

**2013 HOUSE EDUCATION**

**HB 1103**

# 2013 HOUSE STANDING COMMITTEE MINUTES

House Education Committee  
Pioneer Room, State Capitol

HB 1103  
January 15, 2013  
17193

Conference Committee

Committee Clerk Signature



## Minutes:

**Rep. Nathe:** We will open the hearing on HB 1103.

**Wayne Kutzer, Director of Dept. of Career and Technical Education:** Support (see attached 1 and 2).

**Rep. Nathe:** So the difference between this bill and the bill last session is the money, for the most part.

**Wayne Kutzer:** Yes.

**Rep. Nathe:** How we will be paying for this is in Section 6, with the career school fund fee?

**Wayne Kutzer:** Yes. We will pay for it by the fees that are assessed.

**Rep. Meier:** What was the appropriation on this bill last session?

**Wayne Kutzer:** The fiscal note that was attached to it was about \$180,000 for the biennium and two half-time FTEs.

**Rep. Meier:** For fees, do you have a fee process laid out already of what you would charge.

**Wayne Kutzer:** We do assess fees for schools. Right now the fees we assess are pretty limited because we don't need the revenue for us, since there have been such a small number of schools. Right now, if you are a post-secondary institution, we would charge you \$2,000 for the initial application and \$750.00 renewal every year. If you are a career school, it would be \$1,000 for apply and \$500 renewal every year. I know what the University System has done, and they can speak to that, but there have been many surveys, across the country, of how entities are assessing fees. One model would probably be what Minnesota does. They charge these fees but they also charge for program evaluation. As I mentioned earlier, we had 83 program evaluations. So within Cappella University, we had a lot of different programs that they offered. In many states they charge individually for each program review, so that was how they would come up with the dollars for that.

**Rep. Nathe:** Can you go through that fee schedule one more time.

**Wayne Kutzer:** For a postsecondary institution it is \$2,000 for the initial application and \$750 for the renewals every year. On the career school side, it is a \$1,000 for the application and \$500 for the renewals.

**Rep. Heilman:** That is to essentially certify a new school to operate in the State, or is that for a program.

**Wayne Kutzer:** The \$2000 is for a new school, at this time there are no fees assessed for individual programs that they bring up.

**Rep. Heilman:** You said it was going to require two half-time FTE's in the last session. Are there FTE requirements to handle on either the State Board of Higher Education's office or in CTE's office? Will there be anybody that you're requesting to handle the load.

**Wayne Kutzer:** No, there is not. We're not requesting any FTE's. We're using our existing staff and the University system will be doing the same.

**Rep. Heilman:** A few years ago, the Wall Street Journal ran an article in relation to a lot of these private schools kind of being set up, because the default rate on student loans was so much higher than in a public institution. The concern was, by many of us, that these schools were essentially being set up to milk the federal student aid programs. I am just wondering in North Dakota, how we're kind of addressing that and maybe if you have some information on our default rates in relation to those schools.

**Wayne Kutzer:** Yes, the federal component is huge. In terms of default rates, that's some of the information we get from schools that are operating in the state. In terms of what ND is doing, we're really waiting for the federal rules to be put back in force. As I mentioned in the testimony, they were there, a federal judge dismissed them due to procedural errors; the Dept. of Education did not follow the right procedure. I am assuming that they are going to be coming back. One thing to take note of, if you look through the exemptions that are in the bill, in state law right now, the only schools that we work with are those schools that have a physical presence in the state. If there's a school, Phoenix Univ., for example they require no authorization from the state to operate. They can operate and provide any training as long as they don't have a physical presence. A physical presence can be anything from a mailbox to a study room; those types of things. If they are totally operating online, they don't have to have authorization. They are exempt to operate in the state.

**Rep. Rohr:** It's back to your request for the last session, an additional 2 ½ time FTE's and the \$180,000, again because of the added workload that all of the online programs that you are authorizing. So now there is kind of a shift in workload and you already indicated that you had up to 83 that you authorized last year. Is there going to be a change in the job description of the 2 ½ FTE's that you put on last session. What's going to happen with those FTE's?

**Wayne Kutzer:** Those were part of the fiscal note that were attached to the bill last session. Actually the fiscal note wasn't passed. Those requests had actually come from University System not from us. As we were working on the bill, that's what they needed. That's why the bill didn't pass the last time.

**Rep. Nathe:** There are no FTEs in this bill.

**Wayne Kutzer:** Correct, there are no FTEs in this bill. All the fiscal impact will be handled by the fees that are assessed; because there will be a new fee schedule that we will put out.

**Rep. Rust:** Just to be clear, with the defeat of that bill last year, there were no FTEs added either.

**Wayne Kutzer:** That is correct. The request was for 2 half-time FTEs.

**Rep. B. Koppelman:** With the fee schedule you are referring to, is that anticipated that the fee schedule is going to go up for a lot of those institutions and if so, by what ratio.

**Wayne Kutzer:** The fee schedule will go up. The University system will be reviewing it. I know it will be comparable to what is happening across the country. It won't be excessive, because schools now are used to paying a lot of fees for this. I know that BSC does distance learning in all the states. In Massachusetts, the fee for going into their system is \$14,000 just to be able to provide that. In North Dakota, for them it would be \$2,000. Then there is a lot of gradation in terms of particular programs. Yes it will go up and I will let the University System tell you.

**Rep. Nathe:** In regards to your testimony, you had mentioned about fielding unprecedented numbers of inquiries. What the reason.

**Wayne Kutzer:** The reason is the federal law. The federal law required every institution that was offering any type of education, or had any students in a state, to make sure that they were either exempted or authorized to operate in the state. That's what created the extra workload. On the last page of my testimony, there is a data sheet and if you look at the second item down the number of exemption applications since we started our website, 396, in 2011 we had 165 and in 2012 we had 231. That's the number, when I mentioned there's 2000 schools out there providing internet based instruction, that's the number we're working with and what we've had so far. You can also see down the page, in terms of the number of programs last year, 81 of them were higher education type programs that we had approved. Of course, we worked with the University system on that and 2 of them were career schools. You can even look at the gross tuitions there. ND students pay \$25 million dollars in gross tuitions to these private schools; 95% of that tuition is for degree granting institutions, only about 5% of it is actually for career schools; another reason for the split between authorizations for each agency.

**Rep. Rust:** Maybe our fee schedule should be if a MA school wants to get a presence in ND, that we should charge them the same fees as MA would charge for a ND institution to come into their state. If you have an institution that is advertising in ND on TV that they grant this degree, they come to us, kind of like Phoenix, does every one of those institutions that are advertising in ND for students have to go through this process.

**Wayne Kutzer:** No, as long as they don't have a physical presence. If you see an ad for Univ of Phoenix, they can do the advertising and they can deliver their educational services in the state without any authorization from us.

**Rep. Nathe:** Is that common practice with other states, too.

**Wayne Kutzer:** It's really all across the board. The definition of physical presence in the state varies from state to state; but that is definitely something that states use. The hardest part about online education is how you regulate it. If there's an advertisement and you don't actually see it, you would never know that they are here. Back in 1999, that's when some of these exemptions that you see listed in the law were created because we had no way of trying to regulate those because we didn't know if they were really here.

**Rep. Rust: What is the definition of a physical presence?**

**Wayne Kutzer: It can be a building, a mailbox, a study room, etc. If you were Phoenix and you said that rented a building in Bismarck and said that as a Phoenix student you can go there and study; there would be resources there for you to use. That's a physical presence.**

**Rep. Rust: Does the Univ of Phoenix, are they covered by this or do they not have a physical presence in North Dakota.**

**Wayne Kutzer: They do not have a physical presence in the state.**

**Rep. Rohr: The literature is just rampant lately, about all these online high school programs that are also offering, along with their high school certificates or diplomas, some kind of a degree in like say welding or other trades. Is that something that is coming to your department in terms of approving these programs? How is that process taken care of?**

**Wayne Kutzer: It is in ND, high school distance delivery, but that is specifically exempted; K-12 is one of the exemptions so we don't deal with that. Actually the Dept. of Public Instruction has processes in place for authorizing schools to come in to provide distance learning for K-12.**

**Rep. Rust: If an ad comes on TV and you're watching at home, telling about getting a degree from this particular place. There isn't any protection for that person if they bite on that ad, because it might be a university without walls, so to speak. It may not be accredited by any organization. There really is no protection right now is there if you get a degree and it's not from an accredited school and the employer says that the degree is worthless.**

**Wayne Kutzer: In essence, no there aren't any protections for someone that takes those classes. They are specifically exempt. If the state wanted to regulate them, we could; from a consumer protection standpoint we could but the resources that we would need to try and police that would be high. On page 7 or 8, the bill talks about issuing false degrees and things like that. So there are some protections from that standpoint if someone does offer a false degree they can be prosecuted in the state. That is one option that we do have. All in all, we don't have the authority or resources to try and track down each company. In many cases, it's buyer or student beware. They need to make sure that they are an accredited school.**

**Rep. Nathe: In regard to the false degrees, would the incident at Dickinson State Univ. that we saw last year fall underneath that.**

**Wayne Kutzer: No, because they were an exempted institution.**

**Rep. Nathe: They think they are exempted from a lot of things.**

**Rep. Heller: By looking at your statistics on the back page, by transferring the applications for those granting two year degrees, associate degree and higher, you're workload is going to be drastically reduced, it looks like. It looks like the Career and Tech Ed dept. will hardly have any applications and most of them will go to the university system.**

**Wayne Kutzer: It will be reduced. It will probably be reduced back to the 1999 levels. I should mention that our staff person who does this, this is 1/3 of her time. She also has responsibility for all the equity and special populations in the state. For us, it will give her a**

little more breathing space, let alone not having the expertise to handle the upper level requests.

