Participation and Success in Advanced Placement, 2005**
The College Board, AP Summary Reports, 2005. http://collegeboard.com/student/testing/ap/exgrd_sum/2005.html
- Note:
- AP data do not include data for students whose racial/ethnic identification is 'Not Stated' or 'Other.'

Attainment (continued)

Page 7

- **On-Time High School Graduation Rates, 2003**
Education Week, Diplomas Count: An Essential Guide to Graduation Policy and Rates, June 2006.

Note:

- The on-time graduation rates are based on the Cumulative Promotion Index (CPI) method, which estimates the probability that a student in the 9th grade will complete high school on time with a regular diploma. For more information on the CPI calculation, see Diplomas Count.
 - **High School Freshmen Enrolling in any U.S. College within 4 Years, 2002;** and
 - **1st Year Community College Students Returning their Second Year, 2004;** and
 - **Freshmen at 4-Year Colleges Returning their Sophomore Year, 2004**
National Center for Public Policy and Higher Education, Measuring Up, 2006. <http://measuringup.highereducation.org/>
- Note:
- Top states defined as the median value of the five highest-performing states in each indicator.
 - **First-Time, Full-Time Freshmen Completing a B.A. within 6 Years, 2005;** and
 - **6-Year Graduation Rates at Largest State University, 2005;** and
 - **4- and 6-Year College-Graduation Rates Statewide, 2003 and 2005**
Ed Trust analysis of data from the National Center for Education Statistics, Integrated Postsecondary Education Data System, Graduation Rate Survey. <http://nces.ed.gov/ipeds/>

Notes:

- 6-year percentages represent the proportion of students who enrolled as first-time, full-time bachelor's degree-seeking freshmen in the Fall of 1999 and received a bachelor's degree from the same institution on or before August 31st 2005.
- 4-year percentages represent the proportion of students who enrolled as first-time, full-time bachelor's degree-seeking freshmen in the Fall of 1999 and received a bachelor's degree from the same institution on or before August 31st 2003.
- For more information on 4- and 6-year graduation rates at 4-year colleges, including comparisons of graduation rates among similar institutions, see <http://www.collegeresults.org>.

Opportunity

Page 8

- **Who Teaches Whom?**

National Center for Education Statistics, 1999-2000 Schools and Staffing Survey. Calculations by Richard Ingersoll, University of Pennsylvania, published in *The Education Trust, All Talk No Action: Putting an End to Out-of-Field Teaching*, August 2002. <http://www.edtrust.org>

Note:

- Teacher distribution data refers to core academic subjects in grades 7-12.
 - **High Level Course Taking, 2004**
National Center for Public Policy and Higher Education, Measuring Up, 2006. <http://measuringup.highereducation.org/>
- Note:
- Top states defined as the median value of the five highest-performing states in each indicator.



DATA SOURCES AND NOTES

Opportunity (continued)

Page 9

• **Special Student Placements, 2002**

U.S. Department of Education, Office for Civil Rights, 2003
Elementary and Secondary School Survey. <http://vistademo.beyond2020.com/ocr2002r/wdsdata.html>

Notes:

- Public K-12 enrollment percentages reported here are for 2002 as opposed to the 2005 K-12 enrollment data presented elsewhere in this report. This is in order to provide the most consistent comparison with the special student placement percentages, for which 2002 data is the most recent available.
- Special education percentages are based on the number of students identified as having specific learning disabilities, mental retardation, and serious emotional disturbance.

• **Funding Gaps, 2003**

Ed Trust analysis of district-level state and local revenue data for the 2002-03 school year collected by the National Center for Education Statistics and the U.S. Census Bureau. Data published in *The Education Trust, The Funding Gap 2005: Low-Income and Minority Students Shortchanged by Most States*. For a more detailed explanation of the methodology used to calculate state funding gaps, see *The Education Trust, The Funding Gap 2005 Technical Appendix*. <http://www.edtrust.org>

Page 10

• **Amount State Provides to Low-income Students for Every \$1 of Federal Pell Grants, 2005**

Ed Trust calculations based on state need-based aid awards from the National Association of State Student Grant and Aid Programs' 36th Annual Survey Report on State-Sponsored Student Financial Aid for the 2004-2005 Academic Year and total Pell Grant expenditures from the U.S. Department of Education 2004-2005 Federal Pell Grant Program End-of-Year Report.

Note:

- Top states defined as the median value of the five highest-performing states in each indicator.

• **Share of Income that Poorest Families Need to Pay for Tuition at Lowest Priced Colleges**

National Center for Public Policy and Higher Education, *Measuring Up*, 2006. <http://measuringup.highereducation.org/>

Note:

- Top states defined as the median value of the five highest-performing states in each indicator.



Education: The State We're In

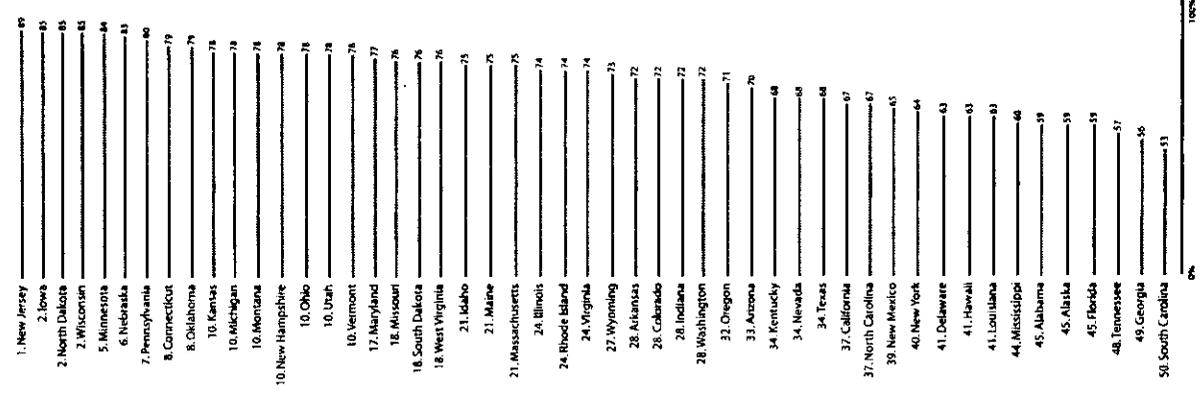
The link between high school and post-secondary education is weak

For the last 50 years, high-school graduation has been the ultimate educational goal for most American students. However, in today's global, technology- and information-driven society, a high-school diploma is no longer sufficient for achieving the American dream of a middle-class lifestyle. Our global society and economy demand many more employees with knowledge and skill sets beyond those typically learned in high school, and a college or post-secondary vocational credential is often necessary to prove that students have developed such abilities. Unfortunately, in a world where higher education is increasingly essential, too few students even meet the baseline requirements for high-school graduation. Further, many of those who do graduate are not academically prepared for post-secondary opportunities, do not enroll in post-secondary education, and do not earn a college diploma or a post-secondary vocational credential of any kind.

Nationally, the high-school graduation rate is approximately 70%.¹ Among minorities, the graduation rate is significantly lower. Approximately 56% of African-Americans and 52% of Latinos graduate from high school, compared to 78% of whites.² Completion of a high-school diploma has a huge impact on one's employment status and income; among all education levels, unemployment rates are the highest (8.8%)³ and average annual earnings are the lowest (less than \$19,000)⁴ for those who lack a high-school diploma. States vary widely in the degree to which they are succeeding in graduating students from high school. The best high-school graduation rates are in New Jersey (89%), Iowa (85%), North Dakota (85%) and Wisconsin (85%). In contrast, the nation's lowest high-school graduation rates are found in Georgia (56%) and South Carolina (53%).

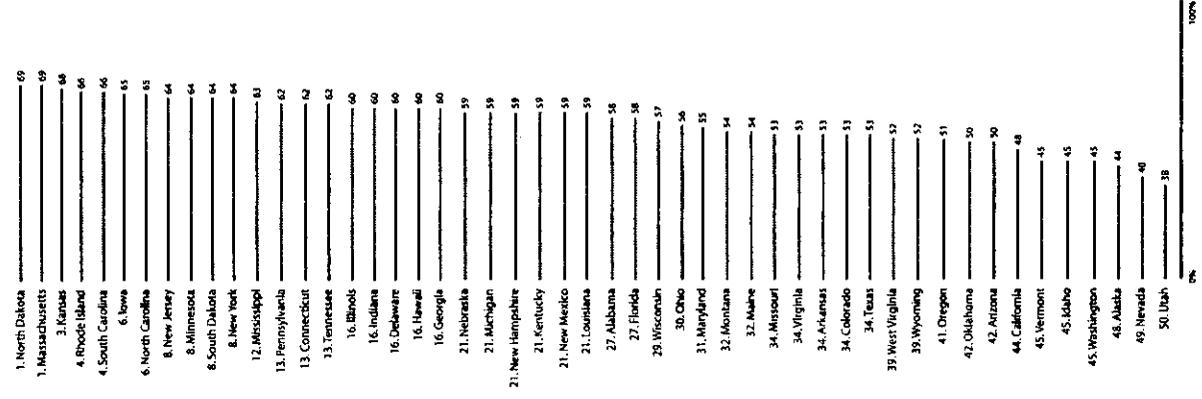
Among the students who do graduate from high school, only 57% enroll directly in college.⁵ Although the percent of high-school graduates with college-ready skills⁶ has increased over time, it remains shockingly low at just 34%.⁷ These students who are under-prepared for college must often take additional coursework to make up for what they did not learn in high school. Analyses of student transcripts reveal that

High School Graduation Rate (2002)



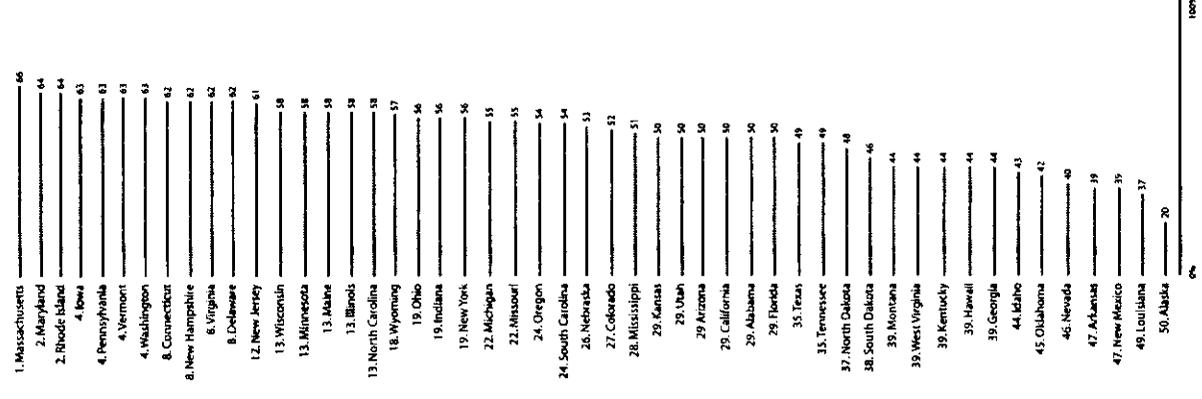
Sources: Jay Greene and Marcus A. Winters, *Public High School Graduation and College Readiness Rates: 1991-2002* (New York, NY: Manhattan Institute for Policy Research, 2005).

College Enrollment Rate (2002)



Sources: Committees for Economic Development, *Cracks in the Education Pipeline: A Business Leader's Guide to Higher Education Reform* (Washington, DC: May 2005).

College Graduation Rate (2003)



Sources: Committees for Economic Development, *Cracks in the Education Pipeline: A Business Leader's Guide to Higher Education Reform* (Washington, DC: May 2005).

Hillman

half (53%) of all college students take at least one remedial English or math class during their college career.⁸

Lack of academic preparation, inability to pay for a full college experience, and economic pressures to seek full-time employment prevent many students from completing a post-secondary program and receiving credentialing. Across the states, little more than half of all college freshmen actually receive a bachelor's degree within six years.⁹ Massachusetts, Maryland and Rhode Island have the highest college graduation rates with 66%, 64% and 64%, respectively. Those states with the lowest college graduation rates are New Mexico (39%), Louisiana (37%) and Alaska (20%). Of the six in 10 high school graduates who enroll in college immediately after high school, only three will earn a college degree.

Renewing Our Schools, Securing Our Future: A National Task Force on Public Education addresses the leaky pipeline between high school enrollment and college completion by calling for more rigorous high-school coursework, three alternative pathways for the senior year of high school, and enhanced financial aid to help students better afford college.

