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OMB/RECORDS MANAGEMENT DIVISION

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ROLL NUMBER

DESCRIPTION

4027

2007 SENATE EDUCATION

SCR 4027

2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 4027

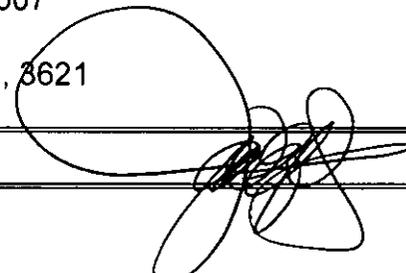
Senate Education Committee

Check here for Conference Committee

Hearing Date: February 21, 2007

Recorder Job Number: 3612, 3621

Committee Clerk Signature



Minutes:

Chairman Freborg opened the hearing on SCR 4027, a resolution to study the feasibility and desirability of Bismarck State College becoming a four-year baccalaureate degree-granting institution. Senator Taylor was absent.

Senator Potter introduced the bill. (Written testimony attached)

Kelvin L. Hullet, President of the Bismarck Mandan Chamber of Commerce testified in favor of the bill. (Written testimony attached)

Senator Bakke asked if there will need to be a substantial investment in faculty, buildings, curriculum.

Mr. Hullet said first we have to engage in conversation; is it possible, what changes would need to be made to the mission statement, what resources would be needed?

Pat Seaworth, legal counsel for the Board of Higher Education, testified in a neutral position.

He is representing President Paulsen who is at a meeting in Mayville where they are naming a new president. He presented testimony from President Paulsen. (Written testimony attached)

He mentioned Bismarck State currently offers a 4 year degree in Basic Applied Science in

Energy Management. A study has been added to HB 1003, to study higher education in depth. President Paulsen would be pleased to come at another time for further discussion.

Senator Gary Lee asked if the study in 1003 would adequately deal with what is being asked for here.

Mr. Seaworth said yes, the language is broad enough to cover what is requested here.

Senator Flakoll said the 50% language from his testimony, would that increase or decrease with the changes recommended in this resolution?

Mr. Seaworth said the point is that in conjunction with expanding the mission statement of any institution, there is a need to evaluate if there is adequate funding of our current institutions.

70% of cost in higher education is personnel. The cost of personnel would go up due to accreditation requirements; some PhD's would be required for teaching.

Chairman Freborg closed the hearing on SCR 4027.

Senator Bakke asked about HB 1003. She would like to see it.

The intern found a copy of the portion of the bill that pertains to the study. (Attached)

Senator Bakke said since this is a narrow focus; we need to take a broader look at higher education.

Chairman Freborg said the council could put the two together.

Senator Bakke asked if 4027 and 1003 were both passed, would legislative council put them together.

Chairman Freborg said 1003 will pass.

Senator Flakoll said 4027 asks to consider a study, 1003 mandates a study. 1003 is more comprehensive. We don't need 4027 if we have 1003.

Senator Bakke moved a Do Pass on SCR 4027, seconded by Senator Flakoll.

Senator Bakke said this gives the option of looking at a technical school at Bismarck State, it is opening the door for possibility and it is never wrong to open discussion.

Senator Gary Lee said 1003 covers what they are asking to do; we need to look at the whole system. He won't support the motion.

The motion failed 2 -2 -1.

Senator Gary Lee moved a Do Not Pass on SCR 4027, seconded by Senator Flakoll.

Senator Bakke said 1003 does not have the same twist with the technical specialty for Bismarck State and they might not think of it.

The motion failed 2-2-1.

Senator Flakoll moved that the committee send SCR 4027 to the floor without committee recommendation, seconded by Senator Bakke. The motion passed 3 -1 – 1. Senator Bakke will carry the resolution.

REPORT OF STANDING COMMITTEE (410)
February 21, 2007 4:05 p.m.

Module No: SR-33-3638
Carrier: Bakke
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SCR 4027: Education Committee (Sen. Freborg, Chairman) recommends BE PLACED ON THE CALENDAR WITHOUT RECOMMENDATION (3 YEAS, 1 NAY, 1 ABSENT AND NOT VOTING). SCR 4027 was placed on the Eleventh order on the calendar.

2007 TESTIMONY

SCR 4027

Testimony of Sen. Tracy Potter on SCR 4027, Senate Education Committee, 2-21-07

The bill title jumps a little ahead of where I wanted to start this discussion. I do believe that Bismarck State College should offer four years of study and baccalaureate degrees, but I'm a little leery of jumping straight to that conclusion. Please allow me to take a step back and maybe you'll come along with me and Rep. Keiser all the way to the same conclusion.

The number one mantra of the Commerce Department, the state's Chamber of Commerce and my own Bismarck-Mandan Chamber of Commerce is: **Workforce Development.**

The demands of the 21st Century, and the demands of our rapidly-expanding energy industry require a skilled workforce. We need more welders, more power plant technicians, more electricians, more workers with skills we probably can't even predict with certainty today. Increasingly, the skills required are of a higher nature than were needed ten and twenty years ago. That trend will only continue – and will probably accelerate.

No one doubts that North Dakota's rosier economic future lies in energy production – both the traditional coal and oil developments, and their rapidly developing new technologies of coal drying, carbon sequestration, horizontal drilling, coal-to-jet fuels, and more and, in the renewable energy fields of wind and hydrogen, ethanol and solar power. I like to categorize these as our finite and infinite resources. In order to take our rightful place as a world leader in energy production, we will need our workers to be world leaders in their fields.

That's what brings us back to Bismarck State College. BSC is already known as a leader in power plant technology and energy industry workforce training. If a study were to determine that North Dakota workers need an opportunity to develop their skills in a four year curriculum, BSC may be the logical place to provide that training. Those are the two issues to be studied, if this resolution is approved: 1. Is there a need for a four-year school focused on training young people to meet the demands of 21st century technology, particularly in the energy industry? and, 2. If the answer to number 1 is yes, is Bismarck State College the right place provide that training?

I hope you will agree that these questions are worth asking and that an interim study is the right forum in which to ask them.

Testimony to Senate Education Committee
Kelvin L. Hullet, on Behalf of the Bismarck Mandan Chamber
Senate Concurrent Resolution 4027

Mr. Chairman and Members of the Committee, I am Kelvin Hullet, President of the Bismarck Mandan Chamber testifying in support of Senate Concurrent Resolution 4027. This study resolution seeks to examine the idea of Bismarck State College transitioning from the 2-year institute to an institution granting 4-year Baccalaureate degrees. This is an idea that our organization and community has discussed for some time and we are grateful to Senator Potter and Representative Kaiser for introducing this resolution.

Bismarck Mandan is rapidly transitioning from a big town to a small city. The last two years have brought dynamic change to our community. We have experienced a rapid growth in jobs and housing due to a variety of factors. It is our anticipation that because of regional and national factors, Bismarck Mandan will continue to grow. In fact, our projections are for a one and one half to two percent growth rate over the next 10 years. This will move our community from around 100,000 in population to 115,000 to 117,000 by 2015.

There are a variety of factors driving our growth and this study identifies one of the key industries and that is Energy. There is no doubt that the future of Bismarck-Mandan is directly tied to the energy industry and this nation's movement towards energy independence. As is well documented, North Dakota is rich in natural resources and we have a key role to play in moving America forward.

In 2006, the Bismarck Mandan Chamber undertook a study of the idea of BSC becoming a four year institution. I am providing you with copies of the study and want to highlight just a few of our conclusions.

First and probably not surprising, there is strong support in Bismarck-Mandan for transitioning BSC to a 4-year institution. In an informal survey of our business community, almost 90% of the respondents indicated their support for this idea.

In addition, a high percentage of the employers felt a 4-year public institution would provide for a positive impact on employee recruitment, retention and employee development.

Second, our study looked at one of the key questions arising in this discussion and that is the constitutionality. It seems there are avenues to allow BSC and the community to examine this alternative without conducting a constitutional amendment vote.

Third, our study looked at the possible economic impacts on the community. Extrapolating data from the results of a North Dakota University System Study allowed the Leadership study group to project and economic impact that could exceed \$100 million dollars.