**Rep. Rohr:** In reading the bill on the false issuing of degrees, of course, it's been in the news a lot lately, and the question is that this doesn't really indicate anything in this section about the individual who actually witnesses this type of abuse and their responsibility to report it. Is that addressed in a different bill, or should it be addressed in here.

**Wayne Kutzer:** What's in the bill is all current law; with the exception of the piece that was copied over for higher education. The handout has the private post-secondary law and it starts on the bottom of page 5. That is the current law.

**Rep. Rohr:** So does it address the individual who witnesses that kind of behavior, and activities, and their obligation to report, or not.

**Wayne Kutzer:** There is no whistleblower language in there. There are just a lot of prohibitions in terms of how you use them and if you offer to provide them.

**Rep. Nathe:** Thank you. Further testimony in support of HB 1103.

**John Haller, Interim Vice Chancellor for Academic Affairs for the NDUS:** Support (see attached).

**Rep. Rohr:** Do you have a response for my question that I had earlier, is there something in the higher education of the NDUS law that obligates individuals who would witness behavior that would issue false degrees, that they have an obligation to report that, their duty to do that.

**John Haller:** I don't know of any.

**Rep. B. Koppelman:** What do you expect the fee structure, by percentage, to increase to or transition from what they had?

**John Haller:** I don't have an exact answer to that. We're looking at some Best Practices nationally. I am from IL and we have a fee schedule that is medium priced and it's done by region. In other words, if you want a whole state license, half-state license. IL is divided into 9 regions, so it depends on what region you want to access. Depending on the level of the degree you have a fee schedule as well. For example, if you are looking for a BA degree, the sophistication of review is much less than if you were to review a professional doctorate program. If one of our own institutions wishes to propose a new degree program, a doctoral program, chances are we would bring in an evaluator from outside the university system, an expert in that area to do either a desk audit or an actual on-site audit. This is what we would like to have for these out-of-state, online and offline programs as well. In other words, we want to make sure that the playing field is the same. Our expectations, our demands right now, for our in-state institutions is much higher than what is required of these out-of-state programs. I want to flatten that out.

**Rep. B. Koppelman:** Are you adding any FTEs that are going to be funded in the general budget.

**John Haller:** No. Whatever people we bring in, will be supported by the fees assessed.

**Rep. B. Koppelman:** Do you have an idea of how many people you are talking about.

**John Haller:** No, right now, we have one person in our office that does this. She has been enormously impacted on it to the point where sometimes weeks or even months go by before we can actually attend to those requests. So it could very well be that we will bring in part-time people or, as I said, depending on the level of the degree, we could bring in an outside consultant to do some evaluation.

**Rep. Rust:** I really like your intention to place on your website that list of approved in-state and out-of-state institutions.

**Rep. Nathe:** When you look at the website with the approved in-state and out-of-state programs, will that also show that those credits will transfer to any school within the state system.

**John Haller:** We can certainly do that. One of the things that I have been thinking about, when you know there are fraudulent schools out there, might you also note that in such a website. I know that IL does that.

**Rep. Nathe:** Almost like a watch-list.

**John Haller:** Yes. I am thinking that may very well be a possibility here.

**Rep. Nathe:** I think that would address Rep. Rohr's concerns that we've been hearing about.

**John Haller:** Consumer protection is very important on this. The default rate, as someone had raised the point, is very, very high. These people want the Pell money, they want the federal money and then because it's guaranteed, of course, they don't really care if the student stays or not. I think an important aspect of this decision to take on-line courses, is whether this will transfer to the school I plan on going to.

**John Haller:** Exactly. A lot of that depends on the accreditation.

**Rep. Nathe:** You would, obviously, be researching that aspect of it.

**John Haller:** Yes.

**Rep. Schatz:** You don't know how high the fees are going to be.

**John Haller:** At this point, I don't know. We want to make it fair, obviously. Right now we are looking at Best Practices. I don't want to presume something that I'm not prepared to tell you right now.

**Rep. Schatz:** Currently it's \$2,000 for the application. So if what you feel for Best Practices would be \$14,000, would we....

**John Haller:** I'm more interested in looking at a scaled version depending on the sophistication of the degree that is being proposed. I also think that we might want to talk about whether you want an all-state license, or a regional license or something of that sort. I don't know. These are some of the aspects that I would like to explore before too long.

**Rep. Nathe:** I would think a region in IL probably has more population than in our whole state of North Dakota.

**John Haller:** Correct.

**Rep. Nathe:** So probably statewide would be more appropriate.

**Rep. Schatz:** Without some kind of fee structure, I'm a little uncomfortable.

**John Haller:** We can work something out and provide that to you.

**Rep. Schatz:** There's an interest factor here. It's in your best interests if they don't take these courses on line, if we go to one of our universities. It's better for our university system, right. There is a little bit of fairness there too, I think. I would like to know what the fees are going to be, if we are going to price all of those people out of the market, I'm opposed to that.

**Rep. Nathe:** Maybe we should set up a subcommittee to work with them on this fee schedule.

**Rep. Rohr:** I would like to see an amendment regarding a consumer protection statement or clause in this bill, is that a possibility or should that be something in the bigger picture.

**Rep. Nathe:** We will set up a subcommittee to work on that. Rep. Schatz will be the chair, Rep. Rohr and Rep. Rep. Mock will be on the committee.

**Rep. Heller:** I guess I am just a little surprised since the university system worked on this bill last session, two years ago, and they wanted it to pass then and so now we're two years later, and there is still no fee structure set up, and you're not sure how you're going to do it. That surprises me.

**John Haller:** I will have a fee structure for you.

**Rep. Nathe:** Would you be available to work with the subcommittee, Wayne, as we go forward.

**Wayne Kutzer:** Yes, that would be fine.

**Rep. Nathe:** We'll have them sit down and come up with something; then come back and present something to the committee.

**Wayne Kutzer:** One comment, if you do look on our website, we do list all the schools and the institutions and their programs that have been approved. We also list Oregon up there as a state that has a lot of bad actors or bad schools; [nd.gov/cte](http://nd.gov/cte) on the right hand side, there is a link for private, post-secondary institutions and you can see our application fees and the list of all the schools and the particular programs that they have been authorized to operate in the state.

**Rep. Nathe:** Wayne, do you foresee that fee structure changing, if this bill were to pass.

**Wayne Kutzer:** We will work with the university system in terms of their fee structure. I don't really see ours really changing. The biggest reason why they are looking at a fee structure vs. last session because last time they had a fiscal note and wanted general fund dollars to fund it. So there wouldn't have been a need for an increase in fees. This time, without that fiscal note, that's where the fees will make it self-supporting.

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**Rep. Nathe: Thank you. Further testimony in support. Testimony in opposition to HB 1103.  
We will close the hearing.**

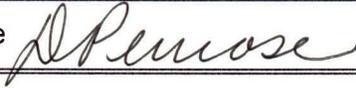
# 2013 HOUSE STANDING COMMITTEE MINUTES

House Education Committee  
Pioneer Room, State Capitol

HB 1103  
January 22, 2013  
17535

Conference Committee

Committee Clerk Signature



## Minutes:

Ch. Nathe: We will take a look at HB 1103. This bill was cleaning up some language. Rep. Schatz had an issue with this bill.

Rep. Schatz: Our subcommittee met and we got our information as far as the fees that were going to be charged by the University System. I believe the average was \$3300.00. The fees will pretty much stay the same as they are being charged right now. As far as any issues that I had with it I am good with it the way the bill is.

Rep. Meier: I move a Do Pass.

Rep. Wall: Second the motion.

Rep. Rohr: One of the concerns that I had about this bill was the fact that if you looked at the section for penalties for misconduct in terms of false degrees, etc. John Haller was going to get us some information from Illinois on how they make these individuals personally accountable to report that. We never got that information. After speaking with Anita Thomas, we were working on an amendment to put in there that the compliance officer had to get involved and there had to be education, but I guess it isn't pertinent to this bill. So it is okay the way this part is written in here and we're going to be working on a resolution.

Ch. Nathe: So you are comfortable with the bill as it stands. The clerk will take the roll.

13 YES 0 NO 0 ABSENT

DO PASS

CARRIER: Rep. Wall

Date: 1/22/13  
Roll Call Vote #: 1

2013 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1103

House Education Committee

Check here for Conference Committee

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

Action Taken:  Do Pass  Do Not Pass  Amended  Adopt Amendment  
 Rerefer to Appropriations  Reconsider

Motion Made By Rep. Meier Seconded By Rep. Wall

Representatives	Yes	No	Representatives	Yes	No
Chairman Mike Nathe	✓		Rep. Bob Hunsakor	✓	
Rep. Mike Schatz	✓		Rep. Jerry Kelsh	✓	
Rep. John Wall	✓		Rep. Corey Mock	✓	
Rep. Brenda Heller	✓				
Rep. David Rust	✓				
Rep. Lisa Meier	✓				
Rep. Karen Rohr	✓				
Rep. Dennis Johnson	✓				
Rep. Joe Heilman	✓				
Rep. Ben Koppelman	✓				

Total (Yes) 13 No 0

Absent 0

Floor Assignment Rep. Wahl

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

**REPORT OF STANDING COMMITTEE**

**HB 1103: Education Committee (Rep. Nathe, Chairman)** recommends **DO PASS**  
(13 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1103 was placed on the  
Eleventh order on the calendar.