- Elena Rocha

¹ Greene, Jay P. and Marcus Winters. *Public High School Graduation and College-Readiness Rates: 1991-2002*, (New York, NY: The Manhattan Institute, Feb. 2005).

² *Ibid.*

³ Occupational Outlook Quarterly, *More Education: Lower Unemployment, Higher Pay*, (Washington, DC: Bureau of Labor Statistics, Fall 2004). Available at: <http://www.bls.gov/opus/ooq/2004/fall/oochart.pdf>.

⁴ U.S. Census Bureau, *Educational Attainment in the United States: 2004, Table 9, 2005*. www.census.gov/population/www/socdemo/education/cps2004.html.

⁵ Committee for Economic Development, *Cracks in the Education Pipeline: A Business Leader's Guide to Higher Education Reform*, (Washington, DC: May 2005).

⁶ College readiness was calculated based on attainment of a regular high school degree, completion of a minimum set of course requirements, and ability to read at a basic level. See footnote 1 for more information.

⁷ Greene, Jay P. and Marcus Winters. *Public High School Graduation and College-Readiness Rates: 1991-2002*, (New York, NY: The Manhattan Institute, Feb. 2005).

⁸ American Diploma Project, *Ready or Not: Creating a High-School Diploma That Counts*, (Washington, DC: Achieve, Inc., 2004). Available at: [http://www.achieve.org/dstore/nsf/lookup/ADPreport/\\$file/ADPreport.pdf](http://www.achieve.org/dstore/nsf/lookup/ADPreport/$file/ADPreport.pdf)

⁹ Committee for Economic Development, *Cracks in the Education Pipeline: A Business Leader's Guide to Higher Education Reform*, (Washington, DC: May 2005).

College Readiness Rates, 2002



College Readiness

College Readiness is 40-45%
 College Readiness is 35-39%
 College Readiness is 30-34%
 College Readiness is 27-29%

Source: Jay Greene and Marcus A. Winters, *Public High School Graduation and College Readiness Rates: 1991-2002* (New York, NY: Manhattan Institute for Policy Research, 2005).

1. New Jersey	45	25. Minnesota	33
2. Pennsylvania	41	25. Nebraska	33
2. West Virginia	41	25. Oregon	33
4. Connecticut	40	25. Arizona	33
4. New Hampshire	40	25. Mississippi	33
4. Virginia	40	25. Florida	33
4. Arkansas	40	32. Nevada	32
8. Vermont	39	32. Texas	32
8. Maryland	39	32. California	32
10. Maine	38	32. New York	32
10. Massachusetts	38	32. Delaware	32
12. Oklahoma	37	32. Alabama	32
12. Utah	37	38. Kansas	31
12. Rhode Island	37	38. Michigan	31
12. Kentucky	37	38. Ohio	31
12. North Carolina	37	38. Tennessee	31
17. Montana	36	38. Georgia	31
18. Idaho	35	43. Missouri	30
18. Louisiana	35	43. South Dakota	30
20. Iowa	34	43. New Mexico	30
20. Wisconsin	34	43. Hawaii	30
20. Wyoming	34	47. Illinois	29
20. Colorado	34	47. South Carolina	29
20. Washington	34	49. Indiana	28
25. North Dakota	33	50. Alaska	27

Algebra I. Algebr
Biology. Chemis
Communications
Data Analysis. Ec
Environmental S
Foreign Language
Geometry. Liter
Logic. Reasonin



THE EXPECTATIONS GAP

A 50-STATE REVIEW OF HIGH SCHOOL
GRADUATION REQUIREMENTS

Contact State library for help in
obtaining a copy

World History. Wr
Algebra II. Biolo
Chemistry. Com
Economics. Envi
Science. Foreign
Literature. Logi
U.S. History. Wor
History. Writing. A
Reasoning. Che

Hillman

✓

Statement of Dennis Hill
Executive vice president, N.D. Association of RECs
On behalf of the private sector members of the Roundtable on
Higher Education
RE: SB 2347, before the Senate Education Committee
Jan. 30, 2007

*Same
given to
Senate
appropriations*

Mr. Chairman and members of the committee,

I have been a private sector representative on the Roundtable on Higher Education since it was formed in 1999. I appear before you today in that capacity.

Having been to nearly every meeting of the Roundtable, I know I speak for the private sector representatives of the Roundtable when I say we are supportive of the goals and concepts outlined in SB 2347—The North Dakota Promise Proposal.

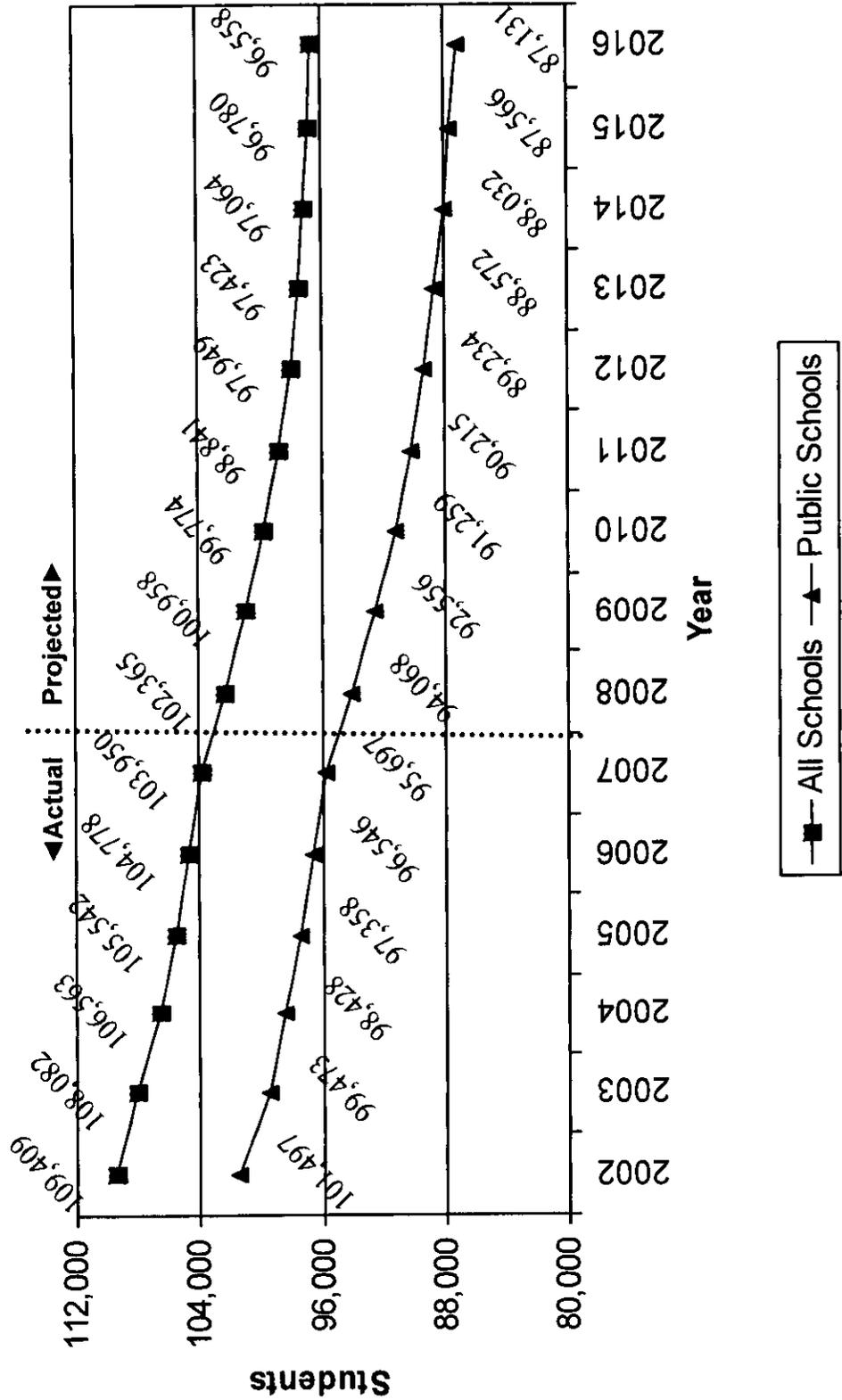
All across the private sector in North Dakota these days, the discussion is about human resources. We are all trying to answer the question: Where are we going to find the best people to fill the positions that are currently available or soon to be available as a wave of baby boomers prepares for retirement in the next decade?

SB 2347 would definitely help us find those persons here at home. It would create the kinds of incentives to keep our best and brightest students in the North Dakota University System, where employers of all types would have the best chance to recruit them for a North Dakota position.

As Sen. Grindberg points out, SB2347 is a work in progress. I would encourage members of this committee to go about this work with the vision of having created a masterpiece when the work is done. The task is that important.



ND K-12 Enrollment: Actual & Projected
 NORTH DAKOTA DEPARTMENT OF PUBLIC INSTRUCTION
 OFFICE OF SCHOOL FINANCE AND ORGANIZATION



✓

My name is Kate Haugen, and I am the Associate Vice President for Student Affairs at NDSU.

I am pleased to have the opportunity to speak in support of SB 2347. This proposal for a program to provide a substantial portion of tuition for ND students at ND colleges and universities is important and will help in the overall stability of our state's institutions of higher education and, in turn, help ensure the stability of the entire state.

The state of ND, relative to other states, is lagging behind in its support for students at the postsecondary level. Our need based state grant, in existence since 1973, has lost ground in the amount of funding received over the past 30 years, and ND ranks 45th in total state grant dollars per population. In addition, the state scholars program, which is not need based, serves only 20-30 new students each year. Other states, including Minnesota, Montana, Michigan, and Wyoming, are already far ahead of ND in state funding for their residents, and are proposing even greater incentives.

With the high school age population in ND projected to continue to decline over the next ten years, it is important that we put in place incentives for students to remain in the state, and pursue post secondary education here at home. The state's need for strong human capital can start at the college level, with preparation of people with the skills and knowledge needed to fill positions to maintain North Dakota's vitality. The economic impact of strong enrollments at our colleges and universities, as well as efforts to retain these graduates to work in the state, is enormous.

Affordable access to higher education is being threatened for North Dakota residents. Even though ND tuition is lower than some surrounding states, debt for our students continues to increase. Substantiating the current limited funding resources from the state, a recent report on student debt shows a grim picture for ND. For the class of 2005, ND ranks second in the nation, with an average debt of \$22,000 for graduates from

four year institutions. Increased and sustained state funding for students pursuing higher education in North Dakota is imperative to ensure a strong future for the state.

While there are specifics of this bill which I would like to discuss further for better implementation efficiency, there is no doubt that its intent to assist the students of our state in their educational goals is greatly needed and an appropriate use of state funds.

SB 2347 Presentation of
Danté Miller, Student Body President
North Dakota State University

Before the
Senate Education Committee,
Senator Layton W. Feborg, Chairman

Presented by Crystal Sistad, NDSU Student Government

Tuesday, January 30, 2007

Mr. Chairman, members of the Senate Education committee, thank you for allowing us time today to speak on the ND Promise Grant legislation. This legislation shows great vision for our state and is a true investment in our young people's future. First and foremost this legislation promises to be a large incentive for our children to attend one of our quality institutions of higher education. By attending an in-state college or university, they will be statistically more likely to reside in North Dakota after graduation than they would be if they attended college elsewhere. Therefore, this not only provides the financials necessary for our children to continue their education within our state, but it promises to help grow a supply of highly qualified people more likely to look for work within our state.

The rising cost of education has become a limiting factor in most students' decisions on which college to attend, and even in some cases whether or not to attend college. With this bill, we can get rid of that factor. We can help our families who want to be able to send their children on to college and a promise of a brighter future. Once attending college, students will no longer have to spend as much time making money to pay off the bills, but instead will be able to focus more on the important aspects of college life. First and foremost, academics. Less hours of work each week means the ability to take more

hours of academic class loads, shortening the amount of time students spend in college. Or, there's the possibility of getting more involved in organizations and internships that can provide the real-world experiences necessary for entry into any career in today's world. All in all, the promise of a student having most or all of their tuition subsidized will affect far more than just that person's decision of whether or not to go to college in this state, if at all. It will also have a profound affect on what that person is able to achieve once they get to college.

On behalf of the students of North Dakota State University, I urge the members of the Senate Education committee to send this Promise to the Senate floor with a unanimous DO PASS recommendation. If at any time you have questions for me, please feel free to contact me with the information Crystal provides to you. Thank you for your time.

