

2013 SENATE EDUCATION

SB 2200

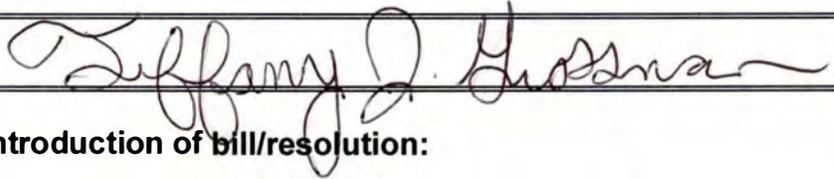
2013 SENATE STANDING COMMITTEE MINUTES

Senate Education Committee
Missouri River Room, State Capitol

SB 2200
1-22-13
17499

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to the determination of funding for institutions of higher education; to provide for legislative intent; and to provide an expiration date

Minutes:

You may make reference to "attached testimony."

Chairman Flakoll: Opened hearing on SB 2200

Governor Dalrymple: I think this is a very important piece of legislation. This represents the end point of a lot of hard work. It creates more equity for our higher education model. In addition to equity, it is providing a great deal more transparency. Too much time is spent with campuses talking about how much money they are getting. This has been a big distraction over the years. We have had as much as 10 million dollars randomly distributed to campuses. We tried to tie the funding to comparable campuses in other states which turned out to be flawed and didn't work well for our state. We felt some damage being done to the reputation of our state because of the comments being heard by the public. I think this works very well. I want to make a few points about the bill itself. This formula originates on the basis of credit hours completed. We have been looking at the number of students enrolled instead of credits. This bill is put together by a group of people that have no agenda. It is coming from people who deal with these numbers on a daily basis. A difficult thing for a campus would be a drop off in enrollment. Overall it is an outstanding piece of information.

Rep Holmberg: The Governor sincerely believes this change is to the benefit of higher education and the taxpayers of North Dakota when you are looking at transparency in higher education. This is a good change.

Representative Mike Nathe, District 30: I wish to testify in support of SB 2200. Anytime the funding formula for higher education and k-12 simpler, easier, and more equitable is a good idea and worthy of discussion.

Representative Mark Sanford, District 17: I wish to testify in support of SB 2200 (See written testimony #1 attached)

Senator David O'Connell, District 6: I wish to testify in support of SB 2200. I think performance based is great. This formula is easy to understand. It has simplified it and ties higher education with elementary and secondary.

Senator Tim Flakoll, District 44: I am the prime sponsor of SB 2200 and wish to testify in support of SB 2200. (See written testimony #2, #3, and #4 attached)

Vice Chairman Schaible: Is there a concern on lowering the standard of a class to complete these classes?

Senator Tim Flakoll, District 44: I don't think that will be a problem.

Senator Poolman: How will dual credits work?

Senator Tim Flakoll, District 44: Dual credit hours would be counted as follows: Those taken as college credits would count as a part of the formula. AP Courses would not be part of the formula. This is only the second time the governor has testified before a legislative committee which shows the importance. We can't have successful states without successful education.

Senator Heckaman: Did you address the issue of staff that take continuing hours through workshops?

Senator Tim Flakoll, District 44: Some are not graded. Those not part of academics. It is done where the money trails the students

Kari Reichert, State Board of Higher Education: I wish to testify in support of SB 2200. (Written testimony #5 attached)

Hamid Shirvani, Chancellor of the North Dakota University System: I wish to testify in support of SB 2200. (Written testimony #6 attached)

Chairman Flakoll: If we wish to develop a new program, would there be a pool of dollars set up to launch that program until it would generate credits which would then allow it to go into the funding formula?

Hamid Shirvani, Chancellor of the North Dakota University System: Yes. The Governor allocated about \$1.5 million separately so if campuses come with a proposal for a new degree program, once it is approved, the money will be allocated for that program.

Brian Foisy, VP for Administration and Finance at Minot State University: I wish to testify in support of SB 2200. (Written testimony #7 attached)

Senator Luick: If the campus adds a physical building, when is the square footage calculated into the formula

Brian Foisy, VP for Administration and Finance at Minot State University: Our data is based on years 9-11 so there is technically a delay in funding. It is important to note that

the two relate together. It would take a considerable amount of square footage but no new students. Only one campus qualified on square footage. NDSCS was at 5 and the next closest was 2.5 so there was an additional factor needed to be accounted for.

Senator Marcellais: Does the formula take into account online credits?

Brian Foisy, VP for Administration and Finance at Minot State University: Yes it does.

Chairman Flakoll: When are things reconciled?

Brian Foisy, VP for Administration and Finance at Minot State University: We wanted to use actual completed hours. We don't know what the completed student credit hours will be. If you want completed numbers we must look back to the most recent completed. It is called the lag funding, which is the cost of using actual data instead of estimated.

Chairman Flakoll: Where is the cutoff line for summer school?

Brian Foisy, VP for Administration and Finance at Minot State University: We would get to the very end of the summer semester and look back at passing grades.

Senator Heckaman: Did you look at tuition increases?

Brian Foisy, VP for Administration and Finance at Minot State University: We left tuition as an entirely separate issue for the state board and legislature.

Brian Foisy, VP for Administration and Finance at Minot State University: Those cost calculations drive the need for tuition increases. You have a set amount from the formula. If there is a gap, we drawback on cost increases or increase tuition.

Chairman Flakoll: If we would like to impost a cap of no more than 2% tuition we could adjust the base dollar amounts to reflect that desire.

Brian Foisy, VP for Administration and Finance at Minot State University: We would be pleased to see that happen.

William Woodworth, President, North Dakota Student Association: I wish to testify in support of SB 2200. (Written testimony #8 attached)

Robert Valley, NDSU: I am here to testify in support of SB 2200. NDSU students support this proposal. There were concerns at how this will be solved. It became a mission of mine to find a solution. It became a mission of the NDSA to offer support. We have a viable solution here today. I would like to thank Jack Dalrymple for his leadership on this.

John Richmond, President of NDSCS: I would like to testify in support of SB 2200. Thank you for the time you put into this. This allows the funding to go to the unique value to bring to students. We see this as a formula we have been looking at for years.

Dean Bresciani, President of NDSU: I have both written and spoken on higher education and have a doctorate in finance and higher education. It is rational, transparent, and stresses performance. I have worked in 9 different state universities around the country. To get 11 Presidents to agree that this is a fair model is unheard of. It says that this is a fair formula. It incentivizes correction of poor performance.

Chairman Flakoll: Share your thoughts on Senator Schaible's question about grade inflating.

Dean Bresciani, President of NDSU: The capacity for any president to set a policy that would encourage that is about equal to NDSU beating UND in hockey. Faculty tend to be independent and have control over grades so they would not inflate. There would be no reward for that behavior.

Senator Heckaman: What do you know about the current completion rate at NDSU?

Dean Bresciani, President of NDSU: Both North Dakota statistics and National statistics are based on IPEDS data and it is the best we have but it is not at all an accurate measure. It does not account for students who stop and re-enter higher education or transfer and finish at another institution. We can be doing a better job in graduation rates. We are above national averages but we can do better.

Chairman Flakoll: In terms of timely graduation are you moving to 15 credits as full time?

Dean Bresciani, President of NDSU: We are increasing the expectations of our students to take 15 credits. Every year you are in college is costing more. We want at least 15 credits a year. Twelve is the minimum to qualify for federal financial aid.

Gary Hagan, President of Mayville State University: I would like to testify in support of SB 2200. It will be very nice down the road in a few years when we have a common structure that we can follow and learn and become acquainted with. I am looking forward to the structure and continuity this could bring to our campuses.

Chairman Flakoll: Does anyone wish to testify in opposition to SB 2200? We will close the hearing on SB 2200.

Senator Heckaman: Can our intern find the failures of credits? We are looking at estimated credits completed but some are enrolled now but dropping or failing classes and that is an inflationary feature on this bill.

Brian Foisy, VP for Administration and Finance at Minot State University: The registrars will have the information. They produce data on attempted student credit hours versus earned/completed student credit hours.

2013 SENATE STANDING COMMITTEE MINUTES

Senate Education Committee
Missouri River Room, State Capitol

SB 2200
1-30-13
17961

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to the determination of funding for institutions of higher education; to provide for legislative intent; and to provide an expiration date

Minutes:

You may make reference to "attached testimony."

Chairman Flakoll opened the hearing on SB 2200

Vice Chairman Schaible: Move for a Do Pass on SB 2200 and referred to appropriations.

Senator Heckaman: Second

Senator Heckaman: I think this is still a work in progress to see how it will work but it is a step forward to giving accountability to the schools and the University System and we are looking for graduates not just enrolled so I will support this bill.

Vice Chairman Schaible: I like the concept of the bill. I appreciate the new formula of accountability. The concerns I have are with the online and off-site classes, but I will support the bill.

Chairman Flakoll: We care about the success of all 11 campuses and the students that attend there. We are helping protect the campuses.

Senator Marcellais: Are there any penalties on a particular institution?

Chairman Flakoll: There are from a higher education standpoint. A significant number of people have lost their jobs in the Dickinson case because of their actions. Some will not be able to find a job in higher education as a result of that. There is a provision in law on false degrees.

Senator Heckaman: From reading the newspapers I understand that Dickinson has gone through a number of other accreditation processes and nothing was considered on any of those but they did receive a substantial fine for late reporting issues around \$80,000 they have to pay. They asked for a waiver but didn't receive it.

Chairman Flakoll: I think there may still be things to happen. I have a federal document on the CIP codes that were in place as we reviewed this bill. (See attachment #1)

**A roll call vote was taken for a do pass on SB 2200 and re referred to appropriations:
6 yeas, 0 neas, 0 absent.**

Chairman Flakoll: will carry the bill.

FISCAL NOTE
Requested by Legislative Council
01/21/2013

Revised
 Bill/Resolution No.: SB 2200

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

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$21,090,261		\$22,988,000	
Appropriations			\$21,090,261		\$22,988,000	

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

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

Senate Bill 2200 establishes a formula to fund the ongoing operations of the State's 11 institutions of higher education on a per completed student credit hour basis. Weighting factors include instructional program classification codes, credit completion volume, and physical size of the campus.

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

Section 1 establishes a per student credit hour (SCH) funding level for the three classifications of institutions: Research institutions (\$72.70); regional baccalaureate institutions (\$110.80; and community colleges (\$117.60.) This assumes that existing per SCH funding is equalized within the schools in each category, which is currently not the case. If SCH production decreases, funding reductions are limited to four percent each year.

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

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

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

2013-15: \$21,090,261 from the general fund was included in the Executive Budget to equalize the per SCH funding levels between the individual schools in each institutional classification. 2015-17: The 2013-15 amount was increased to \$22,988,000, assuming an inflationary factor (9%) for anticipated wage and operating inflation. Amounts are included in the operating expense appropriation lines for each affected campus. The number of FTE is not changed.

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

2013-15: \$21,090,261 from the general fund was included in the Executive Budget to equalize the per SCH funding levels between the individual schools in each institutional classification. 2015-17: The 2013-15 amount was increased to \$22,988,000, assuming an inflationary factor (9%) for anticipated wage and operating inflation. Amounts are included in the operating expense appropriation lines for each affected campus. The number of FTE is not changed.

Name: Tammy Dolan

Agency: Office of Management and Budget

Telephone: 328-4947

Date Prepared: 01/21/2013

2200

Date: 1
Roll Call Vote #: 1-30-13

2013 SENATE STANDING COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO.

Senate Education Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do pass & re-referred to approps

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 Flakoll

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

REPORT OF STANDING COMMITTEE

SB 2200: Education Committee (Sen. Flakoll, Chairman) recommends DO PASS and BE REREFERRED to the Appropriations Committee (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2200 was rereferred to the Appropriations Committee.

2013 SENATE APPROPRIATIONS

SB 2200

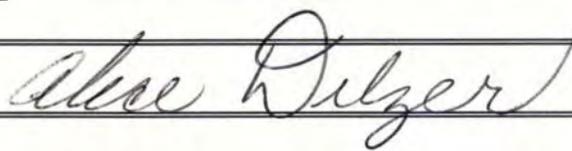
2013 SENATE STANDING COMMITTEE MINUTES

Senate Appropriations Committee Harvest Room, State Capitol

SB 2200
02-07-2013
Job # 18474

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act relating to the determination of funding for institutions of higher education

Minutes:

attachments

Chairman Holmberg called the committee to order. All committee members were present.

Governor Dalrymple introduced SB 2200 as an "excellent bill". It is a product of a considerable amount of work by people who are experienced in finance and higher education. We need to understand this bill comes to you without an agenda. It is not coming from any particular direction, our office, board of education, or from a group of legislators. It is coming from people very familiar and very comfortable with the accounting aspects of higher education. It is very fair and very well crafted. What it does is create a formula in which institutions receive funds based on their actual costs of delivering the various forms of education, the various types of courses, and the various levels of courses. Business managers were able to analyze their own existing data on spending and they were able to translate their historical spending into a series of cost factors that tell you how much these various courses do cost to deliver. What was very encouraging was that there was a tremendous amount of consensus amongst the institutions. This was something we did not know going in. Would an English course cost about the same no matter where you are? It did turn out there was more consensus than differences on what the actual costs are. That makes it possible to develop a very logical uniform system of distribution. The people who worked on this were two VP's of finance from two research universities, one from Minot State University (representing the 4 year regional colleges), and one from Wahpeton (representing our 2 year campuses). As a result you have before you a proposed formula based on credit hours and the various types of courses.

It shows us something that is much more transparent and understandable than anything we have had in the past. We have suffered from a credibility issue with the distribution of funds to our various campuses for years. People talked about one is too low, one too high, we need to determine what equity is. We went to a peer based system; that turned out to be a failure because no two institutions are alike. This seems to me by far the best proposal. You have a factor also for institutional size. There is not a great deal of policy initiative in this bill about what a course ought to cost or what we ought to spend on a course. Our starting point is going to be our historical pattern- what we have appropriated to these

courses in the past. As we go forward it gives the legislature a great opportunity to think about these factors and discuss them as you make policy decisions. It should also work much better for the Board of Higher Education. There is a last minute addition of a "hold harmless" clause which insures that an institution that might experience unexpected declining enrollment would be protected or buffered somewhat from any sudden change in the student count.

Senator Flakoll, District 44 in Fargo, spoke as prime sponsor of the bill. See attached testimony # 1. He also submitted attachment #2, an introduction to the Classification of Instructional Programs (CIP) from the National Center for Education Statistics. He also referred to attachment #3.

Chairman Holmberg asked, referring to page 6 of attachment #1, whether it includes a building on campus that is closed, a building that is not being used.

Senator Flakoll: Yes, it would.

Senator Flakoll also presented and explained an example of the funding formula. See attachment #4. (Ends at 20:14)

Vice Chairman Bowman asked about the formula using credit hours completed. What if a student flunked the course?

Senator Flakoll said it is for those credit hours successfully completed with a passing grade. It does not include a failing grade or a grade of satisfactory or unsatisfactory.

Vice Chairman Bowman mentioned this formula is based on credit hours completed, and there is a formula that determines the cost of the credit hours. What is to stop the cost of the credit hours from going up? Is there something in there to protect against the cost of education skyrocketing?

Senator Flakoll directed Vice Chairman Bowman to look on page 4 at the classification of programs and explained how the formula works. (Ends at 23:38) Senator Flakoll also submitted attachment #5.

Kari Reichert, a member of the State Board of Higher Education (SBHE) testified in support of SB 2200 and provided written testimony # 6. (Ends at 25:17)

Chancellor Shirvani spoke in support of SB 2200 and provided written testimony. See attachment # 7.

William Woodworth, President of the ND Student Association, testified in favor of SB 2200 and provided attached testimony # 8.

Brian Foisy, Vice President for Administrative Services at Minot State University, testified in favor of SB 2200 and provided attached testimony # 9. (Ends at 34:34)

Mr. Foisy also responded to Senator Bowman's question about cost. He feels this formula puts the control of the cost into the hands of the legislators. The only ways to generate new money with this formula are to increase completion rates on campus or to have the legislature increase the funding levels. (Ends at 35:38)

Chairman Holmberg your working group needs to be commended.

Senator Mathern: How does the bill address the eventuality of the federal government making changes in the CIP codes? Does the bill permit this system to make changes as the federal government makes changes? Or is this clearly drafted in such a way that the system can make changes to adapt to changes made outside the state of North Dakota?

Mr. Foisy explained what would happen. (Ends at 37:37)

Erick Watne, UND Student Body Vice President, submitted a student senate resolution in favor of the transparency of this new formula. See attached testimony # 10.

Robert Valley, a student at NDSU, spoke in support of SB 2200. There are a lot of problems that have to be addressed the biggest one was the issue of funding. SB 2200 is easy to understand; it is transparent; it is based on things you can hold campuses to. (Ends at 43:25)

Chairman Holmberg closed the hearing on SB 2200.

2013 SENATE STANDING COMMITTEE MINUTES

Senate Appropriations Committee
Harvest Room, State Capitol

SB 2200
February 18, 2013
Job # 19080

Conference Committee

Committee Clerk Signature

Rose Lanning

Explanation or reason for introduction of bill/resolution:

A BILL for an Act relating to the determination of funding for institutions of higher education

Minutes:

Chairman Holmberg: It's the new funding formula that was put together essentially by four finance directors of four different colleges; UND, NDSU, Minot and Wahpeton. The current formula is very confusing so they wanted to come up with a formula that would resolve those issues and allow the legislature to have a formula that they could use.

If you recall, the major change in here is that schools are paid for success, for credits completed, not 30 students in a class and 25 of them pass and the five drop or fail. That is not rewarded. One of the back channel discussions on this is that it forces the colleges to take a look at what kind of support services might we have for these students who are in their classes. Are they just signing them up so they get cash from the state for bodies in the room, and then don't really have a stake in the game when it comes to whether or not students are successful? The amazing thing about this bill is that it went through Senate Education without any amendments.

At one point there was discussion we should roll this into the university system budget SB 2003, but in communication with the House Education Committee, they really preferred to let that fight go on in the House.

There is no money in it.

Senator Robinson said there is broad based support and moved Do Pass on SB 2200.

V.Chairman Grinberg seconded the motion.

A roll call vote was taken. Yea: 13 Nay: 0 Absent: 0

The bill goes back to the Education Committee and Senator Flakoll will carry the bill on the floor.

FISCAL NOTE
Requested by Legislative Council
01/21/2013

Revised
 Bill/Resolution No.: SB 2200

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

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Cities			
School Districts			
Townships			

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Name: Tammy Dolan

Agency: Office of Management and Budget

Telephone: 328-4947

Date Prepared: 01/21/2013

Date: 2-18-13

Roll Call Vote # 1

2013 SENATE STANDING COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. 2200

Senate Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken do pass

Motion Made By Robinson Seconded By Grindberg

Senators	Yes	No	Senator	Yes	No
Chairman Ray Holmberg	✓		Senator Tim Mathern	✓	
Co-Vice Chairman Bill Bowman	✓		Senator David O'Connell	✓	
Co-Vice Chair Tony Grindberg	✓		Senator Larry Robinson	✓	
Senator Ralph Kilzer	✓		Senator John Warner	✓	
Senator Karen Krebsbach	✓				
Senator Robert Erbele	✓				
Senator Terry Wanzek	✓				
Senator Ron Carlisle	✓				
Senator Gary Lee	✓				

Total (Yes) 13 No 0

Absent 0

Floor Assignment Education Flakoll

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

REPORT OF STANDING COMMITTEE

SB 2200: Appropriations Committee (Sen. Holmberg, Chairman) recommends **DO PASS**
(13 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2200 was placed on the
Eleventh order on the calendar.

2013 HOUSE APPROPRIATIONS

SB 2200

2013 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Education and Environment Division
Roughrider Room, State Capitol

SB 2200
March 11, 2013
Job 19734

Conference Committee

Committee Clerk Signature

David Hanson

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact chapter 15-18.1 of the North Dakota Century Code, relating to the determination of funding for institutions of higher education; to provide for legislative intent; and to provide an expiration date.

Minutes:

Attachments 1, 2, 3, 4, 5, and 6.

Chairman Skarphol: Called the joint-committee with the House Education Committee to order and opened the hearing for SB 2200.

Governor Jack Dalrymple: Stated his support for the bill. Gave his testimony. 9:55

Chairman Skarphol: I'm intrigued that the remedial factor is higher than the lower level factor. In other words does encourage that remedial courses be taught because of the fact its higher?

Governor Dalrymple: This system is based on realities of spending as they exist today. There is no policy brought into these numbers. Explained the formula. 12:25

Chairman Skarphol: How did you incorporate the safety factor?

Governor Dalrymple: Anything that is beyond the base we would leave to the tuition side, but we felt that safety and security and mental health services are essential base elements and should be in the formula. 15:00

Rep. Meyer: You mentioned one campus breaking even. Which campus was that?

Governor Dalrymple: In each of the three categories there would be one campus that would essentially break even on the base funding. In the two year group Williston State would be the one. In the four year group Minot State would be the one. In the research university group UND would be the one. Remember this would just break even on the base computation, not on the overall.

Senator Tim Sen. Flakoll, District 44 in Fargo-bill sponsor: Testified in favor of the bill. See attachment 1. 26:00

Rep. Streytle: Asked about the building factor. Would it incentivize the building of buildings?

Sen. Flakoll: No. It would not incentivize them building more buildings to harvest more dollars.

Rep. Rust: Is there a flaw in the credits completed? Could it force the schools to push for the completion of credits?

Sen. Flakoll: I hope they nudge the students to take a larger class load, so they don't take six years to complete. 31:40

Rep. Nathe: How did they arrive at these numbers?

Sen. Flakoll: They took the actual data from the campuses to generate those numbers.

Rep. Nathe: Is there a ceiling if production increases?

Sen. Flakoll: They are going to earn what they are going to earn. Referred to the last page of attachment 1.

Rep. Martinson: Is there going to be a lag in the cash flow?

Sen. Flakoll: No.

Rep. Martinson: You have a floor in case there is a credit drop. There is a concern that if we institute the pathways of success that the two big schools will lose students, because of the new admission requirements. If you have a floor and the schools lose students then aren't you upsetting the cart in being fair in the way you pay the schools?

Sen. Flakoll: I think the whole harness will come from one of the four year regional campuses. They don't have a concern

Rep. Martinson: My concern is this could be a two year band aid. We might be back with this in two years.

Sen. Flakoll: I think this will last a long time. I think it is a strong bill.

Rep. Dosch: We understand that we are moving to an outcome based system. However, there might be an incentive for an institution to generate more credit hours so they will receive more money. They might create scheduling conflicts so students will have to stay longer at their institution.

Sen. Flakoll: The counterbalance to that is tuition.

Rep. Dosch: I'm concerned that the university will try to keep students in as long as they can and so they can generate more revenue. There no incentive for a school to say that in four years you can get your business degree. You are in and out. It might encourage them to stay longer and take as many classes as possible.

Rep. Nathe: Would you be open to a reporting to the legislature?

Sen. Flakoll: I think that would be good we do need to know that it would be working.

Rep. Williams: Why would Williston State be flat in this?

Sen. Flakoll: There is a built in cost per credit.

Rep. Heilman: If it was the case that the schools wanted to have students take as many courses as possible, wouldn't they have them enroll in the more difficult and upper division courses, which would give them more money and help the students get through system faster?

Sen. Flakoll: Yes. Referred to attachment 1.

Rep. Dosch: As to the credit volume completion factor, the one issue that I have with that it seems as the credit hours decrease we reward them more. Doesn't that encourage them with more money as their campuses decrease.

Sen. Flakoll: This mirrors with what we did in K-12. And truth be told we are not going to close campuses.

Rep. Dosch: On page 4 factor 1. The highest cost program is legal studies. Why is that so high?

Sen. Flakoll: Explained why it might be so high.

Rep. Nathe: Would the smaller colleges fall under the category of 1.8 to make up for the fewer credit hours?

Sen. Flakoll: Essentially, there is only one campus that would fall under the category of 1.8 and that would be State School of Science in Wahpeton. The other ones would be 1.0 currently.

Chairman Nathe: Why even have a square footage factor?

Sen. Flakoll: Explained the unique qualities of State School of Science in Wahpeton. Dual credits and AP will be counted within the formula.

Rep. Grande: You bring up that point. What if I'm strictly an online student and you have weighting factor of buildings those types of issues in my reimbursement, yet I would possibly never touch the campus?

Sen. Flakoll: The credit counts as a credit.

Chairman Skarphol: How do we measure knowledge gained?

Sen. Flakoll: There would be no formula that would be able to do that.

Kathy Neseet-State Board of Higher Education member: See attachment 2.

Rep. Dosch: Are there any provisions for tuition setting guidelines?

Neseet: The tuition will be handled separately from this funding model.

Rep. Dosch: I understand that. But for us to determine what we are doing on the state side we need to know what the state board's intentions are on the university side, because it becomes real easy to say that we didn't get enough money from the state, so therefore, that is the reason we are going to raise tuition.

Neseet: I do agree with you and I would bring that to the board. 59:00

Chairman Skarphol: Representative Dosch made a couple of good points. Shouldn't a student know in advance this is what your education should cost? And even to the point that he could pay that amount up front and it would be up to the institution insure that that student got that education regardless of how long it took. Thereby incentivizing the institution to try to get that student through as quickly as possible. So, I think it would warrant that perspective from the board and then if we go back to the funding model that was created for K-12 this time where a certain dollar amount is the expectation of what it costs to educate a student. As Representative Dosch indicated, tying education and this together should in all reality provide us with that. There needs to be some work done in order to get a more complete model that is going adequately address all the issues.

Neseet: I agree.

Laura Glatt-on behalf of Chancellor Shirvani: See attachment 3. 1:03:35

Chairman Skarphol: Discussed column 3. 1:06:05

Glatt: Continued with attachment 3.

Rep. Streyle: How do you come up with those numbers? Are you just guessing what hours will be completed?

Tammy-OMB: The formula is based on actual completed hours on the most recently completed biennium.

Rep. Martinson: How do you handle the decreasing enrollment in decrease Dickinson?

Glatt: My understanding is in initial implementation there is a hold harmless. So, for this one time there is a hold harmless clause that nobody can go beyond their current base

funding.

Rep. Martinson: So, if they are held harmless for one period. If Dickinson never recovers those 500 students, after their initial hold harmless they are still going to take a hit. Aren't they?

Glatt: Let's say recover their next biennium and they hold even. They are going to continue to get their 11-13 funding.

Rep. Martinson: I'm concerned if they never recover their 500.

Glatt: If their enrollment is in decline this year they really don't take a hit.

Rep. Martinson: But what would happen if this biennium is over and they're still 500 short?

Glatt: If their completed credit hours are less, than their funding could possibly go down. The reason say it could possibly is because of the mix of credit hours and some of the factors like the physical plant factor and credit volume factor. You can add or lose credit hours in some of those categories and it won't change where you are at.

Chairman Skarphol: They likely would have a decline in credit hours? Tammy, is that correct?

Tammy: That is correct. 1:13:00 Explained a provision in the bill.

Chairman Skarphol: None of the institutions want this to be a four year plan that isn't looked at again four years from now.

Rep. Nathe: They are protected with that floor of 4% reduction. Correct?

Chairman Skarphol: But isn't that a one-time deal?

Tammy: I don't believe that was intended to be a one-time deal. I believe that it was intended to minimize the reduction allowing the campus to react.

Chairman Nathe: It does say funding reduction limited 4% reduction each year.

Rep. Martinson: If they're limited to 4% if they lose 500 students, then they are going to funded at a higher level than other schools. So, then it's not fair again.

Vice Chair Monson: Asked about the funding formula inequities. 1:16:20

Glatt: Explained the columns in attachment 3. Continued explaining attachment 3. 1:20:48

Rep. Dosch: Have the capital improvements been taken out?

Glatt: The base you fund for extraordinary repairs money is in here.

Chairman Skarphol: Asked her to clarify column 2.

Glatt: Explained column 2. Continued her testimony. 2:26:20

Rep. Dosch: Asked about the FTEs for security.

Glatt: Talked about the logistics of those positions. 1:28:35 Explained that the new funding formula is predicated on a state student share formula. 1:29:55

Rep. Martinson: Did you establish the tuition guidelines for this year?

Glatt: They will not be dealing with that until their board meeting in May

Rep. Williams: I do not like this scenario where we are appropriating money based on the formula and we have no idea what the University System is going to do with tuition.

Glatt: I believe the campuses that appear before you will be prepared to share with you what those estimates will look like.

Brian Foisy-Minot State University: 1:33:00 See attachment 4. 1:36:25

Chairman Skarphol: Asked about the lower division courses.

Foisy: Referred to page 4 of attachment 4. 1:40:00 Continued with his testimony. 1:42:15

Rep. Streyle: If you need remediation in math, isn't that same teacher that teaches math? Are they simply adding another class? I mean there aren't specific teachers that teach just remedial classes are there?

Foisy: It could be the same teacher; it could be a different teacher.

Rep. Streyle: If the instructor is teaching ten classes and two of them are remedial is that salary then split across evenly?

Foisy: Agreed. There is no other practical way to try to separate an instructor salary. 1:44:00 Continued with his testimony.

Chairman Skarphol: For legal studies is that strictly for law school?

Foisy: No it would not only be for the law school.

Vice Chair Monson: Is it based on interest.

Foisy: It wouldn't know about the interest factor, but I would envision an accreditation and associated faculty to student ratio expectations for those particular programs for overall class size. 1:47:30 Continued with his testimony. 1:55:40

Rep. Heilman: Was any consideration given to the residency of the students in any kind of a weighting factor?

Foisy: We did not consider residency students in this process. Any student sitting in a one credit hour class is counted as a credit hour.

Chairman Skarphol: Why is a D considered a passing grade? If we truly want to elevate the status of our institutions why do we accept that a D is a passing grade?

Foisy: Despite my personal opinion on the matter, at present a D is a passing grade. Even for federal financial aid purposes counts as a successfully completed class.

Chairman Skarphol: Was there an analysis of any sort as to the effect of using C grade as a passing grade instead of a D?

Foisy: No.

Chairman Skarphol: What is an institutional size? 1:59:00

Foisy: Gave background information that lead to the development of an institutional size for a factor. 2:02:35

Chairman Skarphol: How is Williston's situation different from Wahpeton's?

Foisy: We interpreted our task as explaining the existing level of funding and looking at the student credit activity on that campus alone was not sufficient to explain that existing level of funding.

Chairman Skarphol: Has any other state implemented this type of mechanism that you are aware of?

Foisy: We reviewed data from Virginia, from Texas, and one other state prior to our experiment in this process.

Chairman Skarphol: Are they continuing to use it?

Foisy: To my knowledge, yes. I do have one other interesting thing to tell you. You'll have to take my word on this. We discovered about that 90% of the way through our process that the State of Nevada was pursuing and has since adopted an approach that is very, I mean disturbingly, similar to what we're viewing here.

Chairman Skarphol: Is that a good choice of words?

Foisy: I tell you that just to be very honest with you that if you go and look you'll find that there are significant similarities. Such that, if I was a professor grading a paper, I'd ask questions about plagiarism. I can simply tell you that we began our work many many months before having any knowledge of that. But you'll see that this is implemented in

other states and it is a methodology that is accepted and adopted in states. I will tell you that the State of Nevada, in reviewing the documentation, adopted their approach in response to significant budget challenges in that state as a way to a more toward a performance based funding mechanism. And our term of choice was output based. But the answer to the question is yes there are other states that presently use a similar model, Texas being a big one.

Chairman Skarphol: How old? How far back did they implement theirs? Brady will check it out. Thank you. He doesn't have anything to do this weekend.
(laughter)

William Woodworth-North Dakota Student Association: Stated his support for the bill. See attachment 5.

Rep. Streyle: So, will be a large part of the Pathways to Success. Would it be a fair statement that you support the Pathways?

Woodworth: Our organization has not formally endorsed the Pathways proposal yet, though they are generally receptive to the concepts.

Rep. Williams: Last time the Higher Education Board wanted to raise tuition. Why are they waiting until May, when this is part of the budget process, to order decision on tuition?
2:09:05

Glatt: Can you really determine increase, if any, should be until you know what a major source of your funding is going to be? 2:10:00

Rep. Williams: Discussed what happened to tuition last session. 2:11:00

Chairman Skarphol: It's bothered me for a long time that we only see a portion of the cost of funding higher education and I'm going to suggest that there's some likelihood that we are going to have different expectations two years from now that would include the full picture of how higher education is going to be funded, including the balance between tuition and the general fund and other funds. If we are going to move in a new direction that might get more complicated than it has in the past before it's all over. And I'm wondering if the board has had any discussions that you are aware of?

Neset: I agree with you. I would think that it actually be simplified rather than made more complicated and I do think the different components should come together and be discussed at the same time. 2:12:29

Discussed tuition and the Higher Education Board. 2:15:35

Seeing no further testimony Chairman Skarphol closed the hearing on SB 2200.

2013 General Discussion

(Check appropriate box)

- Committee on Committees
- Rules Committee
- Confirmation Hearings
- Delayed Bills Committee
- House Appropriations
- Senate Appropriations
- Other

Date of meeting/discussion: March 13, 2013

Recorder Job Number: 19861

Committee Clerk Signature

David Hanson

Minutes:

Chairman Skarphol called the committee to order.

Chairman Skarphol: Went over next week's schedule for the committee.

Wanted to discuss SB 2200. I don't think that this bill was ready. I had Brady do some checking and the proposed funding model is almost identical to the one in Nevada. There is nothing new or unique to this model specific to what North Dakota has accomplished with it. They have simply taken the National Governors Association model and tried to adapt it to North Dakota. I do not like what has been done with this. It may have merit with due consideration. My opinion is we need to do to it what we thought about doing with the K-12 model; that is we need to delay two years, make into a study and get legislative and other people who are experienced in higher education finance to discuss it.

Rep. Martinson: It seems to me that about every four years they need to come up with a new program and eliminate the old one. 8:15

Chairman Skarphol: I would ask the members to consider this bill and think about what needs to happen, so that if we are going to make a study out it that we give some direction to how that study should proceed. Explained some of the problems with the bill. 10:05

Chairman Skarphol: We need to also think about what we need to do with regard to funding higher education moving forward. Talked about when he was first introduced to the funding model.

Rep. Williams: The problem we have is that the college presidents are supportive of the statistical outcome of the present bill.

Chairman Skarphol: I would understand why. If you look at what they asked for, originally, and what they are going to receive under this, is multiple times more. Why would they not be happy with it? I've asked for that information to be made available in a comparative document of what they asked and what they will receive under this by campus. I'm willing to be fair, but not excessive. I think we need to do the right thing and I think we will. Talked about the number of employee of the universities. 16:52

Rep. Martinson and Chairman Skarphol discussed about the System employees.
21:50

Rep. Williams: I'm disappointed with the proposed funding model.

Chairman Skarphol: The concept of paying for a credit hour is not all bad, because then you are rewarding someone for having completed something. I have real difficulty with a "D" being considered a passing grade.

Rep. Martinson: I think what we are going to have to do is not pass that bill in any form. Talked about what the committee's options might be.

Chairman Skarphol: I think if we put language in the higher education bill as a directive of what we anticipate should be studied in the interim as potential funding model.

Rep. Martinson: Talked about how a funding formula could be created.

Chairman Skarphol: Discussed what transpired at the last committee hearing. 25:42
We should put some language in the budget bill. Talked about higher education capital projects. 31:08

Rep. Martinson: Are you suggesting that we put building back in there?

Chairman Skarphol: I'm suggesting that we put a separate category in there for buildings.

Rep. Grande: If we get to the point where we build more buildings again, are you going to also ask that in those dollar amounts and in those plans that they have plans for maintenance and renovation and all of that put aside so the state doesn't end up paying for those again later?

Chairman Skarphol: Let's say that NDSU doesn't need a new business building, but a certain individual wants to pay for one. If he wants to pay for it, I think we should put the provisions in place and say that he will also be responsible for putting enough money in place to maintain that building long term.

Rep. Boe: I agree and it's not exclusive to the university system where we have the responsibility where people generously contribute to the building of a building and abandon it.

Rep. Dosch: There is going to be a lot of work to do in a short order.

Chairman Skarphol: Told the committee his intentions for the next week.

Chairman Skarphol adjourned the committee.

2013 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Education and Environment Division
Roughrider Room, State Capitol

SB 2200
March 20, 2013
Job 20267

Conference Committee

Committee Clerk Signature

David Hanson

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact chapter 15-18.1 of the North Dakota Century Code, relating to the determination of funding for institutions of higher education; to provide for legislative intent; and to provide an expiration date.

Minutes:

Attachments 1, 2, and 3.

Chairman Skarphol called the committee back to order with the House Education Committee to discuss SB 2200.

Chairman Skarphol: The purpose of this meeting is to have a discussion of SB 2200. My assessment of the discussion was that we were not comfortable that this thing wasn't mature as it needs to be to do the job that we'd like to have it do. I have discomfort with a "D" being a passing grade.

Rep. Boe: The problem we run into with the "C" and "D" is if they realize that they are going to take a "D" they can go in right now and switch that to a pass fail, so that doesn't affect their grade point average as badly. I'm not exactly sure how this works, but if you remember my daughter was sitting with me, and she leaned over and told me, "If you go in knowing you're getting a "D", you can switch that to a pass fail, unless that is for your degree".

Chairman Skarphol: How does 2200 address that?

Rep. Boe: I believe it doesn't.

Chairman Skarphol: That's exactly my point, Representative Boe. There are things about this that are good, but I don't think that it has reached the level of maturity that we should depending on it for a funding model. We can do some of things that are trying to create a more equitable funding model. 3:05

Rep. Nathe: I just want to second that for our members. Is it your desire to fund it as we have in the past?

Chairman Skarphol: That would be our intent is to follow the existing model. The State Board of Higher Education did submit a budget request under that model. We could do some adjusting with the models.

Rep. Rust: Can you back track? Could we look at the previous school year and figure out what it might have been?

Chairman Skarphol: You mean after the fact; fund it some level to begin with go at it retrospect?

Rep. Rust: If you go to the 11-12 school year and take those courses and figure out what it would have been?

Chairman Skarphol: Tammy, was the model not based on the 09-11biennium?

Tammy-OMB: Yes, it was.

Chairman Skarphol: The discussion in our committee was that there is a hold harmless at 4%. That doesn't take effect until the 15-17 biennium. This is a significant change. One of the presenters from Minot state was asked about the formula. 6:00 Read from the minutes of SB 2200 March 11, 2013 Job 19734. Now that caused me to our analyst to take a look and within an hour he brought me a document about Nevada and a summary of their work. And very honestly it's pretty similar. It was developed under the National Governors Association with the cooperation with an entity that called the National Center for Higher Education Management Systems, which is an entity represented by Dennis Jones.

Rep. Wall: Is there anything salvageable in this? Stated that we didn't do well under the peer comparisons. Here there are weighted factors. I see some extremely good things in this bill.

Chairman Skarphol: I don't disagree with you, but the size factor in here is what makes this committee a little uncomfortable.

Rep. Heilman: If you compare with the 1319, the K-12 bill, I see some similarities. Essentially, it's a much more simplified straight forward formula. I see remedial courses as smaller class sizes and their more one on one, so their costs would be higher than the standard lecture type classroom where you have hundreds of students. What I like about the formula is that we get to determine what the state's share is going to be.

Chairman Skarphol: Higher Ed does not have that cap. There is no upper limit. Quoted from attachment 3. Doesn't that just sound like 1319?

Rep. Kelsh: When taking square footage into consideration thought that that was a fair way of doing it. You can teach 300 kids English 101 or Math 101 in a classroom, but you probably can't teach 10 kids in diesel mechanics or welding in the same area.

Chairman Skarphol: And I don't disagree with that type of assessment, but by the same token I think that science is a very unique institution. I'm not sure it should be in the formula with the rest of them. Maybe it should have its own special category.

Rep. Kelsh: I think that is one of the problems that have happened with science. It hasn't been recognized as a unique institution. 13:14

Chairman Skarphol: Stated he could argue about Williston being unique. When Williston State presented its budget, their problems are unbelievable. We have unique institutions.

Rep. Nathe: Is it the one size fits all approach that you have a hard time with this?

Chairman Skarphol: Yeah, it is. We have some unique situations going on right now. We have information provided to us that does kind of delineate a little bit more adequately the existing model vs. the suggested model. Can we go that far that quickly or is it more logical to take a step with the old model toward this one and give the model more maturity? Listed the schools requests vs. what they would get under the proposed model. 17:03

Rep. Rust: There has always been some consternation about the number of non-resident students and the fact that we're maybe subsidizing those kids. Does this formula differentiate resident and non-resident students?

Chairman Skarphol: Based on how I understand it, I don't think it does.

Rep. Rust: That could use a little bit of thought. 18:34

Rep. Wall: It appears that this mirrors Nevada's very closely. How is it working for them?

Chairman Skarphol: It's still in the legislative process in Nevada as far as I've been able to ascertain.

Rep. Kelsh: Did you say primary and secondary kind of came out of the same group?

Chairman Skarphol: I didn't say that, but I insinuated that by what I said. (chuckles)

Rep. Kelsh: That's what I thought.

Chairman Skarphol: When you read that statement, "state support", think in terms of K-12, "when combined with student fee revenues generated by an institution", local revenue, "would represent the total funding available to the institution in a given fiscal year." There are some obvious similarities. Stated that he would like the legislators to have a little bit more input into something that they would be responsible for long term. 20:58

Rep. Nathe: With the new funding formula, there is no guarantee that tuition will go down. And the numbers that you just read off earlier indicated that they would be receiving more money in the formula than what was requested. Correct?

Chairman Skarphol: Yes.

Rep. Nathe: There is something inherently wrong with that for some schools.

Rep. Williams: We did get, because we asked for it specifically, what affect this would have on tuition. The State College of Science there would be 1% increase in tuition.

Chairman Skarphol: Some of them were as low as 0.25% and one of them was as high 4.32% I think.