**2013 SENATE EDUCATION**

**HB 1103**

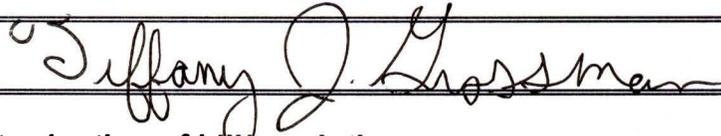
# 2013 SENATE STANDING COMMITTEE MINUTES

Senate Education Committee  
Missouri River Room, State Capitol

HB 1103  
2-20-13  
19237

Conference Committee

Committee Clerk Signature



## Explanation or reason for introduction of bill/resolution:

Relating to authority of the state board of higher education to provide authorizations to operate postsecondary educational institutions offering instruction at the associate in arts level or higher and to false academic degrees and accreditation mills; relating to authority of the state board for career and technical education to provide authorizations to operate private postsecondary career schools offering instruction at the level of no higher than the associate of applied science level; relating to false academic degrees and accreditation mills; and to provide a penalty.

## Minutes:

You may make reference to "attached testimony."

**Chairman Flakoll** opened the hearing on HB 1103

**Wayne Kutzer, Director of the Department of Career and Technical Education:** I wish to testify in support of HB 1103 (Written Testimony #1 attached) Ended testimony at 13:25

**Chairman Flakoll:** Page 5 lines 11 and 12. Everything right now is grandfathered in correct? They don't have to re-up if the law is changed?

**Wayne Kutzer:** That is correct

**Chairman Flakoll:** On page 3 line 5 the date of July 1, 1977 is that essentially a date that was picked well before Jamestown College and University of Mary.

**Wayne Kutzer:** Yes. That exempts Jamestown College, University of Mary, and Trinity Bible College.

**Chairman Flakoll:** Trinity Bible College has since been changed.

**Wayne Kutzer:** Trinity has lost their accreditation.

**Chairman Flakoll:** These are generally one time fees not ongoing fees? If Capella wants to offer an MBA program, they pay X amount for review and authorization and then there is no ongoing cost associated with that.

**Wayne Kutzer:** Not for any individual programs, however there is an annual renewal fee charged by the institution.

**Chairman Flakoll:** Is this aligning with the SARA provisions, the national program designed to have some checks and balances between states.

**Wayne Kutzer:** It can be. Anyone that accepts Title IV funding from the federal government has to get approval. I would say that yes it does but I know it would also need a lot of work for ND depending requirements from other states.

**Senator Heckaman:** Do any institutions that are going to be under these programs have a significant mix that they would be under both University System and the Career and Technical?

**Wayne Kutzer:** There is enough distinction. They will always be only under one in any case.

**Senator Heckaman:** Are the fees to the universities assessed to the students in some way? What are the fees the University System and Career and Technical expect to get from the colleges?

**Wayne Kutzer:** The fees are charged to the institution, not to students so students themselves would not be responsible. Currently if a new institution comes in, it is \$2000 and a \$750 renewal fee every year. That will change substantially. The fee the University system is using is based on Minnesota.

**Aimee Copas, Associate Vice Chancellor for Academic Affairs for the North Dakota University System:** I wish to testify in support of HB 1103 (Written Testimony #2 attached)  
Ended testimony at 25:08

**Chairman Flakoll:** You can fine them but if they are in a location with little legal remedies how do you deal with that? Which court would it be in?

**Aimee Copas:** The SHEEO website put links to every state regardless of where their state entity was that did the oversight.

**Chairman Flakoll:** That was not my question. Where is the court if there is a case you have against someone? Is that in North Dakota or the state their principal residence of that campus is?

**Aimee Copas:** I will have to do some follow up to give a secure answer on that.

**Chairman Flakoll:** How much would Capella pay if they were to start from ground zero if they didn't exist prior to this and came on board?

**Aimee Copas:** They would have the one time general application fee. Then it would depend on how many programs they intend to offer in our state and how many curriculum reviews we would need to do. If you look to the programmatic review for example if

Rasmussen would want to come in and start up 5 new programs, we would have to do five different programmatic reviews. Right now it would be \$750 per program and then the base. We opted for higher because it is easier to back off than increase fees.

**Chairman Flakoll:** The intent is these would self-support?

**Aimee Copas:** Yes.

**Chairman Flakoll:** Is your online listing of approvals only those approved by CTE and the University System? Not those that haven't requested acceptance yet?

**Aimee Copas:** That is correct. That is a conversation that would be really valuable for us to have. The conversation of how we would like to continue our exemption process and if we would like to continue that. There are some states that don't have an exemption clause. Every state applies if they want to offer services in their state. At this time there are a number of institutions that operate under the exemption act and we have no way of knowing what is happening at all.

**Chairman Flakoll:** If you have a student thinking about a program at Oxford and find one that meets their niche. They can take that without Oxford having to come to the state of ND for approval.

**Aimee Copas:** That is the case. If they don't have any in state presence they don't need approval from us.

**Chairman Flakoll:** How could that work for Minot to use it as a credit bearing course for their fee if it was an online course they wish to have.

**Aimee Copas:** That transfer would be up to the institution on whether or not they would take it. On our policy that would depend on if the institution had a regional accreditation status. It is the level of protectionism we may or may not want to offer to North Dakota citizens. We have heard stories about students getting involved in programs and have a diploma not worth a whole lot.

**Chairman Flakoll:** What is the ongoing obligation of the CTE to maintain those records?

**Aimee Copas:** They don't publish a bad school's list because it gives a ding on someone's record. We could work with SLDS and maintain that list of the schools we have had and how they have done. A number have gone belly up but one of the requirements is we already have a set of guidelines for what it would take for an institution to apply with us. That requires the institution to track our North Dakota students are report back to us so we can report that back to the state.

**Chairman Flakoll:** Will there be double counting?

**Aimee Copas:** I hope not

**Senator Luick:** If the institution would have a legal problem where are the cases being tried?

**Aimee Copas:** If a North Dakota resident has a complaint with an in or out of state institution, it comes to the NDUS office. If it is our instate institution we pass it back to the institution and let them try to fix it. If it is out of state we pass it to the Attorney General's office.

**Chairman Flakoll:** What do you consider physical presence?

**Aimee Copas:** Some might say they have obtained presence once the student has to have the involvement of an internship. Some do it by the office that handles mail. It is a state by definition.

**Chairman Flakoll:** Is this impacting those serving the country at the air force bases?

**Aimee Copas:** This is where our need for the reciprocity agreements comes in. If we do have a North Dakota student in Minot and they go to Ellsworth in SD. If we are still working on solidifying all of our 11 institutions with them again because of the switchover and we didn't get it done in time and would lose our certification, we could get reported to the feds.

**Chairman Flakoll:** Are WICHE and SARA looking to 2015? We are pretty much ahead of the curve.

**Aimee Copas:** We are quite a bit ahead of the curve. Where it makes me nervous is trying to figure out a way to come to a middle ground for a better approval process. Some institutions are incredibly expensive to offer a program. We need to work together as state institutions to make sure our students are taking courses from a credited institution that is viable. We can't control what the proprietaries do but if the state institutions link together they have to come into line if that is state policy.

**Chairman Flakoll:** How will we find out as legislators if there is pushback in the prices?

**Aimee Copas:** We are hoping this will stop the shotgun approach. Some very reputable institutions have a handful of programs they offer because they have researched our state. We have institutions like Rasmussen that have brought in 36 program requests in one month. I was a former Academic Dean there and I know their technique is to do a shotgun approach and get approval, market them, see which get some nibbles and the rest they let fall aside regardless to how much work it took to bring them in. Better preliminary thought from the intuition is our goal.

**Chairman Flakoll:** How many campuses outside ND are we talking?

**Aimee Copas:** We have had 400 campuses request exemptions in the last year.

**Chairman Flakoll:** You will be tracking those numbers in case you get asked to come before the interim committee?

Senate Education Committee

HB 1103

2-20-13

Page 5

**Aimee Copas:** Whether or not you want the state to make the movement towards the exemption policy is at your discretion.

**Chairman Flakoll:** closed the hearing on HB 1103

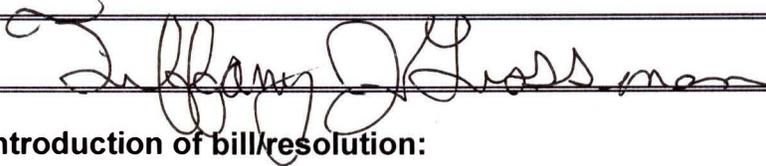
# 2013 SENATE STANDING COMMITTEE MINUTES

Senate Education Committee  
Missouri River Room, State Capitol

HB 1103  
2-20-13  
19249

Conference Committee

Committee Clerk Signature



## Explanation or reason for introduction of bill/resolution:

Relating to authority of the state board of higher education to provide authorizations to operate postsecondary educational institutions offering instruction at the associate in arts level or higher and to false academic degrees and accreditation mills; relating to authority of the state board for career and technical education to provide authorizations to operate private postsecondary career schools offering instruction at the level of no higher than the associate of applied science level; relating to false academic degrees and accreditation mills; and to provide a penalty

## Minutes:

You may make reference to "attached testimony."