NDSU NORTH DAKOTA STATE UNIVERSITY

Office of Student Government

124 Memorial Union
Fr 7 58105

76. 5460 (office)
701.367.1797 (cell)

Crystal.Sistad@ndsu.edu
www.ndsu.edu/bisonweb



Crystal Sistad

*Executive Commissioner
of Government Relations
and Intercollegiate Affairs*

Mr. Chairman and members of the education committee, thank you for the work that you do for the State of North Dakota, and for your consideration of my testimony in favor of Senate Bill 2347.

For the record, my name is Brian Walters, and I am the President of the Greater Fargo Moorhead Economic Development Corporation.

As an economic development professional, a parent, and a citizen, I share Senator Grindberg's concern for the future, and his views on the strategies necessary to create opportunities for our citizens, and growth for our communities and State.

North Dakota's economy is very healthy by many measures but we should not ignore the challenges of today's times. In each passing year, the impact of a rapidly changing global economy is felt by more of North Dakota's businesses, workers, and students.

We are truly in defining times, and we are in the position to define our place, our position, within this global economy, or we can stand by and have it defined for us.

As the nation's knowledge and innovation economy continues to expand, the future of our State rests on your ability to establish policy that empowers our communities and residents to participate in this economy.

The future of our communities rests in our ability to work with our local, state, and federal officials to competitively position us to attract technology-oriented businesses that offer the type of salaries necessary to retain our youth, and to attract workers from other states.

And the well being of our children will depend on the job we do as parents, policy makers, and educators, in providing the level of education required to be employed and prosperous in tomorrow's economy.

For the past year, the Greater Fargo Moorhead EDC has been engaged in a strategic planning process to determine what we must do to position our community for continued growth. We have thrown out the old playbook of competing for cost-driven industry and are building current strategies based on technology-based site selection.

We have determined that we must invest in our institutions of higher education to build critical mass of academic and research capacity in targeted technology areas.

Our plan also recognizes the need to build on our quality k through 12 education system to expand excellence in math and science.

The proposed scholarship plan would create valuable student and parent interest and awareness of math and science education and career opportunities. North Dakota's Promise could also help our businesses compete for knowledge workers and families from around the country.

I belong to the group that believes the United States is in an economic war, and doing very little to fight back. Much has been written about the investments China and India are making in math and science, while we experience declining interest in this country. This obviously represents a strong threat to our national competitiveness, and to the economy our children will inherit.

It is a pleasure for me to participate in these discussions that will shape our economic future. North Dakota is capable, and well positioned, to be a leader math and science education reform. Our citizens and nation desperately need us to rise to the challenge.

Thank you once again for your time and consideration.

DEPARTMENT OF COMMERCE TESTIMONY ON SB 2347
JANUARY 30, 2007, 10:15 A.M.
SENATE EDUCATION COMMITTEE
MISSOURI RIVER ROOM
SENATOR FREBORG, CHAIRMAN

ND DEPARTMENT OF COMMERCE

Good morning, Mr. Chairman, and members of the committee. I am James Hirsch, Director of the Division of Workforce Development within the North Dakota Department of Commerce. I am here before you today to raise some concerns about the residency requirement in SB 2347.

At the Department of Commerce, our workforce attraction efforts are geared toward young families, many of which will have grade-school children.

In the past, many young people have left the state. However, while pursuing these opportunities and starting young families, they don't necessarily cut their ties with our state. We now have the opportunity to bring many of them home to the solid jobs that have been created through our dynamic economy.

We understand the intent of the bill may be to reward parents and families who choose to stay in North Dakota. However, there may be professional or business reasons why a family may leave the state for a time, and then return. This may even be because a North Dakota employer is requiring the move to further business interests.

We are suggesting the committee consider a way to accommodate a few years of departure and return in your bill, particularly if the children are in grade school at the time.

We do understand and support the idea that the children should, at least, have four years of high school in North Dakota before being eligible for the program. Perhaps even running from 7th grade through 12th grade for eligibility.

A provision that specifies the following in Section 1(1) would address our concerns:

"Is a resident of this state and has been a resident of the state for at least five of the nine school years the child was enrolled or was eligible to enroll in kindergarten through the eighth grade, and has further been a resident of this state continuously since the school year in which the student enrolled in ninth grade or was eligible to enroll in ninth grade."

This amendment would ensure that the child has been a resident for at least nine of the 13 years of schooling, with allowance for a temporary move out-of-state for no more than four years while the child is in grade school.

As an alternative, we believe it would fair, albeit more complex, to adjust the formula based on the number of years a child was a resident during the "school ages"—with full funding if

residency is met for all 13 years, and reduced funding in proportion to the period of time the child was not a resident, and running it down to zero if only one year was met.

You might even consider a "weighted" approach, with additional weight for the years closer to graduation.

If the North Dakota promise is available, even in a limited way, to those who return or move to North Dakota when children are young, the Department of Commerce would certainly use it in our current workforce attraction efforts. We understand that families with older children are harder to attract (more vested in the education system where they are at), and so we're spending less time trying to tailor a message to these "older" families.

From a practical standpoint, the residency requirement needs to be long enough for a child and family to feel "rooted" and "vested" in the state. And the state investment is certainly more solid with youth who are, in fact, "rooted" and "vested". But we also want to want to attract young families who choose to return or locate here because of our job creation efforts. As we've suggested, we think there some ways to balance these objectives.

3

**Testimony before Senate Appropriations Committee
On SB 2347**

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

February 7, 2007

Chairman Holmberg and members of the Senate Appropriations Committee, for the record, I am Eddie Dunn, Chancellor of the North Dakota University System. Thank you for the opportunity to provide testimony to your committee.

The SBHE supports SB 2347. Support of this bill is consistent with one of the central messages I am sure you have been hearing from business and community leaders, economic developers and from students, throughout this legislative session. That message is: The single most important factor that will determine the success of North Dakota will be its human capital – people with the knowledge and skills required to fill positions in the knowledge-based economy we are experiencing today.

Secondly, and a point that is clearly articulated in this bill, is the fact that the primary vehicle for attracting and developing that human capital is North Dakota's education system.

Futurist Edward Barlow, got at the heart of the issue while addressing the State Chamber of Commerce meeting this past year in Fargo, when he said: "Knowledge capital will separate winners from losers in the race for wealth creation in the 21st century."

His point was – knowledge capital is critical. Everything else is secondary and over time will be irrelevant. In not so polite of a way, he was saying, "Please wake up before it is too late." He provided compelling information regarding what is happening in other countries and in some states to support his contention. He concluded by saying, "If you do not invest in, retain and nurture your human capital, you will not win many races and, in time, you won't even be in the race."

Programs such as "North Dakota Promise" can help attract new residents to the State. This program will also help encourage more of our high school seniors to stay in North Dakota to pursue college education. Attending college in this state is important since there is strong evidence that once a student leaves a state to pursue their postsecondary education, they are less likely to return. Keeping our college enrollments strong is also an important strategy for holding costs down and providing access to college for our North Dakota high school graduates.

The reality is, competition for college students from other states is becoming greater as these states implement scholarship programs to entice their own students to stay in their state. Several states in the Midwest have, or are considering, programs similar to "North Dakota Promise". With increased competition for students and the potential decline of a significant number of out-of-state students coming to North Dakota, it is

imperative that we take steps to retain as many North Dakota students as possible. In the absence of doing so, the cost to North Dakota residents will be significantly higher as the fixed costs of providing a college education are spread over a smaller number of students.

Allow me to conclude with a quote from Governor Granholm of Michigan. In her announcement on the introduction of a similar program in Michigan she stated what is becoming increasingly obvious across the nation regarding the importance of developing and retaining human capital. She said: "The evidence is clear: the states with the highest education levels have the most thriving economies and lowest unemployment rates." That is the issue "North Dakota Promise" addresses.

This legislation is bold but, as its title suggests, it is also promising. We would encourage your careful consideration of the potential of this important legislation to the future of North Dakota.

Chairman Holmberg and members of the committee that completes my testimony. I would be pleased to respond to questions.

G:\TERRY\1100\07SE\SE\Eddie's testimony on SB 2347 2-7-07.doc

SB 2347 Presentation of
Danté Miller, Student Body President
North Dakota State University

Before the
Senate Appropriations Committee,
Senator Ray Holmberg, Chairman

Wednesday, February 7, 2007

Mr. Chairman, members of the Senate Appropriations committee, thank you for allowing me the chance to present you with a student's point of view on the ND Promise Grant legislation. My name is Danté Miller, and I am the Student Body President at North Dakota State University. As I have said in all of my testimony to other Legislative committees this spring, the rising cost of higher education has become a limiting factor in most students' decisions on which college to attend, and even in some cases whether or not to attend college. With this bill, we can get rid of that factor for many students. We can help our families who want to be able to send their children on to college and give those children the promise of a brighter future.

One issue that I have seen for an increasing number of students currently in college is their need to work more and more hours in part time jobs to be able to help pay for their education. For many, part time work can often mean between thirty and forty hours a week. This takes away from the aspects of college life that they should be able to focus more time on, first and foremost, academics. If we can provide our students with this grant, it will allow them the opportunity to work fewer hours each week and increase the hours they spend in class and studying for class, therefore possibly shortening the amount of time students spend in college. Or, there is the possibility of getting more involved in organizations and internships that can provide the real-world experiences necessary for entry into any career in today's demanding world. All in all, the promise of a student having most or all of their tuition subsidized will affect far more than just their decision of whether or not to go to college in this state, if they go at all. It will also have a profound affect on what that person is able to achieve once they reach college.

This legislation shows great vision for our state and is a true investment in our young people's future. The most important part of this promise to our young people is plain and simple: it will provide our hardest working students a better chance at a higher education. It will be a large incentive for our students to attend one of our quality institutions of higher education, and by attending an in-state college or university they will be more likely to reside in North Dakota after graduation than they would be if they attended college elsewhere.

This promise not only provides the financials necessary for our students to continue their education within our state, but can help grow a supply of highly qualified people more likely to look for work here in North Dakota. On behalf of the students of North Dakota State University, I urge the members of the Senate Appropriations committee to send the ND Promise Grant to the Senate floor with a unanimous DO PASS recommendation.

Thank you for your time.

✓ 6

Mr. Chairman and members of the committee, thank you for your consideration of my testimony in favor of Senate Bill 2347.

For the record, my name is Brian Walters, and I am the President of the Greater Fargo Moorhead Economic Development Corporation.

In addition to my comments, I have been asked to convey the support of the Economic Development Association of North Dakota for Senate Bill 2347 in my testimony.

As an economic development professional, a parent, and a citizen, I share Senator Grindberg's concern for the future, and his views on the strategies necessary to create opportunities for our citizens, and growth for our communities and State.

North Dakota's economy is very healthy by many measures but we should not ignore the challenges of today's times. While we have enjoyed low unemployment rates and strong growth in employment and personal income, we have not grown our state's population. And we have never been in a better position to disrupt our state's natural economic evolution, and to change the landscape of our state forever.

For the past year, the Greater Fargo Moorhead EDC has been engaged in a strategic planning process to determine what we must do to position our community for continued growth. For much of the past two years, we have maintained the lowest unemployment rate in the United States. The Fargo Moorhead economy has created jobs at a faster rate than pace of workforce attraction. Our present situation suggests that we need to have greater success in competing for the high wage positions that will retain more of our students and attract workers from greater distances.

We know we must create a new focus on job quality, and abandoned strategies designed to fulfill job quantity. We have thrown out the old playbook of competing for cost-driven industry and are building current strategies based on technology-led and advanced economic models.

We know that employment and population growth will depend our ability create new economic drivers and to attract workers and students from other parts of the country. In the United States, the technology and healthcare sectors have the greatest promise for generating high wage employment growth.

Technology-based companies build facilities where a relevant critical mass of intellectual infrastructure exists. This intellectual infrastructure consists of scientists, researchers, faculty, equipment, workers, and businesses.

To compete for these businesses, we must invest in our institutions of higher education to build critical mass of nationally renowned academic and research capacity in targeted technology areas.

Our plan also recognizes the need to build on our quality k through 12 education system to expand excellence in math and science. A world-class educational system will prepare our students to successfully participate in the nation's knowledge economy. A world class educational system is also necessary to successfully attract knowledge workers from other parts of the country.

The proposed scholarship plan would create valuable student and parent interest and awareness of math and science education and career opportunities. More parent interest and demand of academic excellence would empower our educators and students to substantially improve North Dakota's education performance.

Engineers, healthcare workers, and other science based occupations are in short supply and high demand in our country. North Dakota's Promise would build on our good schools and strong quality of life to provide a powerful incentive for workers to choose to live in our great state.

As you know, North Dakota ranked 50th in US population growth from 1990 to 2000, and 49th in population growth from 2000 to 2006. We have the potential to alter the course of economic evolution, but it will not happen without a change in strategy, and it will not happen without targeted investments.