Rep. Williams: Yes.

Chairman Skarphol: Whether or not enough consideration has been given to all of the things affecting the costs of these institutions bothers me. For example: Williston State College is the highest costing two year school. Their salaries are below what the K-12 teachers are getting in Williston. How is it conceivable that it's the highest cost school? If it's the fixed cost of the facility, then have we done the right thing in this model to give sufficient consideration to that is a variable? There are things about it that are very good, but there are still bothersome. I think we put together a better model two years from now then this represents today. 23:10

Rep. Nathe: You mentioned about a possible study. What would that look like and what would that cover? Is its sole purpose to keep tuition down or to control the expenses better?

Chairman Skarphol: Our experience has been the tuition levels have never really been a part of the discussion. When we discussed this bill I had suggested, and Neset agreed, that in the future tuition would be a part of the budget process. 25:15

Rep. Wall: I know people who worked on this. I don't know if anyone can answer this.

Chairman Skarphol: I'm not sure what Foisy meant when he said that. Personally, if I would have been involved in that development, I probably would have been more than little disappointed.

Rep. Kelsh: If I remember they were in agreement with the bill and the formula.

Chairman Skarphol: I would suggest that there are not many people in higher education that would disagree with the governor. Described what he thought should be in the picture. 28:13

Rep. Nathe: If we did the study, would we contract something with somebody to do this much like what the former committee did or do we do it ourselves? How do you see this study playing out?

Chairman Skarphol: I think there needs to be input from the legislature primarily and I think the legislature needs to vote on whether or not they are going to bring this forward. But there would be nothing to preclude that committee from working closely with the people that were part of this and having a consultant that would give us additional insight. 30:17

Vice Chair Monson: I don't know that the answer is to fund them the same way we've been funding them, because that got into a lot of criticism. The perception was that we weren't working under a fair or equitable formula. What do we do going forward in the next two years?

Chairman Skarphol: This is a same document that handed out in a different format. Talked about what is in the document.

Rep. Boe: I get the sense that this formula was designed with a specific fiscal note. Would we be doing the same thing in our study? Would we predetermine how much money we wanted to spend?

Chairman Skarphol: I would not start from a predetermined amount of dollars. I would develop the formula before determining the dollar amount.

Rep. Boe: If we were going to try to work on this bill. Anything we would change in there would drive up the fiscal note.

Chairman Skarphol: We can set the upper limit and make the formula match up to it.

Rep. Streyle: What went into that cost? What is built into it?

Rep. Nathe: What about just doing this bill for the next two years and do the study and then combine what we learned from the study and come up with a better formula for the next biennium?

Chairman Skarphol: A big consternation of this bill is it is \$21 million new dollars to fund this.

Rep. Streyle: That \$21 million is on top of the \$54 million.

Rep. Martinson: What has bothered me in my whole time here is if you give us more money the problems will be solved. If we are trying to equalize and be fair, nothing says that we can't give more money to make it fair. We could give less money to make it fair also. It would please me if somebody someday from higher education would come to the podium and say I can solve your problems without asking for more money. Told about a meeting with the president of the Maryland system. 39:49

Rep. Dosch: What is the problem with higher education's increasing costs? This bill does nothing to control the cost of higher education. It doesn't incentive efficiencies, it encourages more brick and mortar construction, encourages more remedial, it does not address the problem of on time graduation, encourages a credit mill, it does nothing to control tuition costs. It does nothing to address those, except give them more money. This bill is not a solution it's a continuation of our existing problems.

Rep. Grande: Agreed.

Rep. Rust: Can this model be scaled to the \$53 million to see how it works?

Chairman Skarphol: There are ways I suppose to do that, but is it really ultimately worth the effort? We'd still turn around and spend the next two years studying it. 43:20

Rep. Streyle: We didn't talk about the open positions. I'd really like to know the total number of open positions and if that was factored into the cost factor.

Chairman Skarphol: We are going to have additional discussions about this.

Tammy passed out attachments 1 and 2. 47:20

Tammy: Explained the attachments 1 and 2. 52:53

Chairman Skarphol: This adjustment equalizes the institutions?

Tammy: Yes.

Chairman Skarphol: Do we have to equalize this every two years?

Tammy: The way we implemented the model should be maintained equally.

Chairman Skarphol: Hypothetically, if we have an institution and they make sure that each of their students takes 18 hours every semester and completes them and another institution isn't as diligent and they do 14. The net result is that former will increase more rapidly; therefor their cost will get higher. Will that not change the ranking of those two year schools in their category? 54:41

Tammy: As credit hours vary the schools would still receive the dollar amount per adjusted student credit hour.

Chairman Skarphol: So, a school that does a great job doesn't necessarily get rewarded for doing that great job?

Tammy: They would receive more money in total, but when you would analyze that back to a dollar amount general funds per adjusted student credit hour they all would be receiving the same amount per adjusted student credit hour.

Rep. Streyle: You are in sense somewhat rewarding inefficiency.

Tammy: Because the funding levels at the different institutions has been the result of numerous things that have happened over many years. The group did not go back and analyze what should it cost to teach a certain subject. They really couldn't go back and do that. It truly was based on what they are receiving today and makes the assumption that is where you start from. 57:15 Continued explaining the attachments. 1:03:22

Rep. Nathe: The 21 million hold harmless is in the 76 million?

Tammy: Yes. Explained cost to continue in OMB's terms. 1:04:13

Rep. Nathe: Could you give us numbers on the change for each school if we were to pull the hold harmless out?

Tammy: Yes. Explained how to determine those numbers.

Chairman Skarphol: The 1.5% for initiatives is for each campus?

Tammy: Yes. The same factor is applied to each campus. 1:06:40 Explained the second attachment. 1:10:00

Rep. Rust: Our committee has never talked about university funding mechanisms. This is the first time I've seen anything remotely close to any kind of funding for a college or university.

Chairman Skarphol: Wanted to know if they wanted to meet in joint committee again. Told members to let this settle in their minds for a while. They'd be talking about this again sometime next week.

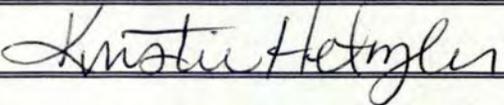
Chairman Skarphol adjourned the meeting.

2013 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Education and Environment Division
Roughrider Room, State Capitol

SB 2200
March 25, 2013
Job 20432

Conference Committee



Explanation or reason for introduction of bill/resolution:

Higher Education formula.

Minutes:

Attachment 1,2,3

Chairman Skarphol called the committee back to order.

Brady-Legislative Council: Referenced attachment 1, cost of continue items/salary increases.

Chairman Skarphol: When the State Board has brought their budget forward, have they always brought it forward with 100% state funding then the office of management and budget adjusted, or how does that work?

Brady: Normally the Board request comes in with the split already applied. This time was unique with 100% state funded.

Chairman Skarphol: What do you attribute that too?

Brady: I am not sure.

Tammy-OMB: I think it was decided to submit it that way previously, before the Chancellor came on.

Vice Chair Monson: When you said supposed to have, who gave that instruction?

Tammy: It was in their bill last time.

Chairman Skarphol: Did they furnish the split calculation as well?

Brady: The system office provided some form OMB, then OMB added some information and we are using that data, so we all agree on these calculations.

Chairman Skarphol: 4:20 When was this calculation done?

Brady: When the executive budget was being developed, if you look at the total cost continue and operating increases then look over at column 2.

Chairman Skarphol: Is the state student split a percentage?

Tammy: Yes it is.

Brady: 6:38 Reviews column 3, inflation formula, and referenced attachment 2 (ended

Vice Chair Monson: Is that based steady enrollment?

Brady: That is based on campus projections do that forecast any changes in enrollment.

Rep. Williams: Under the executive plan the percentage of increase has changed, why?

Brady: 12:50 Referred to page 2 of attachment 2, and then continues 13:24 about the equalization budget.

Chairman Skarphol: 19:54 Lets go through another one because of the confusion, Can you go through Lake Region?

Rep. Grande: 22:15 Page 2 of the 3, I'm looking at UND, why when they were getting more did the tuition still increase?

Brady: The executive budget recommendation there was no separate allocation for the UND School of Medicine, the entire allocation was to the regular UND school that would then provide some of it to the School of Medicine. There was really no breakdown available so we put just an average. 23:24

Rep. Streyle: Was there a purpose in combing UND and the Medical school.

Brady: Deferred to Tammy.

Rep. Martinson: That has been a fight that has been going on and that is why NDSU states that they are underfunded and if you exclude the Medical School like they do the Extension, then UND is underfunded. There is no logical reason for it.

Tammy: 24:50 Provides an explanation of why it is combined, the reason why UND Medical School fits into the formula is because of the credit based, credit driven unit. (ended 26:00)

Chairman Skarphol: 26:15 I want to understand the matrix with regard with the Medical School.

Tammy: I don't know if you are getting class credits for residencies. I do know when they analyzed the costs for 2009/2011 biennium, they were sorted by codes and that is its own category.

Chairman Skarphol: Where the medical credits fit in here.

Tammy: 28:24 Explains and has the final matrix for each campus that was used in putting the budget together if that would help.

Chairman Skarphol: 33:00 Review Brady's attachments .36:40

Tammy: 37:53 Would your intent be to work through the formula and make them whole?

Chairman Skarphol: I'm trying to bring them to the level of their request in some form of uniformity. How is it that the state board's request, for example on NDSU is 22 million and the model gives them 6.7, what the difference?

Tammy: The 6.7 million was intended to be the equalization payment and that didn't have anything to do with inflation. The state share/student share wasn't really applied to that. The 22 million is for the operating costs, so when the 60/40 factor is applied to 22 million you come down to the 13.4 million. 40:39

Rep. Williams: Why is Williston out of whack?

Tammy: All the group did was look at actual costs and compare it to actual credit hours produced so those are your two factors. Williston had their costs to operate their campus and they have one of the lowest numbers of credit hours that are produced. When that is divided out you will get a high cost per student credit hour.

Chairman Skarphol: There was an assumption made that in 2009/2011 that the money we appropriated to each institution was an appropriate amount.

Rep. Streyle: What is in that costs analysis, line by line, because to me those numbers can be moved dramatically?

Tammy: They wanted to use the current actual dollars they were getting and we used the most recent timeframe that was available for actual completed student credit hours. 43:55

Chairman Skarphol: So the credit hours came from 09/11 but dollars came from 11/13.

Tammy: Yes.

Rep. Streyle: Is the accounting packages at each place the same?

Tammy: All of the campuses use people soft for their accounting systems but they do not all use it the same way.

Chairman Skarphol: What was excluded from being considered part of the cost, were there any particular areas that were excluded?

Tammy: That was before I was part of the discussion; I could get that for you from the group.

Vice Chair Monson: 45:28 Any extra money that might have gone to Williston came after this number in 11/13 budget, correct?

Tammy: No, in fact the money Williston received was a onetime payment, any one time amounts were taken out.

Rep. Streyle: Was there any inflation or marketing built in?

Tammy: I do believe marketing costs would be part of it but there were no inflationary factors because it was based on actual expenses not projected numbers.

Vice Chair Monson: Could there be something workforce training money running through their books as a cost and show up as no credit so therefore your number of credits is low but their cost is higher 48:22

Tammy: No, I do not believe so, but I will double check with the group.

Rep. Williams: 49:35 I do not understand the discrepancy with Williston relative to credit hours, we need more clarification.

Chairman Skarphol: We got a full schedule this week; we need to have them back next week.

Vice Chair Monson: I agree

Chairman Skarphol: Closed hearing.

2013 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Education and Environment Division
Roughrider Room, State Capitol

SB 2200
April 8, 2013
Job 20982

Conference Committee

Committee Clerk Signature

David Hanson

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact chapter 15-18.1 of the North Dakota Century Code, relating to the determination of funding for institutions of higher education; to provide for legislative intent; and to provide an expiration date.

Minutes:

Amendment .04001

Chairman Skarphol took up for consideration SB 2200.

Chairman Skarphol: 3:15 Explained his intents and the purposes of the amendment .04001. 5:30

Vice Chair Monson: Asked about the proper language so that it can be studied.

Chairman Skarphol: I don't believe that this committee should be part of the higher education interim committee, but rather it has to be separate committee and there shouldn't be more than seven legislators on it. If you have too large a group you can't get anything accomplished. 7:15

Rep. Williams: My concern is for the wellbeing of the schools and the students. Explained his reasons for voting against SB 2003 and this bill. 9:10

Chairman Skarphol: Read through the subsections of Section 2 of amendment .04001 to know if the committee wanted those to be a part of the study. 11:00

Rep. Dosch: On subsection 5, it should incorporate the master plan and space utilization plans. The study should entail how that meets the institution's mission, including the utilization of the existing facilities.

Chairman Skarphol: Another one that I added was the administrative burden on student costs. 13:00

Rep. Dosch: The growth of teaching and non-teaching staff should be looked at.

Chairman Skarphol: How about this issue of adjunct and full time faculty? Should that be part of it?

Rep. Dosch: I know that Representative Streyle was asking for some comparison numbers like he had from Minot as far as the number of administrative staff per student. I think that's an important comparison among campuses to take a look at. 15:00

Discussed further what should be in a study for higher education. 24:00

Chairman Skarphol: How about rate of growth of the institutions? 24:32

Rep. Dosch: If it's oil and gas workers that we need and we want Williston to grow by 6%, because of the programs that they're offering or what we need, there's nothing wrong with that.

Chairman Skarphol: So we don't really want to go there

Rep. Dosch: I don't think so. But that's where paying the differential in tuition maybe will make them less aggressive to go out there and get out of state students, but yet if it's in a high demand field that's going to be okay. 25:40

Rep. Williams: The marketplace determines what types jobs the students will go into. Gave an example at Mayville and Valley City where fewer teachers are being trained, because more people are going into diesel, dental, etc. The marketplace will determine the growth.

Rep. Streyle: That's part of the things that I don't mind about the formula. If this body, a few years later, determines that we want more engineers we can take that number and double it and pay them more per completed credit hours. There are some positives that the formula could do as far as focusing on individual categories.

Rep. Dosch: Probably another category that should be is bonus payment for targeted industries.

Chairman Skarphol: Is it our intent that we want legislative intent on here to implement this in two years?

Rep. Streyle: I would support that. I don't think it is a terrible idea for completed credit hours. There's just a number of questions that we have that can't answered by the end of the session. Perhaps this is what will be proposed and passed out next session with some minor tweaks.

Chairman Skarphol recessed the committee at the call of the chair.

2013 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Education and Environment Division
Roughrider Room, State Capitol

SB 2200
April 9, 2013
Job 21010

Conference Committee

Committee Clerk Signature

David Hanson

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact chapter 15-18.1 of the North Dakota Century Code, relating to the determination of funding for institutions of higher education; to provide for legislative intent; and to provide an expiration date.

Minutes:

Amendment .04002

Chairman Skarphol took up for consideration of SB 2200.

The committee studied amendment .04002. 1:30

Chairman Skarphol: Asked for the committee's thoughts of the amendment as drafted.

Rep. Streyle: I know we talked about the changing "shall consider" to "shall" on page one.

Chairman Skarphol: Do we want to specify how many members should be on the committee? Do we usually set a number of members on a committee?

Larson-Legislative Council: Generally not.

Chairman Skarphol: Is it not our intent that this not be part of the higher ed committee, but rather a separate committee specifically for this purpose?

Vice Chair Monson: We could specify that it be a special committee. Otherwise if it was part of the higher ed interim committee, you could have them appoint a subcommittee that can work on that specifically.

Chairman Skarphol: What is the deal for subcommittees?

Larson: In this current language it would be a separate committee from the interim higher education committee.

Chairman Skarphol: Do we want it to be a directive that they shall do it; not shall consider?

Rep. Dosch: Recommended a change in section 2.

Vice Chair Monson: Asked about the inclusion of waivers.

Chairman Skarphol: Do we have a motion to make this a mandatory study?

Vice Chair Monson moved to further amend and adopt amendment .04002 and seconded by Rep. Streyle. Motion carried. Aye-5 Nay-3 Absent-0

Rep. Streyle moved do pass as amended and seconded by Rep. Dosch. Motion carried. Aye-5 Nay-3 Absent-0

2013 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Education and Environment Division
Roughrider Room, State Capitol

SB 2200
April 11, 2013
Job 21126

Conference Committee

Committee Clerk Signature

David Hanson

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact chapter 15-18.1 of the North Dakota Century Code, relating to the determination of funding for institutions of higher education; to provide for legislative intent; and to provide an expiration date.

Minutes:

Chairman Skarphol called the committee to order.

Rep. Grande to reconsider SB 2200 and seconded by Rep. Streyle. Motion carried on a voice vote.

Chairman Skarphol: Explained that there would be a significant change to the bill.

Rep. Streyle: Explained what was on a paper. 8:08

Chairman Skarphol: Asked about the monetary difference between this and the governor's budget. One thing that isn't in here that we did talk about was the money for Williston?

Rep. Streyle: That isn't in here. Some of that is its not going to be a perfect piece immediately. Another idea is to put together a small pool and say that's for security and it shall be given to the universities within the first three months. So, instead of incorporating that into the model I like it better as a separate one.

Rep. Williams: I understand this and the difference between the 4% cap and the 1% that they could have had under the governor's budget. Why we are going with this mechanism rather than the governor's budget?

Chairman Skarphol: If we go with the same position that the Senate sent us, than we don't have much negotiate about. We do have the building issue we want to negotiate with them. We do need to have some differences. I don't believe that this is the final number. I don't suspect they are willing to go below where we are, so I suspect that we will go above where we are in the final result.

Rep. Grande: We talked about how we wanted to do a little more pooling and to do a little more with buildings. We know that in this chamber, typically we are not going to spend near what other side is. This is the opportunity to say that maybe that \$30 million should be going into some building projects and should be done so that we can enhance the universities in that fashion. Let's look at that as part of the negotiation piece.

Rep. Williams: Will the Chancellor and the Board of Higher Education, in your opinion, be able to decide what buildings and in what order those buildings will be constructed?

Chairman Skarphol: That will have to be a part of the discussion and negotiations. No matter who is on the conference committee this subcommittee will meet to discuss the alternatives as we move forward in the negotiations on higher ed. 12:10

Rep. Streyle: Explained how this would compare to the governor's budget if certain changes were made. 13:06

Chairman Skarphol: Representative Williams, are you comfortable with what we are talking about?

Rep. Williams: I am comfortable with what you are talking about, but I'm still not convinced about this system.

Rep. Dosch: This is the governor's bill basically. All we did was change what we are reimbursing on the per credit hour. We're incorporating the equity payments. 14:57

Chairman Skarphol: Referred to a sheet. This will be the new funding model moving forward. We are going to set the maximum tuition rates. If they want to go up less, they can go up less. 16:25

Rep. Williams: The study is going to be off of this for the next two years?

Chairman Skarphol: Yes. The intention here would be have the people that designed it involved in the discussion of the committee. There are a number of things that need to be addressed in order to make sure that this will work the way it is supposed to work. What we are proposing is to reduce SB 2200 and set the tuition rates as they are reflected on the sheet.

Rep. Streyle: Correct.

Chairman Skarphol: The tuition rates would be in here, the language to implement would be in the bill, and study is the intent with the dollars.

Rep. Streyle: Asked about Williston and referred to a sheet. 19:15

Chairman Skarphol: But they are up for the most part. Correct?

Rep. Streyle: Every other one is up. I think a more blended average plus rate is better and then next session we come in and make two decisions. What's the inflation adjustment? What's the tuition?

Rep. Williams: I am going to vote yes on this and I hope to trust you on this.

Chairman Skarphol: And you don't have vote yes on this. All I want is for you to feel comfortable that you understand it.

Rep. Williams: I do. I'm always concerned when a change is made at the last minute and then we fly with it. That's what concerns me.

Chairman Skarphol: This change is different from what we did, but it is much closer to what the governor recommended.

Rep. Streyle: The people who testified said that if you think that the matrix isn't right, then you can change it. 22:10

Chairman Skarphol: Asked if Brady had everything he needed.

Brady Larson-Legislative Council: Yes I do. I'll just explain how the amendments will work. 22:51

Rep. Dosch: There will be verbage in there setting the limits?

Larson: It's my understanding that the limits will be in 2200.

Chairman Skarphol: And what you are referring to will be a part of the amendments to 2003. 23:25

Rep. Williams and Brady Larson discussed the particulars of the proposal. 24:35

Rep. Streyle: Obviously, they are not going to be 100% of what the governor and tuition was. They will be slightly off. It will still be a good increase. 25:42

Rep. Streyle moved to amend and seconded by Rep. Dosch. Motion carried. Aye-6 Nay-2 Absent-0

Rep. Streyle: Asked about a possible security pool and adding to Williston's base. 27:30

Chairman Skarphol: Stated he would appreciate the million and wouldn't like them to be put in hardship, yet didn't want them to get special consideration.

Rep. Streyle: You'd factor in the oil impact money and maybe that gets added into the base.

Chairman Skarphol: There is no guarantee how the Land Board would decide to do that. They could split it evenly among the three. I don't think there are any parameters set. Tammy, are you aware of any parameters?

Tammy Dolan-OMB: No. There are no parameters. I know the Board is aware of the situation in Williston and you'd think that they would take that into consideration.

Chairman Skarphol: I'm assuming you have to apply for a grant.

Dolan: Yes.

Chairman Skarphol: With regard to the security money. How do you know that will be pushed out?

Rep. Streyle: They did have needs and I don't think the \$2 million will satisfy their needs. But I know for, an example, in Minot has three of them that they funded out of operations. UND and NDSU already have campus security.

Chairman Skarphol: Williston was directed to hire four and was not given any additional money.

Rep. Streyle: I don't know if you dedicate everything in that list or if you must follow the proposal.

Chairman Skarphol: I go back to the fact that we have to go back to trust. 30:20

Rep. Streyle: That's why I liked it separate too. If something isn't done right; it's going to be well documented that it's not based in the funding formula. 30:58

Rep. Streyle moved that a security funding pool be created to be distributed to the colleges within the first six months of the biennium for the costs of security, based on the needs analysis. Rep. Dosch seconded.

Vice Chair Monson: Asked if an emergency clause would be needed.

Chairman Skarphol: It shouldn't need it with six months.

Rep. Streyle: Maybe six months is too long; but within six months with the intention that it is sent out, not withheld and paid in increments, but actually send them the money.

Motion Carried on a voice vote.

Rep. Dosch moved to amend and seconded by Rep. Grande.

Rep. Streyle: It's the only institution outside Minot that has a lower base under this model. 33:23

Vice Chair Monson: How is it that Williston came in with a lower base on the formula?

Rep. Streyle: Explained why it was lower. 34:15

Vice Chair Monson: If you are going to use the average, than you better use the average.
34:45

Chairman Skarphol: It wouldn't have to go to the base.

Rep. Streyle: It could be one time funding. And as the credit hours generate plus the inflator they are going to be above where they are at anyway.

Continued dissussion on the motion. 37:00

Motion carried on a voice vote.

Larson: Went over other listed items. 38:50

Rep. Dosch moved to add the School of Medicine funding issues and seconded by Rep. Streyle. Motion carried on a voice vote.

Larson: Went over one more item for the CTE scholarship program. 41:18

Vice Chair Monson moved to amend and seconded by Rep. Grande. Motion carried on a voice vote.

Rep. Williams: Has anybody in the governor's office taken a look at this?

Chairman Skarphol: We presented it to our caucus today.

Rep. Streyle moved do pass as amended and seconded by Rep. Dosch. Motion carried. Aye-8 Nay-0 Absent-0

2013 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Committee Roughrider Room, State Capitol

SB 2200
April 12, 2013
Job #21150

Conference Committee

Committee Clerk Signature

Mary Brucher

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact chapter 15-18.1 of the North Dakota Century Code, relating to the determination of funding for institutions of higher education; to provide for legislative intent; and to provide an expiration date.

Minutes:

Attached amendment 13.0272.04004

Chairman Delzer: Opened, who is carrying 2200?

Rep. Skarphol: I will assign it to myself. I will have Brady Larson from legislative council go over amendment.

Brady Larson: I am looking at amendment .04004 to 2200. Went over the amendment. See attached amendment.

Rep. Skarphol: This implements the governor's model for funding higher education. This is not at the exact level that the governor did but at a lower level. The governor's model would have held everyone harmless but this model does not. There are two schools that their baseline declines; Williston State College and Minot State University. The majority of our subsection felt this was the position we wanted to put ourselves in going into the negotiations for conference committee. The one thing not included in the colored sheet that was handed out yesterday is that they added \$1M one time funding to Williston State College because this does have \$2M reflected from Minot State. That would bring them above their baseline and the \$1M would bring Williston above their baseline. I'm assuming that's done in 2003 but with the passage of 2200 in the form that it is this will be the plan that moves forward into conference. It would be about \$38M, \$35-40M different than what the governor proposed. **Made a motion to move the amendment .04004.**

Rep. Thoreson: **Seconded.**

Rep. Bellew: Does this tuition rate supersede the rate set by the board of higher education?

Brady Larson: This would supersede that other provision that allows the board to establish rates.

Chairman Delzer: It seems to me that four years ago we also set the upper limit on tuition rates.

Rep. Bellew: We set that last time but NDSU came in with an 8.5% and they got it.

Chairman Delzer: I don't believe we set it last year; we just said that's what it should be.

Rep. Skarphol: Two years ago we left here with the understanding that it was going to be no more than 2.3 percent. That's the reason these numbers are in here. Language in here says that they may not exceed that amount although they can go less if they want.

Rep. Nelson: The two institutions that were below the baseline and had the other payment of \$1M to Williston and the \$2M to Minot State, was that the \$2M for flood relief for the campus?

Rep. Skarphol: That's correct. Williston got \$2M in the special session so the \$1M we're giving them is trying to give them something to be in line with their responsibilities regarding the risk assessment. We didn't add that to the baseline.

Rep. Nelson: The flood money was one time spending. This is a one-time spending in Williston as well?

Rep. Skarphol: Yes and it will be addressed over the interim with the study.

Rep. Glassheim: The inflation factor is one percent. Is that 1% a year? On the sheet it states two percent and on the amendment it says one percent.

Rep. Skarphol: It's 1% per year.

Rep. Glassheim: What is the credit volume factor?

Rep. Streyle: Everything on that form is exactly the governor's plan. Anything over \$100,000 credit hours gets a one factor. The less credits you produce the more volume factor you get.

Rep. Glassheim: You're adjusting the efficiencies of volume. Smaller amounts might cost more.

Rep. Skarphol: It says there is a fixed cost with an educational institution that you have to recognize and the lower the volume the higher the fixed cost.

Rep. Glassheim: What are the base cost figures?

Rep. Streyle: If you take the 10488, that's the highest cost institution in the two years. The governor's model then gave that amount to every school. We didn't feel that was the proper way to do it so in this bill we picked a different number of 101 as a starting base. We are above the average but below the highest funding institution. We felt that funding at the highest didn't make sense. The 2% inflator is what we are going to be negotiating.

Rep. Glassheim: Is that a measure of efficiency?

Rep. Streyle: That is what the cost is per credit hour. Lake Region State's base cost is a lot less than Wahpeton but you have to realize there is more square footage and more fixed costs that way.

Rep. Wieland: What about the equity at NDSU?

Chairman Delzer: When you came up with the cost at UND the medical school and aeronautics are still included in that, are they not?

Rep. Streyle: In the governor's funding model it included those and that was a point of discussion in our committee. We took out the security mental health piece.

Rep. Skarphol: If you compare the number in column 6 and 8 for NDSU you will see that what we're proposing delivers more money than what the governor proposed.

Rep. Holman: On page 5 and the changes in the funding numbers what rational was in moving the number?

Rep. Streyle: The 7270 is where the governor's funding model would end. The 67 is where we would start. With the 2% inflator it would go to 6834. It's comparing the final number of the governor's versus what we start at.

Chairman Delzer: Before we vote on this I want to state that I will support amendments because I think it's better than governor's original bill. When you go to a different funding model we should be looking for efficiencies at the time we change the model.

Rep. Streyle: The middle section is what we want as far as one percent each year.

Brady Larson: It appears there might be an error in beginning date. It should probably begin on July 1, 2013 and I will work on our legal staff to get that changed.

Chairman Delzer: On the 1st page of the amendment on line 10 insert beginning on July 1, 2013 instead of 2014?

Brady Larson: That would be my understanding.

Rep. Skarphol: That would be fine and that would be the desired date to begin.

VOICE VOTE: MOTION CARRIES.

Rep. Skarphol: Made a motion for a Do Pass as Amended.

Rep. Streyle: With the changes we did last night there is the \$1M for the Williston funding one-time and we created a \$2.5M security pool so you would have to add \$3.5M in that yellow box on the bottom. This could then be used for the security piece of the governor's

funding model that we didn't include in this piece. That would be on a needs basis and would be distributed within six months of the new biennium.

Rep. Skarphol: Brady, can you do changes on that document?

Rep. Streyle: I can email it to the committee.

Rep. Skarphol: Rather than emailing it just have it printed and delivered.

Rep. Streyle: Ok.

Rep. Boe: Back on amendment the date of 2014 would be correct because we don't want a 1% increase upon this going into effect, would we?

Brady Larson: We can leave it.

Chairman Delzer: We amended it the other way so we better have a substitute motion to further amend.

Rep. Streyle: It needs to be real clear that its 2% total for the biennium; just one percent and one percent.

Rep. Skarphol: I would amend my motion. I think we need to have council look at it to make sure it's right.

Chairman Delzer: We can't do that now. It will be going into conference. This funding source starts January 1, 2013 but if you want the base number then give it 1% then and give it 1% at the start of 2014 then it needs to be 2013. If you only want a 1% increase and waited until 2014 you're only going to get a 1% increase in the next biennium. It probably needs to be 2013. You're automatically inflating something even though you don't know what the inflation rate is instead of setting so much each year.

Rep. Streyle: You would have to set that amount and take 1% times \$67 and add it on it would be \$67.67 and then another 1% off that base so it would be \$67.67 times two.

Chairman Delzer: We did not take substitute motion so we have it sitting before us at 2013.

Rep. Skarphol: I think 2014 is right number because we are going to fund it at this level and this is what we want the payments to be in the first year then the 1% inflator goes on the following year.

Chairman Delzer: Then you'd only inflate the last year.

Rep. Skarphol: That is our intent. We are going to fund the first year at the level we set. We're not going to fund the first year at \$67 and inflate it before we start.

Rep. Streyle: The intent was is a 2% rise in funding for the biennium.

Chairman Delzer: At 2013 you're going to go \$67.67 and then it would be \$68.30 because at 2014 you're going to have it give it the two percent.

Rep. Skarphol: We will address it in conference.

Rep. Wieland: We always talk about tuition and we authorize that the institutions can raise tuitions or the board can raise them. Is there something in law that says we can't raise tuition to out of state students and lower them to in state students?

Chairman Delzer: There are reciprocity agreements and other agreements. I don't think there is anything in law that prohibits us from doing that but we've never been able to pass it to do it. That is an option.

Rep. Skarphol: That issue has caused a great deal of angst and the chancellor has proposed changes in how we do that. Under current board policy an out of state student is supposed to be charged 267% of a residence student for tuition. We have institutions that have a great deal of tuition waivers or discounts. Some institutions reduce that 267% to 150% and that difference is included in what's listed as a waiver. Out of state tuition rates will be set at 175% of in state tuition. There are numerous agreements with other states with regard to reciprocity. This issue needs to be addressed.

Rep. Sanford: The level of dollars will be established in conference committee. I like base formula for a couple reasons; performance system. It would be quite natural to add additional pieces of performance onto this base. That \$5M in here might be tied directly to another piece of performance so you could start to hone in on specific areas you want to pay for and if they don't do it then they don't get the money. The other sources of revenue for a university system include services that includes a bit of performance in customer satisfaction. Another source is from grants and that is also based on performance. And there is tuition and fees which isn't totally performance. I think this could be a strong piece to get closer to what the interim committee was looking at with a performance based system.

Rep. Williams: I'm glad to see adapting and adopting the new formula. I don't like all of it but it's a step in the right direction.

Rep. Glassheim: How does the performance pool differ from governor's funding?

Rep. Skarphol: No, there was not. The \$5M reflected in the performance pool is roughly 1% of what the base was.

Chairman Delzer: That's in 2003.

Rep. Glassheim: How would tuition cap differentials arrived at?

Rep. Dosch: We looked at the oil impacted areas as they have larger percentages increase. We allow more flexibility in universities.

Rep. Skarphol: You have to recognize the three tiers; there is a state and a student share. The split in the four year institutions is thought that it should be 75% state and 25% student. For the regional institutions they think it should be 70% state and 30% student, except Minot State it should be 65% and 35% and the medical school and research institutions it should be at 60% and 40 percent.

Rep. Glassheim: How much tuition pays as a percentage of the total cost as compared to general fund or the total cost of education?

Rep. Skarphol: I don't know if we have number that way. The change in the tuition and what is proposed here is \$29M but that's only with the change.

Rep. Glassheim: That's what I heard also.

Chairman Delzer: Would that be tuition and fees or just tuition?

Rep. Skarphol: Tuition and fees.

Rep. Glassheim: I will vote against it because the student fees are likely to rise to that and would amount to UND at a 9% increase over the two years and I think that's a little high and well above the rate of inflation.

Chairman Delzer: We have a Do Pass as Amended motion.

**ROLL CALL VOTE: 17 YES 4 NO 1 ABSENT
MOTION CARRIES FOR A DO PASS AS AMENDED.**

Rep. Skarphol will carry this bill.

FISCAL NOTE
Requested by Legislative Council
01/21/2013

Revised
 Bill/Resolution No.: SB 2200

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

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$21,090,261		\$22,988,000	
Appropriations			\$21,090,261		\$22,988,000	

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

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

Senate Bill 2200 establishes a formula to fund the ongoing operations of the State's 11 institutions of higher education on a per completed student credit hour basis. Weighting factors include instructional program classification codes, credit completion volume, and physical size of the campus.

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

Section 1 establishes a per student credit hour (SCH) funding level for the three classifications of institutions: Research institutions (\$72.70); regional baccalaureate institutions (\$110.80); and community colleges (\$117.60.) This assumes that existing per SCH funding is equalized within the schools in each category, which is currently not the case. If SCH production decreases, funding reductions are limited to four percent each year.

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

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

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

2013-15: \$21,090,261 from the general fund was included in the Executive Budget to equalize the per SCH funding levels between the individual schools in each institutional classification. 2015-17: The 2013-15 amount was increased to \$22,988,000, assuming an inflationary factor (9%) for anticipated wage and operating inflation. Amounts are included in the operating expense appropriation lines for each affected campus. The number of FTE is not changed.

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

2013-15: \$21,090,261 from the general fund was included in the Executive Budget to equalize the per SCH funding levels between the individual schools in each institutional classification. 2015-17: The 2013-15 amount was increased to \$22,988,000, assuming an inflationary factor (9%) for anticipated wage and operating inflation. Amounts are included in the operating expense appropriation lines for each affected campus. The number of FTE is not changed.

Name: Tammy Dolan

Agency: Office of Management and Budget

Telephone: 328-4947

Date Prepared: 01/21/2013

VIC
4/16/13
1063

PROPOSED AMENDMENTS TO SENATE BILL NO. 2200

Page 1, line 2, after the semicolon insert "to provide an appropriation; to provide for a legislative management study;"

Page 5, after line 1, insert:

"1."

Page 5, line 5, replace "1." with "a."

Page 5, line 5, replace "\$72.70." with "\$67.00"

Page 5, line 7, replace "2." with "b."

Page 5, line 7, replace "\$110.80" with "\$97.00"

Page 5, line 9, replace "3." with "c."

Page 5, line 9, replace "\$117.60" with "\$101.00"

Page 5, line 9, replace "lake region" with "Lake Region"

Page 5, after line 10, insert:

"2. Beginning on July 1, 2013, and each year thereafter, the state board shall incorporate an inflationary factor equal to 0.01 multiplied by the base amount listed in subsection 1 for each respective institution."

Page 5, after line 18, insert:

"15-18.1-08. Tuition - Limitation.

1. The tuition rate in effect for the 2013-14 academic year may not exceed that in effect for the 2012-13 academic year by more than:
 - a. 3.0 percent in the case of Dakota college at Bottineau and Lake Region state college;
 - b. 4.0 percent in the case of Bismarck state college, Dickinson state university, Mayville state university, North Dakota state college of science, and Valley City state university;
 - c. 4.5 percent in the case of Minot state university, North Dakota state university, and the university of North Dakota;
 - d. 5.0 percent in the case of Williston state college; and
 - e. 5.0 percent in the case of the university of North Dakota school of medicine and health sciences.
2. The tuition rate in effect for the 2014-15 academic year may not exceed that in effect for the 2013-14 academic year by more than:

- a. 3.0 percent in the case of Dakota college at Bottineau and Lake Region state college;
- b. 4.0 percent in the case of Bismarck state college, Dickinson state university, Mayville state university, North Dakota state college of science, and Valley City state university;
- c. 4.5 percent in the case of Minot state university, North Dakota state university, and the university of North Dakota;
- d. 5.0 percent in the case of Williston state college; and
- e. 5.0 percent in the case of the university of North Dakota school of medicine and health sciences."

Page 5, after line 22, insert:

"SECTION 3. LEGISLATIVE MANAGEMENT STUDY - HIGHER EDUCATION FUNDING. During the 2013-14 interim, the legislative management shall appoint an interim committee to study higher education funding methods.

1. The committee shall review higher education funding methods and recommend for the North Dakota university system a new funding method that is not based on existing levels of funding.
2. The committee shall consult with representatives of the state board of higher education, the North Dakota university system office, higher education institutions, and other appropriate entities.
3. The committee shall consider:
 - a. The inclusion of tuition revenue as a component of the funding method;
 - b. The level of nonresident tuition rates, including whether the rates charged should provide for the entire cost of a student's education and whether state funding should be provided to offset the educational costs of nonresident students;
 - c. Options to address unique institution needs due to program facility requirements, local costs of goods and labor, and other extraordinary needs;
 - d. The appropriateness of including remedial education and dual-credit course completions in the funding method and which entity should be responsible for paying course costs;
 - e. Facilities required to meet an institution's mission, including the utilization of existing institution facilities and additional facilities needs as identified in the university system campus master plan and space utilization study;
 - f. Administrative costs at institutions, including the appropriateness of providing separate funding allocations to institutions for instructional and administrative costs;
 - g. Options to provide enhanced funding for programs that address state priorities and workforce needs;

- h. Options to provide performance funding distributions to campuses for meeting specified goals such as on-time graduation rates and job placements; and
 - i. Any other issues the committee deems appropriate.
4. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fourth legislative assembly.

SECTION 4. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$150,000, or so much of the sum as may be necessary, to the legislative council for the purpose of defraying expenses associated with the study of higher education funding as provided for in section 3 of this Act, for the biennium beginning July 1, 2013, and ending June 30, 2015."

Renumber accordingly

Date: 4-9-13
Roll Call Vote #: 1

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2200

House Education and Environment Division 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. Monson Seconded By Rep. Streytle

Representatives	Yes	No	Representatives	Yes	No
Chairman Robert Skarphol	X		Rep. Clark Williams		X
Vice Chairman David Monson	X		Rep. Tracy Boe		X
Rep. Bob Martinson		X			
Rep. Roscoe Streytle	X				
Rep. Mark Dosch	X				
Rep. Bette Grande	X				

Total (Yes) 5 No 3

Absent 0

Floor Assignment _____

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

Further amend and adopt .04002

Date: 4-11-13
Roll Call Vote #: 1

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2200

House Education and Environment Division 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. Grande Seconded By Rep. Streyle

Representatives	Yes	No	Representatives	Yes	No
Chairman Robert Skarphol			Rep. Clark Williams		
Vice Chairman David Monson			Rep. Tracy Boe		
Rep. Bob Martinson					
Rep. Roscoe Streyle					
Rep. Mark Dosch					
Rep. Bette Grande					

Total (Yes) _____ No _____

Absent _____

Floor Assignment voice vote carries

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

Reconsider

Date: 4-11-13
Roll Call Vote #: 2

**2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2200**

House Education and Environment Division 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. Streyle Seconded By Rep. Dosch

Representatives	Yes	No	Representatives	Yes	No
Chairman Robert Skarphol	X		Rep. Clark Williams		X
Vice Chairman David Monson	X		Rep. Tracy Boe	X	
Rep. Bob Martinson		X			
Rep. Roscoe Streyle	X				
Rep. Mark Dosch	X				
Rep. Bette Grande	X				

Total (Yes) 6 No 2

Absent 0

Floor Assignment _____

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

*Make the changes to
2200*

Date: 4-11-13
Roll Call Vote #: 3

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2200

House Education and Environment Division 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. Streyle Seconded By Rep. Dosch

Representatives	Yes	No	Representatives	Yes	No
Chairman Robert Skarphol			Rep. Clark Williams		
Vice Chairman David Monson			Rep. Tracy Boe		
Rep. Bob Martinson					
Rep. Roscoe Streyle					
Rep. Mark Dosch					
Rep. Bette Grande					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Create a security funding pool to be distributed to the colleges within the first six months of the biennium for the costs of security based on the needs analysis.