It would be irresponsible of us to bring forward and support this idea without identifying some of the concerns expressed in the study. One of the foremost concerns was the impact on system wide resources if BSC became a 4-year institution. There is no doubt this is a valid concern and one that should be examined carefully as part of this study.

A second concern was that BSC would simply become another 4-year degree granting institution in the state. I think this point requires careful consideration and discussion. The vision, as defined in informal conversations is to create an institution that is a strong technical school. A college that is focused on the needs of our business and industry, is quick to react, continues the ingenuity of BSC, and seeks to open new avenues to the community, the state and the region.

Mr. Chairman and members of the committee, we do not deny that this is an idea that is somewhat on the edge. However, as our community and our state evolve, we believe Bismarck Mandan is poised enhance its status as one of the primary economic drivers of the state. We ask you to support this study resolution and allow us to examine the idea of "What if" and if a 4-year public institution will benefit the future of this state.



LEADERSHIP BISMARCK-MANDAN

A STUDY OF THE IMPACT OF MAKING
BISMARCK STATE COLLEGE A FOUR-YEAR
INSTITUTION

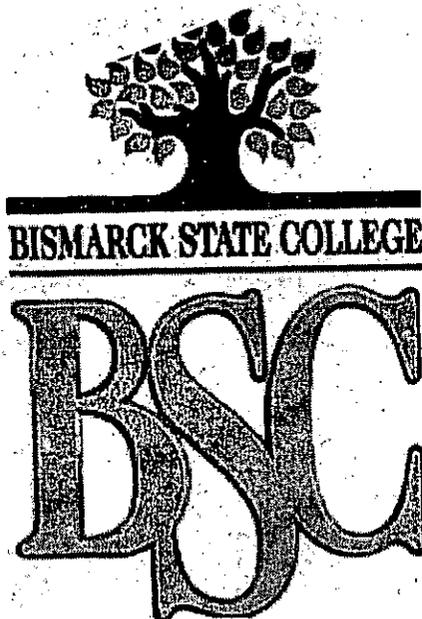


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OVERVIEW

There is no doubt that Bismarck-Mandan is growing. In the last two years, the Bismarck-Mandan Metropolitan Statistical Area (MSA) has experienced an influx of retail that includes two Super Wal-Marts, Sams Club, Best Buy, Lowes, Kohls, Home Depot, and several others. Plans were also announced for the Northern Plains Commerce Centre, a transloading facility to be located adjacent to the Bismarck Airport. Additionally, companies such as Qwest, Bobcat, Unisys, Cloverdale, and many others have added numerous full-time positions. All told, the Bismarck-Mandan MSA is expecting nearly 2,000 new retail and primary sector jobs.

However, some in the community think that one inhibiting factor to the growth of Bismarck-Mandan is not having a public four-year institution offering bachelor's degrees. With this in mind, the Bismarck-Mandan Chamber of Commerce commissioned a three-part qualitative study, of the impact of making Bismarck State College (BSC) a four-year institution.

The first part consisted of a survey of existing businesses in the Bismarck-Mandan area. The purpose of the survey was twofold:

1. To gauge support for making BSC a four-year institution.
2. To ask businesses and the community how it would assist their business or the community if BSC were to become a four-year institution.

The second part of the study was to work with BSC and the local legislative delegation to identify what steps would be required to transition BSC from a two-year to a four-year institution. Specific issues that needed to be addressed were: what specific legislative action would be required and are there constitutional issues that would need to be remedied?

The third part of the study was a limited evaluation of the fiscal impact of transitioning BSC from a two-year college into a four-year institution. This portion of the study determined:

what additional resources BSC would require, what additional funds would need to be generated, and how the community would be impacted?

Each aspect of the study was addressed by a group of participants from the Bismarck-Mandan Chamber of Commerce Leadership Program with three specific goals in mind:

1. To identify if there is business community support for transitioning BSC from a two-year to a four-year institution.
2. To determine what legislative requirements would be required to facilitate such a transition.
3. To, on a limited basis, determine the fiscal impact of transition BSC to a four-year institution.

Group members included:

Survey Team:

Tami Emter (NISC)

Pam Kostelecky (Starion Financial)

Brian Ritter (Bismarck-Mandan Development Association)

Legislative Team:

Kim Ressler (A Buck or So)

Jason Kirchmeier (Ameriprise Financial)

Fiscal Impact Team:

Roger Berg (Kadrmass Lee & Jackson)

Melissa Jorgenson (CrossCountry Courier)

Susan Martin (Ruth Meiers Hospitality House)

BACKGROUND

Bismarck State College was a bold, Depression-era experiment. As North Dakota's first two-year city college, BSC became an example for others and over the years has grown at a pace most likely unforeseen by its early promoters.

Created in 1939 in response to a community need for a local college, it was originally known as Bismarck Junior College. The College's first students started classes on September 4, 1939, in Bismarck High School. There were 104 full- and part-time students and 12 instructors. By the late 1940s, a new location for the college became increasingly urgent as college enrollment soared. In 1951 the 32nd Legislative Assembly responded to an appeal from community leaders to grant the College 15 acres on the Capitol grounds for a campus site. The College then moved into its own building at 900 Boulevard Avenue in 1955.

Within a few years the new campus was inadequate to meet the needs of the growing college. In 1959 Harold Schafer, a local entrepreneur and founder of the successful Gold Seal Company, offered the College a tract of land overlooking the Missouri River at the northwest edge of the City. Classes were first held on the new campus in the fall of 1961.

Buildings were constructed on the campus in this order:

Building	Year Completed	Cost
Schafer Hall	1961	\$ 858,971
Werner Hall	1965	661,766
Library	1968	548,493
Swensen Hall	1972	576,363
Student Union	1974	899,328
Voc-Tech Building	1974	1,684,000
Student Apartments	1979	394,949
Voc-Tech Center addition	1983	1,291,740

Jack Science Center	1998	8,200,000
Tom and Frances Leach Music Center	2001	762,000

Construction of the Jack Science Center began in the summer of 1996. This \$8.2 million building was completed in January 1998. The three-floor 74,000 square-foot building houses classrooms and labs for science, mathematics, engineering and computer science classes, and offices for faculty teaching in those disciplines. Recently, work has commenced on the \$12 million Career and Technology Institute, paid for by fund raising of the BSC Foundation and state and federal grants.

Today, the 100-acre campus overlooks the Missouri River at the northwest edge of the City of Bismarck. BSC currently employs 274 full-time and 100 part-time professional and support personnel, has an enrollment of approximately 3,500 students and is the fourth largest college in the 11 campus University Systems.

Students at BSC can choose from more than 30 technical programs that prepare them for entry-level placement specific careers. Several bachelor's degree and graduate programs are also offered on campus in cooperation with other University System institutions. In addition, the College's corporate and continuing education division provides professional development, personal enrichment courses, and conference coordination services.

Copied in part from the Bismarck State College website.

SURVEY RESULTS

During January 2006, a survey was conducted of existing businesses in the Bismarck-Mandan area. The purpose of the survey was two fold:

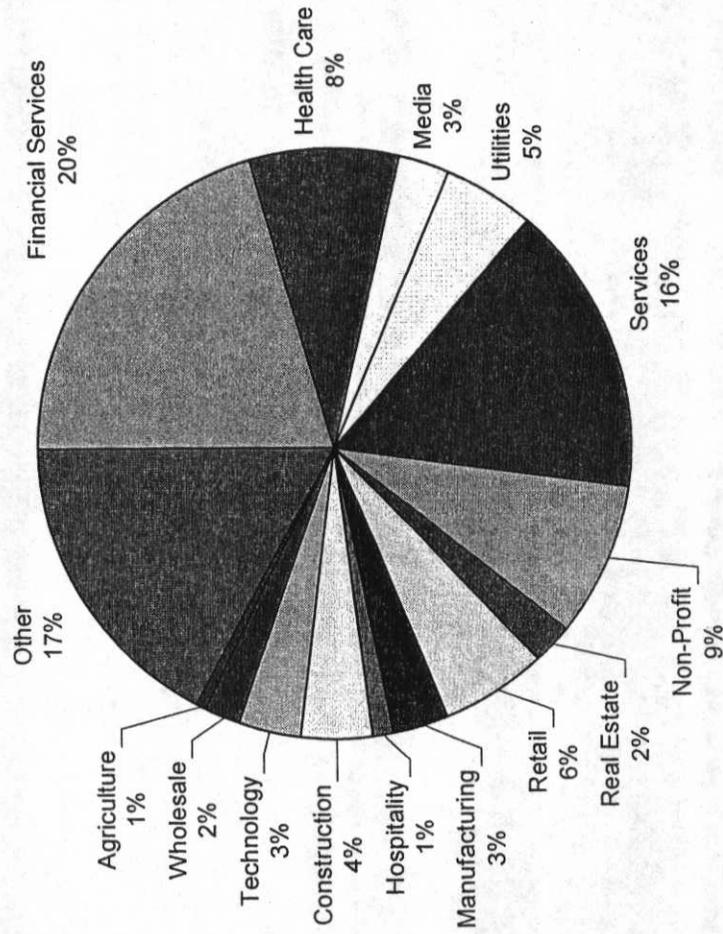
1. To gauge support for making BSC a four-year institution.
2. To ask businesses and the community how it would assist their business or the community if BSC were to become a four-year institution.

To develop a survey tool that would adequately measure the business community's level of support for transitioning BSC to a four-year institution, meetings were held with Mr. Kelvin Hullet, President of the Bismarck-Mandan Chamber of Commerce, Mr. Tom Davis, President of Odyssey Research, Dr. Donna Thigpen, President of Bismarck State College and numerous other members of the community. Using input gathered from those meetings, a survey tool was developed and then posted to the online survey site SurveyMonkey.com

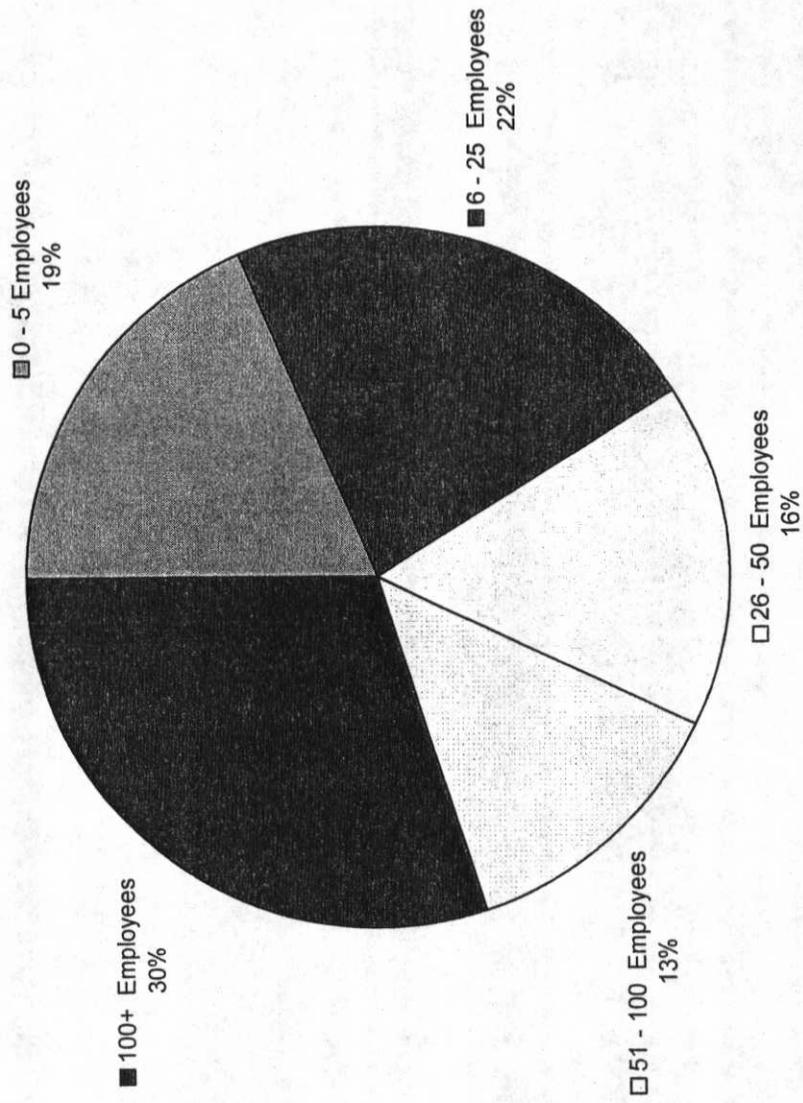
The survey was sent to 1100 Bismarck-Mandan Chamber of Commerce members with a link to the survey on January 4th. The survey was closed January 18th, with one reminder sent during that time. In total, the group received 303 responses, which is a 27.5% response rate. It is important to note that generally a 5 – 10% response rate is expected from these types of surveys.

The following graphs depict the results of each survey question. Appendix A and B contain the responses related to Question 3 as well as any additional comments by the survey respondents.

Question 1: Please describe your primary product/service:

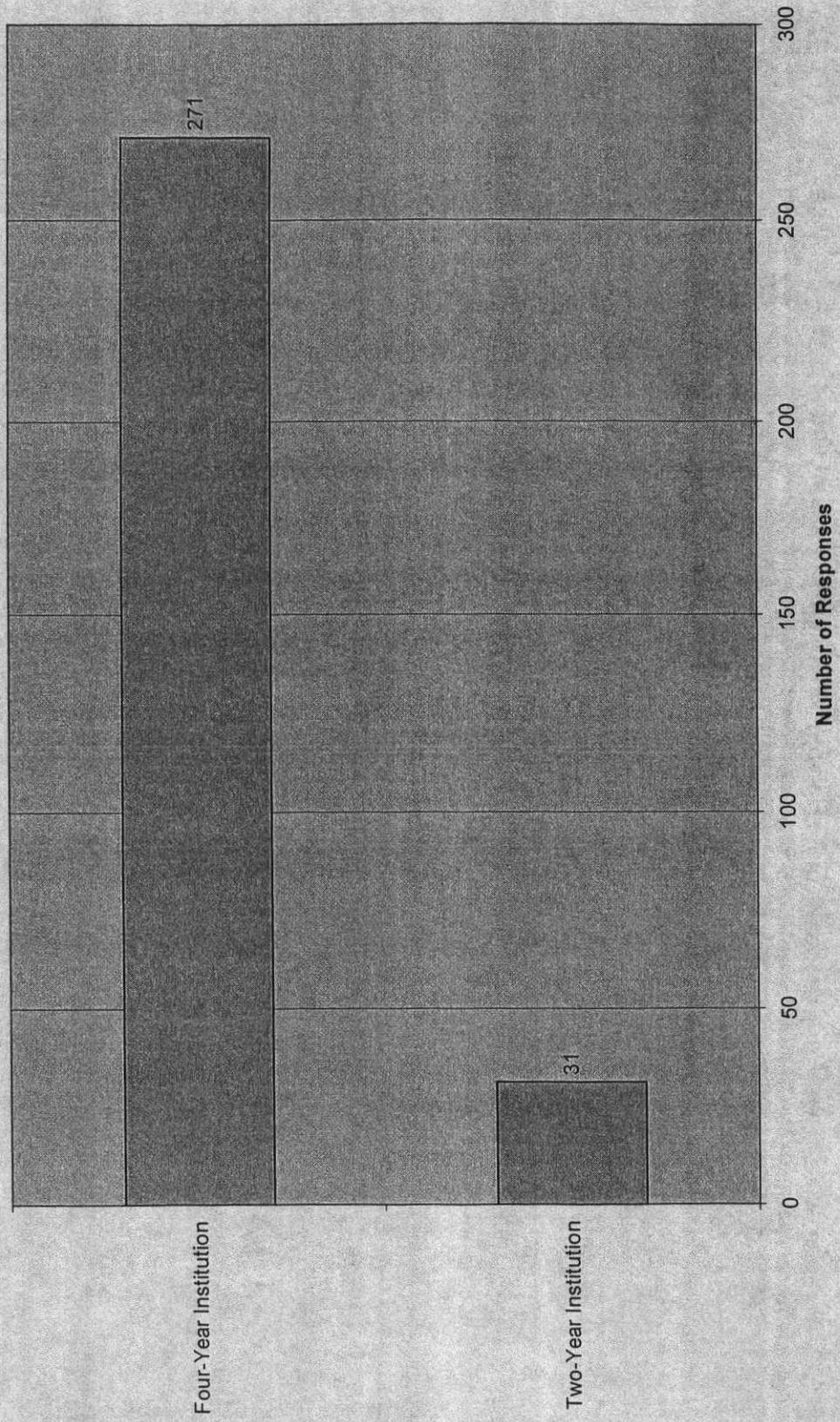


Question 2: Please indicate your estimated number of employees:

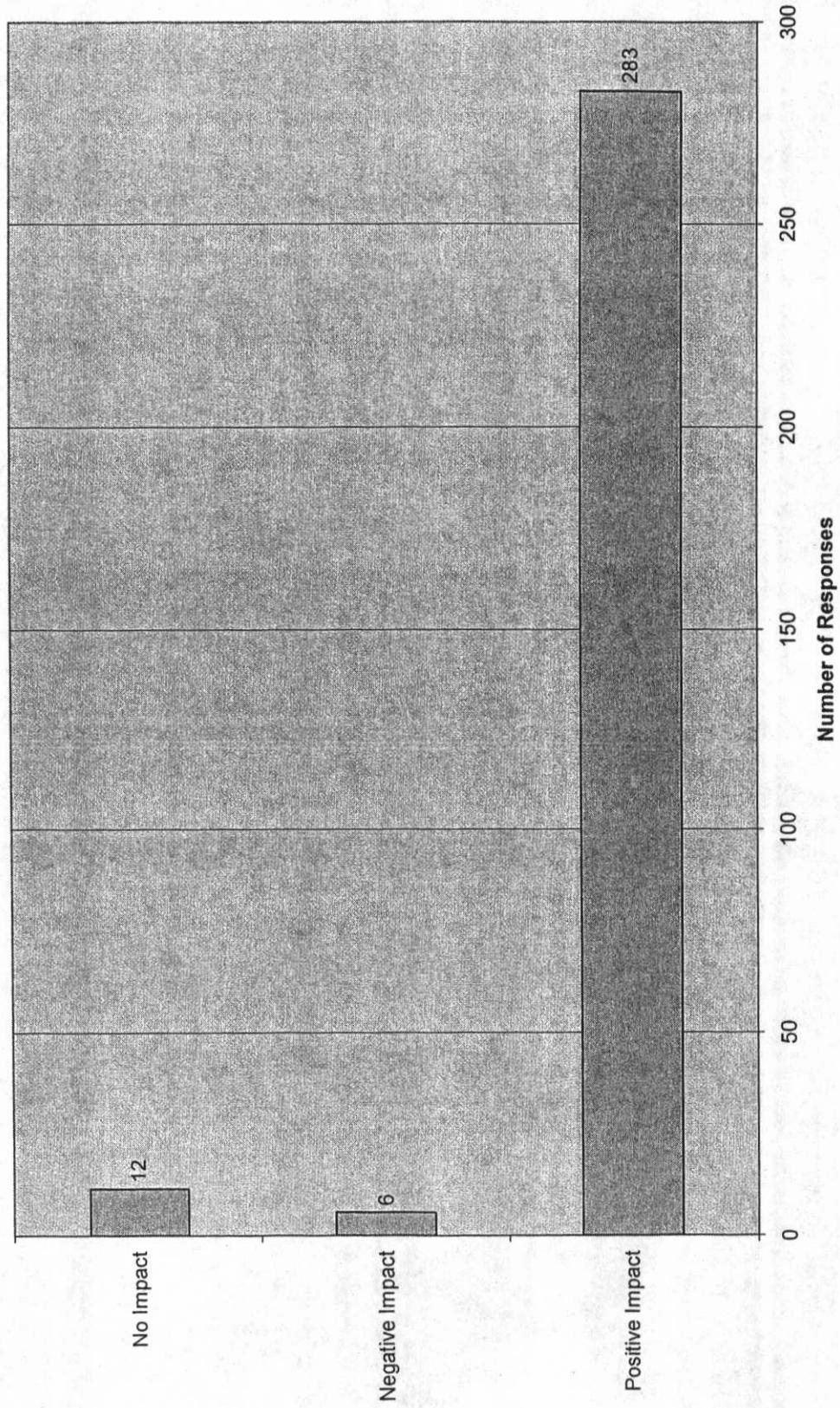


0 - 5 Employees 6 - 25 Employees 26 - 50 Employees 51 - 100 Employees 100+ Employees

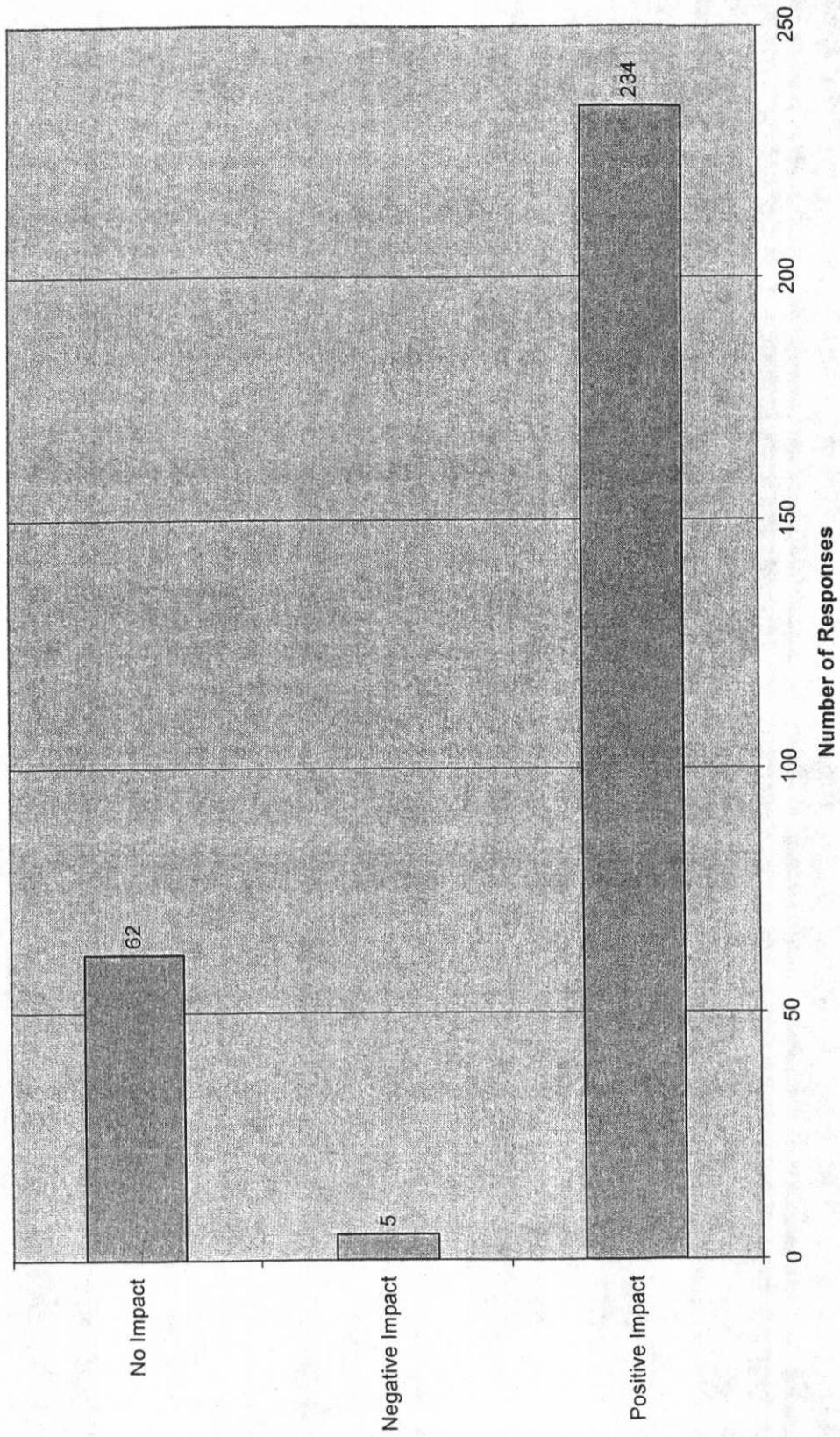
Question 3: Would your business prefer BSC remain as a two-year institution or be developed as a four-year institution?