As the nation's knowledge and innovation economy continues to expand, the future of our communities and state rests on our ability to establish policy that empowers our residents to participate and prosper in this economy.

It is a pleasure for me to participate in these discussions that will shape our economic future. North Dakota is capable, and well positioned, to be a leader math and science education reform, and to develop a new economic drivers. Our citizens and nation desperately need us to rise to the challenge.

Thank you once again for your time and consideration.

Census 2000 PHC-T-2. Ranking Tables for States: 1990 and 2000
 Table 3. States Ranked by Percent Population Change: 1990 to 2000

Note: 1990 populations shown in this table were originally published in 1990 Census reports and do not include subsequent revisions due to boundary or other changes.

Source: U.S. Census Bureau
 Internet Release date: April 2, 2001

For information on confidentiality protection, sampling error, nonsampling error, and definitions, see
<http://factfinder.census.gov/home/en/datanotes/expplu.html>.

Rank	Area	Census Population		Change, 1990 to 2000	
		April 1, 2000	April 1, 1990	Number	Percent
1	Nevada	1,998,257	1,201,833	796,424	66.3
2	Arizona	5,130,632	3,665,228	1,465,404	40.0
3	Colorado	4,301,261	3,294,394	1,006,867	30.6
4	Utah	2,233,169	1,722,850	510,319	29.6
5	Idaho	1,293,953	1,006,749	287,204	28.5
6	Georgia	8,186,453	6,478,216	1,708,237	26.4
7	Florida	15,982,378	12,937,926	3,044,452	23.5
8	Texas	20,851,820	16,986,510	3,865,310	22.8
9	North Carolina	8,049,313	6,628,637	1,420,676	21.4
10	Washington	5,894,121	4,866,692	1,027,429	21.1
11	Oregon	3,421,399	2,842,321	579,078	20.4
12	New Mexico	1,819,046	1,515,069	303,977	20.1
13	Delaware	783,600	666,168	117,432	17.6
14	Tennessee	5,689,283	4,877,185	812,098	16.7
15	South Carolina	4,012,012	3,486,703	525,309	15.1
16	Virginia	7,078,515	6,187,358	891,157	14.4
17	Alaska	626,932	550,043	76,889	14.0
18	California	33,871,648	29,760,021	4,111,627	13.8
19	Arkansas	2,673,400	2,350,725	322,675	13.7
20	Montana	902,195	799,065	103,130	12.9
21	Minnesota	4,919,479	4,375,099	544,380	12.4
22	New Hampshire	1,235,786	1,109,252	126,534	11.4
23	Maryland	5,296,486	4,781,468	515,018	10.8
24	Mississippi	2,844,658	2,573,216	271,442	10.5
25	Alabama	4,447,100	4,040,587	406,513	10.1
26	Oklahoma	3,450,654	3,145,585	305,069	9.7
27	Indiana	6,080,485	5,544,159	536,326	9.7
28	Kentucky	4,041,769	3,685,296	356,473	9.7
29	Wisconsin	5,363,675	4,891,769	471,906	9.6
30	Missouri	5,595,211	5,117,073	478,138	9.3
31	Hawaii	1,211,537	1,108,229	103,308	9.3
32	Wyoming	493,782	453,588	40,194	8.9
33	New Jersey	8,414,350	7,730,188	684,162	8.9
34	Illinois	12,419,293	11,430,602	988,691	8.6
35	Kansas	2,688,418	2,477,574	210,844	8.5
36	South Dakota	754,844	696,004	58,840	8.5
37	Nebraska	1,711,263	1,578,385	132,878	8.4
38	Vermont	608,827	562,758	46,069	8.2
39	Michigan	9,938,444	9,295,297	643,147	6.9
40	Louisiana	4,468,976	4,219,973	249,003	5.9
41	Massachusetts	6,349,097	6,016,425	332,672	5.5
42	New York	18,976,457	17,990,455	986,002	5.5
43	Iowa	2,926,324	2,776,755	149,569	5.4
44	Ohio	11,353,140	10,847,115	506,025	4.7
45	Rhode Island	1,048,319	1,003,464	44,855	4.5
46	Maine	1,274,923	1,227,928	46,995	3.8
47	Connecticut	3,405,565	3,287,116	118,449	3.6
48	Pennsylvania	12,281,054	11,881,643	399,411	3.4
49	West Virginia	1,808,344	1,793,477	14,867	0.8
50	North Dakota	642,200	638,800	3,400	0.5
(NA)	District of Columbia	572,059	606,900	-34,841	-5.7
(NA)	United States	281,421,906	248,709,873	32,712,033	13.2

Table 2: Cumulative Estimates of Population Change for the United States, Regions, States and Puerto Rico and Region and State Rankings: April 1, 2000 to July 1, 2006

Geographic Area	Population Estimates		Change, 2000 to 2006		National Ranking of States		
	July 1, 2006	April 1, 2000 Estimates Base	Number	Percent	Population Estimates		Change, 2000 to 2006
					July 1, 2006	April 1, 2000 Estimates Base	
United States	299,398,484	281,424,602	17,973,882	6.4	(X)	(X)	(X)
Northeast	54,741,353	53,594,784	1,146,569	2.1	4	4	4
Midwest	66,217,736	64,395,194	1,822,542	2.8	3	2	3
South	109,083,752	100,235,846	8,847,906	8.8	1	1	1
West	69,355,643	63,198,778	6,156,865	9.7	2	3	2
Alabama	4,599,030	4,447,351	151,679	3.4	23	23	27
Alaska	670,053	626,931	43,122	6.9	47	48	42
Arizona	6,166,318	5,130,632	1,035,686	20.2	16	20	5
Arkansas	2,810,872	2,673,398	137,474	5.1	32	33	28
California	36,457,549	33,871,653	2,585,896	7.6	1	1	2
Colorado	4,753,377	4,302,015	451,362	10.5	22	24	10
Connecticut	3,504,809	3,405,602	99,207	2.9	29	29	32
Delaware	853,476	783,600	69,876	8.9	45	45	37
District of Columbia	581,530	572,059	9,471	1.7	50	50	49
Florida	18,089,888	15,982,824	2,107,064	13.2	4	4	3
Georgia	9,363,941	8,186,816	1,177,125	14.4	9	10	4
Hawaii	1,285,498	1,211,537	73,961	6.1	42	42	36
Idaho	1,466,465	1,293,956	172,509	13.3	39	39	23
Illinois	12,831,970	12,419,647	412,323	3.3	5	5	11
Indiana	6,313,520	6,080,517	233,003	3.8	15	14	21
Iowa	2,982,085	2,926,382	55,703	1.9	30	30	21
Kansas	2,764,075	2,688,824	75,251	2.8	33	32	40
Kentucky	4,206,074	4,042,285	163,789	4.1	26	25	35
Louisiana	4,287,788	4,468,958	-181,190	-4.1	25	22	24
Maine	1,321,574	1,274,923	46,651	3.7	40	40	51
Maryland	5,615,727	5,296,506	319,221	6.0	19	19	41
Massachusetts	6,437,193	6,349,105	88,088	1.4	13	13	14
Michigan	10,095,643	9,938,480	157,163	1.6	8	8	33
Minnesota	5,167,101	4,919,492	247,609	5.0	21	21	26
Mississippi	2,910,540	2,844,656	65,884	2.3	31	31	19
Missouri	5,842,713	5,596,683	246,030	4.4	18	17	38

Table 2: Cumulative Estimates of Population Change for the United States, Regions, States and Puerto Rico and Region and State Rankings: April 1, 2000 to July 1, 2006

Montana	944,632	902,195	42,437	4.7	44	44	43	24
Nebraska	1,768,331	1,711,265	57,066	3.3	38	38	39	35
Nevada	2,495,529	1,998,257	497,272	24.9	35	35	9	1
New Hampshire	1,314,895	1,235,786	79,109	6.4	41	41	34	18
New Jersey	8,724,560	8,414,347	310,213	3.7	11	9	16	30
New Mexico	1,954,599	1,819,046	135,553	7.5	36	36	29	16
New York	19,306,183	18,976,821	329,362	1.7	3	3	13	43
North Carolina	8,856,505	8,046,491	810,014	10.1	10	11	6	9
North Dakota	635,867	642,200	-6,333	-1.0	48	47	50	50
Ohio	11,478,006	11,353,145	124,861	1.1	7	7	31	48
Oklahoma	3,579,212	3,450,654	128,558	3.7	28	27	30	29
Oregon	3,700,758	3,421,436	279,322	8.2	27	28	18	12
Pennsylvania	12,440,621	12,281,054	159,567	1.3	6	6	25	47
Rhode Island	1,067,610	1,048,319	19,291	1.8	43	43	46	42
South Carolina	4,321,249	4,011,816	309,433	7.7	24	26	17	14
South Dakota	781,919	754,844	27,075	3.6	46	46	44	33
Tennessee	6,038,803	5,689,262	349,541	6.1	17	16	12	19
Texas	23,507,783	20,851,790	2,655,993	12.7	2	2	1	7
Utah	2,550,063	2,233,198	316,865	14.2	34	34	15	4
Vermont	623,908	608,827	15,081	2.5	49	49	47	39
Virginia	7,642,884	7,079,030	563,854	8.0	12	12	7	13
Washington	6,395,798	5,894,140	501,658	8.5	14	15	8	11
West Virginia	1,818,470	1,808,350	10,120	0.6	37	37	48	49
Wisconsin	5,556,506	5,363,715	192,791	3.6	20	18	22	32
Wyoming	515,004	493,782	21,222	4.3	51	51	45	26
Puerto Rico	3,927,776	3,808,603	119,173	3.1	(X)	(X)	(X)	(X)

Note: The April 1, 2000 Population Estimates base reflects changes to the Census 2000 population from the Count Question Resolution program and geographic program revisions. (X) Not applicable. See Geographic Terms and Definitions at <http://www.census.gov/popest/geographic/> for a list of the states that are included in each region.

Suggested Citation:

Table 2: Cumulative Estimates of Population Change for the United States, Regions, States and Puerto Rico and Region and State Rankings: April 1, 2000 to July 1, 2006 (NST-EST2006-02)

Source: Population Division, U.S. Census Bureau
Release Date: December 22, 2006

**Engrossed SB 2347
Testimony to Senate Appropriations Committee
Connie Flanagan, Fiscal and Investment Officer
North Dakota Retirement and Investment Office
February 7, 2007**

Good morning. My name is Connie Flanagan and I am the Fiscal and Investment Officer for the Retirement and Investment Office (RIO) and the State Investment Board (SIB). I work with Steve Cochrane who is the Executive Director of RIO and the Investment Director for the SIB. Engrossed Senate Bill 2347 would assign the investment responsibility for the North Dakota merit award trust fund to the SIB in accordance with chapter 21-10 of the North Dakota Century Code.

If this bill becomes law, the SIB will work with the state board of higher education to create investment guidelines applicable to the investment of the fund, including asset allocation guidelines, risk tolerance levels and expected return. We have already done some preliminary work regarding options for the investment of this fund in order to determine a reasonable return assumption for the low risk tolerance the fund will have. Based on analysis performed by one of the SIB's existing investment management firms, an expected return of 5%-6% per year is considered reasonable based on the time horizon of the cash flows within the fund. Part of the fund could be invested in a sequence of guaranteed investment contracts that would provide the stability that the fund would need. These contracts are expected to have rates in the low 5% range. A portion of the fund could then be invested in a more actively managed portfolio with slightly higher return expectations.

Depending on the actual timing of the cash flows in and out of the fund, and based on a 6% return assumption, the fund is expected to earn approximately \$130 million over the period of July 1, 2007, through June 30, 2029. In addition to the continuing appropriation of \$40 million per biennium, the investment earnings would also be available to fund the program, resulting in total funds available during the life of the program of approximately \$555 million. The estimated payouts from the fund total just over \$531 million.

The SIB would easily be able to incorporate this fund into its investment program and would be happy to work with the state board of higher education and any other interested parties in putting this money to work.