Date: 4-11-13
Roll Call Vote #: 4

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2200

House Education and Environment Division 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. Dosch Seconded By Rep. Grande

Representatives	Yes	No	Representatives	Yes	No
Chairman Robert Skarphol			Rep. Clark Williams		
Vice Chairman David Monson			Rep. Tracy Boe		
Rep. Bob Martinson					
Rep. Roscoe Streyle					
Rep. Mark Dosch					
Rep. Bette Grande					

Total (Yes) _____ No _____

Absent _____

Floor Assignment Voice vote carries

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

One time funding

Date: 4-11-13
Roll Call Vote #: 5

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2200

House Education and Environment Division 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. Dosch Seconded By Rep. Streyle

Representatives	Yes	No	Representatives	Yes	No
Chairman Robert Skarphol			Rep. Clark Williams		
Vice Chairman David Monson			Rep. Tracy Boe		
Rep. Bob Martinson					
Rep. Roscoe Streyle					
Rep. Mark Dosch					
Rep. Bette Grande					

Total (Yes) _____ No _____

Absent _____

Floor Assignment Voice vote carries

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

Add Med School

Date: 4-11-13
Roll Call Vote #: 6

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2200

House Education and Environment Division 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. Monson Seconded By Rep. Grande

Representatives	Yes	No	Representatives	Yes	No
Chairman Robert Skarphol			Rep. Clark Williams		
Vice Chairman David Monson			Rep. Tracy Boe		
Rep. Bob Martinson					
Rep. Roscoe Streyle					
Rep. Mark Dosch					
Rep. Bette Grande					

Total (Yes) _____ No _____

Absent _____

Floor Assignment Voice Vote carries

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

Date: 4-12-13
Roll Call Vote #: 1

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2200

House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number .04004

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

Motion Made By Rep. Skarphol Seconded By Rep. Thoreson

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer			Rep. Streyle		
Vice Chairman Kempenich			Rep. Thoreson		
Rep. Bellew			Rep. Wieland		
Rep. Brandenburg					
Rep. Dosch					
Rep. Grande			Rep. Boe		
Rep. Hawken			Rep. Glassheim		
Rep. Kreidt			Rep. Guggisberg		
Rep. Martinson			Rep. Holman		
Rep. Monson			Rep. Williams		
Rep. Nelson					
Rep. Pollert					
Rep. Sanford					
Rep. Skarphol					

Total Yes _____ No _____

Absent _____

Floor Assignment _____

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

voice vote
amending ^{SB} 2200 w/ .04004
+ change page 5 after line 10 to "Beginning on July 1, 2013"
motion carries

Date: 4-12-13
 Roll Call Vote #: 2

**2013 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 2200**

House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number 13.0272.04005

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

Motion Made By Rep. J Karphol Seconded By Rep. Thoreson

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer	\		Rep. Streyle	\	
Vice Chairman Kempenich	\		Rep. Thoreson	\	
Rep. Bellew		\	Rep. Wieland	\	
Rep. Brandenburg	\				
Rep. Dosch	\				
Rep. Grande	\		Rep. Boe	\	
Rep. Hawken	Ab		Rep. Glassheim		\
Rep. Kreidt	\		Rep. Guggisberg		\
Rep. Martinson	\		Rep. Holman		\
Rep. Monson	\		Rep. Williams	\	
Rep. Nelson	\				
Rep. Pollert	\				
Rep. Sanford	\				
Rep. Skarphol	\				

Total Yes 17 No 4

Absent 1

Floor Assignment Rep. Skarphol

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

REPORT OF STANDING COMMITTEE

SB 2200: Appropriations Committee (Rep. Delzer, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (17 YEAS, 4 NAYS, 1 ABSENT AND NOT VOTING). SB 2200 was placed on the Sixth order on the calendar.

Page 1, line 2, after the semicolon insert "to provide an appropriation; to provide for a legislative management study;"

Page 5, after line 1, insert:

"1."

Page 5, line 5, replace "1." with "a."

Page 5, line 5, replace "\$72.70." with "\$67.00"

Page 5, line 7, replace "2." with "b."

Page 5, line 7, replace "\$110.80" with "\$97.00"

Page 5, line 9, replace "3." with "c."

Page 5, line 9, replace "\$117.60" with "\$101.00"

Page 5, line 9, replace "lake region" with "Lake Region"

Page 5, after line 10, insert:

"2. Beginning on July 1, 2013, and each year thereafter, the state board shall incorporate an inflationary factor equal to 0.01 multiplied by the base amount listed in subsection 1 for each respective institution."

Page 5, after line 18, insert:

"15-18.1-08. Tuition - Limitation.

1. The tuition rate in effect for the 2013-14 academic year may not exceed that in effect for the 2012-13 academic year by more than:
 - a. 3.0 percent in the case of Dakota college at Bottineau and Lake Region state college;
 - b. 4.0 percent in the case of Bismarck state college, Dickinson state university, Mayville state university, North Dakota state college of science, and Valley City state university;
 - c. 4.5 percent in the case of Minot state university, North Dakota state university, and the university of North Dakota;
 - d. 5.0 percent in the case of Williston state college; and
 - e. 5.0 percent in the case of the university of North Dakota school of medicine and health sciences.
2. The tuition rate in effect for the 2014-15 academic year may not exceed that in effect for the 2013-14 academic year by more than:
 - a. 3.0 percent in the case of Dakota college at Bottineau and Lake Region state college;

- b. 4.0 percent in the case of Bismarck state college, Dickinson state university, Mayville state university, North Dakota state college of science, and Valley City state university;
- c. 4.5 percent in the case of Minot state university, North Dakota state university, and the university of North Dakota;
- d. 5.0 percent in the case of Williston state college; and
- e. 5.0 percent in the case of the university of North Dakota school of medicine and health sciences."

Page 5, after line 22, insert:

"SECTION 3. LEGISLATIVE MANAGEMENT STUDY - HIGHER EDUCATION FUNDING. During the 2013-14 interim, the legislative management shall appoint an interim committee to study higher education funding methods.

1. The committee shall review higher education funding methods and recommend for the North Dakota university system a new funding method that is not based on existing levels of funding.
2. The committee shall consult with representatives of the state board of higher education, the North Dakota university system office, higher education institutions, and other appropriate entities.
3. The committee shall consider:
 - a. The inclusion of tuition revenue as a component of the funding method;
 - b. The level of nonresident tuition rates, including whether the rates charged should provide for the entire cost of a student's education and whether state funding should be provided to offset the educational costs of nonresident students;
 - c. Options to address unique institution needs due to program facility requirements, local costs of goods and labor, and other extraordinary needs;
 - d. The appropriateness of including remedial education and dual-credit course completions in the funding method and which entity should be responsible for paying course costs;
 - e. Facilities required to meet an institution's mission, including the utilization of existing institution facilities and additional facilities needs as identified in the university system campus master plan and space utilization study;
 - f. Administrative costs at institutions, including the appropriateness of providing separate funding allocations to institutions for instructional and administrative costs;
 - g. Options to provide enhanced funding for programs that address state priorities and workforce needs;
 - h. Options to provide performance funding distributions to campuses for meeting specified goals such as on-time graduation rates and job placements; and
 - i. Any other issues the committee deems appropriate.

4. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fourth legislative assembly.

SECTION 4. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$150,000, or so much of the sum as may be necessary, to the legislative council for the purpose of defraying expenses associated with the study of higher education funding as provided for in section 3 of this Act, for the biennium beginning July 1, 2013, and ending June 30, 2015."

Renumber accordingly

2013 CONFERENCE COMMITTEE

SB 2200

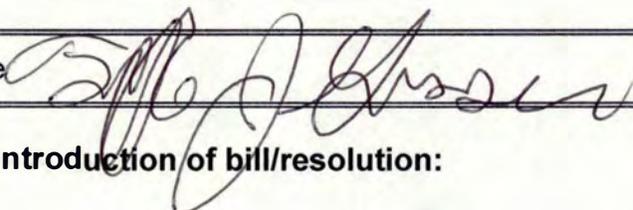
2013 SENATE STANDING COMMITTEE MINUTES

Senate Education Committee
Missouri River Room, State Capitol

SB 2200
4-25-13
21515

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact chapter 15-18.1 of the North Dakota Century Code, relating to the determination of funding for institutions of higher education; to provide an appropriation; to provide for a legislative management study; to provide for legislative intent; and to provide an expiration date.

Minutes:

You may make reference to "attached testimony."

Chairman Flakoll: opened the conference committee on SB 2200. All members present.

Rep. Skarphol: (Read the 4005 amendments). We inserted an inflationary factor category for subsequent sessions. We incorporated a study for an interim study to continue evaluating the model and have some opportunity for legislative tweaking of the model. Section 4 appropriates \$150,000 for that study. I have a spreadsheet reflecting the changes of the House's amendments. (Attachment #1). The green is the governor's model. The yellow is the House changes. The salmon is the base funding in this biennium. The Minot flooding impact was \$5 million in the Senate and the House reduced that to \$2 million. Williston State and Minot State ended up in a negative situation so we put \$1 million in one-time funding for Williston and the \$2 million in Minot made up for that loss. We are roughly \$35 million below the Governor's numbers but \$19 million less including the tuition changes. (Ended at 7:55)

Chairman Flakoll: Is the oil impact funding the one we recently passed in HB1358?

Rep. Skarphol: No. This is \$4 million in the industrial commission budget by the Governor to address issues at Dickinson State, Williston State, and Minot State. There is no direction as to who is distributed other than the landlord. I assume the institutions would make grant applications to it. It is specifically for those three institutions.

Chairman Flakoll: The mental health security columns

Rep Skarphol: They are not in the House recommendation other than the \$2.5 million reflected in the yellow box.

Chairman Flakoll: Then there was an add on for a couple other campuses over and above that. Was that to make up the difference in the base funding?

Rep. Skarphol: When we made our changes in the equity adjustment, two campuses came out negative so we adjusted those.

Chairman Flakoll: The ability to carry that forward isn't there.

Rep. Skarphol: The Williston State money is one time, so is the Minot State flood money. If you recall the base funding for Williston State is reflected in column 7. That doesn't include the \$2 million we gave them in the special session to address some unusual needs.

Chairman Flakoll: There were no changes to the weighting factors.

Rep. Skarphol: We have a spreadsheet that can be changed so the results will be instant.

Chairman Flakoll: There are several things we will need clarified after going through the minutes from the House Appropriations 2200. I will go through them now:

- April 11th had discussion about base funding. Rep. Streyle explained by it was lowered but there was no explanation so we need the transcript.
- The beginning date of the inflationary factor is 2013?
- On April 9th roll call sheet #2 doesn't reference what was voted on.
- On April 11th roll call vote #2 doesn't reference what was voted on.
- On April 11th the funding flow vote should be clarified. I'm assuming that is the Green and yellow sheet (Attachment #1)
- On April 11th the roll call vote #6 was a voice vote and it doesn't say what was voted on.
- Roll call vote #7 on April 11th doesn't say what was voted on.
- I need a copy of April 12th roll call vote #1. That was cut off the page.

Chairman Flakoll: Adjourned the conference committee.

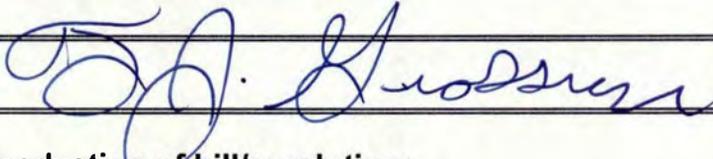
2013 SENATE STANDING COMMITTEE MINUTES

Senate Education Committee
Missouri River Room, State Capitol

SB 2200
4-26-13
21530

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact chapter 15-18.1 of the North Dakota Century Code, relating to the determination of funding for institutions of higher education; to provide an appropriation; to provide for a legislative management study; to provide for legislative intent; and to provide an expiration date.

Minutes:

You may make reference to "attached testimony."

Chairman Flakoll: Opened the conference committee on SB 2200. All members present. In terms of the interfacing for the House with tuition and the base funding, what is the objective there?

Rep. Dosch: If you are going to look at funding higher ed, you have to look at all the components. Base funding is one of them. Tuition is the other one. You can figure the true percentage of increase to higher ed when all of the components are looked at. Are you referring to the tuition cap on line 15?

Chairman Flakoll: In terms of the overall, are you looking to fill the campuses to certain levels?

Rep. Dosch: We took a look at the Governor's model and what the institutions told us they thought they would have to raise their tuition - provided they receive full funding in the Governor's budget. That is line 19 on our chart. We tried to correlate those recognizing that some of the equity we changed around a little bit. It changed the tuition caps a bit but we recognized that in certain areas like oil country there would be more of an increase. NDSU and UND the cap was a bit lower than what they were proposing themselves. Overall, we averaged out to be about the same.

Chairman Flakoll: Is that activity plus the "little yellow box" with the \$4 million and the like part of your conversation?

Rep. Dosch: No we did not count the \$4 million in. That is in addition to the top part of that graph.

Chairman Flakoll: So when you pulled some of the numbers down, you back filled it with tuition?

Rep. Dosch: That is correct.

Chairman Flakoll: Does it allow them to be whole with what the projections are?

Rep. Dosch: The net result is that we are within \$19 million of where the Governor was at for the total overall funding.

Chairman Flakoll: In regards to the \$19 million, part of that does or does not include the tuition portion?

Rep. Dosch: It does.

Senator Heckaman: I have a question on the 3% cap AT Dakota College in Lake Region, what is the reason for that and not putting them in it before?

Rep. Skarphol: In the Governor's model, the anticipated tuition increase required is 0.25%, so we allowed them substantially more than what the Governor was anticipating they would do. These numbers are only set as upper limits. If the school wants to do less, they can do less. We are not quite as convinced as the Governor apparently is that we need to go as far as he went and that they need to do more work at finding efficiencies within their organizations.

Rep. Dosch: When you look at line 17 and the \$61 million increase - it is a little over a 12% increase in funding. It seems to be a reasonable amount. Most of the budgets we are trying to keep around 10%.

Chairman Flakoll: How will that translate in terms of estimated comparable pay raises for those state employees versus the other state employees packages that we have had?

Rep. Skarphol: We anticipate they are going to have to do some work at matching up with the state employee's pay raises. Not telling them what they have to do. We are not going to necessarily fully fund it depending on how they want to look at it.

Chairman Flakoll: You believe that this would allow them to match up?

Rep. Skarphol: With the tuition increases - yes.

Senator Holmberg: I will bring a graph next time that destroys some of the myths that occur regarding funding of higher ed funding in North Dakota and compare them to other states. When you look at the past four years, North Dakota has increased its state funding to higher education more than any other state. Only two states have increased their funding over the last four years. We are the fifth lowest in the amount of tuition increases that have occurred over the past four years. It is a very telling chart and I will bring it.

Chairman Flakoll: Was there discussion about Dickinson State's challenges with gap funding because of their enrollment numbers? We have the gentle fall but a couple of the campuses were provided some gap funding.

Rep. Skarphol: That is the reason for the study over the interim to come up with a solution to the dilemmas that are created by the mud.

Rep. Dosch: One thing to keep in mind for Williston, Dickinson, and Minot, there is that \$4 million oil impact funding that they are going to be receiving. Williston has some one-time funding. Minot State has flood impact funding. In the Governor's funding model, as the credit hour production decreases, the factor increases for reimbursement. If their student count drops, their production count drops. With the Governor's weighted average credit hours, they are compensated as well. Moving forward, it is going to be like K-12, the inflation will have to be taken into effect in the next session.

Chairman Flakoll: Eventually, but it is not time certain. How do you see the interface between tuition and the formula going forward for the next two biennium?

Rep. Dosch: That is the nice thing about this formula. It will give the legislature the opportunity to establish what the caps are every session. We have to remove that half of the students in the system aren't North Dakota kids.

Rep. Skarphol: House appropriations has expressed a very strong opinion about the fact that they want tuition to be included in the fund of Higher Education. I suspect that during the interim there will be some discussion in the budget section about what we are going to ask you to lend in regards to all of the budgets including Higher Ed.

Chairman Flakoll: Sometimes when you read things over you don't see something until the sixth time. On page 5, line 25, there is a technical error on the years and that will have to be corrected.

Senator Holmberg: I know a number of folks have served on the interim committees that look at higher education. I think we should at some point have a discussion if we are going to have this study in the bill which I think is fine. Do we want to revisit the fact that we end up with a huge committee, practically half of the people come from two cities. It gets very large. Can you accomplish as much as you can with 22 people as you can with 12 or 15 and have a better balance? I think it could stand discussion.

Chairman Flakoll: Most would feel a smaller more nimble committee could be a good situation broken into working group like they did on the commission on education improvement where there were pretty small groups, sometimes as low as two that came up with the curricular requirements.

Rep. Skarphol: It was not the intent we would have the higher ed interim committee do this. It would be another committee. I agree with you that smaller is better in this case. We also asked them to include others in the group as well.

Chairman Flakoll: Is the appropriation outside of the normal committee dollars so you could bring in a consultant or an organization if necessary? That 150 is over and above the legislative council funding, is that correct?

Rep. Skarphol: That is absolutely correct. It was not my intent we look at other funding models but rather the study be concentrated on this funding model. If you read the language on line 25 it says the committee shall review higher education funding methods. That wasn't the intent. It should be specific to the funding model approved in this legislative session. If we do amend the bill, should clean up the language so we are studying what we want to be studying, and not something else.

Senator Holmberg: We can't complete 2003 until this is done, just like we can't clean up 1013 until 1319 is done.

Rep. Skarphol: We need to look at what it is in this piece of legislation that we would adjust. On page 6 you referred to the correction needed on line 25 but if we are going to adjust anything it would likely be the number on line 5, 7, 9, and 13. If we do that, we might as well clean up the language on page 6 line 25 as well.

Chairman Flakoll: Everything plays off of 5, 7, and 9 including the tuition dollars.

Rep. Skarphol: If we adjust something upward, we would anticipate those tuition percentages would be adjusted downward. That would be our anticipated situation. Have you had feedback from the system office regarding if the combination of those base dollars and the tuition dollars give them a workable amount?

Rep. Skarphol: No. I haven't talked to anyone from the system office in weeks.

Chairman Flakoll: The question is between the combination of the base funding and tuition dollars that are provided for in this bill, are they at a level you need to have to provide quality education?

Ham Shirvani, NDUS: As the state appropriation increases, tuition can decrease. The more you allocate money for us, it is no problem of reducing the tuition. The whole concept as much as we have, as long as we have enough fund to operate our campuses, it is perfectly fine with us.

Chairman Flakoll: So a combination, relatively speaking. You will be able to give the pay raises you think are appropriate?

Ham Shirvani: Yes. The Governor's model was using the practices that were established. There were percentages we had to increase. If the money is reduced, tuition will go up. If you use the same percentages, it will be multiplied.

Chairman Flakoll: Do you have enrollment projections for fall 2013?

Ham Shirvani: I would say not that major. They will balance each other. A couple are growing, but some will stay the same.

Rep. Skarphol: I will ask Brady for something. What the governor proposed as far as a pay raise is different than what we approved for state agencies so we need to know the number that reflects the difference.

Senator Holmberg: What are the areas of disagreement between the House and Senate that we should focus on?

Chairman Flakoll: There appeared to be no changes on pages 1, 2, 3, 4, of the 6000 version. Both chambers passed the same thing. Our tipping point is on page 5, the base funding by the three tiers.

Senator Holmberg: The \$69 dollars versus \$67, etc.

Chairman Flakoll: Yes. To some extent the tuition should be lowered.

Senator Holmberg: If we went to \$75 for UND and NDSU, you would say the 4.5% increase would go down to 3.5%, or whatever.

Chairman Flakoll: I don't know the Senate has heartburn on sections 3 and 4 on the study. I think that is fine.

Senator Holmberg: That committee that studies this needs to be a workable size. It can't be 22 people.

Rep. Skarphol: We moved away from naming numbers on committees to allow flexibility.

Senator Holmberg: When you get half the legislators from town A or B on a committee, that gets to be a lot.

Rep. Skarphol: That committee will have to meet relatively often.

Chairman Flakoll: When we had the Governor's Commission which we didn't get paid for, they would meet many times a month. There was one meeting a week.

Rep. Skarphol: This is pretty easy to manipulate. We ran another one so you could do a comparison between the two. It is more or less for informational purposes for now but just to give you some idea if you look at the changes, the base factor number was changed and the inflationary adjustment was changed. That would be columns 10 and 11. It reflects if you compare it to your other document. It is fairly easy to manipulate and come up with a number. We are not recommending this is what we want but rather to demonstrate what a relatively small change has on the situation. (Attachment #1)

Rep. Dosch: Column 15 is also adjusted as well.

Rep. Skarphol: This is something the E and E section has worked on. These are not numbers coming from legislative council. Once we settle on the general aspect of this, we have them verify these are accurate, but Brady has had an opportunity to look at this.

Column 15 is different too because as the numbers changed in 10 and 11 we lowered the numbers in 15.

Chairman Flakoll: You manually lowered those numbers right?

Rep. Skarphol: Yes. We went down by half of a percent on each one of them. You can see the results in column 16.

Chairman Flakoll: Closed the hearing

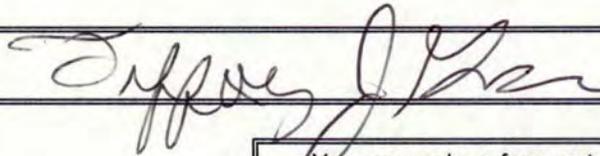
2013 SENATE STANDING COMMITTEE MINUTES

Senate Education Committee
Missouri River Room, State Capitol

SB 2200
4-27-13
Job Number 21570

Conference Committee

Committee Clerk Signature



You may make reference to "attached testimony."

Minutes:

Chairman Flakoll: Opened SB 2200 for conference committee discussion. All members were present. Representative Boe was substituted for Representative Williams. See Attachments #3A and #3B for additional information provided to the committee.

Senator Holmberg: See Attachment #1 for copy of article on history of the last four years in the states.

Representative Dosch: See Attachment #2 for chart on Higher ED General Fund Appropriation.

(4:00)Chairman Flakoll: I think one of the things I would like to visit about is what we think about the past tuition rates and whether or not they are high or low historically.

Representative Skarphol: Based on information that I have been seeing over the last ten years, it would appear that most of our two year institution tuition rates are probably a little on the high side and some like the research institutes are a little on the low side compared to their peers.

Chairman Flakoll: I think we all agree that we would like to keep tuition as much in check as possible.

Senator Holmberg: In looking at the original chart (2nd yellow/green from previous testimony) there were tuition increases, aside from the medical school, that you moved much closer to a 4% cap on all the campuses. I found that interesting. Besides medical school, there was one that was a 4.5 % tuition increase and they are at a 7% tuition increase currently. (See tuition increase sheet from previous testimony). The other two year schools have been flat lined since 2008-2009. I was not aware of that.

Representative Skarphol: I was not aware of that either, but that is not why we set the numbers where we set them. Our numbers were meant to correlate with the Governor's theoretical increases. They are reflected on column 19 on the yellow/green chart.

Senator Holmberg: When we get on the floor one of the questions that they will want to talk about is what we have done with tuition. And they will ask about caps because in the past we have left here thinking there were caps and they didn't last long.

Representative Skarphol: They were not caps; they were implied maximums that were implied for only a short period of time.

Chairman Flakoll: As we have discussed, we have higher tuition rates for two years in the bill as it stands right now. Some of those people were not happy with. I think what we will do is ask Brady if he can run a similar chart to the yellow/green 4% with 3.5% but with them both at 1% increase and a 2% increase to give us more to look at.

Senator Holmberg: When you are saying a 3.5%, are you suggesting that they use the tuition cap so that everyone is down to 3.5% across the board. Then it would be across the board at every campus and no differentiation between campuses?

Chairman Flakoll: The allowable threshold. I think we all recognize that. That would not change and then we would have them also run what it would take in order to do what we are doing for the other state employees.

Representative Skarphol: Was it our intent that they be the same? Or rather that we tried to correspond somewhat with the Governor's theoretical tuition rates would be. I am not quite sure I agree with your premise and I would rather see if you want to do a variation that you lower them by a half of percent off of the second document (yellow/green chart).

Senator Holmberg: You are referring to the chart that totals \$597 million?

Representative Skarphol: Correct.

Senator Holmberg: What we are doing here really does not impact the campus - all it impacts is the general fund and the tuition that is paid because the campuses will get the same amount of money and it is just the ratio between the state.

Representative Skarphol: That would be correct.

Senator Holmberg: I think that would be nice - to take the number and just reduce each one and see what would happen; which is following the executive's recommendation tuition numbers. We can have more than one document as long as they are numbered.

Chairman Flakoll: As in reducing them by a half of percent across the board.

Senator Holmberg: What was 3.5 would be 3, and what was 4.5 would be 4, etc. We have to be very cognizant of what is the bottom line to the general fund and to the amount of money in tuition.

Representative Skarphol: Are we going to determine the funding level for Higher Ed in this committee or are we here because this is a policy bill and we are going to decide whether or not the policy in the bill is correct and the funding level will get decided in SB 2003.

Chairman Flakoll: I would that what we do will affect the funding level. If it was all policy, this would have gone to the House education committee.

Senator Holmberg: The dollars are in SB 2003, and if this committee recommends \$597.4 million and the SB 2003 has \$600 million or \$590 million that is going to have an impact because of the level of the general fund. There has to be some coordination. Am I wrong on that?

Chairman Flakoll: Right. That is why we have handouts.

Senator Holmberg: We have theoretical concepts here because we don't have a penny in this bill.

Representative Skarphol: That is correct. I would suggest that there are four other conferees that will have an opinion about what the appropriate level of funding is as well.

Chairman Flakoll: And 140 people on the floor. Is there anything else we need to discuss?

Representative Dosch: On Line 11, the inflation adjustment (yellow/green chart), are there any comments on that from the Senate? We went with the 2% and then the 4%, are there any other scenarios? Some of that will play into moving the tuition caps a little too.

Chairman Flakoll: You were talking 4% in the second year or total?

Representative Dosch: Total.

Chairman Flakoll: The first handout - essentially 2 plus 2. That is what we were talking about - to get the different levels. We have it for the 4% tuition and we have to make sure that we don't mix our 4%'s up here. I think we will get other options.

Representative Skarphol: You are suggesting having the tuition percentage changed for the next document and the relative changes - you are not intending the inflation adjustment or the base factor?

Chairman Flakoll: We would be looking at a document that we have the inflationary factors of a 2 plus 2 at a 4% cap with the 2nd yellow/green document; are we correct?

Senator Holmberg: Correct.

Chairman Flakoll: Then we would also be looking at a 2 plus 2 with a 3.5% tuition cap. Then we would be looking at another document to be for a similar pool of funds for salaries and benefits as the other state employees to see where we are on that. I do have one amendment that I will be offering in regards to the study that should not be a big problem.

Representative Dosch: What about the overall funding level? The differences between what we are proposing and the Governor's proposal. Scenario 1 had about a \$19 million difference and scenario 2 had an \$11 million difference.

Chairman Flakoll: Until we get the other looked at, I think that we don't have anything to discuss as far as that.

Representative Skarphol: I can pretty much assure you that we are not going above the Governor's level and I am not sure that there is not a lot of sentiment in the House to even get to the Governor's level on operating.

Chairman Flakoll: I do not think anyone would be proposing above the Governor's level, however, I know there are also the sprinkles which we really don't have a handle on right now. I am thinking that you are thinking that sprinkles are outside the Governor's level or in the Governor's level?

Representative Skarphol: The total cost I would predict of everything will not be above the Governor's level.

Chairman Flakoll: In all bills

Representative Skarphol: In dollar amounts for operating in Higher Education.

Senator Holmberg: That is a narrowly focused.

Representative Skarphol: That is the number that is on this sheet.

Chairman Flakoll: But you are not talking dollars in other bills besides the two primary Higher Education bills?

Representative Skarphol: I am talking about this bill right here.

Chairman Flakoll: No further discussion was needed at the time and the meeting was recessed.

2013 SENATE STANDING COMMITTEE MINUTES

Senate Education Committee
Missouri River Room, State Capitol

SB 2200
4-29-13
21595

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact chapter 15-18.1 of the North Dakota Century Code, relating to the determination of funding for institutions of higher education; to provide an appropriation; to provide for a legislative management study; to provide for legislative intent; and to provide an expiration date.

Minutes:

You may make reference to "attached testimony."

Chairman Flakoll: Opened the conference committee. All members present.

Chairman Flakoll: I asked Brady to run a couple of printouts that I will distribute on the tuition maximum. The top one is a 4% tuition maximum. The one below is the 3% tuition maximum. (Attachment #1)

Senator Holmberg: I hope you understand we can't do anything on 2003 until this is done.

Chairman Flakoll: Where are we at in terms of total dollars of state funds?

Rep. Skarphol: We are about \$38 million apart.

Chairman Flakoll: For the inflationary rate, it should be tied to CPI that would be actual versus 1%. That would be easy enough to do.

Rep. Skarphol: You started at a lower base than what we talked about. You are \$2.8 million below our adjusted base.

Chairman Flakoll: Are you looking at the 4% tuition maximum on top?

Rep. Skarphol: I'm talking about the adjusted base. You are \$2.8 million below us and I am trying to figure out the differences. On the back side you are lowering some more.

Chairman Flakoll: We are looking at a variety of options. That one is reducing it by 5% for each campus.

Senator Holmberg: Is it possible the difference on the 520 versus the 522 is the 1.9 million medical school that is in some issues and not in others. As the formulas were changed, there was a dropping. Last time we increased the size of the medical school classes. The cost to continue the residency program was inadvertently dropped and that was \$1.9 million. That disappeared and we have to put it back in. That is my theory.

Chairman Flakoll: What is the committee's intent? There are a couple situations hanging out there with differential tuition. For example if tuition is \$4,000 and you roll in the fees which would be \$200, that wouldn't count against the cap. How do you want to handle that?

Rep. Skarphol: If we set a tuition rate of 4% of whatever the tuition is, the variable tuition rate would apply to the 4% of whatever the tuition is for that particular variable rate.

Chairman Flakoll: Would we hold it against them if they bundled tuition and fees together?

Rep. Skarphol: Based on what I have heard, there will be a board policy to discuss that. If that is adopted, I would assume it would apply to the new tuition number.

Chairman Flakoll: A number have been adopted. A college of business is hanging out there still. So the \$200 in my scenario wouldn't count towards a percentage. That wouldn't be deemed as a 5% increase if you bundle them, right? If you take \$4,000 in tuition and you slide across fees so it is all in one package, \$4200, the \$200 preexisting fees won't count against.

Rep. Skarphol: If that is the policy of the board to bundle that fee into the tuition and not have the separate fee, then it is part of the tuition and I am fine with that being part of the tuition.

Chairman Flakoll: It wouldn't count towards that percentage in any way. Does anyone disagree?

Senator Holmberg: That should be very clear in the minutes if that is what the intent was. That way down the road there won't be misunderstanding.

Chairman Flakoll: We can go by person if you wish to do that. No one said they disagree so I think we are all in agreement. Those are the things that pop up in the interim.

Rep. Skarphol: I do not understanding the change for the institutions. I am finding inconsistencies in how the numbers change. Some go down a half percent in the same category and some go down a full percent. I am not sure what we are trying to accomplish.

Chairman Flakoll: I just wanted you to be able to start looking at them.

Rep. Skarphol: When I look at the original green and yellow document we made, and you go down the list from top to bottom, we had 4, 3, 3, 4, and 4. This document (attachment #1) says there is a 4% max so the 5% of Williston will be reduced to 4%. If you continue down we had 4, 4, and now there is a 3 here so I am not understanding the change to the three for Mayville State. Then we have 4 for Valley City and there is a 3 on here.

Chairman Flakoll: I am guessing if you change the tuition cap on the highest one and bring up the state payment to counterbalance that for one campus at the high end, those at the intermediaries wouldn't need as much tuition in their cap.

Senator Heckaman: In the handout (referencing attachment #1) in the fifth column over on the 4% tuition with the holes on top, there are numbers in the wrong columns. They have a factor of 114.75 for Dakota State and down below it is at Lake Region State and there is nothing in Dakota State. The next whole section down where there are four colleges, the 108.05 is in the wrong column and the next one 72.60 is in the wrong column and they rotate. It affects every single section there is.

Chairman Flakoll: You have to go off of the base number to define which campus it is, not their tuition percent.

Senator Heckaman: It would be nice to have the college listed on the left side. I still don't think it is right because I am looking at corresponding numbers and something is wrong. Either the first document is wrong or the last document is wrong.

Chairman Flakoll: Adjourned meeting

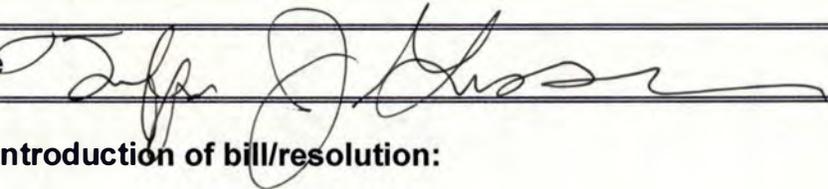
2013 SENATE STANDING COMMITTEE MINUTES

Senate Education Committee
Missouri River Room, State Capitol

SB 2200
4-29-13
21614

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact chapter 15-18.1 of the North Dakota Century Code, relating to the determination of funding for institutions of higher education; to provide an appropriation; to provide for a legislative management study; to provide for legislative intent; and to provide an expiration date.

Minutes:

You may make reference to "attached testimony."

Chairman Flakoll: opened the conference committee. All members present.

Brady Larson, Legislative Council: These calculations provide a rough estimate of different scenarios. This is beginning at the House version. (Referring to yellow and orange sheet from the morning meeting, Attachment #1) These calculations provide a rough estimate of different scenarios.

Chairman Flakoll: On the last example on the 7th column, it has a 1% increase. What does that mean?

Brady Larson: A 1% increase is what a 1% annual tuition increase would generate at each campus.

Rep. Skarphol: Are you suggesting the funding level that is reflected on the lower right column of each of these four different categories?

Chairman Flakoll: These were discussed Saturday that we asked Brady to run.

Hamid Shirvani, Chancellor of the North Dakota University System: I wanted to share my views regarding the Governor's model. As you know I have repeatedly expressed my full support and support of the board for the Governor's model. I wanted to take advantage of this opportunity and say that I am equally and completely supportive of the funding and the level of funding that comes with the Governor's model because our campuses are really in need of that funding.

Chairman Flakoll: As introduced it was 4 + 4. Are you modifying it to a 4 + 3? Are you talking about matching state employees?

Hamid Shirvani, Chancellor of the North Dakota University System: I represent the University System so I would obviously support the 4+4 for our university colleagues. As you know we desperately need to recruit high quality faculty and staff and that requires funding.

Rep. Dosch: We updated the numbers from what Brady provided. Brady showed a 2% inflation factor. This is reflective of a 7% inflation factor (Attachment #2) Line 17 shows the percent increase of each respective campus. Column 19 reduces the tuition cap. Lake Region was capped at a lower rate since the state was picking up more of the tab. NDSU and UND allowed 4%. Line 17, NDSU seemed to be underfunded so they have 12% increase and UND is at 7%. Column 21 shows the total overall funding we are looking at. We are looking at 577 million but with some other funding with the asterisks are the security funding pool and the performance funding pool of \$5 million. The 585 million doesn't include the one-time dollars. The difference of total funding can be found on the green box. It is a total of \$20 million excluding all of the one-time funding which adds another \$7 million the campuses will be receiving. The red box is what the state board originally indicated. That compares with our total on column 16. The student share is the tuition share of \$26,500,000 compares with our column 20 of \$28.5 million. We have a little more going towards the students than the state board had and a little less on the state share but our state share doesn't include the one-time dollars.

Rep. Skarphol: If you look at column 12, the third number from the bottom is the base level adjustment we are making at NDSU with this model. That is the \$6 million that NDSU figures they have been off in their equity position as compared to UND. If you look at column 10 from our previous model, we have revised that so four of them are to the \$98.58 level while Williston remains at the \$104.88 which was their original number. The next regional universities were raised to \$92.54 which was the average for the four year regionals and left Minot State at the \$98.75 which they were. The research universities are both at \$66.35. UND has no change and NDSU has that \$6 million. Over a biennium or two, we are ultimately trying to get them to be the same. For now we are not going to penalize those that are with the highs.

Chairman Flakoll: On column 17, the 31%, is that all funds, state and tuition?

Rep. Skarphol: No. That is the base funding that goes up 31% and Lake Region was the most efficient with \$80.32 in the two year group. Wouldn't it be wise to reward the most efficient? They kept their cost down and have demonstrated their effectiveness.

Rep. Dosch: Their tuition was capped at 2% because of the amount of new money the state has put in as well.

Chairman Flakoll: We could even go to 0. That is the cap.

Rep. Dosch: They originally proposed a 0.88% increase so they could easily go to a 1%.

Rep. Skarphol: They can go to 0% or whatever they want because they are just caps.

Duane Espegard, President of State Board of Higher Education: As a suggestion or a plea, this would be the time to fund higher education so the tuition increases could even be less. The burden should not be on the students. We should pay more. I would like to see more funding so it would be less tuition. We are going to try to be as efficient as we can to deliver the system. That is easier said than done. I am just encouraging more funding for our colleges. I am probably more in line with the governor's plan.

Rep. Skarphol: The House has come a long ways toward the Governor's operating costs and we have exceeded in our minds at least the capital costs so in reality with the plan that has been accepted and principal in SB 2003 with regard to the medical school, we are actually above what the Governor had proposed for funding higher education in all aspects of higher education.

Chairman Flakoll: I don't think anyone disagrees you have made a lot of concessions. Essentially 250 cells or more here in this spreadsheet is a lot to fly through pretty quick.

Chairman Flakoll: Adjourned the conference committee

2013 SENATE STANDING COMMITTEE MINUTES

Senate Education Committee
Missouri River Room, State Capitol

SB 2200
4-30-13
21618

Conference Committee

Committee Clerk Signature

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact chapter 15-18.1 of the North Dakota Century Code, relating to the determination of funding for institutions of higher education; to provide an appropriation; to provide for a legislative management study; to provide for legislative intent; and to provide an expiration date.

Minutes:

You may make reference to "attached testimony."

Chairman Flakoll: opened the conference committee on SB 2200. All members present.

Tammy Dolan, OMB: I will walk you through the handout (Attachment #1 a) The one that starts with 2013-15 Budget Before Tuition Summary on the top. That first column is the Senate Version and Governor's Recommendation by campus and the second column is the version handed out yesterday in total funding. The third column is a proposal of what this worksheet will add up to when we are done going through it. This version has total general funds of \$560 million. On the back side (Attachment #1 b) uses annual inflation factors of 4.5 for the first year of the new biennium and 3.75 for the second year of the biennium resulting in a budget of about \$548 million. We added in a tuition buy down factor of \$1.75 per credit hours for each of the average student credit hours. That would generate almost \$12 million. The students and campuses would be paying the \$14.9 million.

Senator Holmberg: With the proposal yesterday the students would be paying \$28 million total.

Chairman Flakoll: It was \$26 million in the board's proposal. There are two campuses not on the formula right away.

Tammy Dolan: Minot and Williston would still be a little above the other campuses in their tiers but this maintains equalization within the tiers at all levels other than Minot or Williston. The one-time funds would still be in there.

Senator Holmberg: The Williston one-time funding is not as specific for them to utilize as the Minot flooding thing is.

Rep. Skarphol: Since it is one-time funding they couldn't use that for salaries which is the critical need of the campuses. I have an issue with the tuition buy down unless we apply it to North Dakota graduates.

Rep. Dosch: I would have to agree with that. On one had we are paying the universities an inflation factor 4.5% but why are we buying down the tuition of the non-North Dakota residents. We are saying 4.5% inflation that we increase in what we are paying to the universities but then inflation of only 1% doesn't seem to jive.

Senator Holmberg: I don't know how differentiating it would work with the reciprocity agreement we have with Minnesota. I don't know the particulars.

Tammy Dolan: I don't have the answer to that. I did want to point out the inflation factors came from the salary increases. The majority of these costs are the salaries for the campuses. It was really the 4% the first year, 3% the second year, and a little for the benefit increases.

Rep. Skarphol: I suspect we could give a scholarship to every North Dakota graduate.

Rep. Dosch: We could give a couple thousand dollars to every North Dakota kid that graduates from a North Dakota high school. Then we could let the tuition rise accordingly as the inflation factor indicates but we are not affecting our reciprocity.

Chairman Flakoll: You are talking about kids graduating from a ND high school. Were you proposing the dollar amount times the percent of in state students for the tuition buy down?

Rep. Dosch: It is something to consider. I think we have 107,000 kids total and if we are giving a \$12 million tuition buy down, isn't that a thousand dollars per kid?

Chairman Flakoll: I think it would be like more like we have 48,000 kids in the system and what percent of those are North Dakota seniors.

Senator Holmberg: Is it possible to have OMB run a number for the tuition issue if you put \$12 million into tuition scholarship for North Dakota graduates

Rep. Dosch: Not only would there be a \$12 million tuition buy down pool but that would allow the tuition increase to go back to a 3% tuition increase overall.

Senator Heckaman: What do you consider out of state? Graduating from an out of state school or do you consider them resident and non-resident.

Rep. Skarphol: It would have to be a North Dakota high school graduate because it only takes one year to get North Dakota residency.

Rep. Dosch: It could be along the same basis as the academic scholarship.

Chairman Flakoll: Adjourned the conference committee.

2013 SENATE STANDING COMMITTEE MINUTES

Senate Education Committee
Missouri River Room, State Capitol

SB 2200
4-30-13
21629

Conference Committee

Committee Clerk Signature

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact chapter 15-18.1 of the North Dakota Century Code, relating to the determination of funding for institutions of higher education; to provide an appropriation; to provide for a legislative management study; to provide for legislative intent; and to provide an expiration date.

Minutes:

You may make reference to "attached testimony."

Chairman Flakoll: opened the conference committee on SB 2200. All members present.

Chairman Flakoll: From a policy committee perspective we may have taken our eye off of the ball. In this we should consider simplifying it and moving some other decisions to SB 2003. Let's consider that this bill would do the portions with the various CIP codes, weighting factors, the study, the dollars for the study, and essentially set the base.

Senator Holmberg: You are suggesting we consider the inflation factor be handled in 2003 where the money is.

Chairman Flakoll: Correct. We would look at the consideration of the average of the top two at a starting base. Eventually we would like them all to be on the formula.

Rep. Skarphol: You think this committee should decide the funding level in 2003.

Chairman Flakoll: It is in the bill right now. We could have a specific number for the categories and let the other decisions with the total dollars involved be made in SB 2003. On the 6000 version pages 1, 2, 3, and 4 would remain as they are but on page 5, lines 5, 7, and 9, this committee would change those numbers. We would leave the minimums in there. The distribution would seem to be fine.