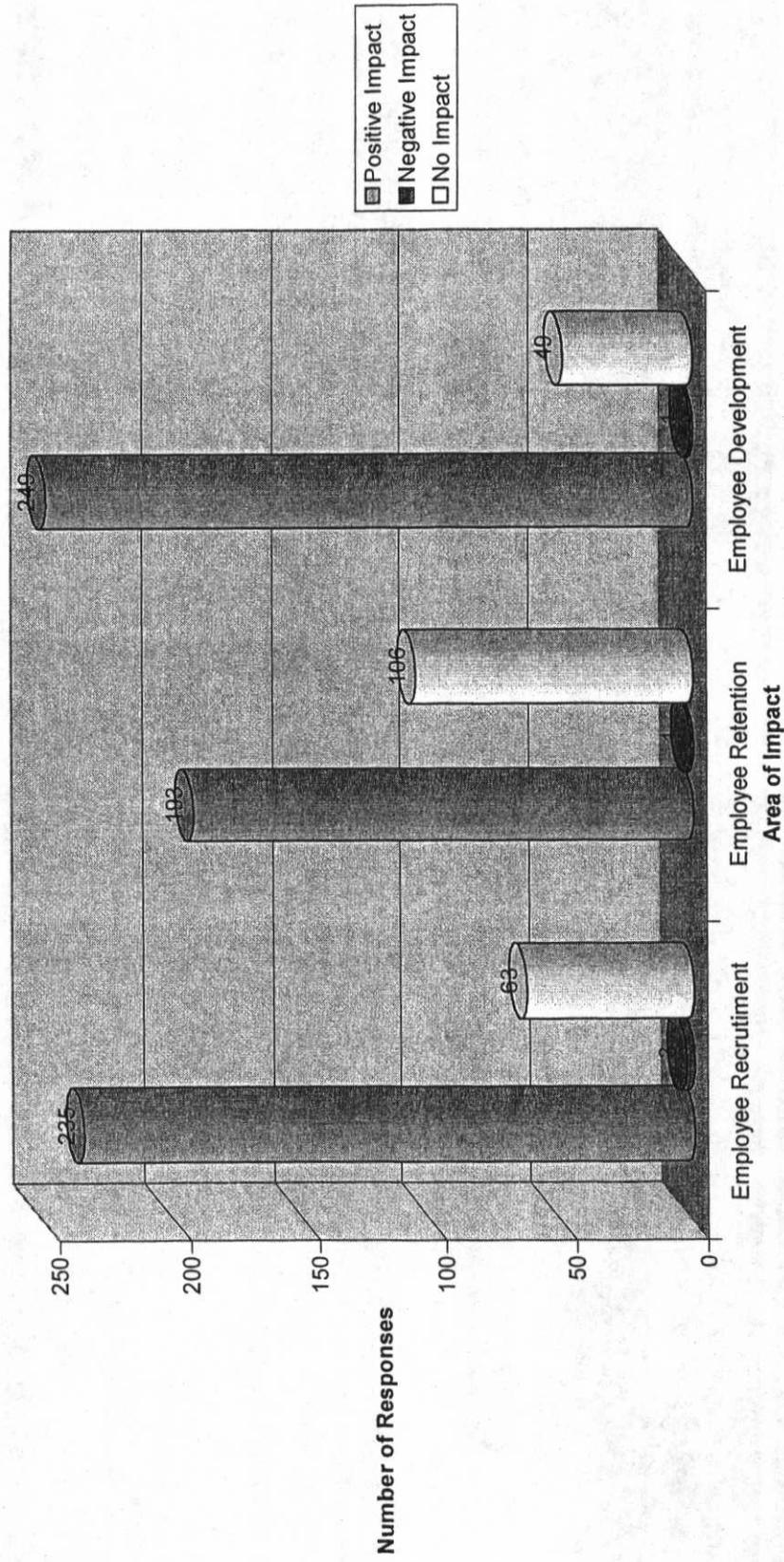
Question 5: What would be the level of economic impact to the Bismarck/Mandan community if BSC were a four-year institution?



Question 6: What would you perceive to be the level of economic impact to your business if BSC were a four-year institution?



Question 7: What would you perceive to be the level of impact to your business if BSC were a four-year institution in the following areas?



LEGAL PROCESS

The second part of the study was to work with BSC and the local legislative delegation to identify what steps would be required to transition BSC from a two-year to a four-year institution. To identify the process of becoming a four-year institution, some initial structure must first be explained. The North Dakota State Government is made up of the Judicial, Executive, and Legislative branches and for the purposes of this project; it is necessary to define what authority or influence each branch might have.

The Judicial Branch, supervised by the North Dakota Supreme Court, has no authority to make the decision to transition BSC from a two-year to a four-year institution. Their purpose would be to ensure things are done through the correct legal course and changes to the law do not compromise the State Constitution.

The Executive Branch administers the law and its primary official is the Governor. The State Board of Higher Education also lies within the Executive Branch and was created in 1938 through a Constitutional Amendment. At that time, a disagreement between Governor Langer and others within the state concerning authority and control brought about the establishment of the State Board of Higher Education. The Board now administers the North Dakota University System.

The third branch of government is the Legislative Branch, which consists of the Legislative Assembly, composed of the Senate and House of Representatives. The Legislative Assembly establishes policy by enacting legislation and appropriates funds for the operation of state government. The Legislative Council is a committee of legislators selected by the Senate and the House and employs the Legislative Council Staff on a nonpartisan basis.

The Legislative Council staff provides legal, fiscal, and administrative services to the Legislative Branch of government whether it is to the Senate, the House, Legislative Committees, or individual legislators. The State Board of Higher Education receives its funds, or is otherwise authorized to expend funds, received from any source through action of the Legislative Assembly. The Board is

charged with administering these funds and handling matters relative to all 11 North Dakota colleges and universities. In rare circumstances the Legislative Assembly could express opinion of the intended allocation of the funds.

Junior colleges, or two-year colleges as they would later be known, generally serve the purpose to train the workforce in more specific areas through technical trades. In addition they serve the purpose of students seeking the goal of furthering their education after high school by completing their general studies before further pursuing their specific areas of focus at a four-year institution. Originally these schools were administered by local school districts without appropriations for funding from the state. Since 1931, any area of the state with a population greater than 5,000 has been allowed by a two-thirds majority vote of its electors, to establish a junior college. This authority remained so until 1983.

In 1981 the Legislative Assembly created the Higher Education Study Commission to study higher education in the state and report to the 48th Legislative Assembly in 1983. The commission concluded that the three community colleges contributed substantial educational services and opportunity to the citizens of that region, and were an important component of the state's postsecondary system. The commission also concluded the state's three community colleges each faced imminent financial crisis and continued existence of these institutions was possible only if the state assumed control and additional fiscal responsibility for them.

One of the recommendations of the commission was a constitutional amendment to have the state take over administration of the junior colleges. However, the proposal failed to pass the Legislative Assembly. A companion proposal, to the proposed constitutional amendment, was a bill to provide for the takeover of junior colleges by a State Board of Postsecondary Education (which would have been established by the proposed constitutional amendment) or the State Board of Higher Education (if the constitutional amendment was not approved). Senate Bill No. 2073 reflected the recommendation of the commission that it was in the state's best interest to take over administration of the state's two-year junior colleges. This fact gives authority to the state to progress with certain actions, without the vote of the people, as long as it is not a constitutional change. This can be

contrasted with the action necessary to change the "missions" of institutions of higher education in the 1950's.