Revised Assumptions 1-24-07
 Only Students in K-12, Fall 2008 - Fall 2012, Qualify

Columns 10 and 11 Reflect 70% Eligible Students for the Program, That Do NOT Qualify for Grants/Schol

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	Kindergarten	# Students	Began Senior Yr Fall of	HS Grad Class	HS % Grad	ND Graduate Assumptions	Est 80% attend ND College as FT Stndt Col7x80%	Est 2% In-Migration (Note 1) Col5x2%	70% Est Grad qualifying freshmen year-Not Pell Eligible Col 8+9*70%	Est 90% Soph. Sr Yr considering GPA requirement Col10x90%	College Years	% Waiver
Fall'08 Classes												
9th	1999	8,814	2011	7,169	81.34%	2,509	2,007	143	1,505	1,355	2012-2015	65%
8th	2000	8,391	2012	6,799	81.03%	2,380	1,904	136	1,428	1,285	2013-2016	70%
7th	2001	7,978	2013	6,691	83.87%	2,342	1,873	134	1,405	1,265	2014-2017	75%
6th	2002	7,950	2014	6,722	84.55%	2,353	1,882	134	1,412	1,270	2015-2018	80%
5th	2003	7,898	2015	6,626	83.89%	2,319	1,855	133	1,391	1,252	2016-2019	85%
4th	2004	7,744	2016	6,642	85.77%	2,325	1,860	133	1,395	1,255	2017-2020	100%
3rd	2005	7,547	2017	6,295	83.41%	2,203	1,763	126	1,322	1,190	2018-2021	100%
2nd	2006	7,486	2018	6,244	83.41%	2,185	1,748	125	1,311	1,180	2019-2022	100%
1st	2007	7,359	2019	6,138	83.41%	2,148	1,719	123	1,289	1,160	2020-2023	100%
K	2008	7,290	2020	6,080	83.41%	2,128	1,703	122	1,277	1,149	2021-2024	100%
Fall'09 K-Class	2009	7,227	2021	6,028	83.41%	2,110	1,688	121	1,266	1,139	2022-2025	100%
Fall'10 K-Class	2010	7,171	2022	5,981	83.41%	2,093	1,675	120	1,256	1,130	2023-2026	100%
Fall'11 K-Class	2011	7,121	2023	5,940	83.41%	2,079	1,663	119	1,247	1,123	2024-2027	100%
Fall'12 K-Class	2012	7,077	2024	5,903	83.41%	2,066	1,653	118	1,240	1,116	2025-2028	100%

Cathy McDonald:
 Ave of DPI projected numbers for 2011-2016 used 2017-2024

1/Assumed that the 2% in-migration is equivalent to the total # qualifying each year, and the other reduction %'s wouldn't apply.

Testimony of Kate Haugen
Associate Vice President for Student Affairs
North Dakota State University
Senate Appropriations Committee
Ray Holmberg, chair
2/07/2007

Mr. Chairman and members of the committee, my name is Kate Haugen, and I am the Associate Vice President for Student Affairs at NDSU. I am pleased to share my support for SB 2347.

There has been considerable discussion regarding the ND Promise proposal. I would speculate that there is strong support for the concept and intent of the plan, but perhaps less agreement about the feasibility of the accompanying price tag. Numbers often tell us the bottom line cost, but they can also inform us of an urgent need.

Many of us have seen the TV ad that lists costs of components of a particular event, but end with the final outcome as "priceless". I feel there is a correlation with that ad and the ND Promise - while the costs may seem high, the outcomes for the schools, the state and the people far exceed the dollar amounts alone and are "priceless" - the economic impact of strong enrollments at our colleges and universities, as well as efforts to retain these graduates with the skills and knowledge needed in the state's human capital is enormous.

The students of ND deserve education that is accessible and affordable. We are making progress in the accessible arena, and now must also address the affordable issue. At NDSU we hear more often than we'd like that students decline our offer of admission due to a better financial aid package at another school, typically in another state. This past year a sample of canceled students showed 33% indicated this reason for not selecting NDSU. While we believe that the student must select a college or university based on a variety of factors and find the right fit for them individually, too frequently the driving factor is money.

The state of ND, relative to other states, is lagging behind in its support for students at the post secondary level. Our need based state grant, in existence since 1973, has lost ground in the amount of funding received over the past 30 years, and ND ranks 45th in total state grant dollars per population. In addition, the state scholars program, which is not need based, serves only 20-30 students a year.

Even though ND tuition is lower than some surrounding states, debt for our students continues to increase. Substantiating the current limited funding resources from the state, a recent report on student debt shows a grim picture for ND. For the class of 2005, ND ranks second in the nation, with an average debt of \$22,000 for graduates from four year public institutions.

Increased and sustained funding for students pursuing higher education in ND is imperative to ensure a strong future for the state. It is important that we put in place incentives for students to remain in the state, and pursue post secondary education here at home.

✓

**Testimony—North Dakota Promise Proposal
S.B. 2347**

**House Education Committee
March 12, 2007
10:00am
Senator Tony Grindberg
District 41, Fargo**

Madam Chair and Members of the House Education Committee,
good morning!

I stand before you today in support of SB 2347 which in my opinion will change the landscape in North Dakota. The bill is primarily targeted towards parents and students in our state. My interest in proposing this legislation stems from a desire to strengthen North Dakota's future, tenure as a State Senator with expertise in economic development and higher education and support of our State's P-16 initiatives.

As you know, much has been reported about this proposal and the Kalamazoo, MI program. It was last August that I learned of the Michigan program while attending a P-16 meeting here in Bismarck. A former North Dakotan who now resides in Michigan described the Kalamazoo program as one of the presenters at the August P-16 meeting. He also described a plan that was recently adopted in Arkansas as well.

***Video clip*

Madam Chair and members of the committee, when I first began my legislative career in 1992 there was intense competition

amongst states for financial incentives to lure companies to their respective states. In the 1990's, State Economic Development strategies promoted low cost labor, low utility rates, and stable tax environments. North Dakota was very much part of that competitive landscape and we experienced many successful economic development projects during that time, particularly in the back-office service-support sector.

Today however, our country has undoubtedly transformed to a "Knowledge-Based Economy." Business expansion and investment decisions made today in the United States and North Dakota, are made primarily on an available and qualified knowledge-driven workforce.

One does not have to look very far to find examples of how federal and state governments are responding to these changes.

Examples:

- *Tough Choices—Tough Times
- **The World is Flat*, Thomas L. Friedman
- *Handout

North Dakota's economy is strong and now is time to **"Push the Envelope"** S.B. 2347 does just that!

Employers across the State of North Dakota share a consistent message... "Our number one challenge to grow our business is an available and qualified workforce" The 60th Legislative Assembly can set a goal by implementing this proposal which in my opinion, will deliver measurable results for years to come.

S.B. 2347's concept is truly about investing in our future!

I have been very pleased and to be honest, a little surprised by the positive feedback received from across the State of North Dakota regarding this proposal. (E-mails received--New Rockford, Lisbon, Bismarck, Grand Forks, Dickinson, Devils Lake, Ellendale, Williston, Fargo and Stanley) The February 19th release by DH Research also suggests 74% of North Dakotan's are aware and supportive of this proposal.

To be fair, I have also received some criticism. Those opposed or concerned with the proposal can be summarize into three areas.

1. I paid my way so should everyone else! Nothing is free!
2. Why the emphasis on math & science (SB 2309)
3. Out-migration

Madam chair and members if the committee, I welcome the opportunity for additional input and ideas to improve S.B. 2347. Please keep in mind the core objectives of this bill as you consider any changes, which are.

Objectives of S.B. 2347:

1. Higher Academic Achievement
 - *P-16 Initiative
 - *Increased taxpayer support...2/3's of cost is presently funded by taxpayers
2. Increased Population Results
 - *Kalamazoo, MI results
 - *Grow tax base
3. Global and Regional Preparedness
 - *Skilled technical Competitive Workforce
 - *Higher Wages.....Better jobs!

I hope we all agree with the concept of S.B. 2347 as presented today. By doing so, we will send a strong message that North Dakota will continue its leadership position with high academic achievement and adopt a bold initiative to stimulate population growth, which in turn will provide increased opportunities for our State's number one asset.....

"Our People"

Explain SB 2347

Sen. Corinneberg

EXECUTIVE SUMMARY

TOUGH CHOICES OR TOUGH TIMES

THE REPORT OF THE *new* COMMISSION ON
THE SKILLS OF THE AMERICAN WORKFORCE

NATIONAL CENTER
ON EDUCATION
AND THE ECONOMY

EXECUTIVE SUMMARY

When the report of the first Commission on the Skills of the American Workforce, *America's Choice: high skills or low wages!*, was released in 1990, the globalization of the world's economy was just getting underway. That Commission understood the threat in the straightforward terms captured in the report's subtitle. A worldwide market was developing in low-skill labor, it said, and the work requiring low-skills would go to those countries where the price of low-skill labor was the lowest. If the United States wanted to continue to compete in that market, it could look forward to a continued decline in wages and very long working hours. Alternatively, it could abandon low-skill work and concentrate on competing in the worldwide market for high-value-added products and services. To do that, it would have to adopt internationally benchmarked standards for educating its students and its workers, because only countries with highly skilled workforces could successfully compete in that market.

A swiftly rising number of American workers at every skill level are in direct competition with workers in every corner of the globe.

★ ★ ★ ★

If someone can figure out the algorithm for a routine job, chances are that it is economic to automate it. Many good well-paying, middle-class jobs involve routine work of this kind and are rapidly being automated.

The first Commission never dreamed that we would end up competing with countries that could offer large numbers of highly educated workers willing to work for low wages. But China and India are doing exactly that. Indeed, it turns out that China and India are only the tip of the iceberg. Whereas for most of the 20th century the United States could take pride in having the best-educated workforce in the world, that is no longer true. Over the past 30 years, one country after another has surpassed us in the proportion of their entering workforce with the equivalent of a high school diploma, and many more are on the verge of doing so. Thirty years ago, the United States could lay claim to having 30 percent of the world's population of college students. Today that proportion has fallen to 14 percent and is continuing to fall.

While our international counterparts are increasingly getting more education, their young people are getting a better education as well. American students and young adults place anywhere from the middle to the bottom of the pack in all three continuing comparative studies of achievement in mathematics, science, and general literacy in the advanced industrial nations.

While our relative position in the world's education league tables has continued its long slow decline, the structure of the global economy has continued to evolve. Every day, more and more of the work that people do ends up in a digitized form. From X-rays used for medical diagnostic purposes, to songs, movies, architectural drawings, technical papers, and novels, that work is saved on a hard disk and transmitted instantly over the Internet to someone near or far who makes use of it in an endless variety of ways. Because this is

so, employers everywhere have access to a worldwide workforce composed of people who do not have to move to participate in work teams that are truly global. Because this is so, a swiftly rising number of American workers at every skill level are in direct competition with workers in every corner of the globe. So it matters very much that, increasingly, it is easier and easier for employers everywhere to get workers who are better skilled at lower cost than American workers.

Another important trend in the global economy bears on this point. A century ago, the United States led the world in the process of vertical integration, where corporations performed every function necessary to get their products to market, from the mining of the raw materials right through to the sale of those products through retail outlets to the final customer. Today, the United States is once again a leader, this time in the deconstruction of the vertically integrated firm. Corporate analysts identify each step in the process and ask whether the firm is a leader in that step, and, if not, who in the world can do that work at the needed level of quality at the lowest possible cost. The firm then contracts with the best providers of each of those services and keeps only those functions that it can do best. This is outsourcing. Firms that do not do this will inevitably be put out of business by firms that do. In this way, many functions that have always been performed by American workers in American firms will be outsourced to workers in other countries who do them better and cheaper.

In many cases, the work will be done not by people in other countries, but rather by machines. With the rapid advance of new

technologies, it is becoming progressively less expensive to automate functions that used to be performed by people. As the cost of labor rises and the cost of automating jobs continues to fall, it becomes both possible and necessary for firms simply to eliminate job after job now being done by humans. Earlier, almost all the jobs subject to automation were low-skill jobs. That is no longer true. Now it is more accurate to say that the jobs that are most vulnerable are the jobs involving routine work. If someone can figure out the algorithm for a routine job, chances are that it is economical to automate it. Many good, well-paying, middle-class jobs involve routine work of this kind and are rapidly being automated.

In this environment, it makes sense to ask how American workers can possibly maintain, to say nothing of improve, their current standard of living. Today, Indian engineers make \$7,500 a year against \$45,000 for an American engineer with the same qualifications. If we succeed in matching the very high levels of mastery of mathematics and science of these Indian engineers — an enormous challenge for this country — why would the world's employers pay us more than they have to pay the Indians to do their work? They would be willing to do that only if we could offer something that the Chinese and Indians, and others, cannot.