Senator Holmberg: What are you doing with line 13?

Chairman Flakoll: On page 5, lines 12-14 inclusive would be put to a decision in 2003.

Rep. Skarphol: You want to set the numbers on 5, 7, and 9?

Chairman Flakoll: Correct. You could look at the base average of the top two that was presented this morning. We want them all to get on the formula but we don't want to cause problems for Williston. As we continue if they make the decision in 2003 on how many dollars the state will provide, that could be a question for that committee in terms of tuition thresholds. Section 2 would remain in the bill. With the funding study I have an amendment related to AP courses. Section 4 would seem appropriate for the study.

Rep. Skarphol: On line 5 you suggest we go to \$66.35?

Chairman Flakoll: Correct for the first year. This would set the basis. I think this would be for the first year and in SB 2003 we decide the dollars we want in there and adjust the numbers accordingly. Williston would be \$104.88 as an example.

Rep. Skarphol: Aren't we going to have Minot State at a different level?

Chairman Flakoll: Two would not be on the formula right away. The intent is to get them all on the formula eventually.

Senator Holmberg: What number would Minot State be at, the \$98.75?

Chairman Flakoll: Yes.

Rep. Skarphol: We would have two different numbers in subsection b and two different numbers in subsection c.

Chairman Flakoll: Unless we put more base funding in and pull the other ones up higher. In terms of philosophically, it is a conversation point.

Senator Holmberg: what did you suggest for tuition limitation?

Chairman Flakoll: That would bounce off of whatever the first and second year payments would be.

Senator Holmberg: That will be part of the inflation factor 2003 will address.

Chairman Flakoll: We could leave it in but they have to react accordingly.

Rep. Skarphol: If we leave it in the bill you aren't anticipating it would change in 2003.

Chairman Flakoll: It seems like this group has a 4% threshold.

Senator Holmberg: If the dollar amounts are going to make a difference as to what the tuition rates might be and what the cap should be, why would there be anything in here about that? The dollars will determine what is possible and impossible.

Chairman Flakoll: You would address year two for the base payment.

Senator Holmberg: If we had a breakthrough and decided we didn't want tuition rates to be high this year the first year, that precludes us from putting an extra \$4 million in. I understand it is optional on the part of the board.

Rep. Dosch: These would be the maximums anyway. I can't imagine we would go over the 4 or 5%. I think because it says the limitation, we can go below it in 2003.

Senator Holmberg: From the public standpoint, you are asking the legislature to pass a bill that says NDSU and UND can go up to 4.5% increase. The folks who read that will just see the 4.5% and that is not the position.

Chairman Flakoll: We have to determine which bill that will go in.

Senator Heckaman: I agree with Senator Holmberg. When anyone sees that, they will see the numbers and we should lower them. That would be the job of appropriations.

Chairman Flakoll: Is there a general sentiment of the committee that 4% is the most?

Senator Heckaman: I am thinking 4% is way too high. I think 2% or 2.5% at the most.

Rep. Dosch: Could we put some legislative intent in here because we want to avoid the 8.8% increase that happened last time right after session? Can we put the intent in 2003 that we establish what the maximum tuition rate will be so we don't have to say specific amounts or percentages? We just want protection from last time so that doesn't happen again.

Chairman Flakoll: That percentage will somewhat be dictated. Both sides have talked about how much is in the state portions and how much is available locally. If we are looking at a 4+3+1+0, what resources will the campuses have?

Senator Holmberg: The board and campuses working with the board will have to determine that we have enough money for a 4% raise but we are uncomfortable with that so they will only take 3.5%.

Rep. Skarphol: Last session when we left it was implied the tuition increase would be no more that 2.3% and after 2 weeks it was an 8.8% request so I agree with Rep. Dosch that we need to prevent that from happening.

Senator Holmberg: We have half of the conference committee from 2003 in this room and I can't imagine Rep. Williams opposing putting a cap after we see how much money we have and then tighten the screws a bit and have a cap there because I agree with you. We need language to protect our integrity and I have no problem putting language in.

Chairman Flakoll: I will see what \$1 does to it. Tammy please run the campuses at their cap. Some campuses are at the cap. I want to know what \$1 more in that base do.

Rep. Skarphol: In the case of Williston, it would go up \$1%.

Chairman Flakoll: If you put inflationary rates on them you never get people on the formula. It is worth seeing what it would be. In some cases they were less than the House.

Rep. Skarphol: How do you want to deal with tuition issue on this bill? Do you want to remove it and set the intent and put this in 2003?

Senator Holmberg: The intent would be for another committee to do what this committee thinks. Half of this committee is on the other committee. We want restraint in tuition increases. I think we can remove the whole thing because the tuition limitation will be determined by the amount of money that goes in the category. The board always has the option to go with less.

Rep. Dosch: I make a motion we remove from the 6000 version SB 2200 page 5 lines 23 and through lines 17 on page 6 and it would be the intent that the conference committee on SB 2003 would address the maximum tuition amounts.

Senator Holmberg: Second

Chairman Flakoll: We are taking out the tuition caps with understanding 2003 will look at these.

Rep. Dosch: They would be set. We do not want to leave here without maximums being set.

Senator Holmberg: In order to do this we need two House votes. Are we also going to address lines 12-14 on page 5 because the inflationary factor will be set by the dollars?

Chairman Flakoll: We will handle that separately.

A roll call vote was taken to remove the tuition language in 15-18.1-08: 6 yeas, 0 nays, 0 absent. MOTION CARRIES.

Senator Holmberg: I move we remove lines 12-14 on page 5 of the 6000 version

Senator Heckaman: Second

Chairman Flakoll: That would be the inflationary factors. That will be decided in 2003.

Rep. Skarphol: When we do that we create a situation where we set the number in lines 5, 7, and 9. Next session there will be no inflationary factor in consideration for the second half of the biennium? If we set that number it would be set for the full biennium.

Chairman Flakoll: No. The intent would be we would set that number for the first year and then SB 2003 would decide for the second year.

Rep. Skarphol: In two years when we come back we will change lines 5, 7, and 9. If there is not an ability to have an inflationary factor for the second half of the biennia, that number will remain the same for both years of that biennia.

Chairman Flakoll: This committee will set the number for the first year. SB 2003 will set the number for the second year which will stay in place until we come back in 2015.

A roll call vote was taken to remove lines 12-14 on page 5 of the 6000 version: 6 yeas, 0 nays, 0 absent. MOTION CARRIES.

Chairman Flakoll: Meeting adjourned.

2013 SENATE STANDING COMMITTEE MINUTES

Senate Education Committee
Missouri River Room, State Capitol

SB 2200
4-30-13
21640

Conference Committee

Committee Clerk Signature

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact chapter 15-18.1 of the North Dakota Century Code, relating to the determination of funding for institutions of higher education; to provide an appropriation; to provide for a legislative management study; to provide for legislative intent; and to provide an expiration date.

Minutes:

You may make reference to "attached testimony."

Chairman Flakoll: called the conference committee to order. All members present.

Chairman Flakoll: passed out a handout (attachment #1) Since we have fewer moving parts, there are fewer categories. The two year campuses are within \$1. We tightened that up by doing the \$2. Under the four year regionals, those are within a dollar of the top campuses. Those top campuses in this scenario are the same as the House version.

Rep. Skarphol: I have a handout. (Attachment #2) The increase goes to \$101.73 not \$103.73. We may be willing to support the \$101.73. The difference in yours and mine are \$3 million. We are not willing to go above the Governor's budget. I will not vote for \$103.73.

Chairman Flakoll: What is your plan to provide long-term equity?

Rep. Skarphol: We would move more and more toward the institutions having the same dollar amount. It will be as we move forward, not in one leap.

Chairman Flakoll: Will you envision any of that coming with inflations in future sessions?

Rep. Skarphol: I would assume the study over the next two years would give us some guidance as to how we will adjust the model to more adequately address all of the issues that exist. There isn't a factor that addresses the uniqueness of the inflationary problems that Williston State College faces. I have all kinds of evidence to document that. We can address Williston temporarily in 2003. Over the interim we should take a look at the provisions in the Governor's model. I am not talking about CIP codes. I'm talking about provisions.

Chairman Flakoll: Give examples of the Williston situation so we know.

Rep. Skarphol: The average wage in Williams County that the college in Williston has to compete with is \$76,000. In Minot it is \$46,000. That is Job Service statistics. That is a substantial difference for one institution to have to deal with versus the rest. When you look at salaries in any of the other communities, they are not even close to what Williston has to compete with just to hire janitors, much less instructors. They can't compete with the local high school for salaries. This model does nothing for Williston.

Chairman Flakoll: Yep. We have said that for years on other things.

Rep. Skarphol: I move we accept the numbers in the handout I provided (Attachment #2)

Chairman Flakoll: The 1.8 physical plan factor, is that just the State school of science?

Rep. Skarphol: It is the only unique factor in the entire model.

Chairman Flakoll: What are the columns to the right of header #6?

Rep. Skarphol: That is the existing numbers. The new numbers would be in column #5.

Senator Holmberg: I think we need to move on this and there might be other corrections that need to be made in 2003 but if we have no closure on this, there is little reason for 2003 to meet so **I will second the motion.**

A roll call vote was taken to adopt the base funding mechanism in attachment #2: 6 yeas, 0 nays, 0 absent. MOTION CARRIES.

Chairman Flakoll: Adjourned the conference committee.

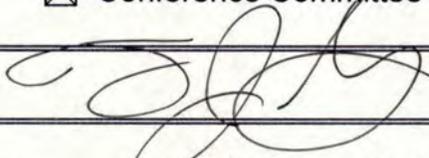
2013 SENATE STANDING COMMITTEE MINUTES

Senate Education Committee
Missouri River Room, State Capitol

SB 2200
5-01-13
21644

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact chapter 15-18.1 of the North Dakota Century Code, relating to the determination of funding for institutions of higher education; to provide an appropriation; to provide for a legislative management study; to provide for legislative intent; and to provide an expiration date.

Minutes:

You may make reference to "attached testimony."

Chairman Flakoll: Opened the conference committee on SB 2200. All members are present.

Chairman Flakoll: I have the 4009 amendments for SB 2200. (attachment #1)

Rep. Skarphol: I move the House Recede and further amend with the 4009 amendments.

Senator Holmberg: Second

A roll call vote was taken for the House to recede from the House amendments and further amend with the 4009 amendments: 6 yeas, 0 nays, 0 absent

Chairman Flakoll: Meeting adjourned.

FISCAL NOTE
Requested by Legislative Council
05/03/2013

Amendment to: SB 2200

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

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$16,676,024		\$18,013,366	
Appropriations			\$16,676,024		\$18,013,366	

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

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

Senate Bill 2200 establishes a formula to fund the ongoing operations of the State's 11 institutions of higher education on a per completed student credit hour basis. Weighting factors include instructional program classification codes, credit completion volume, and physical size of the campus.

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

Section 1 establishes an equalized per student credit hour (SCH) funding level for the three classifications of institutions: Research institutions (\$66.35); regional baccalaureate institutions (\$98.75 - Minot State University and \$95.57 Dickinson, Mayville, and Valley City State Universities); and community colleges (\$104.88 - Williston State College and \$101.73 - state colleges in Bismarck, Bottineau, Devil's Lake and Wahpeton) If SCH production decreases, funding reductions are limited to four percent each year. Additionally, annual tuition increases are capped at between 3% and 5%, depending on the institution. Section 4 appropriates \$150,000 for a legislative study of higher education funding methods.

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

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

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

2013-15: \$21,090,261 from the general fund was included in the Executive Budget to equalize the per SCH funding levels between the individual schools in each institutional classification. SB2200, as amended, requires \$16,526,024 for equity payments, plus \$150,000 for the legislative study. 2015-17: The 2013-15 equity amount was increased to \$18,013,366, assuming an inflationary factor (9%) for anticipated wage and operating inflation. Amounts are included in the operating expense appropriation lines of SB2003 for each affected campus. The number of FTE is not changed.

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

2013-15: \$21,090,261 from the general fund was included in the Executive Budget to equalize the per SCH funding levels between the individual schools in each institutional classification. SB2200, as amended, requires \$16,526,024 for equity payments, plus \$150,000 for the legislative study. 2015-17: The 2013-15 equity amount was increased to \$18,013,366, assuming an inflationary factor (9%) for anticipated wage and operating inflation. Amounts are included in the operating expense appropriation lines of SB2003 for each affected campus. The number of FTE is not changed.

Name: Tammy Dolan

Agency: OMB

Telephone: 328-4947

Date Prepared: 05/03/2013

FISCAL NOTE
Requested by Legislative Council
04/17/2013

Amendment to: SB 2200

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

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$19,107,015		\$20,663,000	
Appropriations			\$19,107,015		\$20,663,000	

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

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

Senate Bill 2200 establishes a formula to fund the ongoing operations of the State's 11 institutions of higher education on a per completed student credit hour basis. Weighting factors include instructional program classification codes, credit completion volume, and physical size of the campus.

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

Section 1 establishes an equalized per student credit hour (SCH) funding level for the three classifications of institutions: Research institutions (\$67.00); regional baccalaureate institutions (\$97.00); and community colleges (\$101.000.) A 1% inflationary factor is added to the base in each year of the biennium. If SCH production decreases, funding reductions are limited to four percent each year. Additionally, annual tuition increases are capped at between 3% and 5%, depending on the institution. Section 4 appropriates \$150,000 for a legislative study of higher education funding methods.

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

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

Tuition revenues are not appropriated. The bill does not mandate tuition increases; therefore, the impact on institutional revenues cannot be determined at this time.

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

2013-15: \$21,090,261 from the general fund was included in the Executive Budget to equalize the per SCH funding levels between the individual schools in each institutional classification. SB2200, as amended, requires \$18,957,015 for equalization at a lower per SCH level, plus \$150,000 for the legislative study. 2015-17: The 2013-15 equalization amount was increased to \$20,663,000, assuming an inflationary factor (9%) for anticipated wage and operating inflation. Amounts are included in the operating expense appropriation lines for each affected campus. The number of FTE is not changed.

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

2013-15: \$21,090,261 from the general fund was included in the Executive Budget to equalize the per SCH funding levels between the individual schools in each institutional classification. SB2200, as amended, requires \$18,957,015 for equalization at a lower per SCH level, plus \$150,000 for the legislative study. 2015-17: The 2013-15 equalization amount was increased to \$20,663,000, assuming an inflationary factor (9%) for anticipated wage and operating inflation. Amounts are included in the operating expense appropriation lines for each affected campus. The number of FTE is not changed.

Name: Tammy Dolan

Agency: Office of Management and Budget

Telephone: 328-4947

Date Prepared: 04/17/2013

FISCAL NOTE
Requested by Legislative Council
01/21/2013

Revised
 Bill/Resolution No.: SB 2200

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

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$21,090,261		\$22,988,000	
Appropriations			\$21,090,261		\$22,988,000	

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

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties			
Cities			
School Districts			
Townships			

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

Senate Bill 2200 establishes a formula to fund the ongoing operations of the State's 11 institutions of higher education on a per completed student credit hour basis. Weighting factors include instructional program classification codes, credit completion volume, and physical size of the campus.

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

Section 1 establishes a per student credit hour (SCH) funding level for the three classifications of institutions: Research institutions (\$72.70); regional baccalaureate institutions (\$110.80); and community colleges (\$117.60.) This assumes that existing per SCH funding is equalized within the schools in each category, which is currently not the case. If SCH production decreases, funding reductions are limited to four percent each year.

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

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

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

2013-15: \$21,090,261 from the general fund was included in the Executive Budget to equalize the per SCH funding levels between the individual schools in each institutional classification. 2015-17: The 2013-15 amount was increased to \$22,988,000, assuming an inflationary factor (9%) for anticipated wage and operating inflation. Amounts are included in the operating expense appropriation lines for each affected campus. The number of FTE is not changed.

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

2013-15: \$21,090,261 from the general fund was included in the Executive Budget to equalize the per SCH funding levels between the individual schools in each institutional classification. 2015-17: The 2013-15 amount was increased to \$22,988,000, assuming an inflationary factor (9%) for anticipated wage and operating inflation. Amounts are included in the operating expense appropriation lines for each affected campus. The number of FTE is not changed.

Name: Tammy Dolan

Agency: Office of Management and Budget

Telephone: 328-4947

Date Prepared: 01/21/2013

May 1, 2013

FB
5-1-13
1 of 6

PROPOSED AMENDMENTS TO SENATE BILL NO. 2200

That the House recede from its amendments as printed on pages 1721-1723 of the Senate Journal and pages 1633-1635 of the House Journal and that Senate Bill No. 2200 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact chapter 15-18.1 of the North Dakota Century Code, relating to the determination of funding for institutions of higher education; to provide an appropriation; to provide for a legislative management study; to provide for legislative intent; and to provide an expiration date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. Chapter 15-18.1 of the North Dakota Century Code is created and enacted as follows:

15-18.1-01. Credit-hours - Determination.

1. For each institution under its control, the state board of higher education shall determine the number of credit-hours completed by students during the two-year period ending June thirtieth of each odd-numbered year.
2. For purposes of this section, a completed credit-hour is one for which a student met all institutional requirements and obtained a passing grade.

15-18.1-02. Weighted credit-hours - Determination - Instructional program classification factors - Submission to legislative management.

1. In order to determine the weighted credit-hours for each institution under its control, the state board of higher education shall multiply each of an institution's completed credit-hours, as determined under section 15-18.1-01, by an instructional program classification factor, as set forth in this section.
 - a. The factors for credits completed in agriculture are:
 - (1) 1.9 for lower division credits;
 - (2) 3.8 for upper division credits;
 - (3) 5.7 for professional level credits; and
 - (4) 7.6 for graduate level credits.
 - b. The factors for credits completed in architecture are:
 - (1) 1.8 for lower division credits;
 - (2) 3.6 for upper division credits;

2014

- (3) 5.4 for professional level credits; and
- (4) 7.2 for graduate level credits.
- c. The factors for credits completed in aviation are:
 - (1) 1.9 for lower division credits;
 - (2) 3.8 for upper division credits;
 - (3) 5.7 for professional level credits; and
 - (4) 7.6 for graduate level credits.
- d. The factors for credits completed in the biological and physical sciences are:
 - (1) 1.9 for lower division credits;
 - (2) 3.8 for upper division credits;
 - (3) 5.7 for professional level credits; and
 - (4) 7.6 for graduate level credits.
- e. The factors for credits completed in business are:
 - (1) 1.9 for lower division credits;
 - (2) 3.8 for upper division credits;
 - (3) 5.7 for professional level credits; and
 - (4) 7.6 for graduate level credits.
- f. The factors for credits completed in education are:
 - (1) 1.9 for lower division credits;
 - (2) 3.8 for upper division credits;
 - (3) 5.7 for professional level credits; and
 - (4) 7.6 for graduate level credits.
- g. The factors for credits completed in engineering are:
 - (1) 2.5 for lower division credits;
 - (2) 5.0 for upper division credits;
 - (3) 7.5 for professional level credits; and
 - (4) 10.0 for graduate level credits.
- h. The factors for credits completed in the health sciences are:
 - (1) 3.0 for lower division credits;
 - (2) 6.0 for upper division credits;
 - (3) 9.0 for professional level credits;
 - (4) 12.0 for graduate level credits; and

- (5) 38.0 for medical school credits.
- i. The factors for credits completed in legal studies are:
 - (1) 3.5 for lower division credits;
 - (2) 7.0 for upper division credits;
 - (3) 10.5 for professional level credits; and
 - (4) 14.0 for graduate level credits.
- j. The factors for credits completed in the core disciplines are:
 - (1) 1.0 for lower division credits;
 - (2) 2.0 for upper division credits;
 - (3) 3.0 for professional level credits; and
 - (4) 4.0 for graduate level credits.
- k. The factor for credits completed in career and technical education is 2.0.
- l. The factor for completed remedial credits is 2.3.
- 2. a. The state board of higher education shall ensure that all delineations in this section reflect the requirements of a nationally recognized and standardized instructional program classification system.
- b. Before adopting any changes to the delineations implemented in accordance with this section, the state board of higher education shall present the proposed changes to and receive the approval of the legislative management.

15-18.1-03. Credit completion factor - Determination.

- 1. For each institution under its control, the state board of higher education shall multiply the product determined under section 15-18.1-02 by a factor of:
 - a. 1.00 if the number of credit-hours is at least 100,000;
 - b. 1.05 if the number of credit-hours is at least 95,000 but less than 100,000;
 - c. 1.10 if the number of credit-hours is at least 90,000 but less than 95,000;
 - d. 1.15 if the number of credit-hours is at least 85,000 but less than 90,000;
 - e. 1.20 if the number of credit-hours is at least 80,000 but less than 85,000;
 - f. 1.25 if the number of credit-hours is at least 75,000 but less than 80,000;
 - g. 1.30 if the number of credit-hours is at least 70,000 but less than 75,000;

- h. 1.35 if the number of credit-hours is at least 65,000 but less than 70,000;
- i. 1.40 if the number of credit-hours is at least 60,000 but less than 65,000;
- j. 1.45 if the number of credit-hours is at least 55,000 but less than 60,000;
- k. 1.50 if the number of credit-hours is at least 50,000 but less than 55,000;
- l. 1.55 if the number of credit-hours is at least 45,000 but less than 50,000;
- m. 1.60 if the number of credit-hours is at least 40,000 but less than 45,000;
- n. 1.65 if the number of credit-hours is at least 35,000 but less than 40,000;
- o. 1.70 if the number of credit-hours is at least 30,000 but less than 35,000;
- p. 1.75 if the number of credit-hours is at least 25,000 but less than 30,000;
- q. 1.80 if the number of credit-hours is at least 20,000 but less than 25,000;
- r. 1.85 if the number of credit-hours is at least 15,000 but less than 20,000;
- s. 1.90 if the number of credit-hours is at least 10,000 but less than 15,000;
- t. 1.95 if the number of credit-hours is at least 5,000 but less than 10,000; and
- u. 2.00 if the number of credit-hours is less than 5,000.

2. For purposes of this section, the number of credit-hours must be those determined by the state board of higher education in accordance with section 15-18.1-01.

15-18.1-04. Institutional size factor - Determination.

- 1. For each institution under its control, the state board of higher education shall multiply the product determined under section 15-18.1-03 by a size factor of:
 - a. 1.0 if the square footage of the institution, when divided by the institution's weighted credit-hours results in a quotient of less than 5.00; or
 - b. 1.8 if the square footage of the institution, when divided by the institution's weighted credit-hours results in a quotient of 5.00 or more.
- 2. For purposes of this section, an institution's square footage:

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- a. Includes all real property owned by the state within an institution's perimeter, except for agricultural experiment stations, agricultural research extension centers, technology parks, and state agencies; and
- b. Is determined as of June thirtieth in each odd-numbered year.

15-18.1-05. Base funding - Determination of state aid.

In order to determine the state aid payment to which each institution under its control is entitled, the state board of higher education shall multiply the product determined under section 15-18.1-04 by a base amount of:

- 1. \$66.35 in the case of North Dakota state university and the university of North Dakota;
- 2. \$95.57 in the case of Dickinson state university, Mayville state university, and Valley City state university;
- 3. \$98.75 in the case of Minot state university;
- 4. \$101.73 in the case of Bismarck state college, Dakota college at Bottineau, Lake Region state college, and North Dakota state college of science; and
- 5. \$104.88 in the case of Williston state college.

15-18.1-06. Base funding - Minimum amount payable.

Notwithstanding any calculations required by this chapter, during each fiscal year, beginning with 2014-15, an institution may not receive less than ninety-six percent of the state aid to which the institution was entitled under this chapter during the previous fiscal year.

15-18.1-07. Funding - Distribution.

The state aid to which each institution is entitled under this chapter must be forwarded at the time and in the manner agreed to by the institution and the office of management and budget.

SECTION 2. LEGISLATIVE INTENT. In order to maintain the integrity of the funding formula established under this chapter, it is the intent of the legislative assembly that any proposed increases in the funding of institutions be achieved through the amendment of section 15-18.1-05.

SECTION 3. LEGISLATIVE MANAGEMENT STUDY - HIGHER EDUCATION FUNDING. During the 2013-14 interim, the legislative management shall appoint an interim committee to study higher education funding methods.

- 1. The committee shall review higher education funding methods and recommend for the North Dakota university system a new funding method that is not based on existing levels of funding.
- 2. The committee shall consult with representatives of the state board of higher education, the North Dakota university system office, higher education institutions, and other appropriate entities.

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3. The committee shall consider:
 - a. The inclusion of tuition revenue as a component of the funding method;
 - b. The level of nonresident tuition rates, including whether the rates charged should provide for the entire cost of a student's education and whether state funding should be provided to offset the educational costs of nonresident students;
 - c. Options to address unique institution needs due to program facility requirements, local costs of goods and labor, and other extraordinary needs;
 - d. The appropriateness of including remedial education and dual-credit course completions in the funding method and which entity should be responsible for paying course costs;
 - e. Facilities required to meet an institution's mission, including the utilization of existing institution facilities and additional facilities needs as identified in the university system campus master plan and space utilization study;
 - f. Administrative costs at institutions, including the appropriateness of providing separate funding allocations to institutions for instructional and administrative costs;
 - g. Options to provide enhanced funding for programs that address state priorities and workforce needs;
 - h. Options to provide performance funding distributions to campuses for meeting specified goals such as on-time graduation rates and job placements; and
 - i. Any other issues the committee deems appropriate.
4. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fourth legislative assembly.

SECTION 4. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$150,000, or so much of the sum as may be necessary, to the legislative council for the purpose of defraying expenses associated with the study of higher education funding as provided for in section 3 of this Act, for the biennium beginning July 1, 2013, and ending June 30, 2015.

SECTION 5. EXPIRATION DATE. Section 15-18.1-06 of this Act is effective through June 30, 2017, and after that date is ineffective."

Renumber accordingly

Date 4-30-13
 Roll Call Vote # 1

**2013 SENATE CONFERENCE COMMITTEE
 ROLL CALL VOTES**

BILL/RESOLUTION NO. 2200 as (re) engrossed

Senate Education Committee

- Action Taken**
- SENATE accede to House Amendments
 - SENATE accede to House Amendments and further amend
 - HOUSE recede from House amendments
 - HOUSE recede from House amendments and amend as follows

Unable to agree, recommends that the committee be discharged and a new committee be appointed
 Remove tuition caps in the bill

Motion Made by: Dosch Seconded by: Holmberg

Senators	4-30	4-30	Yes	No	Representatives	4-30	4-30	Yes	No
Senator Flakoll	/	✓	✓	/	Rep. Skarphol	/	✓	✓	/
Senator Holmberg	/	✓	✓	/	Rep. Dosch	/	✓	✓	/
Senator Heckaman	/	✓	✓	/	Rep. Williams	/	✓	✓	/
Total Senate Vote					Total Rep. Vote				

Vote Count Yes: 6 No: 0 Absent: 0

Senate Carrier _____ House Carrier _____

LC Number _____ of amendment

LC Number _____ of engrossment

Date 4-30-13
 Roll Call Vote # 2

**2013 SENATE CONFERENCE COMMITTEE
 ROLL CALL VOTES**

BILL/RESOLUTION NO. 2200 as (re) engrossed

Senate Education Committee

- Action Taken**
- SENATE accede to House Amendments
 - SENATE accede to House Amendments and further amend
 - HOUSE recede from House amendments
 - HOUSE recede from House amendments and amend as follows
 - Unable to agree**, recommends that the committee be discharged and a new committee be appointed
- remove section 5, the inflationary factors

Motion Made by: Holmberg Seconded by: Heckaman

Senators				Yes	No	Representatives				Yes	No
Senator Flakoll				✓		Rep. Skarphol				✓	
Senator Holmberg				✓		Rep. Dosch				✓	
Senator Heckaman				✓		Rep. Williams				✓	
Total Senate Vote						Total Rep. Vote					

Vote Count Yes: _____ No: _____ Absent: _____

Senate Carrier _____ House Carrier _____

LC Number _____ of amendment

LC Number _____ of engrossment

Date 4-30-13
 Roll Call Vote # 1

**2013 SENATE CONFERENCE COMMITTEE
 ROLL CALL VOTES**

BILL/RESOLUTION NO. 2200 as (re) engrossed

Senate Education Committee

- Action Taken**
- SENATE accede to House Amendments
 - SENATE accede to House Amendments and further amend
 - HOUSE recede from House amendments
 - HOUSE recede from House amendments and amend as follows

Unable to agree, recommends that the committee be discharged and a new committee be appointed

adopt amendment to change base funding mechanism
 Motion Made by: Skarphol Seconded by: Holmberg

Senators	<u>4-30</u>	Yes	No	Representatives	<u>4-30</u>	Yes	No
Senator Flakoll	/	✓		Rep. Skarphol	/	✓	
Senator Holmberg	/	✓		Rep. Dosch	/	✓	
Senator Heckaman	/	✓		Rep. Williams	/	✓	
Total Senate Vote				Total Rep. Vote			

Vote Count Yes: _____ No: _____ Absent: _____

Senate Carrier _____ House Carrier _____

LC Number _____ of amendment

LC Number _____ of engrossment

Date 5-1-13

Roll Call Vote # 1

**2013 SENATE CONFERENCE COMMITTEE
ROLL CALL VOTES**

BILL/RESOLUTION NO. 2200 as (re) engrossed

Senate Education Committee

- Action Taken**
- SENATE accede to House Amendments
 - SENATE accede to House Amendments and further amend
 - HOUSE recede from House amendments
 - HOUSE recede from House amendments and amend as follows
4009 amendments
 - Unable to agree**, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Skarphol Seconded by: Holmberg

Senators		Y-1	Yes	No	Representatives		Y-1	Yes	No
Senator Flakoll	/		✓		Rep. Skarphol	/		✓	
Senator Holmberg	/		✓		Rep. Dosch	/		✓	
Senator Heckaman	/		✓		Rep. Williams	/		✓	
Senator [unclear]					Rep. [unclear]				
Total Senate Vote					Total Rep. Vote				

Vote Count Yes: 6 No: 0 Absent: 0

Senate Carrier _____ House Carrier _____

LC Number 13.0272 . 04009 of amendment

LC Number _____ of engrossment

REPORT OF CONFERENCE COMMITTEE

SB 2200: Your conference committee (Sens. Flakoll, Holmberg, Heckaman and Reps. Skarphol, Dosch, Williams) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ pages 1721-1723, adopt amendments as follows, and place SB 2200 on the Seventh order:

That the House recede from its amendments as printed on pages 1721-1723 of the Senate Journal and pages 1633-1635 of the House Journal and that Senate Bill No. 2200 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact chapter 15-18.1 of the North Dakota Century Code, relating to the determination of funding for institutions of higher education; to provide an appropriation; to provide for a legislative management study; to provide for legislative intent; and to provide an expiration date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. Chapter 15-18.1 of the North Dakota Century Code is created and enacted as follows:

15-18.1-01. Credit-hours - Determination.

1. For each institution under its control, the state board of higher education shall determine the number of credit-hours completed by students during the two-year period ending June thirtieth of each odd-numbered year.
2. For purposes of this section, a completed credit-hour is one for which a student met all institutional requirements and obtained a passing grade.

15-18.1-02. Weighted credit-hours - Determination - Instructional program classification factors - Submission to legislative management.

1. In order to determine the weighted credit-hours for each institution under its control, the state board of higher education shall multiply each of an institution's completed credit-hours, as determined under section 15-18.1-01, by an instructional program classification factor, as set forth in this section.
 - a. The factors for credits completed in agriculture are:
 - (1) 1.9 for lower division credits;
 - (2) 3.8 for upper division credits;
 - (3) 5.7 for professional level credits; and
 - (4) 7.6 for graduate level credits.
 - b. The factors for credits completed in architecture are:
 - (1) 1.8 for lower division credits;
 - (2) 3.6 for upper division credits;
 - (3) 5.4 for professional level credits; and
 - (4) 7.2 for graduate level credits.
 - c. The factors for credits completed in aviation are:

- (1) 1.9 for lower division credits;
- (2) 3.8 for upper division credits;
- (3) 5.7 for professional level credits; and
- (4) 7.6 for graduate level credits.

d. The factors for credits completed in the biological and physical sciences are:

- (1) 1.9 for lower division credits;
- (2) 3.8 for upper division credits;
- (3) 5.7 for professional level credits; and
- (4) 7.6 for graduate level credits.

e. The factors for credits completed in business are:

- (1) 1.9 for lower division credits;
- (2) 3.8 for upper division credits;
- (3) 5.7 for professional level credits; and
- (4) 7.6 for graduate level credits.

f. The factors for credits completed in education are:

- (1) 1.9 for lower division credits;
- (2) 3.8 for upper division credits;
- (3) 5.7 for professional level credits; and
- (4) 7.6 for graduate level credits.

g. The factors for credits completed in engineering are:

- (1) 2.5 for lower division credits;
- (2) 5.0 for upper division credits;
- (3) 7.5 for professional level credits; and
- (4) 10.0 for graduate level credits.

h. The factors for credits completed in the health sciences are:

- (1) 3.0 for lower division credits;
- (2) 6.0 for upper division credits;
- (3) 9.0 for professional level credits;
- (4) 12.0 for graduate level credits; and
- (5) 38.0 for medical school credits.

- i. The factors for credits completed in legal studies are:
 - (1) 3.5 for lower division credits;
 - (2) 7.0 for upper division credits;
 - (3) 10.5 for professional level credits; and
 - (4) 14.0 for graduate level credits.
- j. The factors for credits completed in the core disciplines are:
 - (1) 1.0 for lower division credits;
 - (2) 2.0 for upper division credits;
 - (3) 3.0 for professional level credits; and
 - (4) 4.0 for graduate level credits.
- k. The factor for credits completed in career and technical education is 2.0.
- l. The factor for completed remedial credits is 2.3.
- 2. a. The state board of higher education shall ensure that all delineations in this section reflect the requirements of a nationally recognized and standardized instructional program classification system.
- b. Before adopting any changes to the delineations implemented in accordance with this section, the state board of higher education shall present the proposed changes to and receive the approval of the legislative management.

15-18.1-03. Credit completion factor - Determination.

- 1. For each institution under its control, the state board of higher education shall multiply the product determined under section 15-18.1-02 by a factor of:
 - a. 1.00 if the number of credit-hours is at least 100,000;
 - b. 1.05 if the number of credit-hours is at least 95,000 but less than 100,000;
 - c. 1.10 if the number of credit-hours is at least 90,000 but less than 95,000;
 - d. 1.15 if the number of credit-hours is at least 85,000 but less than 90,000;
 - e. 1.20 if the number of credit-hours is at least 80,000 but less than 85,000;
 - f. 1.25 if the number of credit-hours is at least 75,000 but less than 80,000;
 - g. 1.30 if the number of credit-hours is at least 70,000 but less than 75,000;

- h. 1.35 if the number of credit-hours is at least 65,000 but less than 70,000;
 - i. 1.40 if the number of credit-hours is at least 60,000 but less than 65,000;
 - j. 1.45 if the number of credit-hours is at least 55,000 but less than 60,000;
 - k. 1.50 if the number of credit-hours is at least 50,000 but less than 55,000;
 - l. 1.55 if the number of credit-hours is at least 45,000 but less than 50,000;
 - m. 1.60 if the number of credit-hours is at least 40,000 but less than 45,000;
 - n. 1.65 if the number of credit-hours is at least 35,000 but less than 40,000;
 - o. 1.70 if the number of credit-hours is at least 30,000 but less than 35,000;
 - p. 1.75 if the number of credit-hours is at least 25,000 but less than 30,000;
 - q. 1.80 if the number of credit-hours is at least 20,000 but less than 25,000;
 - r. 1.85 if the number of credit-hours is at least 15,000 but less than 20,000;
 - s. 1.90 if the number of credit-hours is at least 10,000 but less than 15,000;
 - t. 1.95 if the number of credit-hours is at least 5,000 but less than 10,000; and
 - u. 2.00 if the number of credit-hours is less than 5,000.
2. For purposes of this section, the number of credit-hours must be those determined by the state board of higher education in accordance with section 15-18.1-01.

15-18.1-04. Institutional size factor - Determination.

- 1. For each institution under its control, the state board of higher education shall multiply the product determined under section 15-18.1-03 by a size factor of:
 - a. 1.0 if the square footage of the institution, when divided by the institution's weighted credit-hours results in a quotient of less than 5.00; or
 - b. 1.8 if the square footage of the institution, when divided by the institution's weighted credit-hours results in a quotient of 5.00 or more.
- 2. For purposes of this section, an institution's square footage:

- a. Includes all real property owned by the state within an institution's perimeter, except for agricultural experiment stations, agricultural research extension centers, technology parks, and state agencies; and
- b. Is determined as of June thirtieth in each odd-numbered year.

15-18.1-05. Base funding - Determination of state aid.

In order to determine the state aid payment to which each institution under its control is entitled, the state board of higher education shall multiply the product determined under section 15-18.1-04 by a base amount of:

1. \$66.35 in the case of North Dakota state university and the university of North Dakota;
2. \$95.57 in the case of Dickinson state university, Mayville state university, and Valley City state university;
3. \$98.75 in the case of Minot state university;
4. \$101.73 in the case of Bismarck state college, Dakota college at Bottineau, Lake Region state college, and North Dakota state college of science; and
5. \$104.88 in the case of Williston state college.

15-18.1-06. Base funding - Minimum amount payable.

Notwithstanding any calculations required by this chapter, during each fiscal year, beginning with 2014-15, an institution may not receive less than ninety-six percent of the state aid to which the institution was entitled under this chapter during the previous fiscal year.

15-18.1-07. Funding - Distribution.

The state aid to which each institution is entitled under this chapter must be forwarded at the time and in the manner agreed to by the institution and the office of management and budget.

SECTION 2. LEGISLATIVE INTENT. In order to maintain the integrity of the funding formula established under this chapter, it is the intent of the legislative assembly that any proposed increases in the funding of institutions be achieved through the amendment of section 15-18.1-05.

SECTION 3. LEGISLATIVE MANAGEMENT STUDY - HIGHER EDUCATION FUNDING. During the 2013-14 interim, the legislative management shall appoint an interim committee to study higher education funding methods.

1. The committee shall review higher education funding methods and recommend for the North Dakota university system a new funding method that is not based on existing levels of funding.
2. The committee shall consult with representatives of the state board of higher education, the North Dakota university system office, higher education institutions, and other appropriate entities.
3. The committee shall consider:
 - a. The inclusion of tuition revenue as a component of the funding method;

- b. The level of nonresident tuition rates, including whether the rates charged should provide for the entire cost of a student's education and whether state funding should be provided to offset the educational costs of nonresident students;
 - c. Options to address unique institution needs due to program facility requirements, local costs of goods and labor, and other extraordinary needs;
 - d. The appropriateness of including remedial education and dual-credit course completions in the funding method and which entity should be responsible for paying course costs;
 - e. Facilities required to meet an institution's mission, including the utilization of existing institution facilities and additional facilities needs as identified in the university system campus master plan and space utilization study;
 - f. Administrative costs at institutions, including the appropriateness of providing separate funding allocations to institutions for instructional and administrative costs;
 - g. Options to provide enhanced funding for programs that address state priorities and workforce needs;
 - h. Options to provide performance funding distributions to campuses for meeting specified goals such as on-time graduation rates and job placements; and
 - i. Any other issues the committee deems appropriate.
4. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fourth legislative assembly.

SECTION 4. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$150,000, or so much of the sum as may be necessary, to the legislative council for the purpose of defraying expenses associated with the study of higher education funding as provided for in section 3 of this Act, for the biennium beginning July 1, 2013, and ending June 30, 2015.

SECTION 5. EXPIRATION DATE. Section 15-18.1-06 of this Act is effective through June 30, 2017, and after that date is ineffective."

Renumber accordingly

SB 2200 was placed on the Seventh order of business on the calendar.

2013 TESTIMONY

SB 2200

H 1

Chairman Flakoll and Members of the Committee---

My name is Mark Sanford. I represent District 17 in the House and I am here in support of SB 2200.

I served as a member of the Higher Education Interim Committee. A major project of that committee was reviewing the possibilities of performance funding of higher education in our state. We were afforded the opportunity to visit with experts from other states as well as from our system of higher education. These experiences provided the advantage of comparing our funding system with several other states.

The key component of every state's higher education mission statement is "successful students". It is a pretty direct thought to imagine that the system should then be compensated on the basis of this outcome. That is the basis of my support for this bill.

The proposed formula is based on credits successfully completed by students. As such it is performance based. As has been explained in the overview of the bill the institutions receive various levels of financial support for the credits completed depending on the funding requirements of each course/department. This base model of funding would be much easier to explain to citizens. In addition, it would be straightforward for the legislature to make cost of doing business adjustments to the formula in future sessions.

I believe it is also easy to imagine this base formula being enhanced by the addition of other performance

factors in the future. Examples could include basing some of the funding on factors such as success on licensure exams, employment of graduates in their major field, employer satisfaction with the work record of our graduates, and an exit exam that measures how much our students have truly learned in all areas of their college experience.

Other major sources of revenue for higher education include income from services (housing, food, books, etc.), income from grants, contracts, partnerships, gifts, and research, as well as income from tuition and fees. It is interesting to note the performance based nature of both the services income and the grants, contracts, etal income. You either do these well or you lose your "customers".

Funding higher education on the basis of performance makes sense to me. It clarifies for all what the basis for future funding will be thus providing institutions the opportunity to better plan and the capacity to better control their future finances. Most importantly this system focuses on successful students which is good for all concerned.

SB 2200

January 222, 2013

Senator Tim Flakoll

#2

Improved Funding Mechanism for Higher Education

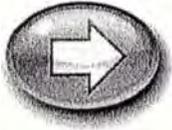
Mr. Chairman and members of the Senate Education Committee. For the record, I am Senator Tim Flakoll of District 44 of Fargo and prime sponsor of SB 2200.