In 1960, the electorate approved an amendment to the State Constitution to change the name of North Dakota Agricultural College to North Dakota State University of Agriculture and Applied Science, which may or may not have been considered reflection of a change in the mission of NDSU since it was established in 1889. Over the years, however, other schools have had name changes and "mission" changes without constitutional amendments. "Normal schools" became "teachers colleges" which in turn became universities.

For example, the State Constitution refers to Valley City State Normal School in one section, Minot State Normal School and Teachers College in another section, and Minot State College in a third section. The different names reflect that as constitutional provisions were amended, names were "modernized" to reflect the then current name of the institution. Because certain institutions are named, or at least described in the State Constitution, a constitutional amendment would be required to remove the constitutional status of such an institution (and thereby close or reduce its mission from a four-year university to a two-year college).

The State Constitution lists the institutions of higher education and further authorizes the State Board of Higher Education to control and administer "such other state institutions of higher education as may hereafter be established." However, the two-year colleges are not referenced in the State Constitution. Under this constitutional authority and by specific statute, North Dakota Century Code Section 15-10-01, the State Board of Higher Education is charged with control and administration of the two-year colleges in the state - Bismarck State College, Lake Region State College, and Williston State College. The Legislative Assembly, by majority vote of each house, can enact or amend a statute (such as enacting a statute making Bismarck State College a four-year school).

Assuming the Legislative Assembly decides by majority vote to make Bismarck State College a four-year university, this may be an open policy for UND Williston and Lake Region to accomplish the same change. The Legislative Assembly could change the statute and the State Board of Higher

Education would continue to administer the college, although their workload would certainly increase due to one or possibly three more four-year schools.

Prior to enacting such a statute, a public official could request the Attorney General to give an opinion as to whether or not the Legislative Assembly could establish a four-year institution without a constitutional amendment. Regardless of the opinion however, the Legislative Assembly could still act and if the statute were challenged the issue would go to the North Dakota Supreme Court. Under the State Constitution, it takes four out of the five justices on the Supreme Court to declare a law unconstitutional. Based on the precedent established by the Legislative Assembly, statutorily making the junior colleges state-funded institutions and by the constitutional provision referencing "any other institutions as may be established," such a result would be unlikely.

It appears that there is no statutory provision declaring Bismarck State College a two-year institution. Thus the Legislative Assembly could indirectly establish Bismarck State College as a four-year institution by appropriating funds for a four-year program at Bismarck State College. Private funding may help the school to initially get some of their facilities up to the standards of a four-year institution. However, once the funding stops or diminishes, the four-year status would end unless the state assumes maintenance of the facilities and salaries of the professors needed for the four-year program.

Once the Legislative Assembly passes a bill establishing Bismarck State College as a four-year institution or providing funding for Bismarck State College to offer four-year degree courses, the bill would go to the Governor for signature. The Governor could veto the bill. In this case a 2/3-majority vote of the members-elect of the Senate and the House of Representatives would be required to override the veto. In this process the State Board of Higher Education may give specific recommendation to the Governor as well.

Recently there has been some discussion regarding Bismarck State College offering four-year degrees in lieu of becoming a four-year institution. It appears the State Board of Higher Education could approve this as long as they are willing to administer the programs. Again, the precedent may have

been set by the fact that schools within the state previously made slight changes to their offerings with just a change to their mission statement.

Whether Bismarck State College becomes a four-year university or remains a two-year institution with some four-year degree offerings, a mission statement change would most likely be required. This may be nothing more than an extension of the current mission statement or a complete change. To change the mission statement two steps would be required. The preliminary step is to state your intent, Stage One. The new mission would need to be defined, prior to applying for approval. At this point the State Board of Higher Education would address any objections from the citizens, other universities, etc. So it would not be something to do without substance and a clearly defined ultimate goal. Stage two is the formal analysis and written recommendation by the State Board of Higher Education. If their recommendation is for approval, final approval would still be needed by the North Central Association of Accreditation.

FISCAL IMPACT

The third part of the study includes a limited evaluation of the fiscal impact of transitioning Bismarck State College to a four-year institution. To address this part of the study, three questions were researched:

1. What additional resources would BSC require?
2. What additional funds would be generated?
3. How would the community be impacted?

Discussions were held with Bismarck State College management for the purpose of obtaining staff input on issues such as:

- current income to BSC from tuition, state appropriations, grants, contracts, gifts, auxiliary services and other services, and income;
- current BSC expenses including instruction, academic support, student services, institutional support, physical plant, financial aid, and auxiliary services;
- projected student enrollment of BSC as a four-year institution;
- current data on the economic impact of BSC on the community.

For the purposes of this study, the limited evaluation of the fiscal impact will be presented based on annual revenue generated and required and will be directly correlated to the additional number of students anticipated.

Existing Enrollment, Tuition, and State Appropriations

Bismarck State College currently has approximately 3,500 students making it the fourth largest college in the University System. In addition, approximately 500 students attend classes on the BSC campus in cooperation with Minot State University, Dickinson State University, and the University of North Dakota.

The table below provides a comparison of the number of students enrolled in each of the North Dakota University System institutions in 1999 vs. 2004.

North Dakota University System Fall Enrollment, 1999-2004								
Institution	1999			2004			Change in FTE Students 1999-2004	
	HC ¹	FT ²	FTE ³	HC ¹	FT ²	FTE ³	Number	Percent
<i>Bismarck State College</i>	2,743	1,975	2,181	3,546	2,330	2,625	444	20.4
Dickinson State University	1,867	1,485	1,535	2,479	1,749	1,907	372	24.2
Lake Region State College	805	355	474	1,464	416	692	218	46.0
Mayville State University	851	592	651	897	665	713	62	9.5
Minot State University	3,155	2,466	2,588	3,851	2,521	2,844	256	9.9
MSU – Bottineau	508	441	467	602	356	419	-48	-10.3
ND State College of Science	2,345	2,162	2,139	2,481	1,920	2,129	-10	-0.5
North Dakota State University	9,638	7,813	8,253	12,026	9,536	10,073	1,820	22.1
University of North Dakota	10,590	8,544	8,911	13,187	10,601	11,185	2,274	25.5
Valley City State University	1,077	796	896	1,033	833	896 ⁴	0	--
Williston State College	714	582	615	937	568	665	50	8.1
TOTAL	34,293	27,211	28,710	42,413	31,495	33,252	5,438	18.9
¹ Headcount is all students enrolled regardless of number of credit hours. ² Full-time students enrolled in 12 credit hours or more. ³ Full-time equivalent are divided as follows: <ul style="list-style-type: none"> ▪ undergraduate student credit hours divided by 16 ▪ graduate student credit hours divided by 12 ▪ vocational students credit hours divided by 16 ▪ professional students in law and medicine counted as one per enrollment ⁴ Includes 89 VCSU elementary education students located on the NDSU campus.								

During fiscal year 2006, BSC was funded from legislative appropriations in the amount of \$8,350,000, excluding capital fund appropriations. The legislative appropriation for the College is primarily from the state's General Fund. This money is allocated through a budget prepared by

BSC; which goes to the Office of Management and Budget, and ultimately determined by the State Legislature.

North Dakota University System Resource Allocation Model (\$2 million options)						
	BSC	LRSC	WSC	UND w/Medical	NDSU w/o Ag	NDSCS
2003-05 GF "Operating" base (excludes "Capital Assets" funding)	\$15,612,327	\$5,032,682	\$5,436,977	\$116,633,402	\$70,694,066	\$23,839,431
Percent 03-05 GF Base of biennial peer benchmark state support	44.4%	42.1%	61.6%	55.9%	48.6%	77.6%
Percent 05-07 GF Base of biennial peer benchmark state support	48.0%	45.1%	65.2%	59.3%	52.1%	81.2%

	DSU	MaSU	MiSU	VCSU	MiSU-BC
2003-05 GF "Operating" base (excludes "Capital Assets" funding)	\$13,669,533	\$8,602,335	\$25,890,346	\$11,304,672	\$4,102,856
Percent 03-05 GF Base of biennial peer benchmark state support	58.3%	88.4%	69.2%	95.8%	57.7%
Percent 05-07 GF Base of biennial peer benchmark state support	62.7%	92.6%	72.7%	100.1%	61.0%

A group of peers are identified which consists of other schools in the country of similar size, part-time versus full-time students, and courses offered. Through this peer identification, budget guidelines are identified. The following chart is the funding level for the peer group chosen by BSC.