Those countries that produce the most important new products and services can capture a premium in world markets that will enable them to pay high wages to their citizens. In many industries, producing the most important new products and services depends on maintaining the worldwide

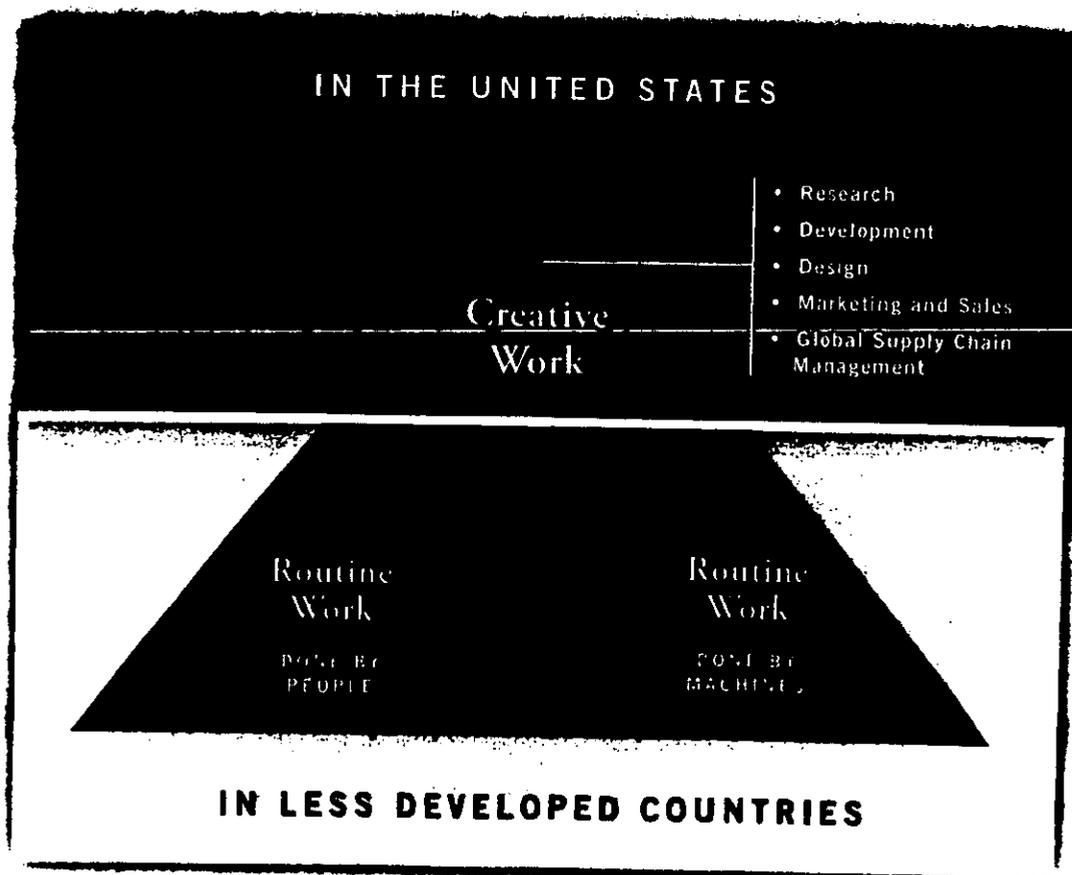
technological lead, year in and year out, in that industry and in the new industries that new technologies generate. But that kind of leadership does not depend on technology alone. It depends on a deep vein of creativity that is constantly renewing itself, and on a myriad of people who can imagine how people can use things that have never been available before, create ingenious marketing and sales campaigns, write books, build furniture, make

movies, and imagine new kinds of software that will capture people's imagination and become indispensable to millions.

This is a world in which a very high level of preparation in reading, writing, speaking, mathematics, science, literature, history, and the arts will be an indispensable foundation for everything that comes after for most members of the workforce. It is a world in which comfort with ideas and abstractions is

PROTOTYPICAL U.S. INDUSTRY

in 10 years if all goes well



the passport to a good job, in which creativity and innovation are the key to the good life, in which high levels of education — a very different kind of education than most of us have had — are going to be the only security there is.

A world in which routine work is largely done by machines is a world in which mathematical reasoning will be no less important than math facts, in which line workers who cannot contribute to the design of the products they are fabricating may be as obsolete as the last model of that product, in which auto mechanics will have to figure out what to do when the many computers in the cars they are working on do not function as they were designed to function, in which software engineers who are also musicians and artists will have an edge over those who are not as the entertainment industry evolves, in which it will pay architects to know something about nanotechnology, and small businesspeople who build custom yachts and fishing boats will be able to survive only if they quickly learn a lot about the scientific foundations of carbon fiber composites.

It is a world in which the rewards will go to the marketing director who sees the opportunity to build a global business in cars selling for \$2,000 each, where others see only poor people who can't afford cars; the clothing designer whose grasp of the direction of fashion is uniquely matched to her understanding of the new fabrics that the new technologies are making possible, and creates the perfect match of fabric and taste and . . .

The best employers the world over will be looking for the most competent, most creative, and most innovative people on the face of the earth and will be willing to pay them top dollar for their services. This will be true not just for

S.B. 2309

Ⓟ

This is a world in which a very high level of preparation in reading, writing, speaking, mathematics, science, literature, history and the arts will be an indispensable foundation for everything that comes after for most members of the workforce.

★ ★ ★ ★

The best employers the world over will be looking for the most competent, most creative and most innovative people on the face of the earth and will be willing to pay them top dollar for their services. This will be true not just for the top professionals and managers, but up and down the length and breadth of the workforce. Those countries that produce the most important new products and services can capture a premium in world markets that will enable them to pay high wages to their citizens.

That kind of leadership does not depend on technology alone. It depends on a deep vein of creativity that is constantly renewing itself. Now many students just slide through high school, because they know that all they have to do is get passes in their courses or a satisfactory score on an 8th or 9th grade level literacy test to go to college. With this system, they will know that they have to work hard in school to get anywhere, and, the evidence shows, that is exactly what they will do.

★ ★ ★ ★

 The core problem is that our education and training systems were built for another era. We can get where we must go only by changing the system itself.

the top professionals and managers, but up and down the length and breadth of the workforce.

Strong skills in English, mathematics, technology, and science, as well as literature, history, and the arts will be essential for many; beyond this, candidates will have to be comfortable with ideas and abstractions, good at both analysis and synthesis, creative and innovative, self-disciplined and well organized, able to learn very quickly and work well as a member of a team and have the flexibility to adapt quickly to frequent changes in the labor market as the shifts in the economy become ever faster and more dramatic.

If we continue on our current course, and the number of nations outpacing us in the education race continues to grow at its current rate, the American standard of living will steadily fall relative to those nations, rich and poor, that are doing a better job. If the gap gets to a certain — but unknowable — point, the world's investors will conclude that they can get a greater return on their funds elsewhere, and it will be almost impossible to reverse course. Although it is possible to construct a scenario for improving our standard of living, the clear and present danger is that it will fall for most Americans.

The core problem is that our education and training systems were built for another era, an era in which most workers needed only a rudimentary education. It is not possible to get where we have to go by patching that system. There is not enough money available at any level of our intergovernmental system to fix this problem by spending more on the system we have. We can get where we must go only by changing the system itself.

To do that, we must face a few facts. The first is that we recruit a disproportionate share

ND Promise Grant

March 12, 2007

TO: Representative RaeAnn Kelsh, Chr.
House Education Committee
RE: Testimony - Senate Bill 2347

By: Senator Larry Robinson, District 24, Valley City.

Madam chairperson and members of the committee. I appear before you today as a co sponsor of Senate Bill 32347, the North Dakota Promise Proposal.

Madam chairperson and members of the committee, SB2347 provides our state with an opportunity to seize the moment and retain some our best and brightest students in this great state. It is also an opportunity to recruit additional students from out of state. I believe it is time for us to be bold and to think outside the box. SB 2347 does just that.

Senator Grindberg has shared with you information regarding initiatives that other states have underway. You will note from that information that many states are moving in a similar direction as the one embedded in SB2347. It is time for North Dakota to move. SB2347 can well be the vehicle to move our state forward.

Some have said that SB2347 is our opportunity to recruit new students to our state. I believe we can be successful in doing so with SB2347. However, our first priority is to retain the students we currently have in our university system. Madam Chairperson and members of the committee, the competition in the marketplace is intense. We can elect to compete, or we can sit back and let other states pass us by while we watch. I believe it is time for action. SB2347 can serve as the North Dakota response to the numerous initiatives that are underway in other states. Some have said that we are on the right road. I submit to you that even if you are on the right road, in today's world, if you are not moving fast enough, someone will run right over you!

Madam chairperson and members of the committee. Not many years ago, our state struggled with too many jobs and too few workers. Today, that phenomena has completely reversed. Our state is hungry for qualified workers. We have jobs that have been vacant for months and months. By all reports there is no end in sight. A business as usual approach to this issue, is not the answer.

We have worked hard to recruit workers to our state to fill these vacant positions. To large extent, our efforts have been unsuccessful. The competition for qualified workers is intense. We find ourselves competing with numerous other states across the region. We can continue to compete and lose, or we can elect to embrace the concept embedded in SB2347, train our own workers and win! Let's keep our best and brightest in North Dakota. Let's encourage students form other states to look seriously at the schools in the North Dakota University System and take advantage of the benefits of SB2347.

Madam chairperson and members of the committee. You need only pick up the local newspaper to see how serious our challenges are in this area. We have job openings all over the state. It will be difficult to grow our economy and to grow our state unless we address this problem head on.

There are those that say we cannot afford SB2347. I appreciate their concerns. I would say, If not this, what? If not now, when? We must not elect to pass this on for another time. Our time is now.

In The World is Flat, Friedman said, "Our competition is not the state next door. Our competition is India, China and the world stage." It's all about human and intellectual capital. The cost of losing intellectual talent is one we can ill afford to absorb. North Dakota can compete. However, we must have the tools to do so. I suggest to you that SB2347 is one of those tools.

✓

Statement of Dennis Hill
Executive vice president, N.D. Association of RECs
On behalf of the private sector members
of the Roundtable on Higher Education
RE: SB 2347, before the House Education Committee
March 12, 2007

Chairman Kelsch and members of the committee,

I have been a private sector representative on the Roundtable on Higher Education since it was formed in 1999. I appear before you today in that capacity.

Having been to nearly every meeting of the Roundtable, I know I speak for the private sector representatives of the Roundtable when I say we support the goals and concepts outlined in SB 2347—The North Dakota Promise Proposal.

All across the private sector in North Dakota these days, the discussion is about human resources. We are all trying to answer the question: Where are we going to find the best people to fill the positions that are currently available or soon to be available as a wave of baby boomers prepares for retirement in the next decade?

The private sector members made this statement about workforce needs as the University System budget was heard on the Senate side. "If we want our economy and businesses to continue on this growth pattern, we must find a way to grow our workforce, not just in quantity, but also quality. This need for human capital in our state is critical. We believe the best resource for developing human capital and meeting the state's needs for a knowledge-based economy is the N.D. University System and its 11 institutions of higher learning."

Let me reinforce this statement by using the industry I represent as one example. North Dakota's electric cooperatives employ some 2,700 persons in the state. Many of these employees are officially baby boomers, who have been with an REC for 20 to

25 years. Our statistics show that 30 percent or so of those employees will be eligible to retire within the next decade. One of our largest employers, Basin Electric Power Cooperative here in Bismarck, reports that 46 percent of their 1,139 full time employees are eligible to retire within the next 12 years. My colleagues at Minnkota Power, Great River Energy report similar trend lines, as do energy colleagues in the entire electric industry across the state and nation.

SB 2347 would definitely help us find those persons here at home. It would create the kinds of incentives to keep our best and brightest students in the North Dakota University System, where employers of all types would have the best chance to recruit them for a North Dakota position.

As Sen. Grindberg points out, SB2347 is a work in progress. I would encourage members of this committee to go about this work with the vision of making a bold public policy choice for the state of North Dakota—a choice that would be of great benefit for the private sector. The task is that important.



"Commitment to Innovation"

3050 Highway 22 North
Dickinson, ND USA 58601
1-888-steffes

Phone: 701-483-5400

Fax: 701-456-7497

E-Mail: jrothschiller@steffes.com

March 9, 2007

Senator Tony Grindberg
ND Senate
Bismarck, ND 58505

RE: SB 2347 ND Promise

Dear Senator Grindberg:

As a business owner, member of the Dickinson Area Manufacturers Roundtable and a member of the P-16 Education Task for in 2006, I support SB 2347 known as the ND Promise.

Your bill provides an incentive to students to excel in school, beyond minimum graduation requirements. I especially appreciate the requirement for four years of math and science. In business, we are finding many of our high school and college graduates are lacking in these areas. SB 2347 also adds additional meaning to performing well on their ACT's and doing well in college.