For many years the funding mechanism for higher education has been debated in North Dakota and other states across the country. While North Dakota has made major new investments in higher education in the near term, those investments have been based on historic funding levels and generally not set metrics that are transparent, consistent, readily understood or rooted in a logical measurable set of data. As such it has not enjoyed as broad base of legislative and citizen support as it could.

Funding within programs and between campuses has been hotly debated with few improvements.

The new funding model funds campuses based on the credits that students successfully complete, rather than the current focus on historical funding, head count or class enrollments. The new formula, based on student credit hours completed, takes into account the varying costs of educational instruction, including advanced levels of study, campus size and credit volume (output efficiency). It solves a decades long problem and should produce a seismic improvement in legislative trust and reduce infighting between campuses.

Since it is credit based, the formula places an equal value on summer school students as well as non-traditional students who are chipping away at their degree (example – a part time student who holds a full time job) to more traditional students who are in their class. It provides an excellent solution regarding how the treat summer school courses. I believe it will lead to students taking a larger class load which will result in 1) earlier graduation, 2) reduced student loan debt, 3) getting workers more quickly into industry and 4) reducing the overall cost per grad.



This improved formula provides transparency, predictability, general ease of understanding and is outcome based.

For a new funding formula to be successful, it was thought that the mechanism must have a number of traits including:

- 1) Be transparent, consistent, comprehensive and relatively easy to understand.
- 2) Fosters trust with policy makers and be defensible.
- 3) Be free of funding silos or individual/campus manipulation.
- 4) Reflect the actual costs of credits that are higher cost to deliver, compared to those that can be delivered more efficiently.
- 5) Reflect the costs of different size campuses (physical plant) and their corresponding efficiencies.
- 6) Support the institutions with predictable and transparent funding to meet their mission.
- 7) Recognize and acknowledge different types of institutions and programmatic needs.
- 8) Similar to K-12, we wish to avoid over burdensome reporting that is not beneficial or reflective of our goals.
- 9) Encourage matriculation so that students graduate in a timely manner and foster student success.
- 10) A new funding mechanism that does not imply that some programs have more value than others.
- 11) Support student academic and personal growth.
- 12) In keeping with the spirit of North Dakota's desire for local involvement/control, provide flexibility to the institutions and enable local decision making.
- 13) Provides the state with a well prepared, highly trained workforce to meet our workforce and economic development needs.
- 14) The new formula will not include funds for major capital construction projects, scholarships, or the system office.

This proposed output based model is based on student credit hours completed which is a change from the current model which is largely based on historical funding levels. The new funding mechanism provides a North Dakota led solution that reflects North Dakota principals and priorities. It comes as a result of exhaustive efforts from campus finance leaders representing two-year campuses, four-year regional campuses and four-year research campuses.

I should also note for the record that all campus Presidents have gone on record as endorsing this new formula. The statistical odds of all 11 campuses agreeing on anything is statistically less likely than the Vikings winning the Super Bowl in the same year the Chicago Cubs win the World Series.

Funding Model Methodology

Using this formula, campus general base funding will be generated using passing grade, completed student credit hours at each higher education institution in the NDUS.

These completed credit hours will then be included in a formula using factors for:

1) **Classification of Instructional Programs (CIP) Cost Factor** – reflects the actual historical cost of instruction at campuses in the system. Instructional subject disciplines offered according to the Classification of Instructional Programs (CIP) as directed by the U.S. Department of Education. Campuses have used this federal reporting nomenclature for the past 32 years.

2) **Credit volume completion factor** based on institution output (credits successfully completed) for the biennium.

3) **Institutional physical plant size factor.**

After the weighted credit hours have been determined using the applicable factors, those credit hours will be multiplied by the base funding target dollar amount for general funding for each institution tier type (2 year, 4 year, research).

I will now walk you through the funding formula greater detail and present you with an example of how it would work per credit.

Factor #1 of 4 - Level of Instruction – the higher the level of instruction or the more costly it is to deliver the more formula dollars they will receive.

These factors are found starting on page 1 line 13 of the bill and go through page 3 line 22 of the bill.

The weighting factors are increased based on a student's level of instruction (lower division, upper division, professional, MA/PhD and MD) to recognize the cost differences that occur as the level of instruction changes (see discipline cluster/matrix). The relative differences in weights represent the actual cost differences that have been encountered.

Discipline Cluster	Lower Division	Upper Division	Professional	Master's	Doctoral	MD
Core Disciplines	1.0	2.0	3.0	4.0	4.0	n/a
Agriculture	1.9	3.8	5.7	7.6	7.6	n/a
Architecture	1.8	3.6	5.4	7.2	7.2	n/a
Aviation	1.9	3.8	5.7	7.6	7.6	n/a
Biological/Physical Science	1.9	3.8	5.7	7.6	7.6	n/a
Business	1.9	3.8	5.7	7.6	7.6	n/a
Career and Technical	2.0	n/a	n/a	n/a	n/a	n/a
Education	1.9	3.8	5.7	7.6	7.6	n/a
Engineering	2.5	5.0	7.5	10.0	10.0	n/a
Health Sciences	3.0	6.0	9.0	12.0	12.0	38.0
Legal Studies	3.5	7.0	10.5	14.0	14.0	n/a
Remedial	2.3	n/a	n/a	n/a	n/a	n/a
-Weights follow the completed credits by subject area, not the student academic status.						

Credit Volume Completer Factor – Factor #2 of 4 - These are found starting on page 3 line 23.

Lower output institutions will receive an additional weighting factor to reflect the differences in efficiency (similar to our K-12 formula) due to campus academic output.

This factor is measured as individual campus student credit hours completed on a **biennial basis**. Where a campus fits will be adjusted each biennium as their credit volume changes to account for the variations in the efficiency of scale. The factor is applied as follows:

Credit Volume Factor	
<i>Biennium Completed Student Credit Hours (un-weighted)</i>	<i>Factor</i>
100,000+	1.00
95,000-99,999	1.05
90,000-94,999	1.10
85,000-89,999	1.15
80,000-84,999	1.20
75,000-79,999	1.25
70,000-74,999	1.30
65,000-69,999	1.35
60,000-64,999	1.40
55,000-59,999	1.45
50,000-54,999	1.50
45,000-49,999	1.55
40,000-44,999	1.60
35,000-39,999	1.65
30,000-34,999	1.70
25,000-29,999	1.75
20,000-24,999	1.80
15,000-19,999	1.85
10,000-14,999	1.90
5,000-9,999	1.95
0-4,999	2.00



Institutional Size/Physical Plant Factor – Factor #3 of 4

$$\frac{\text{Campus Perimeter Square Footage (from OMB data)}}{\text{Weighted Student Credit Hours (WSCH)}} = \text{Institutional Size Factor}$$

The Institutional Size Factor (space ratio) used for this factor is based on campus building square footage as validated by the ND Office of Management and Budget. Square footage is divided by the CIP weighted student credit hours (WSCH).

Square footage defined to include all campus Type I, II and III buildings/infrastructure, excluding:

Type I: Academic and Instructional buildings

Type II: General Support/Administration and other

Type III: Auxiliary Facilities

The square footage does not include:

- NDSU Agricultural Research and Extension
- Technology parks
- Federal buildings/infrastructure
- Foundation-owned buildings/infrastructure
- Leased properties

After the ratio is calculated, the weighting factor used is determined as follows (see page 4 lines 18 - 29):

<i>Institutional Size Ratio</i>	<i>Factor</i>
0-4.99	1
5.0-7.99	1.8



Dollar Amount Per Credit of Base Funding – Factor #4 of 4

See page 5 lines 1 - 10.

The base dollar funding target for all institutions is based upon historical costs of their tier group. Funding will be the same within each of the three tiers - 2yr, 4yr and research. Credits completed will be counted and reconciled on an annual basis.

\$117.60/credit for 2-year campuses (BSC, DCB, LRSC, NDSCS, WSC)

\$ 110.80/credit for 4-year regional campuses (DSU, MASU, MiSU, VCSU,)

\$ 72.70/credit for 4-year research campuses (NDSU & UND)

The funding will be sent out from OMB directly to campuses. It is also important to note that the base formula funding for any campus may not drop by more than 4%/year for any campus through the 2015-2017 biennium. This sunset allows us to have a discussion during the 2017 session if we wish to continue that hold harmless policy.

Mr. Chairman, there are \$76.1 m new dollars for higher education in Governor's budget for this 2013-2015 funding model which includes:

- \$21 m to transition to new funding formula - this is about half of the cost of transition to a new formula that we had for K-12 in 2007.
- \$55.1 m for salary and benefit increases as well as operating cost and utility cost inflationary increases.

It is important to note that this formula does not have funds for capital construction costs in it. Capital projects will remain as a separate request to the legislature for funding consideration. Those projects will still be required to come before the Legislature from a list presented by the Board of Higher Education and upon recommendation of the Governor's budget.

Those construction funds, along with specific campus appropriations are found in SB 2003 which was heard last week before the Senate Appropriation committee. Those projects total \$177.9 in general funds for capital construction projects.

I will also note that our various scholarship programs such as merit based scholarships, needs based scholarships and Native American scholarships are outside this formula and independent decisions of the legislature. Also outside of the formula is the cost to operate the North Dakota University System office.

Mr. Chairman, as we move forward it is the intent that any changes to the base funding of state aid for higher education be done to the dollar amounts listed for each tier as found on page 5, lines 1 - 10. Obviously the current intent is that those three tiers would be raised relative to each other in terms of percentages and not simply similar dollar amounts.

That concludes my testimony and I would be happy to stand for any questions.

Glossary

- A) CIP code – Federal Classification of Instructional Programs (federal nomenclature) that has been in place since 1980. So campuses have already reported within that classification for more than 30 years.

- B) CIP Cost Factor - As directed by the U.S. Department of Education, the Classification of Instructional Programs or CIP codes by academic subject area determine how the factor for weighting student credit hours (WSCH) captures the historical cost of instruction and will account for the complexity associated with varying levels of instruction (i.e., upper division, lower division, professional, masters, doctoral) and different subject discipline areas.

This factor will provide funding based on academic discipline area, such as Biological Sciences, Business and Health Sciences. By using this weighting method for credit hours the new formula provides funding based on the students progression to degree completion. Credit hours for students who complete courses with passing grades will be used in the formula; student withdrawals will not be included.

- C) Lower Division courses/credits – 100 and 200 level subject areas
- D) NDUS – North Dakota University System
- E) OMB – North Dakota office of Management of Budget
- F) SBHE – State Board of Higher Education
- G) Institution's square footage - includes all real property owned by the state within the institution's perimeter. It does not include agriculture experiment stations, agriculture research extension centers, technology parks, state agencies or leased facilities. It is determined on June 13th of each year by OMB.
- H) Student Credit Hour – A successful completion of a student credit hours is considered a letter grade of D or above and is a measure of progress towards graduation. Credits successfully completed such as a “pass” on a “pass/fail” course shall count as successful completion.
- I) Upper Division courses/credits – 300 and 400 level subject areas
- J) WSCH - Weighted Student Credit Hours

End

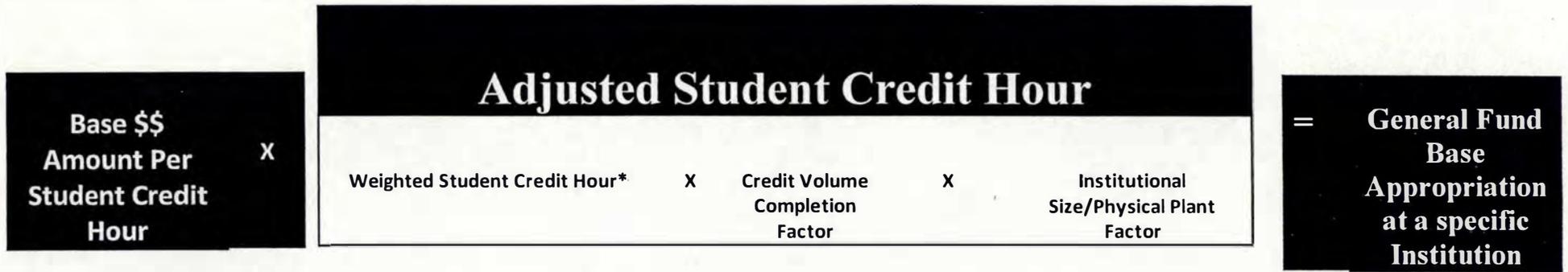
#3

Institution

Completed Student Credit
Hours (SCH) 2009-2011
Actual

BSC	171,226
DCB	26,083
LRSC	59,858
NDSCS	116,059
WSC	29,260
DSU	112,746
MASU	37,501
MISU	161,859
VCSU	51,713
NDSU	693,838
UND	648,858

How will the total campus appropriation for the biennium be determined?



*WSCH is Completed Student Credit Hours x CIP Cost Factor for level of instruction



For Example: North Dakota State College of Science (NDSCS) – for biennium

(for example only - may not reflect actual amounts)

NDSCS Base \$117.60 Amount Per Student Credit Hour		x	NDSCS Adjusted Student Credit Hour			=	NDSCS General Fund Base Appropriation*	
			192,183	x	1.00	x	1.858	
			Weighted Student Credit Hours		Credit Volume Completion Factor		Institutional Size/Physical Plant Factor	\$41,992,139

*Does not include any capitol construction projects that may be appropriated by the Legislature during a session.

North Dakota University System
SB2200 – Senate Education Committee
1/22/13, Kari Reichert

#5

Mr. Chairman, members of the Senate Education Committee. Good morning, I am Kari Reichert, Member of the State Board of Higher Education (SBHE). On behalf of the SBHE, I appear today in support of the Governor's proposed funding model. The model provides much needed state funding based on each campus unique mission and programs, while protecting flexibility in the administration of operations. This flexibility, coupled with transparency, is important to ensuring the delivery of quality academic programs, protecting student access, and meeting the needs of the State of North Dakota. We appreciate the collective efforts of all who contributed to this effort.

Now I would like to ask Chancellor Shirvani to speak on behalf of the University and College Presidents.

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North Dakota University System
SB2200 – Senate Education Committee
1/22/13, H. A. Shirvani

#6

Mr. Chairman and members of the committee, I am Ham Shirvani, Chancellor of the North Dakota University System. On behalf of my office and University and College Presidents, I appear today in support of SB2200. The Presidents and I are very appreciative of the Governor's very kind and generous efforts on our behalf. This is a major positive step toward securing base funding for the most important investment that the state can make. Therefore, we look forward to working with the legislature to move this Bill through the process. I would also like to take advantage of this opportunity to acknowledge the great work of our four vice presidents, Office of Management and Budget and the Governors' Office.

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#7

SENATE EDUCATION COMMITTEE HEARING – JANUARY 22, 2013
HIGHER EDUCATION FUNDING FORMULA (SB 2200)
BRIAN FOISY – MINOT STATE UNIVERSITY

- ✦ Governor formed working group in September 2011. Members included Alice Brekke, VP for Finance and Operations at UND; Bruce Bollinger, VP for Finance and Administration at NDSU; Brian Foisy, VP for Finance and Administration at MiSU; and Michael Renk, VP for Administrative Affairs at NDSCS. Expert staff advice and assistance provided by Cindy Fetch (UND), Dawn Pladson (UND), Cynthia Rott (NDSU), and Karin Hegstad (NDSU).
- ✦ Beginning in October 2011, working group met every Thursday afternoon, either in person or by conference call. Work continued through December 2012 (approximately 15 months). Working group developed the system of weights and factors identified in SB 2200.
- ✦ New formula is an outcomes-based model, using student credit hours (not enrollment) to determine funding. Process uses only completed student credit hours, as measured at the end of each biennium. Model rewards institutions for student progress toward graduation/completion.
- ✦ New formula builds on existing business practices and industry standards. Student credit hours are categorized according to Classification of Instructional Program (CIP) code designations established by the Department of Education. CIP codes broadly define different academic disciplines, grouping them according to common characteristics (see attachment). CIP codes provide consistent national standard for all institutions to follow. Someone on each campus is already doing this work in connection with the annual IPEDS survey. No additional expertise required to 'run' the model.
- ✦ Heart of the new formula is a matrix of relative cost factors, developed based on actual cost of instruction (see attachment). Factors tie to CIP code discipline clusters, and increase based on level of instruction (due to decreasing class sizes and higher faculty degree/experience requirements). Factors are applied to student credit hours to arrive at weighted values (see attachment). Matrix calculations are adjusted for student credit hour volume (small school factor) and physical plant size (ratio of square feet to output). Schools under 100,000 student credit hours received an adjustment. Schools with plant ratio over 5.0 received an adjustment.



The Integrated Postsecondary Education Data System (IPEDS)

Statistical data and Information on Postsecondary Institutions

Classification of Instructional Programs (CIP)

[Home](#)
[CIP Wizard](#)
[CIP Selector](#)
[Help](#)
[Contact NCES](#)

CIP 2010 ([change year](#))

[Browse](#)
[Search](#)
[Crosswalk](#)
[Resources](#)

Browse

This is a full listing of all CIP codes in this version. (Note: Neither old location of codes that moved nor deleted codes are shown in this listing; that information may be viewed on other areas of this site.)

[Expand All](#)
 [Collapse All](#)

- [01\) AGRICULTURE, AGRICULTURE OPERATIONS, AND RELATED SCIENCES.](#)
- [03\) NATURAL RESOURCES AND CONSERVATION.](#)
- [04\) ARCHITECTURE AND RELATED SERVICES.](#)
- [05\) AREA, ETHNIC, CULTURAL, GENDER, AND GROUP STUDIES.](#)
- [09\) COMMUNICATION, JOURNALISM, AND RELATED PROGRAMS.](#)
- [10\) COMMUNICATIONS TECHNOLOGIES/TECHNICIANS AND SUPPORT SERVICES.](#)
- [11\) COMPUTER AND INFORMATION SCIENCES AND SUPPORT SERVICES.](#)
- [12\) PERSONAL AND CULINARY SERVICES.](#)
- [13\) EDUCATION.](#)
- [14\) ENGINEERING.](#)
- [15\) ENGINEERING TECHNOLOGIES AND ENGINEERING-RELATED FIELDS.](#)
- [16\) FOREIGN LANGUAGES, LITERATURES, AND LINGUISTICS.](#)
- [19\) FAMILY AND CONSUMER SCIENCES/HUMAN SCIENCES.](#)
- [22\) LEGAL PROFESSIONS AND STUDIES.](#)
- [23\) ENGLISH LANGUAGE AND LITERATURE/LETTERS.](#)
- [24\) LIBERAL ARTS AND SCIENCES, GENERAL STUDIES AND HUMANITIES.](#)
- [25\) LIBRARY SCIENCE.](#)
- [26\) BIOLOGICAL AND BIOMEDICAL SCIENCES.](#)
 - [26.01\) Biology, General.](#)
 - [26.02\) Biochemistry, Biophysics and Molecular Biology.](#)
 - [26.0202\) Biochemistry.](#)
 - [26.0203\) Biophysics.](#)
 - [26.0204\) Molecular Biology.](#)
 - [26.0205\) Molecular Biochemistry.](#)
 - [26.0206\) Molecular Biophysics.](#)
 - [26.0207\) Structural Biology.](#)
 - [26.0208\) Photobiology.](#)
 - [26.0209\) Radiation Biology/Radiobiology.](#)
 - [26.0210\) Biochemistry and Molecular Biology.](#)
 - [26.0299\) Biochemistry, Biophysics and Molecular Biology, Other.](#)
 - [26.03\) Botany/Plant Biology.](#)
 - [26.04\) Cell/Cellular Biology and Anatomical Sciences.](#)
 - [26.05\) Microbiological Sciences and Immunology.](#)
 - [26.07\) Zoology/Animal Biology.](#)
 - [26.08\) Genetics.](#)
 - [26.09\) Physiology, Pathology and Related Sciences.](#)
 - [26.10\) Pharmacology and Toxicology.](#)
 - [26.11\) Biomathematics, Bioinformatics, and Computational Biology.](#)

- + 26.12) Biotechnology.
- + 26.13) Ecology, Evolution, Systematics, and Population Biology.
- + 26.14) Molecular Medicine.
- + 26.15) Neurobiology and Neurosciences.
- + 26.99) Biological and Biomedical Sciences, Other.
- + 27) MATHEMATICS AND STATISTICS.
- + 28) MILITARY SCIENCE, LEADERSHIP AND OPERATIONAL ART.
- + 29) MILITARY TECHNOLOGIES AND APPLIED SCIENCES.
- + 30) MULTI/INTERDISCIPLINARY STUDIES.
- + 31) PARKS, RECREATION, LEISURE, AND FITNESS STUDIES.
- + 32) BASIC SKILLS AND DEVELOPMENTAL/REMEDIAL EDUCATION.
- + 33) CITIZENSHIP ACTIVITIES.
- + 34) HEALTH-RELATED KNOWLEDGE AND SKILLS.
- + 35) INTERPERSONAL AND SOCIAL SKILLS.
- + 36) LEISURE AND RECREATIONAL ACTIVITIES.
- + 37) PERSONAL AWARENESS AND SELF-IMPROVEMENT.
- + 38) PHILOSOPHY AND RELIGIOUS STUDIES.
- + 39) THEOLOGY AND RELIGIOUS VOCATIONS.
- + 40) PHYSICAL SCIENCES.
- + 41) SCIENCE TECHNOLOGIES/TECHNICIANS.
- + 42) PSYCHOLOGY.
- + 43) HOMELAND SECURITY, LAW ENFORCEMENT, FIREFIGHTING AND RELATED PROTECTIVE SERVICES.
- + 44) PUBLIC ADMINISTRATION AND SOCIAL SERVICE PROFESSIONS.
- + 45) SOCIAL SCIENCES.
- + 46) CONSTRUCTION TRADES.
- + 47) MECHANIC AND REPAIR TECHNOLOGIES/TECHNICIANS.
- + 48) PRECISION PRODUCTION.
- + 49) TRANSPORTATION AND MATERIALS MOVING.
- + 50) VISUAL AND PERFORMING ARTS.
- + 51) HEALTH PROFESSIONS AND RELATED PROGRAMS.
- + 52) BUSINESS, MANAGEMENT, MARKETING, AND RELATED SUPPORT SERVICES.
- + 53) HIGH SCHOOL/SECONDARY DIPLOMAS AND CERTIFICATES.
- + 54) HISTORY.
- + 60) RESIDENCY PROGRAMS.

DISCIPLINE CLUSTERS	STUDENT CREDIT HOUR WEIGHTING MATRIX				
	LOWER DIV	UPPER DIV	PROFESSIONAL	GRADUATE	MD
Agriculture	1.9	3.8	5.7	7.6	-
Architecture	1.8	3.6	5.4	7.2	-
Aviation	1.9	3.8	5.7	7.6	-
Biological/Physical Science	1.9	3.8	5.7	7.6	-
Business	1.9	3.8	5.7	7.6	-
Career/Tech Education	2.0	-	-	-	-
Education	1.9	3.8	5.7	7.6	-
Engineering	2.5	5.0	7.5	10.0	-
Health Sciences	3.0	6.0	9.0	12.0	38.0
Legal Studies	3.5	7.0	10.5	14.0	-
Remedial	2.3	-	-	-	-
Core Disciplines	1.0	2.0	3.0	4.0	-

DISCIPLINE CLUSTERS	STUDENT CREDIT HOUR WEIGHTING MATRIX - MISU						WEIGHTED SCH
	ELEMENTS	LOWER DIV	UPPER DIV	PROFESSIONAL	GRADUATE	MD	
Agriculture	09-11 SCH	-	-	-	-	-	-
	Cost Factor	1.9	3.8	5.7	7.6	-	-
	Weighted SCH	-	-	-	-	-	-
Architecture	09-11 SCH	-	-	-	-	-	-
	Cost Factor	1.8	3.6	5.4	7.2	-	-
	Weighted SCH	-	-	-	-	-	-
Aviation	09-11 SCH	-	-	-	-	-	-
	Cost Factor	1.9	3.8	5.7	7.6	-	-
	Weighted SCH	-	-	-	-	-	-
Biological/Physical Science	09-11 SCH	13,709	3,070	-	334	-	-
	Cost Factor	1.9	3.8	5.7	7.6	-	-
	Weighted SCH	26,047	11,666	-	2,538	-	40,251
Business	09-11 SCH	8,099	17,454	-	2,940	-	-
	Cost Factor	1.9	3.8	5.7	7.6	-	-
	Weighted SCH	15,388	66,325	-	22,344	-	104,057
Career/Tech Education	09-11 SCH	-	-	-	-	-	-
	Cost Factor	2.0	-	-	-	-	-
	Weighted SCH	-	-	-	-	-	-
Education	09-11 SCH	8,652	10,904	-	4,034	-	-
	Cost Factor	1.9	3.8	5.7	7.6	-	-
	Weighted SCH	16,439	41,435	-	30,658	-	88,532
Engineering	09-11 SCH	-	-	-	-	-	-
	Cost Factor	2.5	5.0	7.5	10.0	-	-
	Weighted SCH	-	-	-	-	-	-
Health Sciences	09-11 SCH	4,837	4,542	-	-	-	-
	Cost Factor	3.0	6.0	9.0	12.0	38.0	-
	Weighted SCH	14,511	27,252	-	-	-	41,763
Legal Studies	09-11 SCH	-	-	-	-	-	-
	Cost Factor	3.5	7.0	10.5	14.0	-	-
	Weighted SCH	-	-	-	-	-	-
Remedial	09-11 SCH	-	-	-	-	-	-
	Cost Factor	2.3	-	-	-	-	-
	Weighted SCH	-	-	-	-	-	-
Core Disciplines	09-11 SCH	58,192	20,442	-	4,650	-	-
	Cost Factor	1.0	2.0	3.0	4.0	-	-
	Weighted SCH	58,192	40,884	-	18,600	-	117,676

Total Weighted Student Credit Hrs	392,279
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NDSA

The Voice of the Students

#8

Chairman Flakoll and members of the Senate Education Committee,

My name is William Woodworth, and I am President of the North Dakota Student Association, representing the 48, 203 students of the North Dakota University System. I am here to testify in favor of S.B. 2200.

During the last legislative session, the North Dakota Student Association passed a resolution in support of creating a new funding formula for the 11 public institutions of higher learning. We recognized that the peer funding formula was not working as intended, which was creating problems for our institutions and students throughout the state. Last session, I, along with other student leaders came before this committee and the House Education Committee to support the creation of a commission that would work to formulate a new funding formula.

Unfortunately, the bill did not pass through the other legislative chamber. The students of the University System are grateful that Governor Dalrymple had the leadership necessary to push for the formulation of a new model. We are also grateful for the work that Sen. Flakoll and others on that task force put in to achieve this formula.

The students believe that this bill will create a better formula that will better serve our students and our state. It focuses on funding students, which will help provide money to where it is needed in a more precise manner.

Chairman Flakoll, this concludes my testimony. I will stand for any questions the committee may have.

William Woodworth, North Dakota Student Association President

#1

National Center for Education Statistics

Introduction to the Classification of Instructional Programs: 2010 Edition (CIP-2010)

I. What the CIP is and how it is used?

The Classification of Instructional Programs (CIP) is a taxonomic coding scheme of instructional programs. Its purpose is to facilitate the organization, collection, and reporting of fields of study and program completions. The CIP was originally developed in 1980 by the National Center for Education Statistics (NCES) in the U.S. Department of Education, with revisions occurring in 1985, 1990, and 2000. The 2010 edition of the CIP (CIP-2010) is the fourth revision of the CIP and presents an updated taxonomy of instructional program classifications and descriptions and an enhanced CIP User Website. Unlike previous editions of the CIP, which were distributed in print copy, the 2010 CIP will only be published electronically. Users, however, will be able to download a text version of the CIP from the CIP User Website.

The CIP titles and program descriptions are intended to be generic categories into which program completions data can be placed, not exact duplicates of a specific major or field of study titles used by individual institutions. CIP codes are standard statistical coding tools that reflect current practice, and are not a prescriptive list of officially recognized or permitted programs. The CIP is not intended to be a regulatory device. CIP codes, for the most part, are not intended to correspond exclusively to any specific degree or program level. In most cases, any given instructional program may be offered at various levels, and CIP codes are intended to capture all such data.

The vast majority of CIP titles correspond to academic and occupational instructional programs offered for credit at the postsecondary level. These programs result in recognized completion points and awards, including degrees, certificates, and other formal awards. The CIP also includes other types of instructional programs, such as residency programs in various dental, medical, podiatric, and veterinary specialties that may lead to advanced professional certification; personal improvement and leisure programs; and instructional programs that lead to diplomas and certificates at the secondary level only.

The CIP is the accepted federal government statistical standard on instructional program classifications and is used in a variety of education information surveys and databases. Since it was first published in 1980, the CIP has been used by NCES in the Integrated Postsecondary Education Data System (IPEDS) and its predecessor, the Higher Education General Information Survey (HEGIS) to code degree completions. It is also used by other Department of Education offices, such as the Office for Civil Rights, the Office of Vocational and Adult Education, and the Office of Special Education, and serves as the standard on instructional programs for other federal agencies, including the National Science Foundation (NSF), the Department of Commerce (Bureau of the Census), the Department of Labor (Bureau of Labor Statistics), and others. The CIP is used by state agencies, national associations, academic institutions, and employment counseling services for collecting, reporting, and analyzing instructional program data.

Based on the comprehensiveness and detail of the CIP and the potential for enhanced comparability with U.S. education data, Statistics Canada adopted the CIP as the standard field of study taxonomy in 2000, replacing previous Canadian classifications. However, due to several specific differences in the educational systems of each country, there are a few minor differences between each country's versions of the CIP.

Under this definition, instructional programs included in the CIP must meet all of the following operational criteria:

- 1) An instructional program must be offered by, through, or under the auspices of an education institution or other recognized provider.

- 2) The program must consist of more than one isolated course or learning experience and must not be a haphazard collection of unrelated courses or experiences.
- 3) There must be a set of structured learning experiences, defined by an institution or other provider, leading to a completion point that is formally certified by a degree, another formal award, or some other form of recognition.

The following programs are, therefore, not included in the CIP:

- o In-house, professional, or on-the-job training activities that are not recognized by an education institution or provider and that do not lead to any kind of formal award, credit, or certification.
- o Subject matter specializations or individual courses within a program that are not treated as a major and are generally not recognized by the education institution as a formal program offering.

II. Organization of the CIP

The CIP taxonomy is organized on three levels: 1) the two-digit series, 2) the four-digit series, and 3) the six-digit series. The two-digit series represent the most general groupings of related programs. The four-digit series represent intermediate groupings of programs that have comparable content and objectives. The six-digit series, also referred to as six digit CIP Codes, represent specific instructional programs. Postsecondary educational institutions use six-digit CIP codes when completing the IPEDS Completions Survey.

There are 47 two-digit series. The standard format for the two-digit series consists of a two-digit number followed by a period (**##.**). Codes and program titles at this level appear in bold type and in capital letters. Program descriptions at the two-digit series level begin with the standard phrase "Instructional programs" followed by a general description of the content areas and topics associated with the instructional programs within that series.

The numbering sequence for the four-digit series consists of a two-digit series code followed by a period and a second set of two digits. The standard format for four-digit CIP codes is **##.##**. Codes and program titles at the four-digit level appear in bold type. Within a four-digit series, undifferentiated instructional programs with a general focus appear at the beginning of the series, while an "other" program entry appears as the final category within a series. The rest of the programs are listed in numerical order. This convention of including an "other" program code was established to provide a category for reporting on programs that fall within a four-digit series but do not have a separate program code listed. Program descriptions are not provided at the four-digit summary level, and the user is instead informed of the range of code numbers where the instructional content for the series is contained.

Six-digit codes are the most detailed program classifications within the CIP. They are the basic unit of analysis used by NCES and institutions in tracking and reporting program completions and fields of study data. There is at least one six-digit code within every four-digit series. The numbering sequence is similar to the four-digit series sequence, with two more digits added after the four-digit series number; the standard format for the six-digit codes is **##.####**.

Each six-digit program appears with a description that generally identifies the objectives and content of the instructional programs. Program descriptions for academic or general programs begin with the phrase "A program that focuses on ..." Program descriptions for programs that are designed to prepare individuals for specific occupations begin with the phrase "A program that prepares individuals for..." The program description also indicates the instructional content of the program. These subject matter listings are intended as a general guide to the content areas addressed by the instructional program. Programs offered at different levels may cover more or fewer topics than those listed.

III. The process used to update the CIP

In order to develop the CIP-2010, NCES completed a comprehensive, multi-stage process over a two-year period. This process included extensive background (unobtrusive) research and analysis; solicitation of suggestions from IPEDS keyholders; and guidance, input, and review from a Technical Review Panel. Over the same time period, Statistics Canada completed a parallel review of CIP-2000 in light of educational changes that were occurring in Canada.

Background research

The first phase of the revision process consisted of research aimed at developing a set of preliminary recommendations for revisions to the CIP. This included a detailed examination of readily available data sources. These data sources included:

- o Scan of institutional web sites ("catalog scan"). NCES undertook lengthy and systematic web research in order to identify new and emerging instructional programs that exist at institutions but were not included in CIP-2000. The first step was selection of institutions to be studied. Using data from the IPEDS Completions Survey, NCES identified 10 institutions that produced the greatest number of completions for each two-digit series in the CIP. Then NCES researched their websites, systematically mapping every degree and certificate program related to that two-digit series onto the existing CIP taxonomy, comparing titles and, when necessary, program descriptions. Program titles that did not match were examined as to whether they might represent distinct areas of study--possible new codes--or alternate titles for existing programs.

In addition to the basic catalog scan, NCES conducted supplementary research to assure adequate exploration of programs that might not have been covered by the basic catalog scan. NCES researched 10 community college websites and over 25 liberal arts college websites to assure that the types of programs typically offered at these types of institutions were adequately examined. Further, for selected two-digit series where many four-digit series would be underrepresented in the basic catalog scan (including 13. EDUCATION and 51. HEALTH PROFESSIONS AND RELATED PROGRAMS), NCES identified the top-producing institutions by four-digit series and researched these websites. Finally, a complete review of the programs at all military institutions was conducted, and special attention was given to developing comprehensive information on programs related to military science, military technologies, and homeland security.

- o Review of "others" titles provided in 2006 and 2007 IPEDS Completions Surveys. In responding to the IPEDS Completions Survey, postsecondary education institutions have an opportunity to write in the exact titles of programs that they report under an "other" category. Titles listed here represent instructional programs at the institution for which the institution could not find a more specific CIP code. NCES reviewed all titles of "other" instructional programs reported in the 2006 and 2007 IPEDS Completions Surveys to identify which of these titles should be considered for inclusion in the CIP-2010.

- o Examination of other national data sources. NCES reviewed additional data from other government and private resources to search for other potential new program titles. This included analyses of emerging fields identified by the College Board's Annual Survey of Colleges and the National Science Foundation's Survey of Earned Doctorates.

Upon completion of initial investigations and identification of potential new titles for the CIP-2010, NCES conducted further detailed research on each title to determine whether it met the criteria for inclusion in the CIP (described below). Draft descriptions of new programs were written at this time.

Survey of IPEDS keyholders and TRP members. The second phase of the revision process consisted of a solicitation of suggestions for new codes from all IPEDS keyholders, including state IPEDS coordinators, as well as members of the CIP Technical Review Panel (described below). Survey recipients were invited to identify instructional program titles that they would like to add to the CIP, provide a rationale for inclusion, and suggest a program description. The purpose of this effort was to engage a wide range of CIP users in the process and to cast a wide net to capture additional new program titles not identified by NCES background research. This approach assured that direct stakeholders had an opportunity to make the case for adding new titles to the CIP.

To evaluate the merits of these suggestions, NCES conducted detailed research on each suggested title in order to determine whether it met the criteria for inclusion. Upon completion of this phase, NCES produced a complete draft of the revised CIP.

Technical Review Panel (TRP) Meetings. At the start of the CIP revision process, NCES identified a group of professionals to serve as overall advisors to the process as well as to provide input based on their specific expertise and their organizations' interests. This group was broadly representative of CIP users and stakeholders, including representatives of federal agencies, state agencies, and postsecondary institutions.

IV. Guidelines for adding or deleting a CIP code

New codes were added to the CIP when certain procedural criteria and numerical guidelines were met. NCES also established provisions for making exceptions to the numerical guidelines.

Procedurally, in order for a program code to be added, it needed to meet one of the following criteria:

- o Identification by NCES research
- o Identification by a member of the Technical Review Panel
- o Request by a federal agency, including Statistics Canada
- o Request by a state agency
- o Request by an IPEDS keyholder

Additionally, any institutional representative could make a request through an IPEDS keyholder. Numerically, the general guideline was that a minimum of 10 institutions must offer a program in order to add it to the CIP. NCES researched each recommendation to assure that 10 such programs existed. However, exceptions were made in some cases where outside evidence identified an instructional area as rapidly growing; in such cases, "nearly 10" institutions was judged to be adequate evidence for inclusion.

NCES did make general exceptions to the numerical guideline if a federal agency had a policy reason to track a particular program title. For example, the numerical guideline did not need to be met in the cases of foreign language, military science and technology, and homeland security programs.

V. Overview of changes to the CIP

The CIP-2010 contains nearly 50 new four-digit series and over 300 new six-digit codes. More than 350 codes have been revised. In addition, several significant changes characterize the revised CIP.

Enhanced electronic format. For the first time in CIP history, users will be accessing a fully-searchable electronic CIP with enhanced search capabilities and user tools and resources. These include multiple ways to browse the CIP, search for specific text, explore changes from CIP-2000, download summary reports, and export files. This stands in contrast to CIP-2000 in which the primary format was paper, and electronic features were limited.

The move to an electronic format means that the chapter format found in CIP-2000 is no longer relevant. With the electronic version, users can go directly to their topic of interest--in multiple ways--rather than follow a defined, linear format.

Users should note that a full text version of the CIP is available for download and printing from the CIP User's Website. Many users will find it advantageous to take advantage of the electronic search features and information resources as well as keep a printed version as a reference document.

Addition of examples. As CIP users are aware, there is a great deal of variability in how institutions title their instructional programs. To help minimize user uncertainty and facilitate more accurate reporting of program completions, NCES has introduced a new feature in CIP-2010: examples have been added to nearly 400 six-digit program codes. Examples should be thought of as some of the common titles that fit under a specific CIP code, and were identified as a result of NCES' extensive research and collaborative efforts. They give users more information and assistance when trying to match an instructional program title that does not exactly match the title of a CIP code. Please note that the examples are not intended to be an exact or exhaustive list. CIP users may decide to report an instructional program under a specific code, even though the exact title does not appear in the list of examples. It is ultimately up to the individual user to select the specific CIP code that best describes their instructional program.

The following illustrates the use of examples:

50.0914 Brass Instruments.

A program that prepares individuals to master a brass instrument and performing art as solo, ensemble, and/or accompanist performers. Includes instruction in playing and personal style development.

Examples:

- Trumpet
- Horn
- Trombone
- Euphonium/Baritone
- Tuba

Addition of FAQs. In order to provide additional information and guidance to CIP users, two types of Frequently Asked Questions (FAQs) have been developed. The General FAQs contain overall description of features of the CIP and general guidance for users. The Coding FAQs explain differences among specific series and are designed to help users choose among them.

Re-organization and expansion of selected two-digit series. In order to preserve time-series data, NCES did not introduce any new two-digit series, nor undertake any major re-organization across existing two-digit series. However, there were a few instances in which a two-digit series underwent some degree of re-organization for a particular purpose. These include:

- o **Series 23. ENGLISH LANGUAGE AND LITERATURE/LETTERS:** In CIP-2000, all but one four-digit series in series 23 contained a single six-digit code of the same title. This

represents a departure from other series in which the four-digit series typically groups related six-digit codes. In CIP-2010, NCES brought series 23 more in line with other series by introducing two new four-digit series, **23.13 Rhetoric and Composition/Writing Studies** and **23.14 Literature**, and placing all related six-digit program codes into the appropriate new four-digit series.

- o **Series 42. PSYCHOLOGY:** In CIP-2000, series 42 contained 23 separate four-digit series, each containing exactly one six-digit code of the same title. Again, this is atypical of the CIP overall, so NCES adjusted this in CIP-2010 by grouping all of the six-digit CIP codes into one of the following four-digit series: **42.01 Psychology General**, **42.27 Research and Experimental Psychology**, **42.28 Clinical, Counseling, and Applied Psychology**, and **42.99 Psychology, Other**. All six-digit codes were moved into the appropriate four-digit series, and obsolete four-digit titles were deleted.
- o **Series 50. VISUAL AND PERFORMING ARTS:** CIP-2000 contained three related visual and performing arts management programs that were located in three different four-digit series. At the same time, there was no code that captured general programs in visual and performing arts management. CIP-2010 added a new four-digit series: **50.10 Arts, Entertainment, and Media Management**. The three existing programs were moved here, and both “general” and “other” codes were created so that all of these programs can be reported and counted under a single heading.
- o **Series 51. HEALTH PROFESSIONS AND RELATED PROGRAMS:** Prior to the current revision, all nursing programs were contained in a single four-digit series: **51.16 Nursing**. The CIP-2010 divided this series into two separate four-digit series: **51.38 Registered Nursing, Nursing Administration, Nursing Research and Clinical Nursing** and **51.39 Practical Nursing, Vocational Nursing and Nursing Assistants**. This revision will allow more meaningful reporting of completions in nursing.
- o **Series 60. RESIDENCY PROGRAMS:** Prior to the current revision, all medical residencies were contained in a single four-digit series: **60.02 Medical Residency Programs**. This included both General Certificates for first residency programs and Subspecialty Certificates for advanced residency programs that require completion of a general residency program. The CIP-2010 divided series 60.02 into two separate four-digit series: **60.04 Medical Residency Programs - General Certificates** and **60.05 Medical Residency Programs - Subspecialty Certificates**. Again, this revision will allow more meaningful analysis of medical residencies data.