**Chairman Flakoll:** The amendments coming around will require a report from the Interim to Legislative Management for the bill we heard earlier this morning. (Attachment #1)

**Vice Chairman Schaible: Move Flakoll amendments**

**Senator Heckaman: Second**

**A roll call vote was taken to adopt the amendment on HB 1103: 6 yeas 0 neas, 0 absent**

**Vice Chairman Schaible: Move a Do Pass as amended to HB 1103**

**Senator Heckaman: Second**

**A roll call vote was taken for a Do Pass as amended to HB 1103: 6 yeas, 0 neas, 0 absent**

**Vice Chairman Schaible: will carry**

13.8116.01001  
Title.02000

Adopted by the Education Committee

February 20, 2013

*JB*  
*2/20/13*

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1103

Page 1, line 12, after the semicolon insert "to require reports to the legislative management;"

Page 16, after line 2, insert:

**"SECTION 15. REPORTS TO LEGISLATIVE MANAGEMENT.** During the 2013-14 interim, the state board of higher education shall provide periodic reports to an interim committee designated by the legislative management which provide status updates on the progress of the board in implementing and administering the provisions of section 1 of this Act."

Renumber accordingly

1103

Date: 2-20-13  
Roll Call Vote #:

2013 SENATE STANDING COMMITTEE  
ROLL CALL VOTES

BILL/RESOLUTION NO.

Senate Education Committee

Check here for Conference Committee

Legislative Council Amendment Number 13.816.01001

Action Taken Adopt amendment

Motion Made By Schaible Seconded By Heckaman

Senators	Yes	No	Senator	Yes	No
Chariman Tim Flakoll	✓	✓	Senator Joan Heckaman	✓	
Vice Chairman Donald Schaible	✓	✓	Senator Richard Marcellais	✓	
Senator Larry Luick	✓	✓			
Senator Nicole Poolman	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment \_\_\_\_\_

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

HB 103

Date: 2-20-13  
Roll Call Vote #: 2

2013 SENATE STANDING COMMITTEE  
ROLL CALL VOTES

BILL/RESOLUTION NO.

Senate Education Committee

Check here for Conference Committee

Legislative Council Amendment Number 13. 8 Mb. 01001

Action Taken Do pass as amended

Motion Made By Schaible Seconded By Heckaman

Senators	Yes	No	Senator	Yes	No
Chairman Tim Flakoll	✓		Senator Joan Heckaman	✓	
Vice Chairman Donald Schaible	✓		Senator Richard Marcellais	✓	
Senator Larry Luick	✓				
Senator Nicole Poolman	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Schaible

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

**REPORT OF STANDING COMMITTEE**

**HB 1103: Education Committee (Sen. Flakoll, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1103 was placed on the Sixth order on the calendar.

Page 1, line 12, after the semicolon insert "to require reports to the legislative management;"

Page 16, after line 2, insert:

**"SECTION 15. REPORTS TO LEGISLATIVE MANAGEMENT.** During the 2013-14 interim, the state board of higher education shall provide periodic reports to an interim committee designated by the legislative management which provide status updates on the progress of the board in implementing and administering the provisions of section 1 of this Act."

Renumber accordingly

**2013 TESTIMONY**

**HB 1103**

#1

**House Education Committee  
Testimony on HB 1103  
January 15, 2013**

Mr. Chairman and members of the committee, for the record my name is Wayne Kutzer, Director of the Department of Career and Technical Education. For the past 40+ years the State Board for Career and Technical Education has had, in addition to its primary responsibility for Career and Technical Education, the responsibility for oversight of private postsecondary institutions as mandated in chapter 15-20.4 of the North Dakota Century Code. Significant changes have occurred in the delivery of postsecondary education that has prompted us to bring this bill forward.

You may recognize the contents of this bill from last session with one important difference. Last session this bill had a fiscal note which requested general fund dollars and an additional FTE for the ND University System, this session it does not. This bill divides the regulatory duties for private postsecondary institutions and schools between the State Board of Higher Education and the State Board for Career and Technical Education.

The proposed shift in regulatory authority would correctly align responsibility for higher education institutions with the State Board for Higher Education while leaving responsibility for career schools with the State Board for Career and Technical Education. The resources required to support this shift would be generated by fees assessed to institutions seeking to offer education programs in North Dakota.

Examples of degree granting institutions currently authorized by the State Board for Career and Technical Education are Capella University, Georgetown University, and Rasmussen

College. With passage of this bill, they would be regulated through the State Board of Higher Education.

Career schools, such as Lynnes Welding, would remain the responsibility of the State Board for Career and Technical Education.

The oversight responsibility for private postsecondary institutions entails the following: To review, investigate, approve or deny applications for authorization to operate in North Dakota by private colleges, universities and career schools; to act on requests for exemption from state oversight; to handle new program requests; to handle student complaints; to respond to student requests for closed school transcripts, and related duties.

HB 1103 would split the regulatory authority. The dividing line between the private institutions and private career schools would be determined by the level of degrees or credentials offered by the school or institution. Private “career schools” are defined as those granting the occupational associate degree, and lower. Private “institutions” would be those offering the associate in arts and science degree and higher. The reason for this definition is that the occupational associate degree is designed to be a terminal degree: once earned, the student should be prepared for the world of work. The associate in arts or science degree is designed to prepare the student for transfer to higher level degree programs.

When schools and institutions submit an application for authorization to operate in North Dakota, Career and Technical Education must review each of the programs the application contains. Consequently, if an institution wants to offer bachelor, master and doctoral programs, reviewing those programs is also part of the process. As an example, Capella University has authorization to offer 120 different bachelor, master, and doctorate programs in the State, and is a constant source of new requests for state authorization of graduate degree programs. The

Department of Career and Technical Education simply does not have the expertise to review content of bachelor, master or doctoral level programs – but the university system reviews such degree programs on a routine basis as part of its mission to ensure quality higher education in North Dakota.

One of the changes made last session was mandating the “commissioner of higher education and/or his designee” to make recommendations to the State Board for Career and Technical Education regarding degree programs. This was an important step. However, the State Board for Career and Technical Education still is responsible for the ultimate authorization decision and resulting oversight. Common sense would say that this authority should lie with the North Dakota University System and the State Board for Higher Education. It should be noted that no other state assigns oversight authority for private higher education institutions to Career and Technical Education – only North Dakota. Most other states either assign this responsibility to their higher education systems, or have a separate commission for this purpose.

Forty years ago, exclusively assigning oversight of private postsecondary institutions to Career and Technical Education made perfect sense. The number of private institutions seeking to offer education to North Dakotans was limited. Most of the schools involved were career schools, and most of the programs were diploma or certificate. However, things have changed dramatically over time. Last year alone, of the 83 program authorizations granted by the State Board for Career and Technical Education, only two were from career schools and 81 were from degree granting institutions. To look at it another way, 95% of the \$25 million in gross tuition revenues from North Dakota students came from authorized institutions offering bachelor, master, and doctorate degrees. HB 1103 ensures that oversight of those schools, their students, and their tuition money is provided by the entity most prepared to do so.

It is important to note that when a student files a complaint, more often than not, that complaint involves tuition funds. The North Dakota University System has the knowledge resources to better deal with tuition issues, in that it houses the state's office of Financial Aid and the State Approving Agency for Veterans Affairs, not Career and Technical Education.

There is one more compelling reason why we have brought HB 1103 before you for your consideration. In a word, it is "On-line". Internet-based education, as you are aware, has exploded, causing huge changes in the regulatory environment at both the state and federal levels. Career and Technical Education has gone from monitoring and approving a total of twelve schools to now getting requests from institutions and schools nearly every week. In the last year alone, there have been 83 new program requests by authorized schools. Beyond that, we are fielding unprecedented numbers of inquiries nationwide from degree granting institutions or their legal representatives seeking information on requirements to operate in North Dakota.

In the United States alone, there are over 2,000 colleges and universities with internet based distance education programs. In 2010, the federal government released regulations requiring institutions to document that they have proper approval to serve students in other states. Since that time, Career and Technical Education has received 400 requests from institutions seeking formal exemption from regulation to provide distance education to North Dakota citizens. This steady stream of exemption requests persists, despite the fact that the federal regulations were overturned due to procedural errors.

Among the distance education institutions requesting an exemption from oversight are those desiring to prepare students for careers in law, social work, and other professions – best reviewed by higher education which hosts such professional programs. Current practice, however, leaves all exemption decisions to Career and Technical Education. HB 1103 would

remedy this misalignment by redirecting higher education exemption requests to the North Dakota University System, while retaining career school requests in Career and Technical Education.

The best way to review this bill may be to look at the last section of it first, starting on line 7 of page 9 and ending on page 16. This is the current law and on page 9 you will see the section on definitions and changes that amend the current act to restrict the State Board for Career and Technical Education's authority to career schools by deleting references to educational institutions and inserting "career schools". To establish the authority for the State Board of Higher Education, this section is copied over to the State Board of Higher Education's section of the bill which starts on page 1, line 19, and the references are to "postsecondary educational institutions" not to career schools.

On page 2, line 11, the bill narrows the definition of "postsecondary educational institution" by adding this descriptor - "...at the associate in arts level or higher" – at the end of the definition. Correspondingly on page 9, line 23, the bill section applicable to Career and Technical Education, the definition is changed to reflect "career school", by using the descriptor: "...at a level no higher than the associate of applied science level." at the end of that definition.

#### Section on Exemptions:

Starting on page 10 line 1 is the current section of law dealing with exemptions; the change is a "sorting" of the current exemptions by the level of education to which they apply. You can see that on page 10 lines 15 through 20 are deleted. If you look to page 3 lines 1 through 6, they are inserted into the State Board of Higher Education's section because those exemptions would only apply to the State Board of Higher Education. It is important to note that none of the current exemptions are eliminated; they are all still there.

Comparing the next section: “Voluntary application for authorization to operate” on page 11 lines 3 through 9 and on page 3 lines 14 through 20, the only changes are the definition of career school in the Career and Technical Education section and educational institution in the State Board of Higher Education section.