SB2347 tells our youth we believe in them and are willing to invest in their future. In return, we hope they become our future leaders in business and in local and state positions. I also support some type of commitment back to the state from the student recipients. I trust the decision of our elected leaders in Bismarck to find a mutually agreement plan for this option.

Investing in our youth is economic development at its best!

Sincerely,

Joe Rothschiller
President/COO



VALLEY CITY
STATE UNIVERSITY

Education Committee
North Dakota House of Representatives
March 12, 2007

Testimony in favor of SB2347
Ellen-Earle Chaffee, Ph.D.
President, Valley City State University

Madam Chair and members of the Committee:

I am Ellen Chaffee, president of Valley City State University. However, today I wish to speak as a citizen of North Dakota.

An obnoxious college freshman in some other state once told a much older person, "You grew up in a different world, actually an almost primitive one. We grew up with space travel, nuclear energy, electric cars, personal computers, cell phones..." The elder interjected, "You're right, son. We didn't have those things.....so we invented them. Now, you arrogant little meathead, what are you doing for the next generation?"

The answer is, "Not nearly enough." We are leaving the next generation with everything except the education that would enable them - and us - to succeed in the 21st century. Of the 30 most-developed nations today, only two have a rising generation with LESS education than those dominating the workforce today - Germany and the United States. Ireland's rate of college-going is more than double that of the U.S. and its economy is soaring.¹

A new U.S. report defines demographic shifts, a changing economy, and divergent skill distributions as "America's Perfect Storm." Every state in the nation is awakening rapidly to shocking facts that seem to have snuck up on us overnight. For example:

- The United States is replacing a workforce of nearly 80 million baby boomers with about 40 million less-educated workers. The boomers will live longer than their parents, leaving the new workforce, half as large, with two to three times as many elders to support.
- Nearly half of the projected job growth will be in occupations requiring higher education and skill levels.² "Now, the average American must have the knowledge and skills formerly needed by only the top 20 percent of students."³
- The United States will need to produce 37 percent more undergraduate degrees beyond currently expected levels if the nation is to keep up with its peers.⁴ Immigration is projected to account for

¹ Jon Marcus, "The Celtic Tiger," *National CrossTalk*, Winter 2007, page 2.

² Educational Testing Service, "America's Perfect Storm," 2007, Executive Summary, page 4. Based on Bureau of Labor Statistics data

³ Paul E. Lingenfelter, "How Should States Respond to A Test of Leadership?" *Change*, Jan/Feb 2007, page 14.

more than half our population growth through 2015. Greater diversity, poverty, and language issues along with higher costs make the potential student pool less able to participate in higher education, just when we need them most.

- The average U.S. student loan is nearly \$18,000, more than double 10 years ago after adjusting for inflation.
- In sum, you and I will be supported in our old age by half as many working adults as our parents. Our children and grandchildren will have to work two full-time jobs simultaneously if they are to keep the economy going as it is now. To qualify for those jobs, twice as many of them will need a college education, for which most of them are significantly less prepared.

These statistics are no secret. In December I came across news stories about eight states making significant strides toward retaining their own youth and getting them to in-state colleges.⁵ One is the Michigan Promise program after which this bill is modeled.

Conditions in North Dakota are mixed. Most of our youth go on to college. Good news. But our youth population is shrinking. Very, very bad news. Our higher education system is one of the five most productive in the nation. Good! But our institutions have only 51 cents on the dollar per student compared to their peers, pay is dead last, and facilities are deteriorating. Not good. We have enviable statewide interactive video and high-speed broadband access. Good! But our total state population is stable or shrinking and our elderly numbers are increasing.⁶

North Dakota has been sitting at a crossroads for several years – much of it not created or controlled by us. Like it or not, it's here, it's moving rapidly, and every missed opportunity to turn it our way cuts our chance to achieve the kind of state we want. If it is not already too late.

"What kind of state do YOU want? History starts now."⁷ And you are making it.

If we let the future happen to us, the state's population will continue to decline and age – perhaps even faster as other states ramp up their efforts to recruit talented young people to their colleges and good jobs. In the 1980s and 1990s, North Dakota lost young people because there were no jobs. Now we are losing jobs because there are no people.⁸ Ask NISC in Mandan. Ask Microsoft and MeritCare. Ask the employers who came to a conference here last year to find ways to import more internationals to North Dakota on H1B visas.

If we let the future happen to us, we might as well start shutting down everything but senior centers and nursing homes, with the bleak hope that enough qualified people will be here to care for them. Us.

Or we can create the future. We can work to keep our young people here and to attract the best and brightest from elsewhere to study, graduate, join the tax rolls, and invent for their children as our elders did for us.

What kind of risk will you take? The risk of leaving North Dakota in far worse shape than we found it? Or the risk of leadership – envisioning the kind of state we really WANT and making strategic investments to achieve it?

Thank you for your kind attention.

⁴ Travis Reindl, "Hitting Home: Quality, Cost, and Access Challenges Confronting Higher Education Today," Lumina Foundation, March 2007, page 5. Based on data from the National Center for Higher Education Management Systems (NCHEMS).

⁵ Wisconsin, Michigan, Massachusetts, Indiana, Texas, North Carolina, Washington, and Wyoming.

⁶ Associated Press, "Seniors Population to Swell by 2020," *The Forum* (Fargo), 2/19/07.

⁷ Five for Fighting, "World," a current popular song.

⁸ John Edison, "Workers Hot Commodity," *Grand Forks Herald*, 2/18/07. Mike Nowatski, "Numbers Confront F-M Area," *The Forum* (Fargo), 10/15/06.

✓

Madame Chairman and members of the committee, thank you for your consideration of my testimony in favor of Senate Bill 2347.

For the record, my name is Brian Walters, and I am the President of the Greater Fargo Moorhead Economic Development Corporation.

As an economic development professional, a parent, and a citizen, I share Senator Grindberg's concern for the future, and his views on the strategies necessary to create opportunities for our citizens, and growth for our communities and State.

North Dakota's economy is very healthy by many measures but we should not ignore the challenges of today's times. While we have enjoyed low unemployment rates and strong growth in employment and personal income, we have not grown our state's population. And we have never been in a better position to disrupt our state's natural economic evolution, and to change the landscape of our state forever.

For the past year, the Greater Fargo Moorhead EDC has been engaged in a strategic planning process to determine what we must do to position our community for continued growth. For much of the past two years, we have maintained the lowest unemployment rate in the United States. The Fargo Moorhead economy has created jobs at a faster rate than pace of workforce attraction. Our present situation suggests a need to focus on high wage positions that will retain more of our students and attract workers from greater distances.

We know we must create a new focus on job quality, and abandoned strategies designed to fulfill job quantity. We have thrown out the old playbook of competing for cost-driven industry and are building current strategies based on technology-led and advanced economic models.

We know that employment and population growth will depend our ability create new economic drivers and to attract workers and students from other parts of the country. In the United States, the technology and healthcare sectors have the greatest promise for generating high wage employment growth.

Technology-based companies build facilities where a relevant critical mass of intellectual infrastructure exists. This intellectual infrastructure consists of scientists, researchers, faculty, equipment, workers, and businesses.

To compete for these businesses, we must invest in our institutions of higher education to build critical mass of nationally renowned academic and research capacity in targeted technology areas.

Our plan also recognizes the need to build on our quality k through 12 education system to expand excellence in math and science. A world-class educational system will prepare our students to successfully participate in the nation's knowledge economy. A world class educational system is also necessary to successfully attract knowledge workers from other parts of the country.

The proposed scholarship plan would create valuable student and parent interest and awareness of math and science education and career opportunities. More parent interest and demand of academic excellence would empower our educators and students to substantially improve North Dakota's education performance.

Engineers, healthcare workers, and other science based occupations are in short supply and high demand in our country. North Dakota's Promise would build on our good schools and strong quality of life to provide a powerful incentive for workers to choose to live in our great state.

As you know, North Dakota ranked 50th US population growth from 1990 to 2000, and 49th in population growth from 2000 to 2006. We have the potential to alter the course of economic evolution, but it will not happen without a change in strategy, and it will not happen without targeted investments.

As the nation's knowledge and innovation economy continues to expand, the future of our communities and state rests on our ability to establish policy that empowers our residents to participate and prosper in this economy.

It is a pleasure for me to participate in these discussions that will shape our economic future. North Dakota is capable, and well positioned, to be a leader math and science education reform, and to develop a new economic drivers. Our citizens and nation desperately need us to rise to the challenge.

Thank you once again for your time and consideration.

TO: House Education Committee
Representative RaeAnn Kelsch - Chair
March 12, 2007, 10:00 AM

FROM: James Dahlen, Vice President Business Development
Bismarck-Mandan Development Association

RE: Testimony in support of SB 2347

Madam Chair and Members of the House Education Committee, the following testimony is offered in support of SB 2347.

I have been an economic development professional working in North Dakota for the last 15 years. I have also been a member of the North Dakota Workforce Development Council for the past 12 years.

During this time, North Dakota's workforce challenges have gone from the simple need to upgrade employee skill sets, to creating a workforce training system specific to business and industry, to pockets of worker shortages limited to particular communities and industries, to the current status of statewide labor and talent shortages across virtually every industry sector.

Today, and for the foreseeable future, many of us believe that talent and workforce availability is and will be the most critical issue facing the State of North Dakota.

Over the next 2 years, business and industry, community leaders, chambers of commerce, economic development organizations and policy makers alike will find workforce and talent issues brought to the forefront of all discussion. There will be much to do.

Today we have the opportunity to begin down that path with SB 2347, North Dakota's Promise.

SB 2347, North Dakota's Promise, I believe will accomplish the following:

1. Students will have a greater incentive to take additional math and science classes and study harder to achieve the ACT and GPA requirements outlined in this bill. We want our students to perform well scholastically and want North Dakota to be recognized globally as leaders in academic achievement.

2. North Dakota's Promise will encourage our best and brightest minds to continue post secondary education right here in North Dakota as opposed to attending out of state schools like the University of MN, Harvard, Moorhead State, Etc.
3. North Dakota's Promise will encourage students from poorer families that have limited options and limited hope for attending college the means to do so if they meet the academic requirements. What a great incentive.
4. Parents, who may consider leaving North Dakota for other, often more lucrative employment opportunities, may now have the incentive to stay and build their careers and families right here in North Dakota because of North Dakota's Promise
5. Talent attraction is a key issue for communities and for businesses across all industry sectors. North Dakota's Promise will be an ideal selling point to attract new employees along with their families to become permanent employees and residents of ND.
6. North Dakota's Promise will attract new companies, particularly "Knowledge-Based" Companies to locate in North Dakota. Knowing our state is placing such emphasis on education and then adding in the opportunity to attract and retain that talent will make our state more attractive to these companies.
7. Finally, I believe this bill will begin to fundamentally change the attitudes of parents and our young people alike. For decades, we have been telling our kids to flee North Dakota in search of better opportunities. North Dakota's Promise tells our young people that North Dakota needs them, wants them, and is doing something to provide those better opportunities right here in North Dakota.

I realize there is work yet to be done on this legislation. During this session or perhaps during the interim, we will need to discuss the issues of implementation, potential claw back provisions, and performance measures. Those of us in economic development will support and encourage those discussions.

Today, I ask you to please vote YES, for SB 2347 and let us begin to keep North Dakota's Promise.

Thank you for your consideration.

Testimony to ND House Education Committee

March 12, 2007

Good Morning, my name is Kelli Poehls and I am here today to urge the passage of Senate Bill 2347. I have the good fortune of representing the nearly 1900 members of the Chamber of Commerce of Fargo-Moorhead where I serve as Public Affairs Coordinator.

In early 2006 the Chamber surveyed its membership in an effort to determine where it should focus its efforts in the upcoming years. One of those issues, not surprisingly was education of which higher education was a significant concern. As a result, committees within the Chamber spent the better part of 2006 researching and discussing issues including higher education scholarships.

Items deliberated by the Board as it considered the position related to Senate Bill 2347 included:

- The demographic predictions for the region show declining population, as rural communities in ND and MN continue to decline in population
- North Dakota leads the nation in high school graduates enrolling in college, although the areas of focus are not in the sectors with high job-growth potential in the US economy
- Number of high school graduates are projected to decline by 25% in 10 years

- Supports metropolitan strategy to grow high-technology jobs in the region
- Experience in Kalamazoo, Michigan shows increased economic development and city growth due to enacting a similar project
- Supports existing businesses who are in need of skilled workforce

I urge you to give a Do Pass recommendation for Senate Bill 2347. Thank you for your time. I would be happy to answer any questions you might have.