In addition, three series underwent significant expansion:

- o **Series 28. MILITARY SCIENCE, LEADERSHIP AND OPERATIONAL ART.** This series was expanded from the prior series **28. RESERVE OFFICER TRAINING CORPS PROGRAMS** to include all programs that provide professional education and training of military officers in leadership, military science and operational studies, in addition to pre-officer training.
- o **Series 29. MILITARY TECHNOLOGIES AND APPLIED SCIENCES.** This series was expanded from the prior series **29. MILITARY TECHNOLOGIES**, which contained just one four-digit series with one six-digit code. The new series includes several four-digit series and many six-digit codes that differentiate programs in intelligence operations, military applied sciences, and military technologies.
- o **Series 43. HOMELAND SECURITY, LAW ENFORCEMENT, FIREFIGHTING, AND RELATED PROTECTIVE SERVICES.** This series was expanded from the prior series **43. SECURITY AND PROTECTIVE SERVICES**. To capture changes that have occurred since

CIP-2000, this series contains a new four-digit series, **43.03 Homeland Security**, as well as an expansion of six-digit programs under other four-digit series.

VI. CIP Code Groups

CIP codes belong to one of five general groups based on two-digit series. CIP code groups are not used for reporting, but are helpful for determining the type of program described by the CIP codes. The five groups are:

- 1. Academic and Occupational/Vocational Programs** *(All series not specifically named below)*
These CIP codes are academic and occupational or vocational instructional programs offered for credit at one or more postsecondary educational levels. These programs usually result in recognized completion points and awards such as degrees, diplomas, certificates, or some other formal award. **This is the only group of CIP code that is valid for IPEDS reporting.**
- 2. Residency Programs (Series 60)**
Programs that prepare medical doctors (MD), osteopaths (DO), dentists (DDS, DMD), veterinarians (DVM), and podiatrists (DPM) for certification as practitioners of recognized specialties in their respective professions. These programs are approved and accredited by designated professional associations and require from one to five years to complete, depending on the program. Residency programs that also result in an academic degree completion, such as an MS or PhD, should be reported under one of the clinical sciences codes located in Series 26, 51.05, or 51.25, rather than in a residency code located in Series 60. **The CIP codes in this group are not valid for IPEDS reporting.**
- 3. Military Science, Leadership, and Operational Art (Series 28)**
Instructional programs that provide professional education and training of military officers in leadership, military science and operational studies, security policy and strategy, military economics and management, and pre-officer training. **The CIP codes in this group are not valid for IPEDS reporting.**
- 4. Personal Improvement and Leisure (Avocational) Programs (Series 32, 33, 34, 35, 36, & 37)**
These CIP codes should be used for programs that equip individuals with knowledge and skills related to personal growth and leisure-time pursuits. Most of the programs are designed for adult learners. They are not formal academic or occupationally-specific programs and do not result in transferable credit or formal awards. **The CIP codes in this group are not valid for IPEDS reporting.**
- 5. High School/Secondary Diplomas and Certificates (Series 53)**
This CIP code should be used for instructional programs that define the prescribed requirements for high school/secondary school graduation. **The CIP codes in this group are not valid for IPEDS reporting.**

SB 2200

February 7, 2013

Senator Tim Flakoll**Improved Funding
Mechanism for Higher
Education**

Chairman Holmberg and members of the Senate Appropriations Committee. For the record, I am Senator Tim Flakoll of District 44 of Fargo and prime sponsor of SB 2200.

SB 2200 comes to you out of the Senate Education committee with a strong unanimous 6 - 0 vote and without amendments.

For many years the funding mechanism for higher education has been debated in North Dakota and other states across the country. While North Dakota has made major new investments in higher education in the near term, those investments have been based on historic funding levels and generally not set metrics that are transparent, consistent, readily understood or rooted in a logical measurable set of data. As such it has not enjoyed as broad base of legislative and citizen support as it could.

Funding within programs and between campuses has been hotly debated, but with few improvements.

The new funding model funds campuses based on the credits that students successfully complete, rather than the current focus on historical funding, head count or class enrollments. The new formula, based on student credit hours completed, takes into account the varying costs of educational instruction, including advanced levels of study, campus size and credit volume (output efficiency). It solves a decades long problem and should produce a seismic improvement in legislative trust and reduce infighting between campuses.

Since it is credit based, the formula places an equal value on summer school students as well as non-traditional students who are chipping away at their degree (example – a part time student who holds a full time job) to more traditional students who are in their class. I believe it will lead to students taking a larger class load which will result in 1) earlier graduation, 2) reduced student loan debt, 3) getting workers more quickly into industry and 4) reducing the overall cost per grad.



This improved formula provides transparency, predictability, general ease of understanding and is outcome based.

For a new funding formula to be successful, it was thought that the mechanism must have a number of traits including:

- 1) Be transparent, consistent, comprehensive and relatively easy to understand.
- 2) Fosters trust with policy makers and be defensible.
- 3) Encourage matriculation so that students graduate in a timely manner and foster student success.
- 4) Be free of funding silos or individual/campus manipulation.
- 5) Reflect the actual costs of credits that are higher cost to deliver, compared to those that can be delivered more efficiently.
- 6) Reflect the costs of different size campuses (physical plant) and their corresponding efficiencies.
- 7) Support the institutions with predictable and transparent funding to meet their mission.
- 8) Recognize and acknowledge different types of institutions and programmatic needs.
- 9) Similar to K-12, we wish to avoid over burdensome reporting that is not beneficial or reflective of our goals.
- 10) A new funding mechanism that does not imply that some programs have more value than others.
- 11) Support student academic and personal growth.
- 12) In keeping with the spirit of North Dakota's desire for local involvement/control, provide flexibility to the institutions and enable local decision making.
- 13) Provides the state with a well prepared, highly trained workforce to meet our workforce and economic development needs.
- 14) **The new formula will not include funds for major capital construction projects, scholarships, or the system office.**

This proposed output based model is based on student credit hours completed which is a change from the current model which is largely based on historical funding levels. The new funding mechanism provides a North Dakota led solution that reflects North Dakota principals and priorities. It comes as a result of exhaustive efforts from campus finance leaders representing two-year campuses, four-year regional campuses and four-year research campuses.

I should also note for the record that all campus Presidents have gone on record as endorsing this new formula. The statistical odds of all 11 campuses agreeing on anything is statistically less likely than the Vikings winning the Super Bowl in the same year the Chicago Cubs win the World Series.

Funding Model Methodology

Using this formula, campus general base funding will be generated using passing grade, completed student credit hours at each higher education institution in the NDUS. These completed credit hours will then be included in a formula using factors for:

- 1) Classification of Instructional Programs (CIP) Cost Factor** – reflects the actual historical cost of instruction at campuses in the system. Instructional subject disciplines offered according to the Classification of Instructional Programs (CIP) as directed by the U.S. Department of Education. Campuses have used this federal reporting nomenclature for the past 32 years.
- 2) Credit volume completion factor** based on institution output (credits successfully completed) for the biennium.
- 3) Institutional physical plant size factor.**

After the weighted credit hours have been determined using the applicable factors, those credit hours will be multiplied by the base funding target dollar amount for general funding for each institution tier type (2 year, 4 year, research).

I will now walk you through the funding formula greater detail and present you with an example of how it would work.

Factor #1 of 4 - Level of Instruction – the higher the level of instruction or the more costly it is to deliver, the more formula dollars they will receive.

These factors are found starting on page 1 line 13 of the bill and go through page 3, line 22 of the bill.

The weighting factors are increased based on a student's level of instruction (lower division, upper division, professional, MA/PhD and MD) to recognize the cost differences that occur as the level of instruction changes (see discipline cluster/matrix). The relative differences in weights represent the actual cost differences that have been encountered.

Discipline Cluster	Lower Division	Upper Division	Professional	Master's	Doctoral	MD
Core Disciplines	1.0	2.0	3.0	4.0	4.0	n/a
Agriculture	1.9	3.8	5.7	7.6	7.6	n/a
Architecture	1.8	3.6	5.4	7.2	7.2	n/a
Aviation	1.9	3.8	5.7	7.6	7.6	n/a
Biological/Physical Science	1.9	3.8	5.7	7.6	7.6	n/a
Business	1.9	3.8	5.7	7.6	7.6	n/a
Career and Technical	2.0	n/a	n/a	n/a	n/a	n/a
Education	1.9	3.8	5.7	7.6	7.6	n/a
Engineering	2.5	5.0	7.5	10.0	10.0	n/a
Health Sciences	3.0	6.0	9.0	12.0	12.0	38.0
Legal Studies	3.5	7.0	10.5	14.0	14.0	n/a
Remedial	2.3	n/a	n/a	n/a	n/a	n/a
-Weights follow the completed credits by subject area, not the student academic status.						

Credit Volume Completer Factor – Factor #2 of 4 -

These are found starting on page 3 line 23.

Lower output institutions will receive an additional weighting factor to reflect the differences in efficiency (similar to our K-12 formula) due to campus academic output.

This factor is measured as individual campus student credit hours completed on a **biennial basis**. Where a campus fits will be adjusted each biennium as their credit volume changes to account for the variations in the efficiency of scale.

The factor is applied as follows:

Credit Volume Factor	
<i>Biennium Completed Student Credit Hours (un-weighted)</i>	<i>Factor</i>
100,000+	1.00
95,000-99,999	1.05
90,000-94,999	1.10
85,000-89,999	1.15
80,000-84,999	1.20
75,000-79,999	1.25
70,000-74,999	1.30
65,000-69,999	1.35
60,000-64,999	1.40
55,000-59,999	1.45
50,000-54,999	1.50
45,000-49,999	1.55
40,000-44,999	1.60
35,000-39,999	1.65
30,000-34,999	1.70
25,000-29,999	1.75
20,000-24,999	1.80
15,000-19,999	1.85
10,000-14,999	1.90
5,000-9,999	1.95
0-4,999	2.00



Institutional Size/Physical Plant Factor – Factor #3 of 4

$$\frac{\text{Campus Perimeter Square Footage (from OMB data)}}{\text{Weighted Student Credit Hours (WSCH)}} = \text{Institutional Size Factor}$$

The Institutional Size Factor (space ratio) used for this factor is based on campus building square footage as validated by the ND Office of Management and Budget. Square footage is divided by the CIP weighted student credit hours (WSCH).

Square footage is defined to include all campus Type I, II and III buildings/infrastructure:

Type I: Academic and Instructional buildings

Type II: General Support/Administration and other

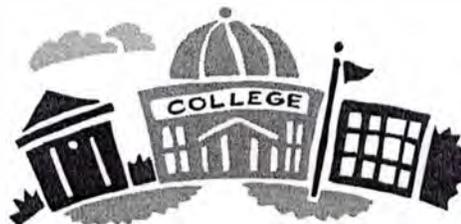
Type III: Auxiliary Facilities

The square footage does not include:

- **NDSU Agricultural Research and Extension**
- **Technology parks**
- **Federal buildings/infrastructure**
- **Foundation-owned buildings/infrastructure**
- **Leased properties**

After the ratio is calculated, the weighting factor used is determined as follows (see page 4 lines 18 - 29):

<i>Institutional Size Ratio</i>	<i>Factor</i>
0-4.99	1
5.0-7.99	1.8



Dollar Amount Per Credit of Base Funding – Factor #4 of 4

See page 5 lines 1 - 10.

The base dollar funding target for all institutions is based upon historical costs of their tier group. Funding will be the same within each of the three tiers - 2yr, 4yr and research. Credits completed will be counted and reconciled on an annual basis.

\$117.60/credit for 2-year campuses (BSC, DCB, LRSC, NDSCS, WSC)

\$ 110.80/credit for 4-year regional campuses (DSU, MASU, MiSU, VCSU,)

\$ 72.70/credit for 4-year research campuses (NDSU & UND)

The funding will be sent out from OMB directly to campuses. It is also important to note that the base formula funding for any campus may not drop by more than 4%/year for any campus through the 2015-2017 biennium. This sunset allows us to have a discussion during the 2017 session if we wish to continue that hold harmless policy.

Mr. Chairman, there are \$76.1 m new dollars for higher education in Governor's budget for this 2013-2015 funding model which includes:

- **\$21 m to transition to new funding formula - this is about half of the cost of transition to a new formula that we had for K-12 in 2007.**
- **\$55.1 m for salary and benefit increases as well as operating cost and utility cost inflationary increases.**

It is important to note that this formula does not have funds for capital construction costs in it. Capital projects will remain as a separate request to the legislature for funding consideration. Those projects will still be required to come before the Legislature from a list presented by the Board of Higher Education and upon recommendation of the Governor's budget.

Those construction funds, along with specific campus appropriations are found in SB 2003. Those projects total \$177.9 in general funds for capital construction projects.

I will also note that our various scholarship programs such as merit based scholarships, needs based scholarships and Native American scholarships are outside this formula and independent decisions of the legislature. Also outside of the formula is the cost to operate the North Dakota University System office. There are no funds for the System office in this bill.

Mr. Chairman, as we move forward, it is the intent that any changes to the base funding of state aid for higher education be done to the dollar amounts listed for each tier as found on page 5, lines 1 - 10. Obviously the current intent is that those three tiers would be raised relative to each other in terms of percentages and not simply similar dollar for dollar amounts.

That concludes my testimony and I would be happy to stand for any questions.

Glossary

- A) CIP code – Federal Classification of Instructional Programs (federal nomenclature) that has been in place since 1980. So campuses have already reported within that classification for more than 30 years.
- B) CIP Cost Factor - As directed by the U.S. Department of Education, the Classification of Instructional Programs or CIP codes by academic subject area determine how the factor for weighting student credit hours (WSCH) captures the historical cost of instruction and will account for the complexity associated with varying levels of instruction (i.e., upper division, lower division, professional, masters, doctoral) and different subject discipline areas.

This factor will provide funding based on academic discipline area, such as Biological Sciences, Business and Health Sciences. By using this weighting method for credit hours the new formula provides funding based on the students progression to degree completion. Credit hours for students who complete courses with passing grades will be used in the formula; student withdrawals will not be included.

- C) Lower Division courses/credits – 100 and 200 level subject areas
- D) NDUS – North Dakota University System
- E) OMB – North Dakota office of Management of Budget
- F) SBHE – State Board of Higher Education
- G) Institution's square footage - includes all real property owned by the state within the institution's perimeter. It does not include agriculture experiment stations, agriculture research extension centers, technology parks, state agencies or leased facilities. It is determined on June 13th of each year by OMB.
- H) Student Credit Hour – A successful completion of a student credit hours is considered a letter grade of D or above and is a measure of progress towards graduation. Credits successfully completed such as a “pass” on a “pass/fail” course shall count as successful completion.
- I) Upper Division courses/credits – 300 and 400 level subject areas
- J) WSCH - Weighted Student Credit Hours

End

SB 2200
from Sen. Flakoll

National Center for Education Statistics

Introduction to the Classification of Instructional Programs: 2010 Edition (CIP-2010)

I. What the CIP is and how it is used?

The Classification of Instructional Programs (CIP) is a taxonomic coding scheme of instructional programs. Its purpose is to facilitate the organization, collection, and reporting of fields of study and program completions. The CIP was originally developed in 1980 by the National Center for Education Statistics (NCES) in the U.S. Department of Education, with revisions occurring in 1985, 1990, and 2000. The 2010 edition of the CIP (CIP-2010) is the fourth revision of the CIP and presents an updated taxonomy of instructional program classifications and descriptions and an enhanced CIP User Website. Unlike previous editions of the CIP, which were distributed in print copy, the 2010 CIP will only be published electronically. Users, however, will be able to download a text version of the CIP from the CIP User Website.

The CIP titles and program descriptions are intended to be generic categories into which program completions data can be placed, not exact duplicates of a specific major or field of study titles used by individual institutions. CIP codes are standard statistical coding tools that reflect current practice, and are not a prescriptive list of officially recognized or permitted programs. The CIP is not intended to be a regulatory device. CIP codes, for the most part, are not intended to correspond exclusively to any specific degree or program level. In most cases, any given instructional program may be offered at various levels, and CIP codes are intended to capture all such data.

The vast majority of CIP titles correspond to academic and occupational instructional programs offered for credit at the postsecondary level. These programs result in recognized completion points and awards, including degrees, certificates, and other formal awards. The CIP also includes other types of instructional programs, such as residency programs in various dental, medical, podiatric, and veterinary specialties that may lead to advanced professional certification; personal improvement and leisure programs; and instructional programs that lead to diplomas and certificates at the secondary level only.

The CIP is the accepted federal government statistical standard on instructional program classifications and is used in a variety of education information surveys and databases. Since it was first published in 1980, the CIP has been used by NCES in the Integrated Postsecondary Education Data System (IPEDS) and its predecessor, the Higher Education General Information Survey (HEGIS) to code degree completions. It is also used by other Department of Education offices, such as the Office for Civil Rights, the Office of Vocational and Adult Education, and the Office of Special Education, and serves as the standard on instructional programs for other federal agencies, including the National Science Foundation (NSF), the Department of Commerce (Bureau of the Census), the Department of Labor (Bureau of Labor Statistics), and others. The CIP is used by state agencies, national associations, academic institutions, and employment counseling services for collecting, reporting, and analyzing instructional program data.

Based on the comprehensiveness and detail of the CIP and the potential for enhanced comparability with U.S. education data, Statistics Canada adopted the CIP as the standard field of study taxonomy in 2000, replacing previous Canadian classifications. However, due to several specific differences in the educational systems of each country, there are a few minor differences between each country's versions of the CIP.

Under this definition, instructional programs included in the CIP must meet all of the following operational criteria:

- 1) An instructional program must be offered by, through, or under the auspices of an education institution or other recognized provider.

- 2) The program must consist of more than one isolated course or learning experience and must not be a haphazard collection of unrelated courses or experiences.
- 3) There must be a set of structured learning experiences, defined by an institution or other provider, leading to a completion point that is formally certified by a degree, another formal award, or some other form of recognition.

The following programs are, therefore, not included in the CIP:

- o In-house, professional, or on-the-job training activities that are not recognized by an education institution or provider and that do not lead to any kind of formal award, credit, or certification.
- o Subject matter specializations or individual courses within a program that are not treated as a major and are generally not recognized by the education institution as a formal program offering.

II. Organization of the CIP

The CIP taxonomy is organized on three levels: 1) the two-digit series, 2) the four-digit series, and 3) the six-digit series. The two-digit series represent the most general groupings of related programs. The four-digit series represent intermediate groupings of programs that have comparable content and objectives. The six-digit series, also referred to as six digit CIP Codes, represent specific instructional programs. Postsecondary educational institutions use six-digit CIP codes when completing the IPEDS Completions Survey.

There are 47 two-digit series. The standard format for the two-digit series consists of a two-digit number followed by a period (**##.**). Codes and program titles at this level appear in bold type and in capital letters. Program descriptions at the two-digit series level begin with the standard phrase "Instructional programs" followed by a general description of the content areas and topics associated with the instructional programs within that series.

The numbering sequence for the four-digit series consists of a two-digit series code followed by a period and a second set of two digits. The standard format for four-digit CIP codes is **##.##**. Codes and program titles at the four-digit level appear in bold type. Within a four-digit series, undifferentiated instructional programs with a general focus appear at the beginning of the series, while an "other" program entry appears as the final category within a series. The rest of the programs are listed in numerical order. This convention of including an "other" program code was established to provide a category for reporting on programs that fall within a four-digit series but do not have a separate program code listed. Program descriptions are not provided at the four-digit summary level, and the user is instead informed of the range of code numbers where the instructional content for the series is contained.

Six-digit codes are the most detailed program classifications within the CIP. They are the basic unit of analysis used by NCES and institutions in tracking and reporting program completions and fields of study data. There is at least one six-digit code within every four-digit series. The numbering sequence is similar to the four-digit series sequence, with two more digits added after the four-digit series number; the standard format for the six-digit codes is **##.####**.

Each six-digit program appears with a description that generally identifies the objectives and content of the instructional programs. Program descriptions for academic or general programs begin with the phrase "A program that focuses on ..." Program descriptions for programs that are designed to prepare individuals for specific occupations begin with the phrase "A program that prepares individuals for..." The program description also indicates the instructional content of the program. These subject matter listings are intended as a general guide to the content areas addressed by the instructional program. Programs offered at different levels may cover more or fewer topics than those listed.

III. The process used to update the CIP

In order to develop the CIP-2010, NCES completed a comprehensive, multi-stage process over a two-year period. This process included extensive background (unobtrusive) research and analysis; solicitation of suggestions from IPEDS keyholders; and guidance, input, and review from a Technical Review Panel. Over the same time period, Statistics Canada completed a parallel review of CIP-2000 in light of educational changes that were occurring in Canada.

Background research

The first phase of the revision process consisted of research aimed at developing a set of preliminary recommendations for revisions to the CIP. This included a detailed examination of readily available data sources. These data sources included:

- o Scan of institutional web sites ("catalog scan"). NCES undertook lengthy and systematic web research in order to identify new and emerging instructional programs that exist at institutions but were not included in CIP-2000. The first step was selection of institutions to be studied. Using data from the IPEDS Completions Survey, NCES identified 10 institutions that produced the greatest number of completions for each two-digit series in the CIP. Then NCES researched their websites, systematically mapping every degree and certificate program related to that two-digit series onto the existing CIP taxonomy, comparing titles and, when necessary, program descriptions. Program titles that did not match were examined as to whether they might represent distinct areas of study—possible new codes—or alternate titles for existing programs.

In addition to the basic catalog scan, NCES conducted supplementary research to assure adequate exploration of programs that might not have been covered by the basic catalog scan. NCES researched 10 community college websites and over 25 liberal arts college websites to assure that the types of programs typically offered at these types of institutions were adequately examined. Further, for selected two-digit series where many four-digit series would be underrepresented in the basic catalog scan (including 13. EDUCATION and 51. HEALTH PROFESSIONS AND RELATED PROGRAMS), NCES identified the top-producing institutions by four-digit series and researched these websites. Finally, a complete review of the programs at all military institutions was conducted, and special attention was given to developing comprehensive information on programs related to military science, military technologies, and homeland security.

- o Review of "others" titles provided in 2006 and 2007 IPEDS Completions Surveys. In responding to the IPEDS Completions Survey, postsecondary education institutions have an opportunity to write in the exact titles of programs that they report under an "other" category. Titles listed here represent instructional programs at the institution for which the institution could not find a more specific CIP code. NCES reviewed all titles of "other" instructional programs reported in the 2006 and 2007 IPEDS Completions Surveys to identify which of these titles should be considered for inclusion in the CIP-2010.

- o Examination of other national data sources. NCES reviewed additional data from other government and private resources to search for other potential new program titles. This included analyses of emerging fields identified by the College Board's Annual Survey of Colleges and the National Science Foundation's Survey of Earned Doctorates.

Upon completion of initial investigations and identification of potential new titles for the CIP-2010, NCES conducted further detailed research on each title to determine whether it met the criteria for inclusion in the CIP (described below). Draft descriptions of new programs were written at this time.

Survey of IPEDS keyholders and TRP members. The second phase of the revision process consisted of a solicitation of suggestions for new codes from all IPEDS keyholders, including state IPEDS coordinators, as well as members of the CIP Technical Review Panel (described below). Survey recipients were invited to identify instructional program titles that they would like to add to the CIP, provide a rationale for inclusion, and suggest a program description. The purpose of this effort was to engage a wide range of CIP users in the process and to cast a wide net to capture additional new program titles not identified by NCES background research. This approach assured that direct stakeholders had an opportunity to make the case for adding new titles to the CIP.

To evaluate the merits of these suggestions, NCES conducted detailed research on each suggested title in order to determine whether it met the criteria for inclusion. Upon completion of this phase, NCES produced a complete draft of the revised CIP.

Technical Review Panel (TRP) Meetings. At the start of the CIP revision process, NCES identified a group of professionals to serve as overall advisors to the process as well as to provide input based on their specific expertise and their organizations' interests. This group was broadly representative of CIP users and stakeholders, including representatives of federal agencies, state agencies, and postsecondary institutions.

IV. Guidelines for adding or deleting a CIP code

New codes were added to the CIP when certain procedural criteria and numerical guidelines were met. NCES also established provisions for making exceptions to the numerical guidelines.

Procedurally, in order for a program code to be added, it needed to meet one of the following criteria:

- o Identification by NCES research
- o Identification by a member of the Technical Review Panel
- o Request by a federal agency, including Statistics Canada
- o Request by a state agency
- o Request by an IPEDS keyholder

Additionally, any institutional representative could make a request through an IPEDS keyholder. Numerically, the general guideline was that a minimum of 10 institutions must offer a program in order to add it to the CIP. NCES researched each recommendation to assure that 10 such programs existed. However, exceptions were made in some cases where outside evidence identified an instructional area as rapidly growing; in such cases, "nearly 10" institutions was judged to be adequate evidence for inclusion.

NCES did make general exceptions to the numerical guideline if a federal agency had a policy reason to track a particular program title. For example, the numerical guideline did not need to be met in the cases of foreign language, military science and technology, and homeland security programs.

V. Overview of changes to the CIP

The CIP-2010 contains nearly 50 new four-digit series and over 300 new six-digit codes. More than 350 codes have been revised. In addition, several significant changes characterize the revised CIP.

Enhanced electronic format. For the first time in CIP history, users will be accessing a fully-searchable electronic CIP with enhanced search capabilities and user tools and resources. These include multiple ways to browse the CIP, search for specific text, explore changes from CIP-2000, download summary reports, and export files. This stands in contrast to CIP-2000 in which the primary format was paper, and electronic features were limited.

The move to an electronic format means that the chapter format found in CIP-2000 is no longer relevant. With the electronic version, users can go directly to their topic of interest--in multiple ways--rather than follow a defined, linear format.

Users should note that a full text version of the CIP is available for download and printing from the CIP User's Website. Many users will find it advantageous to take advantage of the electronic search features and information resources as well as keep a printed version as a reference document.

Addition of examples. As CIP users are aware, there is a great deal of variability in how institutions title their instructional programs. To help minimize user uncertainty and facilitate more accurate reporting of program completions, NCES has introduced a new feature in CIP-2010: examples have been added to nearly 400 six-digit program codes. Examples should be thought of as some of the common titles that fit under a specific CIP code, and were identified as a result of NCES' extensive research and collaborative efforts. They give users more information and assistance when trying to match an instructional program title that does not exactly match the title of a CIP code. Please note that the examples are not intended to be an exact or exhaustive list. CIP users may decide to report an instructional program under a specific code, even though the exact title does not appear in the list of examples. It is ultimately up to the individual user to select the specific CIP code that best describes their instructional program.

The following illustrates the use of examples:

50.0914 Brass Instruments.

A program that prepares individuals to master a brass instrument and performing art as solo, ensemble, and/or accompanist performers. Includes instruction in playing and personal style development.

Examples:

- Trumpet
- Horn
- Trombone
- Euphonium/Baritone
- Tuba

Addition of FAQs. In order to provide additional information and guidance to CIP users, two types of Frequently Asked Questions (FAQs) have been developed. The General FAQs contain overall description of features of the CIP and general guidance for users. The Coding FAQs explain differences among specific series and are designed to help users choose among them.

Re-organization and expansion of selected two-digit series. In order to preserve time-series data, NCES did not introduce any new two-digit series, nor undertake any major re-organization across existing two-digit series. However, there were a few instances in which a two-digit series underwent some degree of re-organization for a particular purpose. These include:

- o **Series 23. ENGLISH LANGUAGE AND LITERATURE/LETTERS:** In CIP-2000, all but one four-digit series in series 23 contained a single six-digit code of the same title. This

represents a departure from other series in which the four-digit series typically groups related six-digit codes. In CIP-2010, NCES brought series 23 more in line with other series by introducing two new four-digit series, **23.13 Rhetoric and Composition/Writing Studies** and **23.14 Literature**, and placing all related six-digit program codes into the appropriate new four-digit series.

- o **Series 42. PSYCHOLOGY:** In CIP-2000, series 42 contained 23 separate four-digit series, each containing exactly one six-digit code of the same title. Again, this is atypical of the CIP overall, so NCES adjusted this in CIP-2010 by grouping all of the six-digit CIP codes into one of the following four-digit series: **42.01 Psychology General, 42.27 Research and Experimental Psychology, 42.28 Clinical, Counseling, and Applied Psychology, and 42.99 Psychology, Other.** All six-digit codes were moved into the appropriate four-digit series, and obsolete four-digit titles were deleted.
- o **Series 50. VISUAL AND PERFORMING ARTS:** CIP-2000 contained three related visual and performing arts management programs that were located in three different four-digit series. At the same time, there was no code that captured general programs in visual and performing arts management. CIP-2010 added a new four-digit series: **50.10 Arts, Entertainment, and Media Management.** The three existing programs were moved here, and both “general” and “other” codes were created so that all of these programs can be reported and counted under a single heading.
- o **Series 51. HEALTH PROFESSIONS AND RELATED PROGRAMS:** Prior to the current revision, all nursing programs were contained in a single four-digit series: **51.16 Nursing.** The CIP-2010 divided this series into two separate four-digit series: **51.38 Registered Nursing, Nursing Administration, Nursing Research and Clinical Nursing** and **51.39 Practical Nursing, Vocational Nursing and Nursing Assistants.** This revision will allow more meaningful reporting of completions in nursing.
- o **Series 60. RESIDENCY PROGRAMS:** Prior to the current revision, all medical residencies were contained in a single four-digit series: **60.02 Medical Residency Programs.** This included both General Certificates for first residency programs and Subspecialty Certificates for advanced residency programs that require completion of a general residency program. The CIP-2010 divided series 60.02 into two separate four-digit series: **60.04 Medical Residency Programs - General Certificates** and **60.05 Medical Residency Programs - Subspecialty Certificates.** Again, this revision will allow more meaningful analysis of medical residencies data.

In addition, three series underwent significant expansion:

- o **Series 28. MILITARY SCIENCE, LEADERSHIP AND OPERATIONAL ART.** This series was expanded from the prior series **28. RESERVE OFFICER TRAINING CORPS PROGRAMS** to include all programs that provide professional education and training of military officers in leadership, military science and operational studies, in addition to pre-officer training.
- o **Series 29. MILITARY TECHNOLOGIES AND APPLIED SCIENCES.** This series was expanded from the prior series **29. MILITARY TECHNOLOGIES**, which contained just one four-digit series with one six-digit code. The new series includes several four-digit series and many six-digit codes that differentiate programs in intelligence operations, military applied sciences, and military technologies.
- o **Series 43. HOMELAND SECURITY, LAW ENFORCEMENT, FIREFIGHTING, AND RELATED PROTECTIVE SERVICES.** This series was expanded from the prior series **43. SECURITY AND PROTECTIVE SERVICES.** To capture changes that have occurred since

CIP-2000, this series contains a new four-digit series, **43.03 Homeland Security**, as well as an expansion of six-digit programs under other four-digit series.

VI. CIP Code Groups

CIP codes belong to one of five general groups based on two-digit series. CIP code groups are not used for reporting, but are helpful for determining the type of program described by the CIP codes. The five groups are:

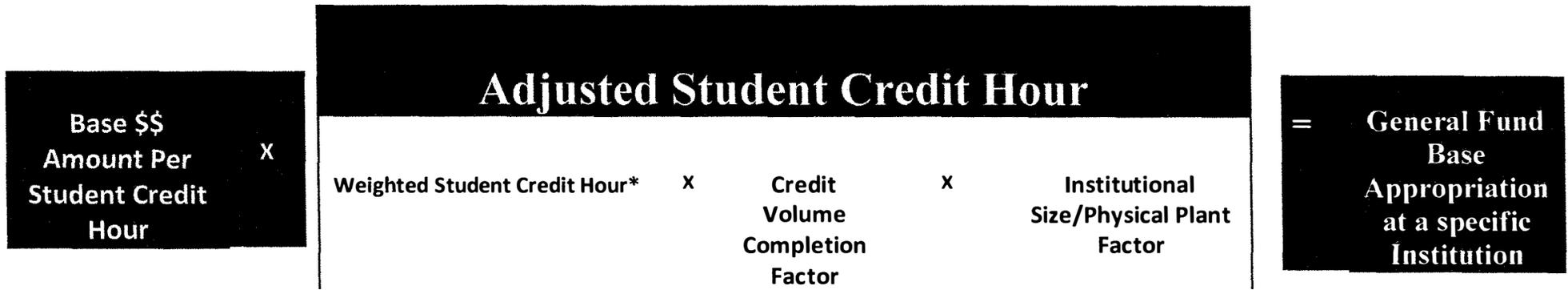
- 1. Academic and Occupational/Vocational Programs** *(All series not specifically named below)*
These CIP codes are academic and occupational or vocational instructional programs offered for credit at one or more postsecondary educational levels. These programs usually result in recognized completion points and awards such as degrees, diplomas, certificates, or some other formal award. **This is the only group of CIP code that is valid for IPEDS reporting.**
- 2. Residency Programs (Series 60)**
Programs that prepare medical doctors (MD), osteopaths (DO), dentists (DDS, DMD), veterinarians (DVM), and podiatrists (DPM) for certification as practitioners of recognized specialties in their respective professions. These programs are approved and accredited by designated professional associations and require from one to five years to complete, depending on the program. Residency programs that also result in an academic degree completion, such as an MS or PhD, should be reported under one of the clinical sciences codes located in Series 26, 51.05, or 51.25, rather than in a residency code located in Series 60. **The CIP codes in this group are not valid for IPEDS reporting.**
- 3. Military Science, Leadership, and Operational Art (Series 28)**
Instructional programs that provide professional education and training of military officers in leadership, military science and operational studies, security policy and strategy, military economics and management, and pre-officer training. **The CIP codes in this group are not valid for IPEDS reporting.**
- 4. Personal Improvement and Leisure (Avocational) Programs (Series 32, 33, 34, 35, 36, & 37)**
These CIP codes should be used for programs that equip individuals with knowledge and skills related to personal growth and leisure-time pursuits. Most of the programs are designed for adult learners. They are not formal academic or occupationally-specific programs and do not result in transferable credit or formal awards. **The CIP codes in this group are not valid for IPEDS reporting.**
- 5. High School/Secondary Diplomas and Certificates (Series 53)**
This CIP code should be used for instructional programs that define the prescribed requirements for high school/secondary school graduation. **The CIP codes in this group are not valid for IPEDS reporting.**

Institution

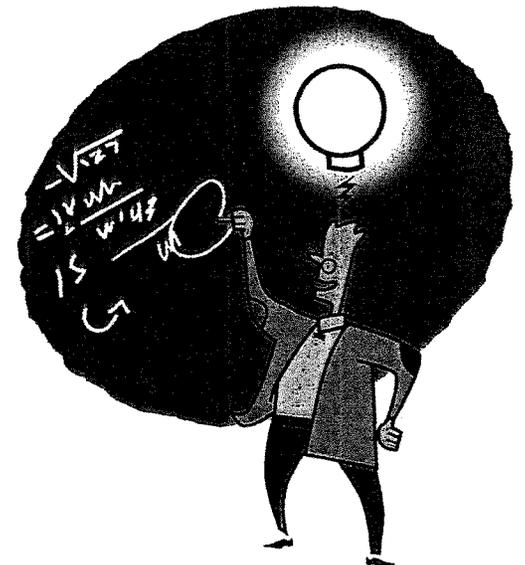
**Completed Student Credit
Hours (SCH) 2009-2011
Actual**

BSC	171,226
DCB	26,083
LRSC	59,858
NDSCS	116,059
WSC	29,260
DSU	112,746
MASU	37,501
MISU	161,859
VCSU	51,713
NDSU	693,838
UND	648,858

How will the total campus appropriation for the biennium be determined?



*WSCH is Completed Student Credit Hours x CIP Cost Factor for level of instruction



fp

For Example: North Dakota State College of Science (NDSCS) – for biennium

(for example only - may not reflect actual amounts)

NDSCS Adjusted Student Credit Hour			
NDSCS Base Amount Per Student Credit Hour	192,183	x 1.00	x 1.858
	Weighted Student Credit Hours	Credit Volume Completion Factor	Institutional Size/Physical Plant Factor
			NDSCS General Fund Base Appropriation*
			\$41,992,139

#5

	A	B	C	D	E
1	<u>Institution</u>	<u>total credits taken</u>	<u>total credits graded</u>	<u>"F" Failing grades</u>	<u>Credits dropped</u>
2	BSC	45,991	40,202	3,865	5,789
3	DSU	22,482	19,048	1,203	3,434
4	LRCS	15,588	11,876	858	3,712
5	MASU	11,516	10,486	715	1,030
6	MISU	41,641	36,542	2,216	5,099
7	MISUB	7,532	6,066	865	1,466
8	NDSCS	36,285	28,181	2,301	8,104
9	NDSU	192,968	173,878	9,270	19,090
10	UND	192,494	154,479	8,006	38,015
11	VCSU	15,358	12,967	828	2,391
12	WSC	8,296	7,188	506	1,108
13					
14	TOTAL	590,151.00	500,192.00	30,692.50	89,959.00

SB2200
from
Sen. Flakoll

2011-2012

North Dakota University System
SB2200 – Senate Appropriations Committee
February 6, 2013
Kari Reichert

Mr. Chairman, members of the Senate Education Committee. Good morning, I am Kari Reichert, Member of the State Board of Higher Education (SBHE). On behalf of the SBHE, I appear today in support of the Governor's proposed funding model. The model provides much needed state funding based on each campuses unique mission and programs, while protecting flexibility in the administration of operations. This flexibility, coupled with transparency, is important to ensuring the delivery of quality academic programs, protecting student access, and meeting the needs of the State of North Dakota. We appreciate the collective efforts of all who contributed to this effort.

Now I would like to ask Chancellor Shirvani to speak on behalf of the University and College Presidents.



North Dakota University System

SB2200 – Senate Appropriations Committee

February 6, 2013

Hamid A. Shirvani

Mr. Chairman and members of the committee, I am Ham Shirvani, Chancellor of the North Dakota University System. On behalf of my office and University and College Presidents, I appear today in support of SB2200. The Presidents and I are very appreciative of the Governor's very kind and generous efforts on our behalf. This is a major positive step toward securing base funding for the most important investment that the state can make. Therefore, we look forward to working with the legislature to move this Bill through the process. I would also like to take advantage of this opportunity to acknowledge the great work of our four vice presidents, Office of Management and Budget and the Governors' Office.





Chairman Holmberg and members of the Senate Appropriations Committee,

My name is William Woodworth, and I am President of the North Dakota Student Association, representing the 48, 203 students of the North Dakota University System. I am here to testify in favor of S.B. 2200.

During the last legislative session, the North Dakota Student Association passed a resolution in support of creating a new funding formula for the 11 public institutions of higher learning. We recognized that the peer funding formula was not working as intended, which was creating problems for our institutions and students throughout the state. Last session, I, along with other student leaders testified before legislative committees to support the creation of a commission that would work to formulate a new funding formula.

Unfortunately, the bill did not pass through the other legislative chamber. The students of the University System are grateful that Governor Dalrymple had the leadership necessary to push for the formulation of a new model. We are also grateful for the work that Sen. Flakoll and others on that task force put in to achieve this formula.

The beauty of the framework created by S.B. 2200 is that it provides a simpler formula that is easier for students and the citizens of North Dakota to understand. I will provide an example from within NDSA to demonstrate this. During the last session, it took three separate monthly meetings for NDSA to feel comfortable understanding how the old funding model operated and how it would affect each institution. Even as we debated the issue, students demonstrated that they still did not fully understand the issue, which created far more tension than the issue deserved. This year, it took one meeting for NDSA to understand the model and find broad support for the proposal. Not only does the funding model reduce the problems inherent in the old model, but it is simpler for students and citizens to understand.

The students believe that this bill will create a better formula that will better serve our students and our state. It focuses on funding students, which will help provide money to where it is needed in a more precise manner.

Chairman Holmberg, this concludes my testimony. I will stand for any questions the committee may have.

William Woodworth, North Dakota Student Association President

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SENATE APPROPRIATIONS HEARING – FEBRUARY 7, 2013
HIGHER EDUCATION FUNDING FORMULA (SB 2200)
BRIAN FOISY – MINOT STATE UNIVERSITY

- ✚ Governor formed working group in September 2011. Members included Alice Brekke, VP for Finance and Operations at UND; Bruce Bollinger, VP for Finance and Administration at NDSU; Brian Foisy, VP for Finance and Administration at MiSU; and Michael Renk, VP for Administrative Affairs at NDSCS. Expert staff advice and assistance provided by Cindy Fetch (UND), Dawn Pladson (UND), Cynthia Rott (NDSU), and Karin Hegstad (NDSU).
- ✚ Beginning in October 2011, working group met every Thursday afternoon, either in person or by conference call. Work continued through December 2012 (approximately 15 months). Working group developed the system of weights and factors identified in SB 2200.
- ✚ New formula is an outcomes-based model, using student credit hours (not enrollment) to determine funding. Process uses only completed student credit hours, as measured at the end of each biennium. Model rewards institutions for student progress toward graduation/completion.
- ✚ New formula builds on existing business practices and industry standards. Student credit hours are categorized according to Classification of Instructional Program (CIP) code designations established by the Department of Education. CIP codes broadly define different academic disciplines, grouping them according to common characteristics (see attachment). CIP codes provide consistent national standard for all institutions to follow. Someone on each campus is already doing this work in connection with the annual IPEDS survey. No additional expertise required to 'run' the model.
- ✚ Heart of the new formula is a matrix of relative cost factors, developed based on actual cost of instruction (see attachment). Factors tie to CIP code discipline clusters, and increase based on level of instruction (due to decreasing class sizes and higher faculty degree/experience requirements). Factors are applied to student credit hours to arrive at weighted values (see attachment). Matrix calculations are adjusted for student credit hour volume (small school factor) and physical plant size (ratio of square feet to output). Schools under 100,000 student credit hours received an adjustment. Schools with plant ratio over 5.0 received an adjustment.



Browse

This is a full listing of all CIP codes in this version. (Note: Neither old location of codes that moved nor deleted codes are shown in this listing; that information may be viewed on other areas of this site.)