Institution	Total per FTE
Bismarck State College	6013
Lake Superior College	6818
Lake Washington Technical College	6941
Western Dakota Technical College	6847
Texas State Technical College-Harlingen	9142
Athens Technical College	8302
Dekalb Technical College	7814
Reading Area Community College	8315
Texas State Technical College-West Texas	10438
Lake Michigan College	9556
New Mexico Junior College	11121
Marshalltown Community College	8845
Suny College of Technology at Canton	7565
San Juan College	10446
Ridgewater College	7988
Blackhawk Technical College	14237
Average	8774.25

BSC collects from each student a Student Service and Facility Fee of \$11 per credit hour. The Student Service and Facility Fee are currently allocated as follows:

Athletics	12.5%
Student Union Operations	17.3%
Student Activities	1.5%
Performing Arts - Instr Music	1.7%
Performing Arts - Choral Music	1.7%
Board of Governors	7.0%
Mystician	4.4%
Performing Arts - Drama	1.7%
Student Union - Bond Retirement	19.0%
Parking	24.0%
Safety & Security	7.5%
BSC Alumni Association	1.7%

Auxiliary facilities at BSC such as Student Housing, Food Service, and the Book Store generate sufficient revenue to fund their respective operations. For purposes of this study, we will assume that these services will continue to be self funded if BSC transitions to a four-year institution and no additional study or evaluation will be provided herein.

Bismarck State College as a Four-Year Institution

In order to transition to a four-year institution, numerous additional resources will be required. This evaluation will be limited to the required faculty, administrative staff, and physical space needed to support this transition. The primary variable needed for completing this evaluation is the number of students enrolled. Based on conversations with BSC management, this study will assume that 25% of the students attending BSC will continue if it becomes a four-year school, including those attending other universities through BSC. The estimated additional student enrollment will be as follows:

BSC Students	3500 x 25% = 875
On Campus Students (other Universities)	500 x 25% = 125
Total Number of New Students	1,000

Additional Resources Required

The current student to faculty ratio at BSC is 18 to 1. Adding 1,000 students will require approximately 56 additional faculty. Assuming the average salary will be \$50,000 per year (in today's dollars); the additional funds required for faculty salaries will be \$2,800,000 per year.

The current student to administrative staff ratio at BSC is 20 to 1. If 1,000 students are added, approximately 50 additional administrative staff will be needed. Assuming the average salary will be \$40,000 per year, the additional funds required for administrative salaries will be \$2,000,000 per year.

The other major resource required to support an additional 1,000 students will be building space for classrooms and administrative offices. BSC currently has 148 square feet of building space per student; therefore approximately 148,000 additional square feet will be required. This additional square footage could be built on campus or leased off site. For this evaluation, we will assume that the short term cost for leasing is similar to new construction on an annual basis. Therefore, the estimated annual cost to provide the required space is:

$$148,000 \text{ SF} \times \$12.50/\text{SF}/\text{year} = \$1,850,000 \text{ per year}$$

Summary of Additional Resources Required (Annually)	
56 Faculty	\$2,800,000
50 Administrative Staff	\$2,000,000
Building Space	\$1,850,000
Total	\$6,650,000

Additional Funds Generated

The majority of Bismarck State's operational expenses are funded from the legislative appropriation, tuition, and fees. In fiscal year 2005, the total revenue collected from tuition and fees was \$7,900,000, which is approximately \$2,250 per student per year. Following the same logic as above, the additional revenue generated from tuition and fees for 1,000 students will then be approximately \$2,250,000.

Generally, the legislative appropriation for four-year schools is higher than that of two-year schools; therefore, BSC's annual legislative appropriation may be increased if transitioned to a four-year school. However, the appropriation is not based on the number of students, so there is no guarantee of an increase. Based on the analysis provided here, the net additional funds needed, whether from the legislature appropriation or some other source, is approximately \$4,400,000 per year.

Economic Impact on the Community

Bismarck State College significantly impacts the economy of Bismarck-Mandan and the area. The college, its students, and its employees contribute to the economy in several ways: creating jobs, strengthening the tax base, and expanding the credit base of the community.

Spending by students contributes to the local economy. According to figures from the BSC Financial Aid Office, the average student in 2004 living on campus spent an estimated \$2,800 on personal expenses. (BSC housed 220 students.) The 2,405 students who lived off campus in 2004 spent an estimated \$7,000 each for board, room, and personal expenses, totaling \$16,835,000.

The BSC Division of Corporate and Continuing Education provides learning opportunities for citizens in Bismarck-Mandan and for some state and regional conferences. Many of the people who attended these programs and seminars travel from out of town and stay more than one day. The Bismarck-Mandan Convention and Visitors Bureau estimate that an overnight convention visitor spends \$211.00 per day in the community.

Throughout the year, the college hosts many events for elementary and secondary students, such as music and speech festivals, crop, and livestock judging contests, Science Olympiads, and athletic camps. These events bring thousands of people to Bismarck-Mandan from throughout the state, some involving overnight stays.

For fiscal year 2004 total economic impacts by Bismarck State College on the community were estimated to be \$81.2 million. This was determined by an economic multiplier factor. Calculations of this multiplier factor were based on the North Dakota Input Output Model developed and tested by agricultural economists at North Dakota State University. The multiplier is a statistical measure that shows the effect of how money cycles through the economy, thus representing the total impact of each dollar spent.

The following table is from the North Dakota University System Economic Impact report:

Direct and Total Economic Impacts for Bismarck State College	
Fiscal Year 2004, Current Year Dollars	
Item	FY2004
Direct Impacts:	
General Fund	\$ 7,745,000
Non-general Fund	19,574,000
Capital Improvements	366,000
TOTAL	\$27,685,000
Direct Impacts by I-O Sector:	
Construction	366,000
Communication and Public Utilities	709,000
Retail Trade	4,063,000
Finance, Insurance, Real Estate	3,684,000
Business and Personal Services	4,716,000
Households	14,147,000
TOTAL	\$27,685,000

Total Impacts:	
Construction	2,378,000
Communication and Public Utilities	3,517,000
Retail Trade	20,791,000
Finance, Insurance, Real Estate	7,443,000
Business and Personal Services	6,208,000
Professional Social Services	2,008,000
Households	32,191,000
Other*	6,628,000
TOTAL	\$81,224,000
*Includes agriculture, mining, manufacturing, transportation, and government.	

Institutions of higher education are a significant force in the North Dakota economy. They provide the educational opportunities necessary for a workforce that needs more technological skills, and also serve as centers for local and regional economic development opportunities. In 2004 these institutions employed nearly 10,000 workers, were educating over 34,000 students, and their expenditures were at a level that supported over 23,000 secondary workers. When measured in terms of economic variables, the North Dakota University System is a key component of the state's economy.

In 2004, the economic presence of Bismarck State College created an estimated 850 secondary jobs outside the college. Secondary jobs are the employment opportunities required by local businesses to support the presence of the college, its students, and employees. These jobs were in addition to the 378 persons employed by Bismarck State College.

Total enrollment of full-time equivalent (FTE) students was 2,625 in 2004. Based on the University System estimate of \$81.2 million total economic impact of BSC on the community, this is approximately \$30,933 per student. With the transition of Bismarck State College to a four-year institution, and the addition of 1,000 students, total economic impact to the community is estimated to increase by \$30,933,000.

CONCLUSION

The sole purpose of this report is to study the impact of making Bismarck State College a four-year institution. Consequently, this report will make nothing in the way of recommendations or conclusions in favor of BSC transitioning to a four-year institution or remaining a two-year institution. To do so would both directly contradict the report's original purpose and negate its credibility as an objective look at the impact of BSC becoming a four-year institution.