The next sections refer to the powers and duties of each board. Career and Technical Education’s section starting on page 11 line 10 and the State Board of Higher Education’s section on page 3 line 21. As you review them, the changes in the State Board of Higher Education section are chiefly due to updating language by Legislative Council. An important note in this section is on page 12 line 12 for Career and Technical Education and page 4 lines 13 for the State Board of Higher Education. It requires fees from schools and ~~institutions~~ <sup>institutions seeking</sup> ~~institutions~~ authorization. This is how the State Board of Higher Education will cover the cost of administering its duties.

In the current law on page 12 line 17, a fee fund was established for Career and Technical Education. We required the authority to do that. There is no corresponding section in the State Board of Higher Education sections because they already have authority to establish fee funds.

The changes in the rest of the sections are the references for either career schools for Career and Technical Education or educational institutions for the State Board of Higher Education.

To summarize, from page 1 to the top of page 9 authorizes the State Board of Higher Education to have regulatory authority over institutions using language that is taken from current law, with the difference being that it limits the scope of the State Board of Higher Education’s duties to institutions that offer an associate of arts degree or higher. The remaining pages amend current language pertaining to the State Board for Career and Technical Education by limiting

regulatory authority to private career schools offering the associate in applied science degree and lower.

Mr. Chairman and members of the committee HB 1103 offers an improved process for authorizing private postsecondary institutions and schools. There is also a representative from the university system present who will testify in support of this bill.

I will be glad to answer any questions that you may have.

HB1103  
Testimony Data  
Private Postsecondary

Number of authorized career schools and institutions:

Higher Ed: 9	Career Schools: 4 (6 sites)
	At Home Professions
	Lynnes Welding (Fargo, Bis)
	Josef's (GF and West Fargo)
	The Salon Professional Academy

Number of exemption applications since inception of website: 396

2011 applications 165	2012 applications: 231
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Vast majority of exemption applications are from higher education (colleges, universities, and a few seminaries all degree granting institutions)

Number of program authorizations by SBCTE from 9/2011 – 12/2012

Higher Ed programs: 81	Career School programs: 2
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Amount of gross tuitions reported during the last authorization cycle (July 1, 2011 – June 30, 2012): Total: \$25,164,368

Higher Ed: \$23,782,432 (95%)	Career Schools: \$1,381,936 (5%)
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Other facts to support the legislation:

1. Institutions of higher education seeking information on state laws and regulations are confused by North Dakota's assignment of oversight of higher ed to CTE. When seeking information, they frequently contact NDUS first, because that is typical of most states. This results in extra steps for the applicant schools, and extra staff time for the state.
2. Among those schools seeking information on authorization/exemption in ND are law schools, medical schools (including Caribbean medical schools) and other professional schools. CTE has no mission involving professional schools. Decisions affecting these kinds of institutions should be made by ND Higher Ed, which actually operates law and medical schools?

**CHAPTER 15-20.4**  
**POSTSECONDARY EDUCATIONAL INSTITUTIONS**

**15-20.4-01. Definitions.**

As used in this chapter:

1. "Authorization to operate" or like term means approval of the board to operate or to contract to operate a postsecondary educational institution in this state.
2. "Board" means the state board for career and technical education.
3. "Education" or "educational services" or like term includes any class, course, or program of training, instruction, or study.
4. "Educational credentials" means degrees, diplomas, certificates, transcripts, reports, documents, or letters of designation, marks, appellations, series of letters, numbers, or words which signify, purport, or are generally taken to signify enrollment, attendance, progress, or satisfactory completion of the requirements or prerequisites for education at a postsecondary educational institution operating in this state.
5. "Entity" includes any company, firm, society, association, partnership, corporation, limited liability company, and trust.
6. "Executive officer" means the director of career and technical education.
7. "Postsecondary educational institution" includes an academic, vocational, technical, home study, business, professional, or other school, college, or university, or other organization or person, operating in this state, offering educational credentials, or offering instruction or educational services (primarily to persons who have completed or terminated their secondary education or who are beyond the age of compulsory high school attendance) for attainment of educational, professional, or vocational objectives.
8. "To grant" includes awarding, selling, conferring, bestowing, or giving.
9. "To offer" includes, in addition to its usual meanings, advertising, publicizing, soliciting, or encouraging any person, directly or indirectly, in any form, to perform the act described.
10. "To operate" an educational institution, or like term, means to establish, keep, or maintain any facility or location in this state where, from, or through which, education is offered or given, or educational credentials are offered or granted, and includes contracting with any person, group, or entity to perform any such act.

**15-20.4-02. Exemptions.**

The following education and educational institutions are exempted from the provisions of this chapter:

1. Institutions exclusively offering instruction at any or all levels from preschool through the twelfth grade.
2. Education sponsored by a bona fide trade, business, professional, or fraternal organization, so recognized by the board, solely for that organization's membership, or offered on a no-fee basis.
3. Education solely avocational or recreational in nature, as determined by the board, and institutions offering such education exclusively.
4. Certain education provided through short-term programs as determined by the board.
5. Education offered by charitable institutions, organizations, or agencies, so recognized by the board, provided the education is not advertised or promoted as leading toward educational credentials.
6. Postsecondary educational institutions established, operated, and governed by this or any other state or its political subdivisions, as determined by the board and any educational consortium that includes one or more of the institutions.
7. Private four-year institutions chartered or incorporated and operating in the state prior to July 1, 1977, so long as the institutions retain accreditation by national or regional accrediting agencies recognized by the United States office of education.
8. Schools of barbering regulated under chapter 43-04.
9. Schools of cosmetology regulated under chapter 43-11.

10. Schools of nursing regulated under chapter 43-12.1.
11. Native American colleges operating in this state, established by federally recognized Indian tribes.
12. Postsecondary educational institutions not operating in this state.
13. Institutions whose only physical presence in this state consists of students enrolled in practicums, internships, clinicals, or student teaching in this state.

**15-20.4-02.1. Voluntary application for authorization to operate.**

Although a postsecondary educational institution not operating in this state is exempt from this chapter by section 15-20.4-02, the institution may subject itself to the requirements of this chapter by applying for and being awarded an authorization to operate by the board. An authorization to operate, as applied to a postsecondary educational institution not operating in this state, means approval of the board to offer to students in this state educational services leading to educational credentials.

**15-20.4-03. Board powers and duties.**

The board has, in addition to the powers and duties now vested in it by law, the following powers and duties to:

1. Establish and require compliance with minimum standards and criteria for postsecondary educational institutions under this chapter. The standards and criteria must include quality of education, ethical and business practices, health and safety and fiscal responsibility, which applicants for authorization to operate shall meet:
  - a. Before such authorization may be issued; and
  - b. To continue such authorization in effect.The criteria and standards developed will effectuate the purposes of this chapter, but will not unreasonably hinder legitimate educational innovation.
2. Prescribe forms and conditions for, receive, investigate as it may deem necessary, and act upon applications for authorization to operate postsecondary educational institutions. Authorization to operate an academic or professional postsecondary educational institution offering educational credentials may be issued only upon approval of the executive officer and the commissioner of the state board of higher education or the commissioner's designee.
3. Maintain a list of postsecondary educational institutions authorized to operate in this state under the provisions of this chapter. The list must be available for the information of the public.
4. Negotiate and enter into interstate reciprocity agreements with similar agencies in other states, if in the judgment of the board such agreements are or will be helpful in effectuating the purposes of this chapter; provided, however, that nothing contained in any such reciprocity agreement may be construed as limiting the board's powers, duties, and responsibilities with respect to independently investigating or acting upon any application for authorization to operate, or any application for renewal of such authorization to operate, a postsecondary educational institution, or with respect to the enforcement of any provision of this chapter, or any of the rules or regulations promulgated hereunder.
5. Receive and cause to be maintained as a permanent file, copies of academic records specified by the board in the event any postsecondary educational institution required to have an authorization to operate under this chapter proposes to discontinue its operation.
6. Promulgate such rules, regulations, and procedures necessary or appropriate for the conduct of its work and the implementation of this chapter, and to hold such hearings as it may deem advisable in accordance with chapter 28-32 or as required by law in developing such rules, regulations, and procedures, or in aid of any investigation or inquiry.
7. Investigate as it may deem necessary, on its own initiative or in response to any complaint lodged with it, any person, group, or entity subject to, or reasonably believed by the board to be subject to, the jurisdiction of this chapter; and in connection

therewith to subpoena any persons, books, records, or documents pertaining to such investigation. The board may require answers in writing under oath to questions propounded by the board and may administer an oath or affirmation to any person in connection with any investigation. The board may, after hearing, revoke or suspend authorizations to operate. Subpoenas issued by the board are enforceable by any district court.

8. Require fees and bonds from postsecondary educational institutions in such sums and under such conditions as it may establish; provided, that fees established may not exceed the reasonable cost of the service being provided.
9. Exercise other powers and duties implied but not enumerated in this section but in conformity with the provisions of this chapter which, in the judgment of the board, are necessary in order to carry out the provisions of this chapter.

**15-20.4-03.1. Authorization fee fund.**

There is created an authorization fee fund into which fees provided to the board upon application for authorization to operate a postsecondary educational institution under section 15-20.4-03 must be deposited. The fund and interest earned on the fund may be spent by the board pursuant to legislative appropriation exclusively to carry out the intent and purpose of this chapter. This fund is not subject to section 54-44.1-11.