[Expand All](#) [Collapse All](#)

- [+ 01\) AGRICULTURE, AGRICULTURE OPERATIONS, AND RELATED SCIENCES.](#)
- [+ 03\) NATURAL RESOURCES AND CONSERVATION.](#)
- [+ 04\) ARCHITECTURE AND RELATED SERVICES.](#)
- [+ 05\) AREA, ETHNIC, CULTURAL, GENDER, AND GROUP STUDIES.](#)
- [+ 09\) COMMUNICATION, JOURNALISM, AND RELATED PROGRAMS.](#)
- [+ 10\) COMMUNICATIONS TECHNOLOGIES/TECHNICIANS AND SUPPORT SERVICES.](#)
- [+ 11\) COMPUTER AND INFORMATION SCIENCES AND SUPPORT SERVICES.](#)
- [+ 12\) PERSONAL AND CULINARY SERVICES.](#)
- [+ 13\) EDUCATION.](#)
- [+ 14\) ENGINEERING.](#)
- [+ 15\) ENGINEERING TECHNOLOGIES AND ENGINEERING-RELATED FIELDS.](#)
- [+ 16\) FOREIGN LANGUAGES, LITERATURES, AND LINGUISTICS.](#)
- [+ 19\) FAMILY AND CONSUMER SCIENCES/HUMAN SCIENCES.](#)
- [+ 22\) LEGAL PROFESSIONS AND STUDIES.](#)
- [+ 23\) ENGLISH LANGUAGE AND LITERATURE/LETTERS.](#)
- [+ 24\) LIBERAL ARTS AND SCIENCES, GENERAL STUDIES AND HUMANITIES.](#)
- [+ 25\) LIBRARY SCIENCE.](#)
- [+ 26\) BIOLOGICAL AND BIOMEDICAL SCIENCES.](#)
 - [+ 26.01\) Biology, General.](#)
 - [+ 26.02\) Biochemistry, Biophysics and Molecular Biology.](#)
 - [26.0202\) Biochemistry.](#)
 - [26.0203\) Biophysics.](#)
 - [26.0204\) Molecular Biology.](#)
 - [26.0205\) Molecular Biochemistry.](#)
 - [26.0206\) Molecular Biophysics.](#)
 - [26.0207\) Structural Biology.](#)
 - [26.0208\) Photobiology.](#)
 - [26.0209\) Radiation Biology/Radiobiology.](#)
 - [26.0210\) Biochemistry and Molecular Biology.](#)
 - [26.0299\) Biochemistry, Biophysics and Molecular Biology, Other.](#)
 - [+ 26.03\) Botany/Plant Biology.](#)
 - [+ 26.04\) Cell/Cellular Biology and Anatomical Sciences.](#)
 - [+ 26.05\) Microbiological Sciences and Immunology.](#)
 - [+ 26.07\) Zoology/Animal Biology.](#)
 - [+ 26.08\) Genetics.](#)
 - [+ 26.09\) Physiology, Pathology and Related Sciences.](#)
 - [+ 26.10\) Pharmacology and Toxicology.](#)
 - [+ 26.11\) Biomathematics, Bioinformatics, and Computational Biology.](#)

- ⊕ 26.12) Biotechnology.
- ⊕ 26.13) Ecology, Evolution, Systematics, and Population Biology.
- ⊕ 26.14) Molecular Medicine.
- ⊕ 26.15) Neurobiology and Neurosciences.
- ⊕ 26.99) Biological and Biomedical Sciences, Other.
- ⊕ 27) MATHEMATICS AND STATISTICS.
- ⊕ 28) MILITARY SCIENCE, LEADERSHIP AND OPERATIONAL ART.
- ⊕ 29) MILITARY TECHNOLOGIES AND APPLIED SCIENCES.
- ⊕ 30) MULTI/INTERDISCIPLINARY STUDIES.
- ⊕ 31) PARKS, RECREATION, LEISURE, AND FITNESS STUDIES.
- ⊕ 32) BASIC SKILLS AND DEVELOPMENTAL/REMEDIAL EDUCATION.
- ⊕ 33) CITIZENSHIP ACTIVITIES.
- ⊕ 34) HEALTH-RELATED KNOWLEDGE AND SKILLS.
- ⊕ 35) INTERPERSONAL AND SOCIAL SKILLS.
- ⊕ 36) LEISURE AND RECREATIONAL ACTIVITIES.
- ⊕ 37) PERSONAL AWARENESS AND SELF-IMPROVEMENT.
- ⊕ 38) PHILOSOPHY AND RELIGIOUS STUDIES.
- ⊕ 39) THEOLOGY AND RELIGIOUS VOCATIONS.
- ⊕ 40) PHYSICAL SCIENCES.
- ⊕ 41) SCIENCE TECHNOLOGIES/TECHNICIANS.
- ⊕ 42) PSYCHOLOGY.
- ⊕ 43) HOMELAND SECURITY, LAW ENFORCEMENT, FIREFIGHTING AND RELATED PROTECTIVE SERVICES.
- ⊕ 44) PUBLIC ADMINISTRATION AND SOCIAL SERVICE PROFESSIONS.
- ⊕ 45) SOCIAL SCIENCES.
- ⊕ 46) CONSTRUCTION TRADES.
- ⊕ 47) MECHANIC AND REPAIR TECHNOLOGIES/TECHNICIANS.
- ⊕ 48) PRECISION PRODUCTION.
- ⊕ 49) TRANSPORTATION AND MATERIALS MOVING.
- ⊕ 50) VISUAL AND PERFORMING ARTS.
- ⊕ 51) HEALTH PROFESSIONS AND RELATED PROGRAMS.
- ⊕ 52) BUSINESS, MANAGEMENT, MARKETING, AND RELATED SUPPORT SERVICES.
- ⊕ 53) HIGH SCHOOL/SECONDARY DIPLOMAS AND CERTIFICATES.
- ⊕ 54) HISTORY.
- ⊕ 60) RESIDENCY PROGRAMS.

DISCIPLINE CLUSTERS	STUDENT CREDIT HOUR WEIGHTING MATRIX				
	LOWER DIV	UPPER DIV	PROFESSIONAL	GRADUATE	MD
Agriculture	1.9	3.8	5.7	7.6	-
Architecture	1.8	3.6	5.4	7.2	-
Aviation	1.9	3.8	5.7	7.6	-
Biological/Physical Science	1.9	3.8	5.7	7.6	-
Business	1.9	3.8	5.7	7.6	-
Career/Tech Education	2.0	-	-	-	-
Education	1.9	3.8	5.7	7.6	-
Engineering	2.5	5.0	7.5	10.0	-
Health Sciences	3.0	6.0	9.0	12.0	38.0
Legal Studies	3.5	7.0	10.5	14.0	-
Remedial	2.3	-	-	-	-
Core Disciplines	1.0	2.0	3.0	4.0	-

DISCIPLINE CLUSTERS	STUDENT CREDIT-HOUR WEIGHTING MATRIX - MISU						WEIGHTED SCH
	ELEMENTS	LOWER DIV	UPPER DIV	PROFESSIONAL	GRADUATE	MD	
Agriculture	09-11 SCH	-	-	-	-	-	
	Cost Factor	1.9	3.8	5.7	7.6	-	
	Weighted SCH	-	-	-	-	-	-
Architecture	09-11 SCH	-	-	-	-	-	
	Cost Factor	1.8	3.6	5.4	7.2	-	
	Weighted SCH	-	-	-	-	-	-
Aviation	09-11 SCH	-	-	-	-	-	
	Cost Factor	1.9	3.8	5.7	7.6	-	
	Weighted SCH	-	-	-	-	-	-
Biological/Physical Science	09-11 SCH	13,709	3,070	-	334	-	
	Cost Factor	1.9	3.8	5.7	7.6	-	
	Weighted SCH	26,047	11,666	-	2,538	-	40,251
Business	09-11 SCH	8,099	17,454	-	2,940	-	
	Cost Factor	1.9	3.8	5.7	7.6	-	
	Weighted SCH	15,388	66,325	-	22,344	-	104,057
Career/Tech Education	09-11 SCH	-	-	-	-	-	
	Cost Factor	2.0	-	-	-	-	
	Weighted SCH	-	-	-	-	-	-
Education	09-11 SCH	8,652	10,904	-	4,034	-	
	Cost Factor	1.9	3.8	5.7	7.6	-	
	Weighted SCH	16,439	41,435	-	30,658	-	88,532
Engineering	09-11 SCH	-	-	-	-	-	
	Cost Factor	2.5	5.0	7.5	10.0	-	
	Weighted SCH	-	-	-	-	-	-
Health Sciences	09-11 SCH	4,837	4,542	-	-	-	
	Cost Factor	3.0	6.0	9.0	12.0	38.0	
	Weighted SCH	14,511	27,252	-	-	-	41,763
Legal Studies	09-11 SCH	-	-	-	-	-	
	Cost Factor	3.5	7.0	10.5	14.0	-	
	Weighted SCH	-	-	-	-	-	-
Remedial	09-11 SCH	-	-	-	-	-	
	Cost Factor	2.3	-	-	-	-	
	Weighted SCH	-	-	-	-	-	-
Core Disciplines	09-11 SCH	58,192	20,442	-	4,650	-	
	Cost Factor	1.0	2.0	3.0	4.0	-	
	Weighted SCH	58,192	40,884	-	18,600	-	117,676

Total Weighted Student Credit Hrs	392,279
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Senate Resolution

To: The Student Senate of the University of North Dakota

Authors: Shane Gerbert-Governmental Affairs Commissioner, Eric Watne - Student Body Vice President

Sponsors: Kyle Slaathaug, Off Campus Senator

CC: Logan Fletcher - Student Body President, Eric Watne - Student Body Vice President, Cassie Gerhardt - Student Government Advisor; UND President, Robert Kelley; Dr. Lori Reesor, VPSA

Date: 12/2/12

Re: New University System Funding Model

2 Whereas, the current model for funding North Dakota University System institutions is mainly calculated by peer-based funding, and

4 Whereas, the Governor's model helps to provide a base for which equitable and sufficient funding measures will be established, and

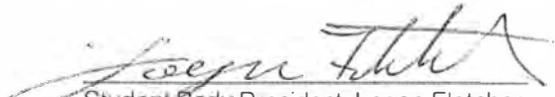
6 Whereas, this new model takes into account the type of programs UND teaches and how much it costs to administer them, and

8 Whereas, this new model that takes into account also the metrics of physical plant factor, and credit volume factor, and

10 Whereas, a new funding model that is equitable, transparent and ensures that UND is adequately funding is a must to maintain UND as a premier institution of higher education.

12 Therefore, be it moved, that UND Student Senate acting on behalf of the approximately 15,250 students of UND, fully support the effort for the University System to move towards a more transparent funding model, and

14 Therefore, be it furthest moved, that UND Student Senate set this as a lobbying goal for the 2013 Legislative Session.

16 
Student Body President, Logan Fletcher

18

Attachment 1.
March 11, 2013
SB 2200

SB 2200

March 11, 2013

Senator Tim Flakoll

Improved Funding Mechanism for Higher Education

For the record, I am Senator Tim Flakoll of District 44 of Fargo and prime sponsor of SB 2200.

For many years the funding mechanism for higher education has been debated in North Dakota and other states across the country. While North Dakota has made major new investments in higher education in the near term, those investments have been based on historic funding levels and generally not set metrics that are transparent, consistent, readily understood or rooted in a logical measurable set of data. As such it has not enjoyed as broad base of legislative and citizen support as it could.

Funding within programs and between campuses has been hotly debated, but with few improvements.

The new funding model funds campuses based on the credits that students successfully complete, rather than the current focus on historical funding, head count or class enrollments. The new formula, based on student credit hours completed, takes into account the varying costs of educational instruction, including advanced levels of study, campus size and credit volume (output efficiency). It solves a decades long problem and should produce a seismic improvement in legislative trust and reduce infighting between campuses.

Since it is credit based, the formula places an equal value on summer school students as well as non-traditional students who are chipping away at their degree (example – a part time student who holds a full time job) to more traditional students who are in their class. I believe it will lead to students taking a larger class load which will result in 1) earlier graduation, 2) reduced student loan debt, 3) getting workers more quickly into industry and 4) reducing the overall cost per grad.



**This improved formula provides
transparency, predictability, general ease
of understanding and is outcome based.**

For a new funding formula to be successful, it was thought that the mechanism must have a number of traits including:

- 1) Be transparent, consistent, comprehensive and relatively easy to understand.
- 2) Fosters trust with policy makers and be defensible.
- 3) Encourage matriculation so that students graduate in a timely manner and foster student success.
- 4) Be free of funding silos or individual/campus manipulation.
- 5) Reflect the actual costs of credits that are higher cost to deliver, compared to those that can be delivered more efficiently.
- 6) Reflect the costs of different size campuses (physical plant) and their corresponding efficiencies.
- 7) Support the institutions with predictable and transparent funding to meet their mission.
- 8) Recognize and acknowledge different types of institutions and programmatic needs.
- 9) Similar to K-12, we wish to avoid over burdensome reporting that is not beneficial or reflective of our goals.
- 10) A new funding mechanism that does not imply that some programs have more value than others.
- 11) Support student academic and personal growth.
- 12) In keeping with the spirit of North Dakota's desire for local involvement/control, provide flexibility to the institutions and enable local decision making.
- 13) Provides the state with a well prepared, highly trained workforce to meet our workforce and economic development needs.
- 14) **The new formula will not include funds for major capital construction projects, scholarships, or the system office.**

This proposed output based model is based on student credit hours completed which is a change from the current model which is largely based on historical funding levels. The new funding mechanism provides a North Dakota led solution that reflects North Dakota principals and priorities. It comes as a result of exhaustive efforts from campus finance

leaders representing two-year campuses, four-year regional campuses and four-year research campuses.

While not scheduled to testify today, I should also note for the record that all campus Presidents have gone on record as endorsing this new formula.

Funding Model Methodology

Using this formula, campus general base funding will be generated using passing grade, completed student credit hours at each higher education institution in the NDUS. These completed credit hours will then be included in a formula using factors for:

- 1) Classification of Instructional Programs (CIP) Cost Factor** – reflects the actual historical cost of instruction at campuses in the system. Instructional subject disciplines offered according to the Classification of Instructional Programs (CIP) as directed by the U.S. Department of Education. Campuses have used this federal reporting nomenclature for the past 32 years.
- 2) Credit volume completion factor** based on institution output (credits successfully completed) for the biennium.
- 3) Institutional physical plant size factor.**

After the weighted credit hours have been determined using the applicable factors, those credit hours will be multiplied by the base funding target dollar amount for general funding for each institution tier type (2 year, 4 year, research).

I will now walk you through the funding formula greater detail and present you with an example of how it would work.

Factor #1 of 4 - Level of Instruction – the higher the level of instruction or the more costly it is to deliver, the more formula dollars they will receive.

These factors are found starting on page 1 line 13 of the bill and go through page 3, line 22 of the bill.

The weighting factors are increased based on a student's level of instruction (lower division, upper division, professional, MA/PhD and MD) to recognize the cost differences that occur as the level of instruction changes (see discipline cluster/matrix). The relative differences in weights represent the actual cost differences that have been encountered.

Discipline Cluster	Lower Division	Upper Division	Professional	Master's	Doctoral	MD
Core Disciplines	1.0	2.0	3.0	4.0	4.0	n/a
Agriculture	1.9	3.8	5.7	7.6	7.6	n/a
Architecture	1.8	3.6	5.4	7.2	7.2	n/a
Aviation	1.9	3.8	5.7	7.6	7.6	n/a
Biological/Physical Science	1.9	3.8	5.7	7.6	7.6	n/a
Business	1.9	3.8	5.7	7.6	7.6	n/a
Career and Technical	2.0	n/a	n/a	n/a	n/a	n/a
Education	1.9	3.8	5.7	7.6	7.6	n/a
Engineering	2.5	5.0	7.5	10.0	10.0	n/a
Health Sciences	3.0	6.0	9.0	12.0	12.0	38.0
Legal Studies	3.5	7.0	10.5	14.0	14.0	n/a
Remedial	2.3	n/a	n/a	n/a	n/a	n/a
-Weights follow the completed credits by subject area, not the student academic status.						

Credit Volume Completer Factor – Factor #2 of 4 -

These are found starting on page 3 line 23.

Lower output institutions will receive an additional weighting factor to reflect the differences in efficiency (similar to our K-12 formula) due to campus academic output.

This factor is measured as individual campus student credit hours completed on a **biennial basis**. Where a campus fits will be adjusted each biennium as their credit volume changes to account for the variations in the efficiency of scale.

The factor is applied as follows:

Credit Volume Factor	
<i>Biennium Completed Student Credit Hours (un-weighted)</i>	<i>Factor</i>
100,000+	1.00
95,000-99,999	1.05
90,000-94,999	1.10
85,000-89,999	1.15
80,000-84,999	1.20
75,000-79,999	1.25
70,000-74,999	1.30
65,000-69,999	1.35
60,000-64,999	1.40
55,000-59,999	1.45
50,000-54,999	1.50
45,000-49,999	1.55
40,000-44,999	1.60
35,000-39,999	1.65
30,000-34,999	1.70
25,000-29,999	1.75
20,000-24,999	1.80
15,000-19,999	1.85
10,000-14,999	1.90
5,000-9,999	1.95
0-4,999	2.00



Institutional Size/Physical Plant Factor – Factor #3 of 4

$$\frac{\text{Campus Perimeter Square Footage (from OMB data)}}{\text{Weighted Student Credit Hours (WSCH)}} = \text{Institutional Size Factor}$$

The Institutional Size Factor (space ratio) used for this factor is based on campus building square footage as validated by the ND Office of Management and Budget. Square footage is divided by the CIP weighted student credit hours (WSCH).

Square footage is defined to include all campus Type I, II and III buildings/infrastructure:

Type I: Academic and Instructional buildings

Type II: General Support/Administration and other

Type III: Auxiliary Facilities

The square footage does not include:

- NDSU Agricultural Research and Extension
- Technology parks
- Federal buildings/infrastructure
- Foundation-owned buildings/infrastructure
- Leased properties

After the ratio is calculated, the weighting factor used is determined as follows (see page 4 lines 18 - 29):

<i>Institutional Size Ratio</i>	<i>Factor</i>
0-4.99	1
5.0-7.99	1.8



Dollar Amount Per Credit of Base Funding – Factor #4 of 4

See page 5 lines 1 - 10.

The base dollar funding target for all institutions is based upon historical costs of their tier group. Funding will be the same within each of the three tiers - 2yr, 4yr and research. Credits completed will be counted and reconciled on an annual basis.

\$117.60/credit for 2-year campuses (BSC, DCB, LRSC, NDSCS, WSC)

\$ 110.80/credit for 4-year regional campuses (DSU, MASU, MiSU, VCSU,)

\$ 72.70/credit for 4-year research campuses (NDSU & UND)

The funding will be sent out from OMB directly to campuses. It is also important to note that the base formula funding for any campus may not drop by more than 4%/year for any campus through the 2015-2017 biennium. This sunset allows us to have a discussion during the 2017 session if we wish to continue that hold harmless policy.

Mr. Chairman, there are \$76.1 m new dollars for higher education in Governor's budget for this 2013-2015 funding model which includes:

- **\$21 m to transition to new funding formula (SB2200) - this is about half of the cost of transition to a new formula that we had for K-12 in 2007.**
- **\$55.1 m for salary and benefit increases as well as operating cost and utility cost inflationary increases (SB2003).**

It is important to note that this formula does not have funds for capital construction costs in it. Capital projects will remain as a separate request to the legislature for funding consideration. Those projects will still be required to come before the Legislature from a list presented by the Board of Higher Education and upon recommendation of the Governor's budget.

Those construction funds, along with specific campus appropriations are found in SB 2003.

I will also note that our various scholarship programs such as merit based scholarships, needs based scholarships and Native American scholarships are outside this formula and independent decisions of the legislature. Also outside of the formula is the cost to operate the North Dakota University System office. There are no funds for the System office in this bill.

As we move forward, it is the intent that any changes to the base funding of state aid for higher education be done to the dollar amounts listed for each tier as found on page 5, lines 1 - 10. Obviously the current intent is that those three tiers would be raised relative to each other in terms of percentages and not simply similar dollar for dollar amounts.

That concludes my testimony and I would be happy to stand for any questions.

Glossary

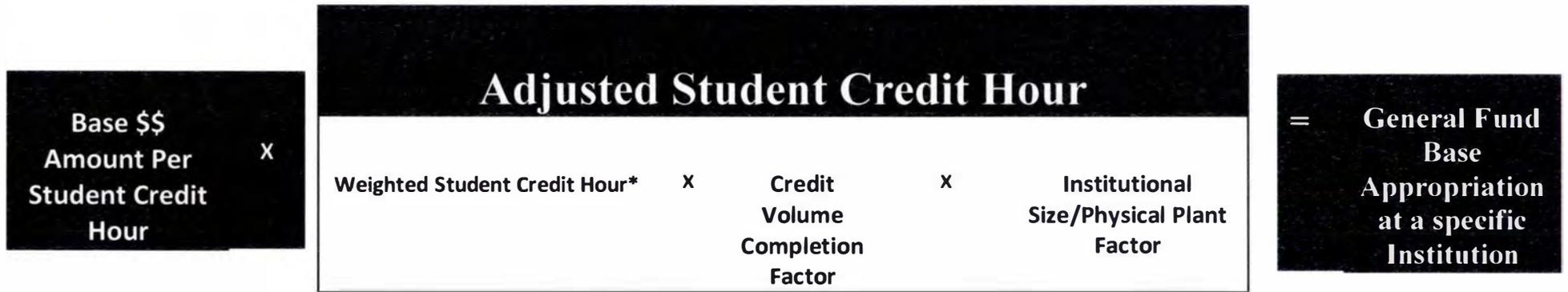
- A) CIP code – Federal Classification of Instructional Programs (federal nomenclature) that has been in place since 1980. So campuses have already reported within that classification for more than 30 years.
- B) CIP Cost Factor - As directed by the U.S. Department of Education, the Classification of Instructional Programs or CIP codes by academic subject area determine how the factor for weighting student credit hours (WSCH) captures the historical cost of instruction and will account for the complexity associated with varying levels of instruction (i.e., upper division, lower division, professional, masters, doctoral) and different subject discipline areas.

This factor will provide funding based on academic discipline area, such as Biological Sciences, Business and Health Sciences. By using this weighting method for credit hours the new formula provides funding based on the students progression to degree completion. Credit hours for students who complete courses with passing grades will be used in the formula; student withdrawals will not be included.

- C) Lower Division courses/credits – 100 and 200 level subject areas
- D) NDUS – North Dakota University System
- E) OMB – North Dakota office of Management of Budget
- F) SBHE – State Board of Higher Education
- G) Institution's square footage - includes all real property owned by the state within the institution's perimeter. It does not include agriculture experiment stations, agriculture research extension centers, technology parks, state agencies or leased facilities. It is determined on June 13th of each year by OMB.
- H) Student Credit Hour – A successful completion of a student credit hours is considered a letter grade of D or above and is a measure of progress towards graduation. Credits successfully completed such as a “pass” on a “pass/fail” course shall count as successful completion.
- I) Upper Division courses/credits – 300 and 400 level subject areas
- J) WSCH - Weighted Student Credit Hours

End

How will the total campus appropriation for the biennium be determined?



*WSCH is Completed Student Credit Hours x CIP Cost Factor for level of instruction



For Example: North Dakota State College of Science (NDSCS) – for biennium

(for example only - may not reflect actual amounts)

NDSCS Base \$117.60 Amount Per Student Credit Hour	x	NDSCS Adjusted Student Credit Hour			=	NDSCS General Fund Base Appropriation*	
		192,183 Weighted Student Credit Hours	x	1.00 Credit Volume Completion Factor	x	1.858 Institutional Size/Physical Plant Factor	\$41,992,139

*Does not include any capitol construction projects that may be appropriated by the Legislature during a session.

Institution	Completed Student Credit Hours (SCH) 2009-2011 Actual
BSC	171,226
DCB	26,083
LRSC	59,858
NDSCS	116,059
WSC	29,260
DSU	112,746
MASU	37,501
MISU	161,859
VCSU	51,713
NDSU	693,838
UND	648,858

Attachment 2.
March 11, 2013
SB2200

North Dakota University System
SB2200 – House Appropriations Committee
March 11, 2013 – Kathy Neset

Mr. Chairman, members of the Committee. I am Kathy Neset, Member of the State Board of Higher Education (SBHE). On behalf of the SBHE, I appear today in support of the Governor's proposed funding model. The model provides much needed state funding based on each campuses unique mission and programs, while protecting flexibility in the administration of operations. This flexibility, coupled with transparency, is important to ensuring the delivery of quality academic programs, protecting student access, and meeting the needs of the State of North Dakota. We appreciate the collective efforts of all who contributed to this effort.

Now, I would like to ask Laura Glatt to review some figures with you.

NDUS Two-Year Campuses
 Comparison of Budget Request to Executive Recommendation and Senate Version -Base Funding
 (Excludes Major Capital Projects)

*Attachment 3.
 March 11, 2013
 SB 2200*

	(1)	(2)	(3) (4) (5)			(6)	(7)
	2011-13 Base General Fund Budget	SBHE Requested Base Budget Increases	Total Base Increases per Executive Recommendation			Senate Version-Engrossed SB2003 Base Increases	Senate Adjustments
			Formula Payment 1/	Equalization Payment	Total		
BSC	\$28,045,987	\$2,938,030	\$3,830,552	\$3,537,996	\$7,368,548	\$7,368,548	\$0
LRSC	9,158,981	813,498	1,450,423	2,800,171	4,250,594	4,250,594	\$0
WSC	9,047,486	1,134,119	1,097,278	-	1,097,278	1,097,278	\$0
NDSCS	35,198,921	1,978,845	4,541,854	2,249,951	6,791,805	6,791,805	\$0
DCB	6,605,257	972,911	918,511	968,128	1,886,639	1,886,639	\$0
Total Two-Year Campuses	\$88,056,632	\$7,837,403	\$11,838,618	\$9,556,246	\$21,394,864	\$21,394,864	\$0

1/ Column 3 includes Cost to Continue, 13-15 Salary & Benefit Increases, Campus Security & Mental Health

NDUS Four-Year Campuses
Comparison of Budget Request to Executive Recommendation and Senate Version -Base Funding
(Excludes Major Capital Projects)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	2011-13 Base General Fund Budget	SBHE Requested Base Budget Increases	Total Base Increases per Executive Recommendation			Senate Version-Engrossed SB2003 Base Increases	Senate Adjustments
			Formula Payment 1/	Equalization Payment	Total		
MISU	\$38,738,594	\$2,033,506	\$4,725,919	\$0	\$4,725,919	\$4,725,919	\$0
DSU	22,792,617	2,422,488	3,054,133	2,236,064	5,290,197	5,490,197	\$200,000 2/
MaSU	13,134,780	987,593	1,713,173	904,705	2,617,878	2,617,878	\$0
VCSU	18,103,060	1,179,619	2,448,427	1,961,854	4,410,281	4,410,281	\$0
Total Four-Year Campuses	\$92,769,051	\$6,623,206	\$11,941,652	\$5,102,623	\$17,044,275	\$17,244,275	\$200,000

1/ Column 3 includes Cost to Continue, 13-15 Salary & Benefit Increases, Campus Security & Mental Health

2/ In addition, \$800,000 in one-time funding was added by the Senate for the Theodore Roosevelt Center

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**NDUS Research Universities, School of Medicine & Health Sciences (SMHS) and Forest Service
Comparison of Budget Request to Executive Recommendation and Senate Version -Base Funding
(Excludes Major Capital Projects)**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	2011-13 Base General Fund Budget	SBHE Requested Base Budget Increases	Total Base Increases per Executive Recommendation			Senate Version-Engrossed SB2003 Base Increases	Senate Adjustments
			Formula Payment 1/	Equalization Payment	Total		
UND	\$144,869,050	\$18,258,234					
SMHS	47,747,971	11,175,837					
Subtotal UND and SMHS	192,617,021	29,434,071	18,447,364		18,447,364	19,247,364	800,000
NDSU	127,747,549	18,980,643	12,841,542	6,431,392	19,272,934	19,272,934	-
Total Research Universities & SMHS	\$320,364,570	\$48,414,714	\$31,288,906	\$6,431,392	\$37,720,298	\$38,520,298	\$800,000
Subtotal All NDUS Campuses and SMHS	\$501,190,253	\$62,875,323	\$55,069,176	\$21,090,261	\$76,159,437	\$77,159,437	\$1,000,000
Forest Service	\$3,962,472	\$598,820	\$761,550	\$0	\$761,550	\$761,550	\$0

1/ Column 3 includes Cost to Continue, 13-15 Salary & Benefit Increases, Campus Security, Mental Health, Nursing Consortium and Forest Restoration

13-15 Security, Mental Health and Statewide Nursing Consortium Budget Component

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	13-15 SBHE Request								2.5% Average Formula Allocation in Proposed Executive and Senate Budget for Security/Mental Health/Nursing	Difference Request to Proposed
	Security		Mental Health Services		Statewide Nursing Consortium		Combined Total			
	Amount	FTE Positions	Amount	FTE Positions	Amount	FTE Positions	Amount	FTE Positions	Amount	Amount
3SC	\$671,900	4.00					\$671,900	4.00	\$863,933	\$192,033
LRSC	\$450,000	3.00					\$450,000	3.00	\$327,125	(\$122,875)
WSC	\$785,000	5.00	\$135,401	0.00			\$920,401	5.00	\$247,481	(\$672,920)
JND	\$185,000	1.00			\$309,000	0.00	\$185,000	1.00	\$168,600	(\$16,400)
NDSU	\$185,000	1.00					\$185,000	1.00	\$117,449	(\$67,551)
NDSCS	\$428,948	1.75					\$428,948	1.75	\$1,024,359	\$595,411
DSU	\$673,870	4.00	\$135,401	1.00			\$809,271	5.00	\$684,623	(\$124,648)
MASU	\$450,000	3.00	\$14,600	0.00			\$464,600	3.00	\$384,029	(\$80,571)
MiSU	\$545,969	3.00	\$14,600	0.00			\$560,569	3.00	\$1,059,637	\$499,068
VCSU	\$450,000	3.00					\$450,000	3.00	\$548,846	\$98,846
DCB	\$450,000	3.00	\$135,401	1.00			\$585,401	4.00	\$207,159	(\$378,242)
Subtotal	\$5,275,687	31.75	\$435,403	2.00	\$309,000	0.00	\$5,711,090	33.75	\$5,633,241	(\$77,849)
NDUS Office	\$235,000	1.00	\$534,268	1.00			\$769,268	2.00	\$282,520	(\$486,748)
TOTAL	\$5,510,687	32.75	\$969,671	3.00	\$309,000	0.00	\$6,480,358	35.75	\$5,915,761	(\$564,597)

L/ Funded as a program budget in NDUS Office, not part of 2.5% formula

NDUS 2013-15 Major Capital Projects

Comparison of SBHE's Approved Health and Safety Projects Request/Priorities to Engrossed SB 2003

(1)	(2)	(3)	(4)	(5) 2013-15 Request			(6)	(7)	(8)	(9)
	Project Description	Campus	Project Type	State	Other	Total	Deferred Maint Addressed	2013-15 Engrossed Bill		
				A=addition; R=renovation; NC=new construction						
1	Old Gymnasium Replacement & Improvements	MaSU	NC	\$5,800,000		\$5,800,000	\$867,000	\$5,800,000 GF		
2	STEM Classroom/Laboratory Building	NDSU	NC	\$29,600,000		\$29,600,000	\$150,000	\$29,600,000 GF		
3	Campus Backup Generator	DCB		\$395,600		\$395,600		\$395,600 GF		
Total State Funded Health & Safety Ranked Projects Requested				\$35,795,600	\$0	\$35,795,600	\$1,017,000	\$35,795,600 GF		

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NDUS 2013-15 Major Capital Projects
Comparison of SBHE's Approved Other Projects Request/Priorities to Engrossed SB's 2003, 2333 and 2020

(2) Project Description	(3) Campus	(4) Project Type	(7) 2013-15 Request				(9) Deferred Maint Addressed	(10) 2013-15 Engrossed Bills
			(5) State	(6) Other	Total	(8) Other Source		
A=addition; R=renovation; NC=new construction								
Section 1: CAMPUSES - STATE FUNDED RANKED PROJECTS RECOMMENDED FOR INCLUSION IN 2013-15 BUDGET REQUEST								
1	SoMHS Renovation/Addition	UND	A, R, NC	\$38,500,000		\$38,500,000	\$4 - \$10 M	\$124,000,000 GF
2	Communications & Creative Arts Center	BSC	NC	\$20,404,000	\$20,404,000	\$40,808,000	private	\$13,300,000 GF
3	Old Main Renovation (including demo of Hektner and Burch)	NDSOS	R	\$8,511,452		\$8,511,452		\$8,511,452 GF
4	Renovation of Law School, Incl \$100,000 for space utilization study	UND		\$4,350,000		\$4,350,000	\$240,000	\$12,000,000 GF
5	Systemwide deferred maintenance (\$10 million) + systemwide facility master plan and space utilization study (\$1 million-not included in Engr Bill)	System	R	\$11,000,000		\$11,000,000		\$10,000,000 GF
6	Stevens Hall Renovation	WSC	R	\$12,242,478		\$12,242,478	\$3,500,000	\$12,242,478 GF
7	Campus-wide Drainage Improvements	MaSU	R	\$2,267,000		\$2,267,000		\$2,267,000 GF
8	Vangstad Hall Renovation	VCSU	A, R	\$3,636,466		\$3,636,466	\$1,038,774	\$3,636,466 GF
9	Erlandson Tech Center Addn/Renovation	LRSC	A, R	\$5,947,562		\$5,947,562	\$677,790	\$5,947,562 GF
10	Campus Drive	WSC	R	\$1,800,000		\$1,800,000		\$1,800,000 GF
	Plant Services Building	MISU	A	\$1,821,905	\$678,095	\$2,500,000	\$1,785 local; \$676,310 GF 09-11 Swain Hall carryover	\$1,821,905 GF \$1,785 OF \$676,310 Carryover
	Side Slope Failure (included in deficiency appropriation request)	VCSU				\$0		\$505,800 GF \$100,000 OF
	Total State Funded Other Ranked Projects Requested - Campuses			\$110,480,863	\$21,082,095	\$131,562,958	\$8,949,064	\$196,032,663 GF \$101,785 OF \$676,310 Carryover
Section 2: OTHER UNRANKED STATE FUNDED PROJECTS NOT INCLUDED IN 2013-15 BUDGET REQUEST								
	Armory Renovation	BSC	R	\$3,720,000		\$3,720,000	\$1,891,000	
	Student Center Multi-purpose Addition	LRSC	A, R	\$4,380,954		\$4,380,954	\$266,000	
	Ladd/Dunbar Renovation	NDSU	R	\$12,900,000		\$12,900,000	\$5,400,000	
	Crop Quality & Food Science Facility (Harris Hall Replacement)	NDSU	NC	\$20,400,000		\$20,400,000	\$1,900,000	
	Campus Water, Sewer Infrastructure	NDSOS	A	\$9,459,000		\$9,459,000	\$8,759,000	
	Conversion to Geothermal - Area B	MISU	R	\$9,000,000		\$9,000,000		
	W.E. Osmon Fieldhouse Renovation of Academic and Administrative Areas (Phase I)	VCSU	R	\$1,315,790		\$1,315,790	\$523,500	
	Heating System U grade - Thatcher Hall	DCB	R	\$810,000		\$810,000		\$810,000 GF
	Total Other State Funded Projects NOT Included In the Request - Campuses			\$61,985,744	\$0	\$61,985,744	\$16,739,500	\$810,000 GF

6

NDUS 2013-15 Major Capital Projects
Comparison of SBHE's Approved Other Projects Request/Priorities to Engrossed SB's 2003, 2333 and 2020

(2) Project Description	(3) Campus	(4) Project Type	(5) (6) (7) 2013-15 Request			(8) Other Source	(9) Deferred Maint. Addressed	(10) 2013-15 Engrossed Bills
			State	Other	Total			
A=addition; R=renovation; NC=new construction								
Section 3: Non-State Funded (Unranked) Projects Recommended for Inclusion in 2013-15 Budget Request								
Student Housing Facility	UND	NC		\$19,187,262	\$19,187,262	Revenue bonds	\$100,000	\$19,187,262
Resident Apartment Building (Currently leased)	UND	Buy		\$8,300,000	\$8,300,000	Revenue bonds		\$8,300,000
COBPA Renovation & Addition (Reauthorization from 2009-11) *	UND	R, A		\$20,500,000	\$20,500,000	Private	\$50,000-\$100,000	\$20,500,000
Indoor Track and Football Practice Field (Reauthorization from 2009-11) *	UND	NC		\$19,500,000	\$19,500,000	Private/Local		\$19,500,000
Wilkerson Hall Dining Center (Reauthorization from 2011-13) *	UND	NC				Revenue bonds		\$29,000,000
Low Rise Lavatory Renovation - Phase I	NDSU	R		\$1,000,000	\$1,000,000	Local	\$700,000	\$1,000,000
Memorial Union Food court	NDSU	R		\$975,000	\$975,000	Local		\$975,000
Low Rise Lavatory Renovation - Phase II	NDSU	R		\$1,030,000	\$1,030,000	Local	\$700,000	\$1,030,000
Nutrition, Dietetics & Hospitality Lab	NDSU	R		\$750,000	\$750,000	Private		\$750,000
Sanford Health Athletic Complex-Formerly Bison Sports Arena (Reauthorization of 2007-09 project)	NDSU	R				Private		\$35,404,356
Building upgrades to Center for Computationally Assisted Science and Technology	NDSU	R				Federal		\$860,000
Football Complex Renovation (Reauthorization & funding source change from 2011-13)	NDSU	R		\$1,350,000	\$1,350,000	Private/local	\$260,000	\$1,350,000
Renovation of Campus Athletic Facilities	MISU	R		\$11,800,000	\$11,800,000	City sales tax & fundraising		\$11,800,000
W.E. Osmon Fieldhouse Addition (Phase II)	VCSU	A		\$4,706,837	\$4,706,837	Private		\$4,706,837
Gross Hall Update	DCB	R		\$732,460	\$732,460	Local		\$732,460
Mead Hall Update	DCB	R		\$1,171,586	\$1,171,586	Local		\$1,171,586
Milligan Hall Remodel/Update	DCB	R		\$896,743	\$896,743	Local		\$896,743
Old Main Remodel	DCB	R		\$4,800,000	\$4,800,000	Private/grants		\$4,800,000
Total Non-State Funded Projects - Campuses				\$0	\$96,699,888		\$1.8 - \$1.9 million	\$161,764,244
*Note regarding UND's reauthorized projects - The amount and scope of both projects may change, based on the success of fund raising efforts, but the extent is not currently known. The requested reauthorization is the level of funding approved in 2009-11.								
Section 4: EXPERIMENT STATIONS/EXTENSION AND FOREST SERVICE - STATE FUNDED PROJECTS RECOMMENDED FOR INCLUSION IN 2013-15 BUDGET REQUEST								
1 Agronomy Laboratories (CREC, CGREC, HREC & LREC)	NDAES	NC		\$5,925,000	\$0			\$5,925,000 GF
2 Seed Conditioning Plants (CREC, LREC, NCREC & WREC)	NDAES	NC		\$3,470,000	\$0			\$3,470,000 GF
3 Livestock Facilities (CREC & HREC)	NDAES	NC, A		\$1,650,000	\$0			\$1,650,000 GF
1 Western 4-H Camp, Washburn	Ext.	NC, R		\$950,000	\$950,000	Gifts/donations & grants		\$950,000 GF \$950,000 OF
Meat Freezer Conversion & Shop Facility	Forest Service	NC		\$785,000	\$0			\$785,000 GF
Total State Funded Ranked Projects Requested - Experiment Stations/Extension and Forest Service				\$12,780,000	\$950,000			\$7,660,000 GF \$950,000 OF
TOTAL -NDUS Projects Included in the 2013-15 Budget Request & Executive Recommendation, Including Health/Safety Projects				\$159,056,463	\$118,731,983			\$240,298,263 GF \$162,816,029 OF \$676,310 Carryover

Attachment 4
March 11, 2013

SB2200

HOUSE JOINT HEARING – MARCH 11, 2013
HIGHER ED FUNDING FORMULA (SB 2200)
BRIAN FOISY – MINOT STATE UNIVERSITY

- ✦ Governor formed working group in September 2011. Members included Alice Brekke, VP for Finance and Operations at UND; Bruce Bollinger, VP for Finance and Administration at NDSU; Brian Foisy, VP for Finance and Administration at MiSU; and Michael Renk, VP for Administrative Affairs at NDSCS. Expert staff advice and assistance provided by Cindy Fetch (UND), Dawn Pladson (UND), Cynthia Rott (NDSU), and Karin Hegstad (NDSU).
- ✦ Beginning in October 2011, working group met every Thursday afternoon, either in person or by conference call. Work continued through December 2012 (approximately 15 months). Working group developed the system of weights and factors identified in SB 2200.
- ✦ New formula is an outcomes-based model, using student credit hours (not enrollment) to determine funding. Process uses only completed student credit hours, as measured at the end of each biennium. Model rewards institutions for student progress toward graduation/completion.
- ✦ New formula builds on existing business practices and industry standards. Student credit hours are categorized according to Classification of Instructional Program (CIP) code designations established by the Department of Education. CIP codes broadly define different academic disciplines, grouping them according to common characteristics (see attachment). CIP codes provide consistent national standard for all institutions to follow. Someone on each campus is already doing this work in connection with the annual IPEDS survey. No additional expertise required to 'run' the model.
- ✦ Heart of the new formula is a matrix of relative cost factors, developed based on actual cost of instruction (see attachment). Factors tie to CIP code discipline clusters, and increase based on level of instruction (due to decreasing class sizes and higher faculty degree/experience requirements). Factors are applied to student credit hours to arrive at weighted values (see attachment). Matrix calculations are adjusted for student credit hour volume (small school factor) and physical plant size (ratio of square feet to output). Schools under 100,000 student credit hours received an adjustment. Schools with plant ratio over 5.0 received an adjustment.