Representative Kelsch, members of the committee. My name is Alice Hoffert and I am the Associate Vice President for Enrollment Management at the University of North Dakota. Thank you for allowing me to speak in support of Senate Bill 2347.

My official responsibilities in enrollment management involve recruitment of prospective students, facilitating their enrollment, supporting their retention, and providing services to assist them in meeting their goals, most often graduation. Stated simply, everything involved in getting and keeping students until their goals are met. For North Dakota students, SB 2347 has the potential to have significant impact in all these areas.

The recruitment of college students is a very competitive venture and there are numerous out-of-state schools with extensive marketing strategies and financial incentives aimed at our North Dakota high school students. When fully implemented, the Promise grant program will be a valuable factor for these students as they make their enrollment decisions. In addition, the financial assistance provided by the program will be an important factor in students continuing to remain enrolled and graduating.

The recruitment of North Dakota students and their retention at North Dakota colleges and universities is important for North Dakota's future. I am a native North Dakotan who was educated through high school in North Dakota. Following graduation, I attended a two-year junior college and then a four-year university. This education allowed me to be employed in the state and remain in North Dakota.

My husband and I have four children and all four have had their entire K-12 education in North Dakota and attended college in-state. All four have remained in North Dakota and are raising their families here. Three of them are married and have two children each. The fourth is a freshman at the University of North Dakota. It is important that we do all we can to provide the financial incentive and support for education for future generations, like those represented by my children and grandchildren, in order for them to be educated and remain in North Dakota. SB 2347 is an investment in that generation.

Testimony of Jobey Lichtblau
Director of Undergraduate Admission
North Dakota State University
House Education Committee
Representative RaeAnn G. Kelsch, Chair
3/12/2007

Madam Chair and members of the committee, my name is Jobey Lichtblau, and I am the Director of Admission at NDSU. I am pleased to share my support for SB 2347.

As the Director of Admission at NDSU, I know well the competitive environment of student recruitment. The proposal for a program to offer a substantial portion of tuition for North Dakota students at North Dakota colleges and universities is important and will help the overall stability of our state's institutions of higher education and, in turn, our entire state.

I just returned from Washington D.C. where I attended the National Association for College Admission Counseling Legislative Conference. I had the opportunity to meet with our elected officials in Washington to talk about the importance of accessibility and affordability for higher education. I was impressed and envious at the strides my colleagues have been making in other states regarding affordability related to state higher education incentive plans. Now is the time for North Dakota to make strides and make a difference. SB 2347 does that by simultaneously addressing two very important issues of affordability and accessibility. At the conference, we talked about the importance of a rigorous curriculum for all students. SB 2347 gives students of North Dakota an opportunity and a much greater incentive to enroll in a rigorous Science and Mathematics curriculum. In turn, we will see more students choosing to remain in North Dakota and they will be arriving better prepared.

The students of North Dakota deserve education that is accessible and affordable. We are making progress in the accessibility area, and now must address the affordability issue. At NDSU we hear more often than we'd like that students decline our offer of admission due to a better financial aid package at another school, typically in another state. This past year a sample of canceled students showed 33% indicated that lack of financial support was the determining factor for not selecting NDSU. While we believe that a student must select a college or university based on a variety of factors such as finding the right fit for them individually, too frequently the driving factor is money.

The state of North Dakota, relative to other states, is lagging behind in its support for students at the post secondary level. Our need based state grant, in existence since 1973, has lost ground in the amount of funding received over the past 30 years, and North Dakota ranks 45th in total state grant dollars per population. In addition, the state scholars program, which serves North Dakota's best and brightest is not need based, and serves only 25-30 students a year. The students qualifying for these scholarships are often lured away by larger scholarship offers from colleges in other states.

Even though North Dakota tuition is lower than some surrounding states, debt for our students continues to increase. Substantiating the current limited funding resources from our state, a recent report on student debt shows a grim picture for North Dakota. For the class of 2005, North Dakota ranks second highest in the nation, with an average debt of \$22,000 for graduates from four year public institutions.

Increased and sustained funding for students pursuing higher education in North Dakota is imperative to ensure a strong future for our state. It is important that we put in place incentives for students to remain in the state, and pursue post secondary education here at home.



Testimony of Bill Shalhoob
North Dakota Chamber of Commerce
SB 2347
March 12, 2007

Chairman Kelsch and members of the committee, my name is Bill Shalhoob and I am here today representing the ND Chamber of Commerce, the principle business advocacy group in North Dakota. Our organization is an economic and geographic cross section of North Dakota's private sector and also includes state associations, local chambers of commerce, development organizations, convention and visitors bureaus and public sector organizations. We stand in support of SB 2347 and urge a do pass vote from the committee on this bill.

During the various territory meetings the North Dakota Chamber hosted prior to the legislative session, workforce was the number one issue at every meeting. And, we are talking about workers at all level and all types of vocations and professions. In addition to our traditional workforce needs, in today's economy, information and ideas are the essential ingredients for generating wealth. Labor is needed not just for its muscle, but also its mind power.

Talent is the key resource of the Information Age, just like iron was the foundation of the Industrial Age. Talent is essential for growing existing businesses, recruiting new businesses, and supporting entrepreneurial development. It is the leg on which all other economic development efforts stand.

The knowledge economy presents both a challenge and opportunity for states like North Dakota. With a strong education system and resourceful, hardworking people, North Dakota has the ability to excel in the knowledge economy. However, the state must reverse its troubling demographic trends. The last census reported only a slight gain in population. More troubling is the ongoing loss of young, career-oriented people. North Dakota must find ways to effectively involve its young talent in jobs and industries within the state.

Dr. Richard Florida, a professor of regional economic development at Carnegie Mellon University and an expert on the shift to the new, knowledge economy, says that in the past, wealth came from physical skills and manual labor. But today, the real source of wealth and economic growth is from human brainpower and ideas.

Florida says the world is going through the biggest economic transformation ever, and how North Dakota responds to that change will forever affect the state's future. "The only factor of production that matters is people. Economic development will be shaped more by how we attract people and not companies," Florida says.

The North Dakota University System and The North Dakota Promise program can play a big role in this for the following reasons:

- Universities are a magnet for talent and a key to future development and prosperity. As the economy becomes more global, skills and cumulative learning of the workforce becomes the key to both local and national competitiveness.
- Universities can focus on drawing in and creating the talent that is needed for local economic prosperity. We must establish “brain trusts” or mutually reinforcing relationships between universities and the local economies of communities in rural areas.

Studies show that our population is migrating from rural to urban, and those in the urban areas are moving to the larger urban areas. The dominant shift of those leaving North Dakota is those ages 30-44, who are looking for second-tier positions.

North Dakota must invest in the infrastructure, which creates an environment that meets its workforce needs and attracts and keeps the knowledge-based employees.

In order for North Dakota to grow and compete in this economy, the state must aggressively attract and retain talented, innovative workers who are committed to contributing to our economy.

SB 2347 is a bold effort to attract families and workforce to North Dakota and to mobilize North Dakotans to develop new ideas to grow the economy and create a more prosperous state. Recruiting and retaining talent is a top priority in the global economy.

Leaders from government, higher education, labor and industry need to work together to implement solutions to North Dakota's workforce challenges.

Thank you for the opportunity to appear before you today in support of SB 2347.

I would be happy to answer any questions.

FINAL ASSUMPTIONS
 Only Students in K-12, Fall 2008 - Fall 2012, Qualify
 Columns 10 and 11 Reflect 70% Eligible Students for the Program, that Do NOT Qualify for Grants/Scholarships

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	Kindergarten	HS Grad Class				ND Graduate Assumptions						
	Began Kindergarten Fall of	# Students	Began Senior Yr Fall of	# Students	HS % Grad	Est 30% have 23 ACT, have 4 yrs math/sc, & attend any college Col 5x30%	Est 80% attend ND College as FT Stdnt Col 7x80%	Est 2% In-Migration (Note 1) Col 5x2%	70% Est Grad qualifying freshmen year-Not Pell Eligible Col 8+9x70%	Est 90% Soph Sr Yr considering GPA requirement Col 10x90%	College Years	% Waiver
Fall'08 Classes												
9th	1999	8,814	2011	7,169	81.34%	2,151	1,721	143	1,305	1,174	2012-2015	65%
8th	2000	8,391	2012	6,799	81.03%	2,040	1,632	136	1,237	1,114	2013-2016	70%
7th	2001	7,978	2013	6,691	83.87%	2,007	1,606	134	1,218	1,096	2014-2017	75%
6th	2002	7,950	2014	6,722	84.55%	2,017	1,613	134	1,223	1,101	2015-2018	80%
5th	2003	7,898	2015	6,626	83.89%	1,988	1,590	133	1,206	1,085	2016-2019	85%
4th	2004	7,744	2016	6,642	85.77%	1,993	1,594	133	1,209	1,088	2017-2020	100%
3rd	2005	7,547	2017	6,295	83.41%	1,888	1,511	126	1,146	1,031	2018-2021	100%
2nd	2006	7,486	2018	6,244	83.41%	1,873	1,499	125	1,136	1,023	2019-2022	100%
1st	2007	7,359	2019	6,138	83.41%	1,841	1,473	123	1,117	1,005	2020-2023	100%
K	2008	7,290	2020	6,080	83.41%	1,824	1,459	122	1,107	996	2021-2024	100%
Fall'09 K-Class	2009	7,227	2021	6,028	83.41%	1,808	1,447	121	1,097	987	2022-2025	100%
Fall'10 K-Class	2010	7,171	2022	5,981	83.41%	1,794	1,435	120	1,089	980	2023-2026	100%
Fall'11 K-Class	2011	7,121	2023	5,940	83.41%	1,782	1,425	119	1,081	973	2024-2027	100%
Fall'12 K-Class	2012	7,077	2024	5,903	83.41%	1,771	1,417	118	1,074	967	2025-2028	100%

Cathy McDonald:
 Ave of DPI projected numbers for 2011-2016 used 2017-2024

1/Assumed that the 2% in-migration is equivalent to the total # qualifying each year, and the other reduction %'s wouldn't apply.

FINAL ASSUMPTIONS
Only Students in K-12, Fall 2008 - Fall 2012, Qualify

Columns 10 and 11 Reflect 30% Eligible Students for the Program That DO Qualify for Grants/Scholarships

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	Kindergarten		HS Grad Class		ND Graduate Assumptions							
	Began Kindergarten Fall of	# Students	Began Senior Yr Fall of	# Students	HS % Grad	Est 30% have 23 ACT, have yrs math/sc, & attend any college Col 5x30%	Est 80% attend ND College as FT Stdnt Col 7x80%	Est 2% In-Migration (Note 1) Col 5x2%	30% Est Grad qualifying freshmen year- Pell Eligible Col 8+9=30%	Est 90% Soph- Sr Yr considering GPA requirement Col 10x90%	College Years	% Waiver
Fall'08 Classes												
9th	1999	8,814	2011	7,169	81.34%	2,151	1,721	143	559	503	2012-2015	65%
8th	2000	8,391	2012	6,799	81.03%	2,040	1,632	136	530	477	2013-2016	70%
7th	2001	7,978	2013	6,691	83.87%	2,007	1,606	134	522	470	2014-2017	75%
6th	2002	7,950	2014	6,722	84.55%	2,017	1,613	134	524	472	2015-2018	80%
5th	2003	7,898	2015	6,626	83.89%	1,988	1,590	133	517	465	2016-2019	85%
4th	2004	7,744	2016	6,642	85.77%	1,993	1,594	133	518	466	2017-2020	100%
3rd	2005	7,547	2017	6,295	83.41%	1,888	1,511	126	491	442	2018-2021	100%
2nd	2006	7,486	2018	6,244	83.41%	1,873	1,499	125	487	438	2019-2022	100%
1st	2007	7,359	2019	6,138	83.41%	1,841	1,473	123	479	431	2020-2023	100%
K	2008	7,290	2020	6,090	83.41%	1,824	1,459	122	474	427	2021-2024	100%
Fall'09 K-Class	2009	7,227	2021	6,028	83.41%	1,808	1,447	121	470	423	2022-2025	100%
Fall'10 K-Class	2010	7,171	2022	5,981	83.41%	1,794	1,435	120	467	420	2023-2026	100%
Fall'11 K-Class	2011	7,121	2023	5,940	83.41%	1,782	1,425	119	463	417	2024-2027	100%
Fall'12 K-Class	2012	7,077	2024	5,903	83.41%	1,771	1,417	118	460	414	2025-2028	100%

Cathy McDonald:
 Ave of DPI projected numbers for 2011-2016 used 2017-2024

1/Assumed that the 2% in-migration is equivalent to the total # qualifying each year, and the other reduction %'s wouldn't apply.