**15-20.4-04. Minimum standards - Exceptions.**

1. All postsecondary educational institutions must be accredited by national or regional accrediting agencies recognized by the United States department of education. The board may additionally require such further evidence and make such further investigation as in its judgment may be necessary. Any postsecondary educational institution operating in this state seeking its first authorization to operate may be issued a provisional authorization to operate on an annual basis until the institution becomes eligible for accreditation by a recognized accrediting agency. Institutions issued a provisional authorization to operate must demonstrate a substantial good-faith showing of progress toward such status. Only upon accreditation shall an institution become eligible for a regular authorization to operate.
2. This section does not apply to postsecondary educational institutions operating in this state that do not grant degrees and that offer mainly hands-on training in low census occupations, as determined by the board. "Degree" as used in this subsection means a document that provides evidence or demonstrates completion of a course of instruction that results in the attainment of a rank or level of associate or higher.

**15-20.4-05. Prohibition.**

A person, group, or entity of whatever kind, alone or in concert with others, may not:

1. Operate, in this state, a postsecondary educational institution not exempted from the provisions of this chapter, unless said institution has a currently valid authorization to operate issued pursuant to the provisions of this chapter.
2. Instruct or educate, or offer to instruct or educate, including advertising or soliciting for such purpose, enroll or offer to enroll, contract or offer to contract with any person for such purpose, or award any educational credential, or contract with any institution or party to perform any such act, at a facility or location in this state unless such person, group, or entity observes and is in compliance with the minimum standards and criteria established by the board pursuant to subsection 1 of section 15-20.4-03, and the rules and regulations adopted by the board pursuant to subsection 6 of section 15-20.4-03.
3. Use the term "university", "institute", or "college" without authorization to do so from the board.
4. Grant, or offer to grant, educational credentials, without authorization to do so from the board.

**15-20.4-06. Refund of tuition fees.**

1. Postsecondary educational institutions shall refund tuition and other charges, other than a reasonable application fee, when written notice of cancellation is given by the student in accordance with the following schedule:
  - a. When notice is received prior to, or within seven days after completion of the first day of instruction, or after receipt of the first correspondence lesson by the institution, all tuition and other charges must be refunded to the student.
  - b. When notice is received prior to, or within thirty days after completion of the first day of instruction, or prior to the completion of one-fourth of the educational services, all tuition and other charges except twenty-five percent thereof must be refunded to the student.
  - c. When notice is received upon or after completion of one-fourth of the educational services, but prior to the completion of one-half of the educational services, all tuition and other charges except fifty percent thereof must be refunded to the student.
  - d. When notice is received upon or after the completion of fifty percent of the educational services, no tuition or other charges may be refunded to the student.
2. The provisions of this section do not prejudice the right of any student to recovery in an action against any postsecondary educational institution for breach of contract or fraud.
3. A postsecondary educational institution may implement a refund schedule that deviates from subsection 1 if the proposed refund schedule is more favorable to the student than the schedule described in subsection 1.

**15-20.4-07. Negotiation of promissory instruments.**

Repealed by S.L. 2009, ch. 161, § 7.

**15-20.4-08. Cancellation of contract for instrument.**

Any person has the right for any cause to rescind, revoke, or cancel a contract for educational services at any postsecondary educational institution within seven days after entering into such contract without incurring any tort or contract liability. In such event, the postsecondary educational institution may retain the amount of tuition and other charges as set forth in subsection 1 of section 15-20.4-06.

**15-20.4-09. Remedy of defrauded student - Treble damages.**

Any person defrauded by any advertisement or circular issued by a postsecondary educational institution, or by any person who sells textbooks to the institution or to the pupils thereof, may recover from such institution or person three times the amount paid.

**15-20.4-10. Board review.**

Any person aggrieved by a decision of the board respecting denial or revocation of an authorization to operate, or the placing of conditions thereon, whether on initial application or on application for renewal, and any person aggrieved by the imposition of a penalty by the board under section 15-20.4-12, has the right to a hearing and review of such decision by the board and to judicial review in accordance with chapter 28-32.

**15-20.4-11. Violations - Civil penalty.**

Any person, group, or entity, or any owner, officer, or employee thereof, who violates the provisions of section 15-20.4-05, or who fails or refuses to deposit with the board the records required by the board under this chapter, is subject to a civil penalty not to exceed one hundred dollars for each violation. Each day's failure to comply with the provisions of said sections is a separate violation. Such fine may be imposed by the board in an administrative proceeding or by any court of competent jurisdiction.

**15-20.4-12. Violations - Criminal penalty.**

Any person, group, or entity, or any owner, officer, or employee thereof, who willfully violates the provisions of section 15-20.4-05, or who willfully fails or refuses to deposit with the board the records required by the board under this chapter, is guilty of a class B misdemeanor. The criminal sanctions may be imposed by a court of competent jurisdiction in an action brought by the attorney general of this state or a state's attorney pursuant to section 15-20.4-14.

**15-20.4-13. Jurisdiction of courts - Service of process.**

Any postsecondary educational institution not exempt from this chapter, which has a place of business in this state, and which instructs or educates, or offers to instruct or educate, enrolls or offers to enroll, or contracts or offers to contract, to provide instructional or educational services in this state, whether such instruction or services are provided in person or by correspondence, to a resident of this state, or which offers to award or awards any educational credentials to a resident of this state, submits such institution, and if a natural person, the person's personal representative, to the jurisdiction of the courts of this state, concerning any claim for relief arising therefrom, and for the purpose of enforcement of this chapter by injunction pursuant to section 15-20.4-14. Service of process upon any such institution subject to the jurisdiction of the courts of this state may be made by personally serving the summons upon the defendant within or outside this state, in the manner prescribed by the North Dakota Rules of Civil Procedure, with the same force and effect as if the summons had been personally served within this state. Nothing contained in this section limits or affects the right to serve any process as prescribed by the North Dakota Rules of Civil Procedure.

**15-20.4-14. Enforcement - Injunction.**

1. The attorney general of this state, or the state's attorney of any county in which a postsecondary educational institution is found, at the request of the board or on the attorney general's own motion, may bring any appropriate action or proceeding (including injunctive proceedings, or criminal proceedings pursuant to section 15-20.4-12) in any court of competent jurisdiction for the enforcement of the provisions of this chapter.
2. Whenever it appears to the board that any person, group, or entity is, is about to, or has been violating any of the provisions of this chapter or any of the lawful rules, regulations, or orders of the board, the board may, on its own motion or on the written complaint of any person, file a petition for injunction in the name of the board in any court of competent jurisdiction in this state against such person, group, or entity, for the purpose of enjoining such violation or for an order directing compliance with the provisions of this chapter, and all rules, regulations, and orders issued hereunder. It is not necessary that the board allege or prove that it has no adequate remedy at law. The right of injunction provided in this section is in addition to any other legal remedy which the board has, and is in addition to any right of criminal prosecution provided by law; provided, however, the board may not obtain a temporary restraining order without notice to the person, group, or entity affected. The existence of board action with respect to alleged violations of this chapter does not operate as a bar to an action for injunctive relief pursuant to this section.

**15-20.4-15. Unlawful to issue, manufacture, or use false academic degrees - Penalty.**

1. It is unlawful for a person to knowingly advertise to sell, issue, or manufacture a false academic degree. A person that violates this subsection is guilty of a class C felony. This subsection does not apply to a newspaper, television or radio station, or other commercial medium that is not the source of the advertisement.
2. a. It is unlawful for an individual to knowingly use or claim to have a false academic degree:
  - (1) To obtain employment;
  - (2) To obtain a promotion or higher compensation in employment;
  - (3) To obtain admission to an institution of higher learning; or

- (4) In connection with any business, trade, profession, or occupation.
- b. An individual who violates this subsection is guilty of a class A misdemeanor.
- 3. As used in this section, "false academic degree" means a document such as a degree or certification of completion of a degree, coursework, or degree credit, including a transcript, that provides evidence or demonstrates completion of a course of instruction or coursework that results in the attainment of a rank or level of associate or higher which is issued by a person that is not a duly authorized institution of higher learning.
- 4. As used in this section, "duly authorized institution of higher learning" means an institution that:
  - a. Has accreditation recognized by the United States secretary of education or has the foreign equivalent of such accreditation;
  - b. Has an authorization to operate under this chapter;
  - c. Operates in this state and is exempt from this chapter under section 15-20.4-02;
  - d. Does not operate in this state and is:
    - (1) Licensed by the appropriate state agency; and
    - (2) An active applicant for accreditation by an accrediting body recognized by the United States secretary of education; or
  - e. Has been found by the state board for career and technical education to meet standards of academic quality comparable to those of an institution located in the United States that has accreditation recognized by the United States secretary of education to offer degrees of the type and level claimed.

**15-20.4-16. Unlawful to use degree or certificate when coursework not completed - Penalty.**

- 1. An individual may not knowingly use a degree, certificate, diploma, transcript, or other document purporting to indicate that the individual has completed an organized program of study or completed courses when the individual has not completed the organized program of study or the courses as indicated on the degree, certificate, diploma, transcript, or document:
  - a. To obtain employment;
  - b. To obtain a promotion or higher compensation in employment;
  - c. To obtain admission to an institution of higher learning; or
  - d. In connection with any business, trade, profession, or occupation.
- 2. An individual who violates this section is guilty of a class A misdemeanor.

**15-20.4-17. Consumer protection - False academic degrees.**

The state board for career and technical education, in collaboration with the North Dakota university system, shall provide via internet websites, information to protect students, businesses, and others from persons that issue, manufacture, or use false academic degrees.

**15-20.4-18. Unlawful to operate accreditation mill - Penalty.**

- 1. A person may not operate an accreditation mill in North Dakota.
- 2. As used in this section:
  - a. "Accreditation mill" means an accrediting entity that is not recognized by the United States department of education or the state board for career and technical education.
  - b. "Operate" includes to use an address, telephone number, facsimile number, or other contact point located in North Dakota.
- 3. A person that violates this section is guilty of a class C felony.