As stated previously in the overview, the study was commissioned with the goals of: identifying if there is business community support for transitioning BSC from a two-year to a four-year institution, determining what legislative requirements would be required to facilitate such a transition and on a limited basis, determining the fiscal impact of transition BSC to a four-year institution.

After researching those three questions, the data indicates that:

1. **There is support from the business community to transition BSC from a two-year to a four-year institution.** Of an informal survey of 1100 Bismarck-Mandan Chamber of Commerce members, 271, or 89.7%, responded that their business supported transitioning BSC to a four-year institution while only 31, or 10.3%, responded that they would oppose it. This indicates that a large majority of the Bismarck-Mandan business community supports Bismarck State becoming a four-year college. However, additional comments from the survey show that many of those in favor of the move would only be so if the move to a four-year institution did not result in the termination of BSC's technical training programs.
2. **It is possible to legally transition BSC from a two-year to a four-year institution.** Research of both the State Constitution and North Dakota State law as well as interviews of people with knowledge of the situation were conducted during the course of the study. As a result, it was determined that transitioning BSC from a two-year to a four-year institution is legal through different avenues including the passage of a new state statute by the State Legislature or a change of Bismarck State College's mission that would need to be approved by the State Board of Higher Education.

3. **The transition of BSC from a two-year to a four-year institution would have a significant fiscal impact on the community.** A recent North Dakota University System study estimated Bismarck State's economic impact on Bismarck-Mandan to be approximately \$81.2 million. Divided by the number of full-time equivalent students in 2004 (2,625), that is approximately \$30,933 per student. Consequently, the transition of BSC to a four-year institution and the addition of a possible 1,000 students, the total economic impact could well exceed \$100 million. It is important to note though that this is only an estimate based on actual and projected numbers conducted by members of the study group.

The information and data presented are the result of research, interviews, and data gathering by a group of eight Leadership Bismarck-Mandan participants. The group's findings indicate there is support from the community to transition BSC to a four-year institution. However, the decision can only be made after the stakeholders have conducted additional research.

RESOURCES

Reference documents provided by BSC to perform this evaluation include:

North Dakota State Board of Higher Education, Bismarck State College, Housing and Auxiliary

Facilities Revenue Bonds, Series 2005, Final Official Statement

Economic Impact of the North Dakota University System, by F. Larry Leistritz and Randal C.

Coon, respectively professor and research specialist in the Department of Agribusiness and Applied Economics, North Dakota State University, Fargo

Bismarck State College Economic Impact-Fiscal Year 2002

Websites:

Bismarck State College: <http://www.bsc.nodak.edu/>

SurveyMonkey: <http://www.surveymonkey.com/home.asp>

**Senate Education Committee
Testimony on SCR 4027**

**John Q. Paulsen, President
State Board of Higher Education**

February 21, 2007

Chairman Freborg and members of the Senate Education Committee:

I and other members of the State Board of Higher Education can't be here today because we are in Mayville to select a new Mayville State University president. We did, however, discuss SCR 4027 yesterday in Wahpeton. The Board is not opposed to a study regarding Bismarck State College but we believe, if a study is done, it should be part of a comprehensive review of state higher education needs and how the North Dakota University System can better meet those needs.

There is documented demand for baccalaureate programs in the Bismarck-Mandan area. The North Dakota University System is meeting that demand now in various ways. Currently, Dickinson State University and Minot State University deliver a total of 20 different baccalaureate programs to the BSC campus. BSC also hosts graduate programs delivered by our graduate institutions. A total of 635 students are enrolled in these programs on the BSC campus this semester. Other baccalaureate and graduate programs are available to Bismarck-Mandan area residents online or through other distance-delivery methods.

However, there are unmet needs in other areas. Fargo, Grand Forks, Minot, Dickinson and other cities without community colleges require technical and vocational programs. As with delivery of baccalaureate programs to Bismarck-Mandan, the NDUS has

attempted to meet these needs in a variety of ways, including – citing one example – the North Dakota State College of Science's Skills and Technology Training Center in Fargo.

It is important to note that, on average, state funding of NDUS institutions is about 50% of the state funding provided comparable institutions in other states. No study of the BSC mission – or of other NDUS institution missions – would be complete without consideration of the costs and adequate funding for all institutions.

A House amendment added to HB 1003, the NDUS appropriation bill, calls for a comprehensive legislative study of the NDUS. The legislation specifically requires a review of "information regarding measures that build a more cost-effective system, including a more appropriate mix of institutions, new types of providers, effective collaboration among institutions, and a more efficient use of existing resources." We respectfully suggest that any study of BSC's mission should be part of a comprehensive study like that contemplated in HB 1003.

1 **SECTION 20. TUITION RATE INCREASES - LIMIT.** Notwithstanding any other
2 provision of law, the state board of higher education shall limit any annual tuition increase for
3 students attending institutions under its control for the 2007-08 and 2008-09 academic years to
4 not more than five percent for each year.

5 **SECTION 21. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO**
6 **SIXTY-FIRST LEGISLATIVE ASSEMBLY.** The grand total general fund appropriation line
7 item in section 3 of this Act includes \$42,322,010 for one-time funding items identified in this
8 section. This amount is not a part of the institutions' base budgets to be used in preparing the
9 2009-11 executive budget. The North Dakota university system shall report to the
10 appropriations committees of the sixty-first legislative assembly on the use of this one-time
11 funding for the biennium beginning July 1, 2007, and ending June 30, 2009.

12 Northern tier network infrastructure	\$2,400,000
13 ConnectND system support	3,700,000
14 Common information system pool parity funding	420,000
15 Deferred maintenance	11,559,500
16 Capital projects	23,431,710
17 Campus initiatives	<u>810,800</u>
18 Total	\$42,322,010

19 **SECTION 22. LEGISLATIVE COUNCIL STUDY - HIGHER EDUCATION.**

20 1. The legislative council shall appoint an interim higher education committee, during
21 the 2007-08 interim, to study approaches to achieving increased higher education
22 productivity, through measures that build a more cost-effective system, changes to
23 the academic production function, and steps that reduce the demand students
24 place on the system.

25 2. The committee shall consist of thirteen members, the seven members of the
26 education and environment division of the house appropriations committee, five
27 members of the senate, including three members from the majority and two
28 members from the minority appointed by the chairman of the legislative council,
29 and the chairman of the house appropriations committee, who is to serve as the
30 chairman of the committee.

31 3. The committee shall:

4027

- 1 a. Receive and review information regarding measures that build a more
- 2 cost-effective system, including a more appropriate mix of institutions, new
- 3 types of providers, effective collaboration among institutions, and a more
- 4 efficient use of existing resources.
- 5 b. Receive and review information regarding changes to the academic
- 6 production function, including programs of cost-effective size, and a
- 7 reengineering of curricula and course delivery.
- 8 c. Receive and review information regarding reducing the demand students
- 9 place on the system, including accelerated learning, time-to-degree
- 10 completion, and remediation.
- 11 d. Receive input from representatives of the state board of higher education,
- 12 higher education institutions, and business and industry.
- 13 4. The legislative council shall report its findings and recommendations, together with
- 14 any legislation required to implement the recommendations, to the sixty-first
- 15 legislative assembly.

16 **SECTION 23. USE OF UNSPENT 2005-07 GENERAL FUND APPROPRIATIONS.**

17 The state board of higher education shall make available \$200,000 of the North Dakota
18 university system office unspent 2005-07 general fund appropriation authorized to continue
19 under section 54-44.1-11 for the payment of any consulting services relating to the legislative
20 council study of higher education for the biennium beginning July 1, 2007, and ending June 30,
21 2009.

22 **SECTION 24. AMENDMENT.** Section 15-10-43 of the North Dakota Century Code is
23 amended and reenacted as follows:

24 **15-10-43. Veterinary medical education program - Kansas state university -**

25 **Contract.**

- 26 1. In addition to any contracts under section 15-10-28.2, the state board of higher
- 27 education may contract with Kansas state university to provide an opportunity for
- 28 up to five eligible students to enroll in the veterinary medical education program at
- 29 Kansas state university.
- 30 2. Eligible students must be residents of this state and must have been selected for
- 31 enrollment by an admissions committee consisting of one faculty member from the