House Education Committee  
Testimony on HB 1103  
North Dakota University System

Mr. Chair, members of the Committee, Good morning. My name is John Haller and I am the Interim VCAA for the North Dakota University System. Thank you for giving me the opportunity to present information to you today.

Permit me first to say that my colleague from the Department of Career and Technical Education has provided you with an excellent explanation of the bill in all its details. I doubt that there is anything I can add to it that would explain the bill any better. I support his comments in their entirety. The issue of ensuring high quality higher education in North Dakota is one that both CTE and the North Dakota University System take very seriously.

As I am sure the members of this Committee already know, there has been an exponential growth of on-line education in almost every state in the nation, including our own. Not only are the eleven colleges and universities that make up the NDUS offering courses and degrees off-site in North Dakota but they are offering them in many other states as well. By the same token, public and private institutions in almost every state are seeking approval to legally offer their own online programs here in North Dakota. These requests range from individual courses to associate, baccalaureate, doctoral, and professional degrees.

As a member of WICHE, the Western Interstate Commission for Higher Education, we have been part of the conversation taking place regionally and nationally to determine a common set of requirements for on-line education and, where appropriate, the development of reciprocity agreements that would streamline these efforts.

Because of our involvement with WICHE, the North Dakota University System, and not the Department of Career and Technical Education, has been involved in these discussions and decisions. Consequently, I agree with Mr. Kutzer that logically, we should play a larger role in ensuring that online academic programs offered to students in North Dakota are of a consistently high quality.

Because each of our public institutions must comply with accreditation requirements set by the Higher Learning Commission of the North Central Association, we understand the expectations of regional

accrediting agencies for standards of quality affecting both in-state and out-of state on-line education providers. That is because we are obliged to maintain those same standards as well. Accordingly, we are in a good position to offer meaningful oversight of any institution seeking to provide programs for North Dakota consumers.

The proposed bill which you have before you gives us the power and the ability through the use of application fees to standardize degree applications, provide careful reviews prior to approval, and ongoing monitoring that mimics our internal processes. We are confident that we can establish a fee schedule that not only treats out-of-state applicants fairly but ensures sufficient resources to undertake a thorough vetting process that is no less rigorous ~~that~~ <sup>than</sup> our own internal review process for programs requested by our own institutions.

To add a level of additional support for the citizens of our state, we also intend to include on the NDUS website an easily accessible list of approved in-state and out-of-state online programs to aid prospective students in their decision-making process. We consider this a vital part of our obligation toward consumer protectionism.

On behalf of the North Dakota University System, I urge your approval of HB 1103.

Thank you.

#1

**Senate Education Committee  
Testimony on HB 1103  
February 20, 2013**

Mr. Chairman and members of the committee, for the record my name is Wayne Kutzer, Director of the Department of Career and Technical Education. For the past 40+ years the State Board for Career and Technical Education has had, in addition to its primary responsibility for Career and Technical Education, the responsibility for oversight of private postsecondary institutions as mandated in chapter 15-20.4 of the North Dakota Century Code. Significant changes have occurred in the delivery of postsecondary education that has prompted us to bring this bill forward.

You may recognize the contents of this bill from last session with one important difference. Last session this bill had a fiscal note which requested general fund dollars and an additional FTE's for the ND University System, this session it does not. This bill divides the regulatory duties for private postsecondary institutions and schools between the State Board of Higher Education and the State Board for Career and Technical Education.

The proposed shift in regulatory authority would correctly align responsibility for higher education institutions with the State Board for Higher Education while leaving responsibility for career schools with the State Board for Career and Technical Education. The resources required to support this shift would be generated by fees assessed to institutions seeking to offer education programs in North Dakota.

Examples of degree granting institutions currently authorized by the State Board for Career and Technical Education are Capella University, Georgetown University, and Rasmussen

College. With passage of this bill, they would be regulated through the State Board of Higher Education.

Career schools, such as Lynnes Welding, would remain the responsibility of the State Board for Career and Technical Education.

The oversight responsibility for private postsecondary institutions entails the following: To review, investigate, approve or deny applications for authorization to operate in North Dakota by private colleges, universities and career schools; to act on requests for exemption from state oversight; to handle new program requests; to handle student complaints; to respond to student requests for closed school transcripts, and related duties.

HB 1103 would split the regulatory authority. The dividing line between the private institutions and private career schools would be determined by the level of degrees or credentials offered by the school or institution. Private “career schools” are defined as those granting the occupational associate degree, and lower. Private “institutions” would be those offering the associate in arts and science degree and higher. The reason for this definition is that the occupational associate degree is designed to be a terminal degree: once earned, the student should be prepared for the world of work. The associate in arts or science degree is designed to prepare the student for transfer to higher level degree programs.

When schools and institutions submit an application for authorization to operate in North Dakota, Career and Technical Education must review each of the programs the application contains. Consequently, if an institution wants to offer bachelor, master and doctoral programs, reviewing those programs is also part of the process. As an example, Capella University has authorization to offer 120 different bachelor, master, and doctorate programs in the State, and is a constant source of new requests for state authorization of graduate degree programs. The

Department of Career and Technical Education simply does not have the expertise to review content of bachelor, master or doctoral level programs – but the university system reviews such degree programs on a routine basis as part of its mission to ensure quality higher education in North Dakota.

One of the changes made last session was mandating the “commissioner of higher education and/or his designee” to make recommendations to the State Board for Career and Technical Education regarding degree programs. This was an important step. However, the State Board for Career and Technical Education still is responsible for the ultimate authorization decision and resulting oversight. Common sense would say that this authority should lie with the North Dakota University System and the State Board for Higher Education. It should be noted that no other state assigns oversight authority for private higher education institutions to Career and Technical Education – only North Dakota. Most other states either assign this responsibility to their higher education systems, or have a separate commission for this purpose.

Forty years ago, exclusively assigning oversight of private postsecondary institutions to Career and Technical Education made perfect sense. The number of private institutions seeking to offer education to North Dakotans was limited. Most of the schools involved were career schools, and most of the programs were diploma or certificate. However, things have changed dramatically over time. Last year alone, of the 83 program authorizations granted by the State Board for Career and Technical Education, only two were from career schools and 81 were from degree granting institutions. To look at it another way, 95% of the \$25 million in gross tuition revenues from North Dakota students came from authorized institutions offering bachelor, master, and doctorate degrees. HB 1103 ensures that oversight of those schools, their students, and their tuition money is provided by the entity most prepared to do so.

It is important to note that when a student files a complaint, more often than not, that complaint involves tuition funds. The North Dakota University System has the knowledge resources to better deal with tuition issues, in that it houses the state's office of Financial Aid and the State Approving Agency for Veterans Affairs. Career and Technical Education does not have that resource.

There is one more compelling reason why we have brought HB 1103 before you for your consideration. In a word, it is "On-line". Internet-based education, as you are aware, has exploded, causing huge changes in the regulatory environment at both the state and federal levels. Career and Technical Education has gone from monitoring and approving a total of twelve schools to now getting requests from institutions and schools nearly every week. In the last year alone, there have been 83 new program requests by authorized schools. Beyond that, we are fielding unprecedented numbers of inquiries nationwide from degree granting institutions or their legal representatives seeking information on requirements to operate in North Dakota.

In the United States alone, there are over 2,000 colleges and universities with internet based distance education programs. In 2010, the federal government released regulations requiring institutions to document that they have proper approval to serve students in other states. Since that time, Career and Technical Education has received 400 requests from institutions seeking formal exemption from regulation to provide distance education to North Dakota citizens. This steady stream of exemption requests persists, despite the fact that the federal regulations were overturned due to procedural errors.

Among the distance education institutions requesting an exemption from oversight are those desiring to prepare students for careers in law, social work, and other professions – best reviewed by higher education which hosts such professional programs. Current practice,

however, leaves all exemption decisions to Career and Technical Education. HB 1103 would remedy this misalignment by redirecting higher education exemption requests to the North Dakota University System, while retaining career school requests in Career and Technical Education.

The best way to review this bill may be to look at the last section of it first, starting on line 7 of page 9 and ending on page 16. This is the current law and on page 9 you will see the section on definitions and changes that amend the current act to restrict the State Board for Career and Technical Education's authority to career schools by deleting references to educational institutions and inserting "career schools". To establish the authority for the State Board of Higher Education, this section is copied over to the State Board of Higher Education's section of the bill which starts on page 1, line 19, and the references are to "postsecondary educational institutions" not to career schools.

On page 2, line 11, the bill narrows the definition of "postsecondary educational institution" by adding this descriptor - "...at the associate in arts level or higher" – at the end of the definition. Correspondingly on page 9, line 23, the bill section applicable to Career and Technical Education, the definition is changed to reflect "career school", by using the descriptor: "...at a level no higher than the associate of applied science level." at the end of that definition.

#### Section on Exemptions:

Starting on page 10 line 1 is the current section of law dealing with exemptions; the change is a "sorting" of the current exemptions by the level of education to which they apply. You can see that on page 10 lines 15 through 20 are deleted. If you look to page 3 lines 1 through 6, they are inserted into the State Board of Higher Education's section because those exemptions

would only apply to the State Board of Higher Education. It is important to note that none of the current exemptions are eliminated; they are all still there.

Comparing the next section: “Voluntary application for authorization to operate” on page 11 lines 3 through 9 and on page 3 lines 14 through 20, the only changes are the definition of career school in the Career and Technical Education section and educational institution in the State Board of Higher Education section.

The next sections refer to the powers and duties of each board. Career and Technical Education’s section starting on page 11 line 10 and the State Board of Higher Education’s section on page 3 line 21. As you review them, the changes in the State Board of Higher Education section are chiefly due to updating language by Legislative Council. An important note in this section is on page 12 line 12 for Career and Technical Education and page 4 lines 13 for the State Board of Higher Education. It requires fees from schools and institutions seeking authorization. This is how the State Board of Higher Education will cover the cost of administering its duties.

In the current law on page 12 line 17, a fee fund was established for Career and Technical Education. We required the authority to do that. There is no corresponding section in the State Board of Higher Education sections because they already have authority to establish fee funds.

The changes in the rest of the sections are the references for either career schools for Career and Technical Education or educational institutions for the State Board of Higher Education.

On page 16 of the bill there are a number of sections that are being repealed. These relate to false academic degrees and accreditation mills. They have simply been deleted from CTE’s

section of law and moved to Higher Educations' section on page 7 starting on line 8. None have been eliminated only moved.

To summarize, from page 1 to the top of page 9 authorizes the State Board of Higher Education to have regulatory authority over institutions using language that is taken from current law, with the difference being that it limits the scope of the State Board of Higher Education's duties to institutions that offer an associate of arts degree or higher. The remaining pages amend current language pertaining to the State Board for Career and Technical Education by limiting regulatory authority to private career schools offering the associate in applied science degree and lower. The last page of this testimony is a data sheet on current private postsecondary schools and institutions for you to reference.

Mr. Chairman and members of the committee HB 1103 offers an improved process for authorizing private postsecondary institutions and schools. There is also a representative from the university system present who will testify in support of this bill.

I will be glad to answer any questions that you may have.

HB1103  
Testimony Data  
Private Postsecondary

Number of authorized career schools and institutions:

Higher Ed: 7 (9 sites)	Career Schools: 4 (6 sites)
Capella University	At Home Professions
Central Michigan University	Lynnes Welding (Fargo, Bis)
Embry-Riddle Aeronautical	Josef's (GF and West Fargo)
Georgetown University	The Salon Professional Academy
Park University	
Rasmussen College (3)	
University of Southern California	

Number of exemption applications since inception of website: 396

2011 applications 165                      2012 applications: 231

Vast majority of exemption applications are from higher education (colleges, universities, and a few seminaries all degree granting institutions)

Number of program authorizations by SBCTE from 9/2011 – 12/2012

Higher Ed programs: 81                      Career School programs: 2

Amount of gross tuitions reported during the last authorization cycle (July 1, 2011 – June 30, 2012): Total: \$25,164,368

Higher Ed: \$23,782,432 (95%)      Career Schools: \$1,381,936 (5%)

Other facts to support the legislation:

1. Institutions of higher education seeking information on state laws and regulations are confused by North Dakota's assignment of oversight of higher ed to CTE. When seeking information, they frequently contact NDUS first, because that is typical of most states. This results in extra steps for the applicant schools, and extra staff time for the state.
2. Among those schools seeking information on authorization/exemption in ND are law schools, medical schools (including Caribbean medical schools) and other professional schools. CTE has no mission involving professional schools. Decisions affecting these kinds of institutions should be made by ND Higher Ed, which actually operates law and medical schools?

Senate Education Committee  
Testimony on HB 1103  
North Dakota University System

#2

Mr. Chair, members of the Committee, Good morning. My name is Aimee Copas and I am the Associate Vice Chancellor for Academic Affairs for the North Dakota University System. Thank you for giving me the opportunity to present information to you today.

Permit me first to say that my colleague from the Department of Career and Technical Education has provided you with an excellent explanation of the bill in all its details. I doubt that there is anything I can add to it that would explain the bill any better. I support his comments in their entirety. The issue of ensuring high quality higher education in North Dakota is one that both CTE and the North Dakota University System take very seriously.

As I am sure the members of this Committee already know, there has been an exponential growth of on-line education in almost every state in the nation, including our own. Not only are the eleven colleges and universities that make up the NDUS offering courses and degrees off-site in North Dakota but they are offering them in many other states as well. By the same token, public and private institutions in almost every state are seeking approval to legally offer their own online programs here in North Dakota. These requests range from individual courses to associate, baccalaureate, doctoral, and professional degrees.

As a member of WICHE, the Western Interstate Commission for Higher Education, we have been part of the conversation taking place regionally and nationally to determine a common set of requirements for on-line education and, where appropriate, the development of reciprocity agreements that would streamline these efforts.

Because of our involvement with WICHE, we can verify that higher education agencies and not career and technical agencies, are involved in these discussions and decisions. Consequently, I agree with Mr. Kutzer that logically, we should play a larger role in ensuring that online academic programs offered to students in North Dakota are of a consistently high quality.

Because each of our public institutions must comply with accreditation requirements set by the Higher Learning Commission of the North Central Association, we understand the expectations of regional accrediting agencies for standards of quality affecting both in-state and out-of state on-line education providers. That is because we are obliged to maintain those same standards as well. Accordingly, we are in a good position to offer meaningful oversight of any institution seeking to provide programs for North Dakota consumers.

The proposed bill which you have before you gives us the power and the ability through the use of application fees to standardize degree applications, provide careful reviews prior to approval, and ongoing monitoring that mimics our internal processes. We are confident that our established fee schedule not only treats out of state applicants fairly but ensures sufficient resources to undertake a

thorough vetting process that is no less rigorous than our own internal review process for programs requested by our own institutions. (Fee schedule attached)

To add a level of additional support for the citizens of our state, we also intend to include on the NDUS website an easily accessible list of approved in-state and out-of-state online programs to aid in their decision process. We consider this a vital part of our obligation toward consumer protectionism.

On behalf of the North Dakota University System, I urge your approval of HB 1103.

Thank you.

**NORTH DAKOTA UNIVERSITY SYSTEM**  
**Fee Schedule**

Given the availability of legitimate courses and programs leading to academic degrees and offered by responsible out-of-state public, private not-for-profit ,and for-profit institutions of postsecondary education, the North Dakota University System (NDUS) shall have responsibility for collecting reasonable registration fees that are sufficient to recover, but not intended to exceed, its costs of administering the registration of the above type institutions seeing to offer courses and programs in North Dakota.

The NDUS shall charge the fees listed below:

1. For all new schools offering no more than one degree at each level during its first year must pay registration fees<sup>1</sup> for each applicable level in the following amounts:
  - a. Associate degree \$2,000
  - b. Baccalaureate degree \$2,500
  - c. Master's degree \$3,000
  - d. Doctorate degree \$3,500

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<sup>1</sup> As a basis for registration, schools shall provide the NDUS with such information as it needs to determine the nature and activities of the school, including but not limited to the following which shall be accompanied by an affidavit attesting to its accuracy and truthfulness: articles of incorporation, constitution, bylaws, or other operating documents; a duly adopted statement of the school's mission and goals; evidence of current school or program licenses granted by departments or agencies of any state; a fiscal balance sheet on an accrual basis, or a certified audit of the immediate past fiscal year including any management letters provided by an independent auditor or, if the school is a public institution outside North Dakota, an income statement for the immediate past fiscal year; all current promotional and recruitment materials and advertisements; the current school catalog; the members of the board of trustees or directors; the current institutional officers; current full-time and part-time faculty with degrees held or applicable experience; a description of all school facilities; a description of all current course offerings; all requirements for satisfactory completion of courses, programs and degrees; the school's policy about freedom or limitation of expression and inquiry; a current schedule of fees, charges for tuition, required supplies, student activities, and all other standard charges; the school's policy about refunds and adjustments; the school's policy about granting credit for prior education, training, and experience; and the school's policies about student admission, evaluation, suspension, and dismissal. If the NDUS is unable to determine the nature and activities of a school on the basis of the information supplied, the NDUS shall notify the school of additional information needed.

2. A new school that will offer more than one degree per level during its first year must pay registration fees in an amount equal to the fee for the first degree at each degree level noted above, plus fees for each additional non-degree program or degree as follows:

- a. Non-degree program \$250
- b. Additional associate degree \$250
- c. Additional baccalaureate degree \$500
- d. Additional master's degree \$750
- e. Additional doctorate degree \$1,000

3. The office processing fees for adding a degree or non-degree program are as follows:

- a. Non-degree program that is part of existing degree -0-
- b. Non-degree program that is not a part of an existing degree \$250 each
- c. Majors, specializations, emphasis areas, concentrations, etc. \$250 each
- d. Associate degrees \$500 each
- e. Baccalaureate degrees \$500 each
- f. Master's degrees \$750 each
- g. Doctorate degrees \$2,000 each

4. If the NDUS determines that a fact-finding visit or outside consultant is necessary to review or evaluate any new or revised degree or non-degree program, the office shall be reimbursed for the expenses incurred related to the review:

- a. Desk review \$750
- b. For an on-site individual visit \$750 per day plus expenses
- c. For an on-site team visit \$750 per day/per individual plus expenses

5. The annual renewal registration fee \$1,200

6. The NDUS may assess fines for violations not to exceed \$500/day per violation
7. Upon application of the attorney general the district courts shall have jurisdiction to enjoin any violations.

**\*\* Justification:**

The SHEEO (State Higher Education Executive Officers) release information regarding state authorization and fees in place by state. The fee structure above is very similar to our sister state of Minnesota. Further justification is provided with the following **national averages**:

Cost per institution to authorize per state: **\$3320 per institution**

Cost per institution to PER PROGRAM: **\$805 per program**

#1

February 20, 2013

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1103

Page 1, line 4, after "mills;" insert "to provide for reports to the legislative management;"

Page 4, after line 17, insert:

"11. Require the North Dakota university system to provide a report to the legislative management during the 2013-2015 interim."

Renumber accordingly