The Integrated Postsecondary Education Data System (IPEDS)

Statistical data and Information on Postsecondary Institutions

Classification of Instructional Programs (CIP)

[Home](#)
[CIP Wizard](#)
[CIP Selector](#)
[Help](#)
[Contact NCES](#)

CIP 2010 [\(change year\)](#)

[Browse](#)
[Search](#)
[Crosswalk](#)
[Resources](#)

Quick CIP

Browse

This is a full listing of all CIP codes in this version. (Note: Neither old location of codes that moved nor deleted codes are shown in this listing; that information may be viewed on other areas of this site.)

[Expand All](#)
 [Collapse All](#)

- [01\) AGRICULTURE, AGRICULTURE OPERATIONS, AND RELATED SCIENCES.](#)
- [03\) NATURAL RESOURCES AND CONSERVATION.](#)
- [04\) ARCHITECTURE AND RELATED SERVICES.](#)
- [05\) AREA, ETHNIC, CULTURAL, GENDER, AND GROUP STUDIES.](#)
- [09\) COMMUNICATION, JOURNALISM, AND RELATED PROGRAMS.](#)
- [10\) COMMUNICATIONS TECHNOLOGIES/TECHNICIANS AND SUPPORT SERVICES.](#)
- [11\) COMPUTER AND INFORMATION SCIENCES AND SUPPORT SERVICES.](#)
- [12\) PERSONAL AND CULINARY SERVICES.](#)
- [13\) EDUCATION.](#)
- [14\) ENGINEERING.](#)
- [15\) ENGINEERING TECHNOLOGIES AND ENGINEERING-RELATED FIELDS.](#)
- [16\) FOREIGN LANGUAGES, LITERATURES, AND LINGUISTICS.](#)
- [19\) FAMILY AND CONSUMER SCIENCES/HUMAN SCIENCES.](#)
- [22\) LEGAL PROFESSIONS AND STUDIES.](#)
- [23\) ENGLISH LANGUAGE AND LITERATURE/LETTERS.](#)
- [24\) LIBERAL ARTS AND SCIENCES, GENERAL STUDIES AND HUMANITIES.](#)
- [25\) LIBRARY SCIENCE.](#)
- [26\) BIOLOGICAL AND BIOMEDICAL SCIENCES.](#)
 - [26.01\) Biology, General.](#)
 - [26.02\) Biochemistry, Biophysics and Molecular Biology.](#)
 - [26.0202\) Biochemistry.](#)
 - [26.0203\) Biophysics.](#)
 - [26.0204\) Molecular Biology.](#)
 - [26.0205\) Molecular Biochemistry.](#)
 - [26.0206\) Molecular Biophysics.](#)
 - [26.0207\) Structural Biology.](#)
 - [26.0208\) Photobiology.](#)
 - [26.0209\) Radiation Biology/Radiobiology.](#)
 - [26.0210\) Biochemistry and Molecular Biology.](#)
 - [26.0299\) Biochemistry, Biophysics and Molecular Biology, Other.](#)
 - [26.03\) Botany/Plant Biology.](#)
 - [26.04\) Cell/Cellular Biology and Anatomical Sciences.](#)
 - [26.05\) Microbiological Sciences and Immunology.](#)
 - [26.07\) Zoology/Animal Biology.](#)
 - [26.08\) Genetics.](#)
 - [26.09\) Physiology, Pathology and Related Sciences.](#)
 - [26.10\) Pharmacology and Toxicology.](#)
 - [26.11\) Biomathematics, Bioinformatics, and Computational Biology.](#)

- ⊕ 26.12) Biotechnology.
- ⊕ 26.13) Ecology, Evolution, Systematics, and Population Biology.
- ⊕ 26.14) Molecular Medicine.
- ⊕ 26.15) Neurobiology and Neurosciences.
- ⊕ 26.99) Biological and Biomedical Sciences, Other.
- ⊕ 27) MATHEMATICS AND STATISTICS.
- ⊕ 28) MILITARY SCIENCE, LEADERSHIP AND OPERATIONAL ART.
- ⊕ 29) MILITARY TECHNOLOGIES AND APPLIED SCIENCES.
- ⊕ 30) MULTI/INTERDISCIPLINARY STUDIES.
- ⊕ 31) PARKS, RECREATION, LEISURE, AND FITNESS STUDIES.
- ⊕ 32) BASIC SKILLS AND DEVELOPMENTAL/REMEDIAL EDUCATION.
- ⊕ 33) CITIZENSHIP ACTIVITIES.
- ⊕ 34) HEALTH-RELATED KNOWLEDGE AND SKILLS.
- ⊕ 35) INTERPERSONAL AND SOCIAL SKILLS.
- ⊕ 36) LEISURE AND RECREATIONAL ACTIVITIES.
- ⊕ 37) PERSONAL AWARENESS AND SELF-IMPROVEMENT.
- ⊕ 38) PHILOSOPHY AND RELIGIOUS STUDIES.
- ⊕ 39) THEOLOGY AND RELIGIOUS VOCATIONS.
- ⊕ 40) PHYSICAL SCIENCES.
- ⊕ 41) SCIENCE TECHNOLOGIES/TECHNICIANS.
- ⊕ 42) PSYCHOLOGY.
- ⊕ 43) HOMELAND SECURITY, LAW ENFORCEMENT, FIREFIGHTING AND RELATED PROTECTIVE SERVICES.
- ⊕ 44) PUBLIC ADMINISTRATION AND SOCIAL SERVICE PROFESSIONS.
- ⊕ 45) SOCIAL SCIENCES.
- ⊕ 46) CONSTRUCTION TRADES.
- ⊕ 47) MECHANIC AND REPAIR TECHNOLOGIES/TECHNICIANS.
- ⊕ 48) PRECISION PRODUCTION.
- ⊕ 49) TRANSPORTATION AND MATERIALS MOVING.
- ⊕ 50) VISUAL AND PERFORMING ARTS.
- ⊕ 51) HEALTH PROFESSIONS AND RELATED PROGRAMS.
- ⊕ 52) BUSINESS, MANAGEMENT, MARKETING, AND RELATED SUPPORT SERVICES.
- ⊕ 53) HIGH SCHOOL/SECONDARY DIPLOMAS AND CERTIFICATES.
- ⊕ 54) HISTORY.
- ⊕ 60) RESIDENCY PROGRAMS.

DISCIPLINE CLUSTERS	STUDENT CREDIT HOUR WEIGHTING MATRIX				
	LOWER DIV	UPPER DIV	PROFESSIONAL	GRADUATE	MD
Agriculture	1.9	3.8	5.7	7.6	-
Architecture	1.8	3.6	5.4	7.2	-
Aviation	1.9	3.8	5.7	7.6	-
Biological/Physical Science	1.9	3.8	5.7	7.6	-
Business	1.9	3.8	5.7	7.6	-
Career/Tech Education	2.0	-	-	-	-
Education	1.9	3.8	5.7	7.6	-
Engineering	2.5	5.0	7.5	10.0	-
Health Sciences	3.0	6.0	9.0	12.0	38.0
Legal Studies	3.5	7.0	10.5	14.0	-
Remedial	2.3	-	-	-	-
Core Disciplines	1.0	2.0	3.0	4.0	-

DISCIPLINE CLUSTERS	STUDENT CREDIT HOUR WEIGHTING MATRIX - MISU						WEIGHTED SCH
	ELEMENTS	LOWER DIV	UPPER DIV	PROFESSIONAL	GRADUATE	MD	
Agriculture	09-11 SCH	-	-	-	-	-	-
	Cost Factor	1.9	3.8	5.7	7.6	-	-
	Weighted SCH	-	-	-	-	-	-
Architecture	09-11 SCH	-	-	-	-	-	-
	Cost Factor	1.8	3.6	5.4	7.2	-	-
	Weighted SCH	-	-	-	-	-	-
Aviation	09-11 SCH	-	-	-	-	-	-
	Cost Factor	1.9	3.8	5.7	7.6	-	-
	Weighted SCH	-	-	-	-	-	-
Biological/Physical Science	09-11 SCH	13,709	3,070	-	334	-	-
	Cost Factor	1.9	3.8	5.7	7.6	-	-
	Weighted SCH	26,047	11,666	-	2,538	-	40,251
Business	09-11 SCH	8,099	17,454	-	2,940	-	-
	Cost Factor	1.9	3.8	5.7	7.6	-	-
	Weighted SCH	15,388	66,325	-	22,344	-	104,057
Career/Tech Education	09-11 SCH	-	-	-	-	-	-
	Cost Factor	2.0	-	-	-	-	-
	Weighted SCH	-	-	-	-	-	-
Education	09-11 SCH	8,652	10,904	-	4,034	-	-
	Cost Factor	1.9	3.8	5.7	7.6	-	-
	Weighted SCH	16,439	41,435	-	30,658	-	88,532
Engineering	09-11 SCH	-	-	-	-	-	-
	Cost Factor	2.5	5.0	7.5	10.0	-	-
	Weighted SCH	-	-	-	-	-	-
Health Sciences	09-11 SCH	4,837	4,542	-	-	-	-
	Cost Factor	3.0	6.0	9.0	12.0	38.0	-
	Weighted SCH	14,511	27,252	-	-	-	41,763
Legal Studies	09-11 SCH	-	-	-	-	-	-
	Cost Factor	3.5	7.0	10.5	14.0	-	-
	Weighted SCH	-	-	-	-	-	-
Remedial	09-11 SCH	-	-	-	-	-	-
	Cost Factor	2.3	-	-	-	-	-
	Weighted SCH	-	-	-	-	-	-
Core Disciplines	09-11 SCH	58,192	20,442	-	4,650	-	-
	Cost Factor	1.0	2.0	3.0	4.0	-	-
	Weighted SCH	58,192	40,884	-	18,600	-	117,676

Total Weighted Student Credit Hrs	392,279
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Attachment 5.

March 11, 2013

SB 2200



The Voice of the Students

Chairman Skarphol, Chairman Nathe and members of the House Appropriations Committee—Education and Environment Division, and House Education Committee,

My name is William Woodworth, and I am President of the North Dakota Student Association, representing the 48,203 students of the North Dakota University System. I am here to testify in favor of S.B. 2200.

During the last legislative session, the North Dakota Student Association passed a resolution in support of creating a new funding formula for the 11 public institutions of higher learning. We recognized that the peer funding formula was not working as intended, which was creating problems for our institutions and students throughout the state. Last session, I, along with other student leaders came before this committee and the House Education Committee to support the creation of a commission that would work to formulate a new funding formula.

The students of the University System are grateful that Governor Dalrymple had the leadership necessary to push for the formulation of a new model. We are also grateful for the work that Sen. Flakoll and others on that task force put in to achieve this formula.

The beauty of the framework created by S.B. 2200 is that it provides a simpler formula that is easier for students and the citizens of North Dakota to understand. I will provide an example from within NDSA to demonstrate this. During the last session, it took three separate monthly meetings for NDSA to feel comfortable understanding how the old funding model operated and how it would affect each institution. Even as we debated the issue, students demonstrated that they still did not fully understand the issue, which created far more tension than the issue deserved. This year, it took one meeting for NDSA to understand the model and find broad support for the proposal. Not only does the funding model reduce the problems inherent in the old model, but it is simpler for students and citizens to understand.

The students believe that this bill will create a better formula that will better serve our students and our state. It focuses on funding students, which will help provide money to where it is needed in a more precise manner.

Chairman Skarphol, Chairman Nathe, this concludes my testimony. I will stand for any questions the committees may have.

William Woodworth, North Dakota Student Association President

Attachment 6.
March 11, 2013
SB 2200

SB 2200

2013 Session

National Center for Education Statistics

Introduction to the Classification of Instructional Programs: 2010 Edition (CIP-2010)

I. What the CIP is and how it is used?

The Classification of Instructional Programs (CIP) is a taxonomic coding scheme of instructional programs. Its purpose is to facilitate the organization, collection, and reporting of fields of study and program completions. The CIP was originally developed in 1980 by the National Center for Education Statistics (NCES) in the U.S. Department of Education, with revisions occurring in 1985, 1990, and 2000. The 2010 edition of the CIP (CIP-2010) is the fourth revision of the CIP and presents an updated taxonomy of instructional program classifications and descriptions and an enhanced CIP User Website. Unlike previous editions of the CIP, which were distributed in print copy, the 2010 CIP will only be published electronically. Users, however, will be able to download a text version of the CIP from the CIP User Website.

The CIP titles and program descriptions are intended to be generic categories into which program completions data can be placed, not exact duplicates of a specific major or field of study titles used by individual institutions. CIP codes are standard statistical coding tools that reflect current practice, and are not a prescriptive list of officially recognized or permitted programs. The CIP is not intended to be a regulatory device. CIP codes, for the most part, are not intended to correspond exclusively to any specific degree or program level. In most cases, any given instructional program may be offered at various levels, and CIP codes are intended to capture all such data.

The vast majority of CIP titles correspond to academic and occupational instructional programs offered for credit at the postsecondary level. These programs result in recognized completion points and awards, including degrees, certificates, and other formal awards. The CIP also includes other types of instructional programs, such as residency programs in various dental, medical, podiatric, and veterinary specialties that may lead to advanced professional certification; personal improvement and leisure programs; and instructional programs that lead to diplomas and certificates at the secondary level only.

The CIP is the accepted federal government statistical standard on instructional program classifications and is used in a variety of education information surveys and databases. Since it was first published in 1980, the CIP has been used by NCES in the Integrated Postsecondary Education Data System (IPEDS) and its predecessor, the Higher Education General Information Survey (HEGIS) to code degree completions. It is also used by other Department of Education offices, such as the Office for Civil Rights, the Office of Vocational and Adult Education, and the Office of Special Education, and serves as the standard on instructional programs for other federal agencies, including the National Science Foundation (NSF), the Department of Commerce (Bureau of the Census), the Department of Labor (Bureau of Labor Statistics), and others. The CIP is used by state agencies, national associations, academic institutions, and employment counseling services for collecting, reporting, and analyzing instructional program data.

Based on the comprehensiveness and detail of the CIP and the potential for enhanced comparability with U.S. education data, Statistics Canada adopted the CIP as the standard field of study taxonomy in 2000, replacing previous Canadian classifications. However, due to several specific differences in the educational systems of each country, there are a few minor differences between each country's versions of the CIP.

Under this definition, instructional programs included in the CIP must meet all of the following operational criteria:

- 1) An instructional program must be offered by, through, or under the auspices of an education institution or other recognized provider.

- 2) The program must consist of more than one isolated course or learning experience and must not be a haphazard collection of unrelated courses or experiences.
- 3) There must be a set of structured learning experiences, defined by an institution or other provider, leading to a completion point that is formally certified by a degree, another formal award, or some other form of recognition.

The following programs are, therefore, not included in the CIP:

- o In-house, professional, or on-the-job training activities that are not recognized by an education institution or provider and that do not lead to any kind of formal award, credit, or certification.
- o Subject matter specializations or individual courses within a program that are not treated as a major and are generally not recognized by the education institution as a formal program offering.

II. Organization of the CIP

The CIP taxonomy is organized on three levels: 1) the two-digit series, 2) the four-digit series, and 3) the six-digit series. The two-digit series represent the most general groupings of related programs. The four-digit series represent intermediate groupings of programs that have comparable content and objectives. The six-digit series, also referred to as six digit CIP Codes, represent specific instructional programs. Postsecondary educational institutions use six-digit CIP codes when completing the IPEDS Completions Survey.

There are 47 two-digit series. The standard format for the two-digit series consists of a two-digit number followed by a period (##.). Codes and program titles at this level appear in bold type and in capital letters. Program descriptions at the two-digit series level begin with the standard phrase "Instructional programs" followed by a general description of the content areas and topics associated with the instructional programs within that series.

The numbering sequence for the four-digit series consists of a two-digit series code followed by a period and a second set of two digits. The standard format for four-digit CIP codes is ##.##. Codes and program titles at the four-digit level appear in bold type. Within a four-digit series, undifferentiated instructional programs with a general focus appear at the beginning of the series, while an "other" program entry appears as the final category within a series. The rest of the programs are listed in numerical order. This convention of including an "other" program code was established to provide a category for reporting on programs that fall within a four-digit series but do not have a separate program code listed. Program descriptions are not provided at the four-digit summary level, and the user is instead informed of the range of code numbers where the instructional content for the series is contained.

Six-digit codes are the most detailed program classifications within the CIP. They are the basic unit of analysis used by NCES and institutions in tracking and reporting program completions and fields of study data. There is at least one six-digit code within every four-digit series. The numbering sequence is similar to the four-digit series sequence, with two more digits added after the four-digit series number; the standard format for the six-digit codes is ##.####.

Each six-digit program appears with a description that generally identifies the objectives and content of the instructional programs. Program descriptions for academic or general programs begin with the phrase "A program that focuses on ..." Program descriptions for programs that are designed to prepare individuals for specific occupations begin with the phrase "A program that prepares individuals for..." The program description also indicates the instructional content of the program. These subject matter listings are intended as a general guide to the content areas addressed by the instructional program. Programs offered at different levels may cover more or fewer topics than those listed.

III. The process used to update the CIP

In order to develop the CIP-2010, NCES completed a comprehensive, multi-stage process over a two-year period. This process included extensive background (unobtrusive) research and analysis; solicitation of suggestions from IPEDS keyholders; and guidance, input, and review from a Technical Review Panel. Over the same time period, Statistics Canada completed a parallel review of CIP-2000 in light of educational changes that were occurring in Canada.

Background research

The first phase of the revision process consisted of research aimed at developing a set of preliminary recommendations for revisions to the CIP. This included a detailed examination of readily available data sources. These data sources included:

- o Scan of institutional web sites ("catalog scan"). NCES undertook lengthy and systematic web research in order to identify new and emerging instructional programs that exist at institutions but were not included in CIP-2000. The first step was selection of institutions to be studied. Using data from the IPEDS Completions Survey, NCES identified 10 institutions that produced the greatest number of completions for each two-digit series in the CIP. Then NCES researched their websites, systematically mapping every degree and certificate program related to that two-digit series onto the existing CIP taxonomy, comparing titles and, when necessary, program descriptions. Program titles that did not match were examined as to whether they might represent distinct areas of study--possible new codes--or alternate titles for existing programs.

In addition to the basic catalog scan, NCES conducted supplementary research to assure adequate exploration of programs that might not have been covered by the basic catalog scan. NCES researched 10 community college websites and over 25 liberal arts college websites to assure that the types of programs typically offered at these types of institutions were adequately examined. Further, for selected two-digit series where many four-digit series would be underrepresented in the basic catalog scan (including 13. EDUCATION and 51. HEALTH PROFESSIONS AND RELATED PROGRAMS), NCES identified the top-producing institutions by four-digit series and researched these websites. Finally, a complete review of the programs at all military institutions was conducted, and special attention was given to developing comprehensive information on programs related to military science, military technologies, and homeland security.

- o Review of "others" titles provided in 2006 and 2007 IPEDS Completions Surveys. In responding to the IPEDS Completions Survey, postsecondary education institutions have an opportunity to write in the exact titles of programs that they report under an "other" category. Titles listed here represent instructional programs at the institution for which the institution could not find a more specific CIP code. NCES reviewed all titles of "other" instructional programs reported in the 2006 and 2007 IPEDS Completions Surveys to identify which of these titles should be considered for inclusion in the CIP-2010.

- o Examination of other national data sources. NCES reviewed additional data from other government and private resources to search for other potential new program titles. This included analyses of emerging fields identified by the College Board's Annual Survey of Colleges and the National Science Foundation's Survey of Earned Doctorates.

Upon completion of initial investigations and identification of potential new titles for the CIP-2010, NCES conducted further detailed research on each title to determine whether it met the criteria for inclusion in the CIP (described below). Draft descriptions of new programs were written at this time.

Survey of IPEDS keyholders and TRP members. The second phase of the revision process consisted of a solicitation of suggestions for new codes from all IPEDS keyholders, including state IPEDS coordinators, as well as members of the CIP Technical Review Panel (described below). Survey recipients were invited to identify instructional program titles that they would like to add to the CIP, provide a rationale for inclusion, and suggest a program description. The purpose of this effort was to engage a wide range of CIP users in the process and to cast a wide net to capture additional new program titles not identified by NCES background research. This approach assured that direct stakeholders had an opportunity to make the case for adding new titles to the CIP.

To evaluate the merits of these suggestions, NCES conducted detailed research on each suggested title in order to determine whether it met the criteria for inclusion. Upon completion of this phase, NCES produced a complete draft of the revised CIP.

Technical Review Panel (TRP) Meetings. At the start of the CIP revision process, NCES identified a group of professionals to serve as overall advisors to the process as well as to provide input based on their specific expertise and their organizations' interests. This group was broadly representative of CIP users and stakeholders, including representatives of federal agencies, state agencies, and postsecondary institutions.

IV. Guidelines for adding or deleting a CIP code

New codes were added to the CIP when certain procedural criteria and numerical guidelines were met. NCES also established provisions for making exceptions to the numerical guidelines.

Procedurally, in order for a program code to be added, it needed to meet one of the following criteria:

- o Identification by NCES research
- o Identification by a member of the Technical Review Panel
- o Request by a federal agency, including Statistics Canada
- o Request by a state agency
- o Request by an IPEDS keyholder

Additionally, any institutional representative could make a request through an IPEDS keyholder. Numerically, the general guideline was that a minimum of 10 institutions must offer a program in order to add it to the CIP. NCES researched each recommendation to assure that 10 such programs existed. However, exceptions were made in some cases where outside evidence identified an instructional area as rapidly growing; in such cases, "nearly 10" institutions was judged to be adequate evidence for inclusion.

NCES did make general exceptions to the numerical guideline if a federal agency had a policy reason to track a particular program title. For example, the numerical guideline did not need to be met in the cases of foreign language, military science and technology, and homeland security programs.

V. Overview of changes to the CIP

The CIP-2010 contains nearly 50 new four-digit series and over 300 new six-digit codes. More than 350 codes have been revised. In addition, several significant changes characterize the revised CIP.

Enhanced electronic format. For the first time in CIP history, users will be accessing a fully-searchable electronic CIP with enhanced search capabilities and user tools and resources. These include multiple ways to browse the CIP, search for specific text, explore changes from CIP-2000, download summary reports, and export files. This stands in contrast to CIP-2000 in which the primary format was paper, and electronic features were limited.

The move to an electronic format means that the chapter format found in CIP-2000 is no longer relevant. With the electronic version, users can go directly to their topic of interest--in multiple ways--rather than follow a defined, linear format.

Users should note that a full text version of the CIP is available for download and printing from the CIP User's Website. Many users will find it advantageous to take advantage of the electronic search features and information resources as well as keep a printed version as a reference document.

Addition of examples. As CIP users are aware, there is a great deal of variability in how institutions title their instructional programs. To help minimize user uncertainty and facilitate more accurate reporting of program completions, NCES has introduced a new feature in CIP-2010: examples have been added to nearly 400 six-digit program codes. Examples should be thought of as some of the common titles that fit under a specific CIP code, and were identified as a result of NCES' extensive research and collaborative efforts. They give users more information and assistance when trying to match an instructional program title that does not exactly match the title of a CIP code. Please note that the examples are not intended to be an exact or exhaustive list. CIP users may decide to report an instructional program under a specific code, even though the exact title does not appear in the list of examples. It is ultimately up to the individual user to select the specific CIP code that best describes their instructional program.

The following illustrates the use of examples:

50.0914 Brass Instruments.

A program that prepares individuals to master a brass instrument and performing art as solo, ensemble, and/or accompanist performers. Includes instruction in playing and personal style development.

Examples:

- Trumpet
- Horn
- Trombone
- Euphonium/Baritone
- Tuba

Addition of FAQs. In order to provide additional information and guidance to CIP users, two types of Frequently Asked Questions (FAQs) have been developed. The General FAQs contain overall description of features of the CIP and general guidance for users. The Coding FAQs explain differences among specific series and are designed to help users choose among them.

Re-organization and expansion of selected two-digit series. In order to preserve time-series data, NCES did not introduce any new two-digit series, nor undertake any major re-organization across existing two-digit series. However, there were a few instances in which a two-digit series underwent some degree of re-organization for a particular purpose. These include:

- o **Series 23. ENGLISH LANGUAGE AND LITERATURE/LETTERS:** In CIP-2000, all but one four-digit series in series 23 contained a single six-digit code of the same title. This

represents a departure from other series in which the four-digit series typically groups related six-digit codes. In CIP-2010, NCES brought series 23 more in line with other series by introducing two new four-digit series, **23.13 Rhetoric and Composition/Writing Studies** and **23.14 Literature**, and placing all related six-digit program codes into the appropriate new four-digit series.

- o **Series 42. PSYCHOLOGY:** In CIP-2000, series 42 contained 23 separate four-digit series, each containing exactly one six-digit code of the same title. Again, this is atypical of the CIP overall, so NCES adjusted this in CIP-2010 by grouping all of the six-digit CIP codes into one of the following four-digit series: **42.01 Psychology General**, **42.27 Research and Experimental Psychology**, **42.28 Clinical, Counseling, and Applied Psychology**, and **42.99 Psychology, Other**. All six-digit codes were moved into the appropriate four-digit series, and obsolete four-digit titles were deleted.
- o **Series 50. VISUAL AND PERFORMING ARTS:** CIP-2000 contained three related visual and performing arts management programs that were located in three different four-digit series. At the same time, there was no code that captured general programs in visual and performing arts management. CIP-2010 added a new four-digit series: **50.10 Arts, Entertainment, and Media Management**. The three existing programs were moved here, and both “general” and “other” codes were created so that all of these programs can be reported and counted under a single heading.
- o **Series 51. HEALTH PROFESSIONS AND RELATED PROGRAMS:** Prior to the current revision, all nursing programs were contained in a single four-digit series: **51.16 Nursing**. The CIP-2010 divided this series into two separate four-digit series: **51.38 Registered Nursing, Nursing Administration, Nursing Research and Clinical Nursing** and **51.39 Practical Nursing, Vocational Nursing and Nursing Assistants**. This revision will allow more meaningful reporting of completions in nursing.
- o **Series 60. RESIDENCY PROGRAMS:** Prior to the current revision, all medical residencies were contained in a single four-digit series: **60.02 Medical Residency Programs**. This included both General Certificates for first residency programs and Subspecialty Certificates for advanced residency programs that require completion of a general residency program. The CIP-2010 divided series 60.02 into two separate four-digit series: **60.04 Medical Residency Programs - General Certificates** and **60.05 Medical Residency Programs - Subspecialty Certificates**. Again, this revision will allow more meaningful analysis of medical residencies data.

In addition, three series underwent significant expansion:

- o **Series 28. MILITARY SCIENCE, LEADERSHIP AND OPERATIONAL ART.** This series was expanded from the prior series **28. RESERVE OFFICER TRAINING CORPS PROGRAMS** to include all programs that provide professional education and training of military officers in leadership, military science and operational studies, in addition to pre-officer training.
- o **Series 29. MILITARY TECHNOLOGIES AND APPLIED SCIENCES.** This series was expanded from the prior series **29. MILITARY TECHNOLOGIES**, which contained just one four-digit series with one six-digit code. The new series includes several four-digit series and many six-digit codes that differentiate programs in intelligence operations, military applied sciences, and military technologies.
- o **Series 43. HOMELAND SECURITY, LAW ENFORCEMENT, FIREFIGHTING, AND RELATED PROTECTIVE SERVICES.** This series was expanded from the prior series **43. SECURITY AND PROTECTIVE SERVICES**. To capture changes that have occurred since

CIP-2000, this series contains a new four-digit series, **43.03 Homeland Security**, as well as an expansion of six-digit programs under other four-digit series.

VI. CIP Code Groups

CIP codes belong to one of five general groups based on two-digit series. CIP code groups are not used for reporting, but are helpful for determining the type of program described by the CIP codes. The five groups are:

- 1. Academic and Occupational/Vocational Programs** (*All series not specifically named below*)
These CIP codes are academic and occupational or vocational instructional programs offered for credit at one or more postsecondary educational levels. These programs usually result in recognized completion points and awards such as degrees, diplomas, certificates, or some other formal award. **This is the only group of CIP code that is valid for IPEDS reporting.**
- 2. Residency Programs (Series 60)**
Programs that prepare medical doctors (MD), osteopaths (DO), dentists (DDS, DMD), veterinarians (DVM), and podiatrists (DPM) for certification as practitioners of recognized specialties in their respective professions. These programs are approved and accredited by designated professional associations and require from one to five years to complete, depending on the program. Residency programs that also result in an academic degree completion, such as an MS or PhD, should be reported under one of the clinical sciences codes located in Series 26, 51.05, or 51.25, rather than in a residency code located in Series 60. **The CIP codes in this group are not valid for IPEDS reporting.**
- 3. Military Science, Leadership, and Operational Art (Series 28)**
Instructional programs that provide professional education and training of military officers in leadership, military science and operational studies, security policy and strategy, military economics and management, and pre-officer training. **The CIP codes in this group are not valid for IPEDS reporting.**
- 4. Personal Improvement and Leisure (Avocational) Programs (Series 32, 33, 34, 35, 36, & 37)**
These CIP codes should be used for programs that equip individuals with knowledge and skills related to personal growth and leisure-time pursuits. Most of the programs are designed for adult learners. They are not formal academic or occupationally-specific programs and do not result in transferable credit or formal awards. **The CIP codes in this group are not valid for IPEDS reporting.**
- 5. High School/Secondary Diplomas and Certificates (Series 53)**
This CIP code should be used for instructional programs that define the prescribed requirements for high school/secondary school graduation. **The CIP codes in this group are not valid for IPEDS reporting.**

Attachment 1
 March 20, 2013
 S/B 2200

2013 - 15 Executive Budget Recommendation
 Proposed Higher Education Funding Model

Institution	Completed Student Credit Hours (SCH) 2009-2011 Actual	Classification of Instructional Program Factor (CIP)	Weighted Student Credit Hours (WSCH)	Physical Plant Factor	Credit Volume Factor	Adjusted Student Credit Hours (ASCH)	2011-13 General Fund Base Appropriation	General Funds per ASCH		
BSC	171,226		301,144	1.00	1.00	301,144	\$ 28,045,987	\$ 93.13	High	\$ 104.88
DCB	26,083		41,263	1.00	1.75	72,210	\$ 6,605,257	\$ 91.47	Average	\$ 93.68
LRSC	59,858		78,639	1.00	1.45	114,027	\$ 9,158,981	\$ 80.32	Ave. Top Two	\$ 99.01
NDSCS	116,059		198,369	1.80	1.00	357,064	\$ 35,198,921	\$ 98.58		
WSC	29,260		49,294	1.00	1.75	86,265	\$ 9,047,486	\$ 104.88		
DSU	112,746		253,455	1.00	1.00	253,455	\$ 22,792,617	\$ 89.93	High	\$ 98.75
MASU	37,501		86,165	1.00	1.65	142,172	\$ 13,134,780	\$ 92.39	Average	\$ 92.54
MISU	161,859		392,279	1.00	1.00	392,279	\$ 38,738,594	\$ 98.75	Ave. Top Two	\$ 95.57
VCSU	51,713		135,459	1.00	1.50	203,189	\$ 18,103,060	\$ 89.09		
NDSU	693,838		2,022,290	1.00	1.00	2,022,290	\$ 127,747,549	\$ 63.17	High	\$ 66.35
UND	648,858	2,903,224	1.00	1.00	2,903,224	\$ 192,617,021	\$ 66.35	Average	\$ 64.76	
							\$ 501,190,253			

Institution	Per ASCH Base - Current High	Adjusted Student Credit Hours (ASCH)	Per SCH Payment	GF BASE 2011-13	Equalized Biennial Base Budget	Equalized General Fund per ASCH
BSC	\$ 104.88	301,144	\$ 31,583,983	\$ 28,045,987	\$ 31,583,983	\$ 104.88
DCB	\$ 104.88	72,210	\$ 7,573,385	\$ 6,605,257	\$ 7,573,385	\$ 104.88
LRSC	\$ 104.88	114,027	\$ 11,959,152	\$ 9,158,981	\$ 11,959,152	\$ 104.88
NDSCS	\$ 104.88	357,064	\$ 37,448,872	\$ 35,198,921	\$ 37,448,872	\$ 104.88
WSC	\$ 104.88	86,265	\$ 9,047,473	\$ 9,047,486	\$ 9,047,486	\$ 104.88
DSU	\$ 98.75	253,455	\$ 25,028,681	\$ 22,792,617	\$ 25,028,681	\$ 98.75
MASU	\$ 98.75	142,172	\$ 14,039,485	\$ 13,134,780	\$ 14,039,485	\$ 98.75
MISU	\$ 98.75	392,279	\$ 38,737,551	\$ 38,738,594	\$ 38,738,594	\$ 98.75
VCSU	\$ 98.75	203,189	\$ 20,064,914	\$ 18,103,060	\$ 20,064,914	\$ 98.75
NDSU	\$ 66.35	2,022,290	\$ 134,178,942	\$ 127,747,549	\$ 134,178,942	\$ 66.35
UND	\$ 66.35	2,903,224	\$ 192,617,021	\$ 192,617,021	\$ 192,617,021	\$ 66.35
TOTALS			\$ 522,279,459	\$ 501,190,253	\$ 522,280,514	

2013 - 15 Executive Budget Recommendation Proposed Higher Education Funding Model

Formula with Inflation, Salary Increase and 1.5% for Initiatives

6.15% increase per year

+2.5% for
Mental Health &
Security and
+.08% Nursing
Consortium

	2011-13 Annual GF Budget (Equalized)	FY2014 Annual Budget	FY2015 Annual Budget	2013-15 Biennial Budget	GF per ASCH	+2.5% for Mental Health & Security and +.08% Nursing Consortium	New GF per ASCH
BSC	\$ 15,791,991	\$ 16,763,198	\$ 17,794,135	\$ 34,557,333	\$ 114.75	\$ 35,421,266	\$ 117.62
DCB	\$ 3,786,692	\$ 4,019,574	\$ 4,266,778	\$ 8,286,352	\$ 114.75	\$ 8,493,511	\$ 117.62
LRSC	\$ 5,979,576	\$ 6,347,320	\$ 6,737,680	\$ 13,085,000	\$ 114.75	\$ 13,412,125	\$ 117.62
NDSCS	\$ 18,724,436	\$ 19,875,989	\$ 21,098,362	\$ 40,974,351	\$ 114.75	\$ 41,998,710	\$ 117.62
WSC	\$ 4,523,743	\$ 4,801,953	\$ 5,097,273	\$ 9,899,226	\$ 114.75	\$ 10,146,707	\$ 117.62
DSU	\$ 12,514,341	\$ 13,283,973	\$ 14,100,937	\$ 27,384,910	\$ 108.05	\$ 28,069,533	\$ 110.75
MASU	\$ 7,019,743	\$ 7,451,457	\$ 7,909,722	\$ 15,361,179	\$ 108.05	\$ 15,745,208	\$ 110.75
MISU	\$ 19,369,297	\$ 20,560,509	\$ 21,824,980	\$ 42,385,589	\$ 108.05	\$ 43,445,126	\$ 110.75
VCSU	\$ 10,032,457	\$ 10,649,453	\$ 11,304,394	\$ 21,953,847	\$ 108.05	\$ 22,502,693	\$ 110.75
NDSU	\$ 67,089,471	\$ 71,215,473	\$ 75,595,225	\$ 146,810,698	\$ 72.60	\$ 146,928,147	\$ 72.65
UND	\$ 96,308,511	\$ 102,231,484	\$ 108,518,720	\$ 210,750,204	\$ 72.59	\$ 210,918,804	\$ 72.65
	\$ 261,140,258	\$ 277,200,383	\$ 294,248,206	\$ 571,448,589		\$ 577,081,830	

Equalization Payment	Inflation	Security/ Mental Health / Nursing	Total New Funds
\$ 3,537,996	\$ 2,973,350	\$ 863,933	\$ 7,375,279
\$ 968,128	\$ 712,967	\$ 207,159	\$ 1,888,254
\$ 2,800,171	\$ 1,125,848	\$ 327,125	\$ 4,253,144
\$ 2,249,951	\$ 3,525,479	\$ 1,024,359	\$ 6,799,789
\$ -	\$ 851,740	\$ 247,481	\$ 1,099,221
\$ 2,236,064	\$ 2,356,229	\$ 684,623	\$ 5,276,916
\$ 904,705	\$ 1,321,694	\$ 384,029	\$ 2,610,428
\$ -	\$ 3,646,895	\$ 1,059,637	\$ 4,706,532
\$ 1,961,854	\$ 1,888,933	\$ 548,846	\$ 4,399,633
\$ 6,431,392	\$ 12,631,757	\$ 117,449	\$ 19,180,598
\$ -	\$ 18,133,183	\$ 168,600	\$ 18,301,783
\$ 21,090,261	\$ 49,168,075	\$ 5,633,241	\$ 75,891,577

Formula w/ Initiatives - Rounded

	GF per ASCH	Adjusted Student Credit Hours (ASCH)	2013-15 GF Base Appropriation	GF BASE 2011 13	Change
BSC	\$ 117.60	301,144	\$ 35,414,534	\$ 28,045,987	\$ 7,368,547 26.3%
DCB	\$ 117.60	72,210	\$ 8,491,896	\$ 6,605,257	\$ 1,886,639 28.6%
LRSC	\$ 117.60	114,027	\$ 13,409,575	\$ 9,158,981	\$ 4,250,594 46.4%
NDSCS	\$ 117.60	357,064	\$ 41,990,726	\$ 35,198,921	\$ 6,791,805 19.3%
WSC	\$ 117.60	86,265	\$ 10,144,764	\$ 9,047,486	\$ 1,097,278 12.1%
DSU	\$ 110.80	253,455	\$ 28,082,814	\$ 22,792,617	\$ 5,290,197 23.2%
MASU	\$ 110.80	142,172	\$ 15,752,658	\$ 13,134,780	\$ 2,617,878 19.9%
MISU	\$ 110.80	392,279	\$ 43,464,513	\$ 38,738,594	\$ 4,725,919 12.2%
VCSU	\$ 110.80	203,189	\$ 22,513,341	\$ 18,103,060	\$ 4,410,281 24.4%
NDSU	\$ 72.70	2,022,290	\$ 147,020,483	\$ 127,747,549	\$ 19,272,934 15.1%
UND	\$ 72.70	2,903,224	\$ 211,064,385	\$ 192,617,021	\$ 18,447,364 9.6%
			\$ 577,349,690	\$ 501,190,253	\$ 76,159,437

SB2003 - Higher Education Appropriation
 Comparison of Request Recommendation
 Non-Capital Request Only

Attachment 2.
 March 20, 2013
 SB 2200

	Campuses			System Office		Forest Service	
	Request	Executive Recommendation	Approximate Included in Formula Payment	Request	Executive Recommendation	Request	Executive Recommendation
Ongoing Base Budget	\$ 501,190,253	\$ 501,190,253		\$ 101,372,712	\$ 101,372,712	\$ 3,962,472	\$ 3,962,472
Cost to Continue							
FY13 3% Salary Increase	8,301,012		5,287,684	327,127	327,127	44,138	44,138
FY13 Retirement Contribution Increase	6,092,154		4,118,782	330,210	330,210	27,651	27,651
SMHS Resident & Allied Health Student Increase	1,975,142		1,975,142				
Capital Bond Payments							
Extraordinary Repairs @ 15% OMB Formula	278,181		309,345	(1,351,474)	(1,351,474)	3,419	3,419
Inflationary Adjustments							
2013-15 Salary Increases	-		23,188,972	-	1,368,064	-	192,725
Health Insurance Increases	-		6,009,407	-	260,533	-	51,338
Retirement Contribution Increase	-		3,317,592	-	182,246	-	22,831
Inflation - Operating	6,460,640		4,105,405	884,667	884,667	31,744	31,744
Inflation - Utilities	1,054,460		679,697				
Utilities - New Buildings	628,694		424,957				
Initiatives							
Campus Security / Emergency Preparedness	5,275,687		4,905,687	235,000			
Student Mental Health Services	435,403		435,403	534,297	282,520		
Energy Systems Study				550,000			
NDUS Energy Impact Fund				10,000,000			
Statewide Nursing Consortium	309,000		286,049				
NDUS Office Staffing and Operating				8,457,940	3,056,021		
BSC Expand Internship/Apprenticeship Program	171,000						
BSC Develop Teaching/Learning Center	220,500						
BSC Retention coordinator / CRM specialist	110,700						
BSC Compliance/internal audit function	188,100						
BSC Mobile computing to improve access/flexibility	203,400						
UND B.S. Aerospace & Mechanical Engineering	1,159,740						
UND College of Engineering and Mines - West	10,000,000						
UND SoMHS Healthcare Workforce Initiative	7,414,806						
NDSU Library collaboration with UND	238,679						
NDSU Senior global ambassadors	180,000						
NDSU Transportation/logistics	394,250						
NDSU Research compliance management	491,940						
NDSU Energy specialist	147,006						
NDSU Genomics and Bioinformatics Linking Initiative	10,000,000						
NDSU Instructional & custodial staff - Bisek Hall	348,000						

**SB2003 - Higher Education Appropriation
Comparison of Request and Recommendation
Non-Capital Request Only**

	Campuses			System Office		Forest Service	
	Request	Executive Recommendation	Approximate Included in Formula Payment	Request	Executive Recommendation	Request	Executive Recommendation
DSU Theodore Roosevelt Center Development	875,133						
VCSU e-Folio Software - campuswide implementation	53,850						
DCB EMT program	64,080						
DCB Fire science technology	79,080						
DCB Remedial education	113,920						
DCB Student retention	46,170						
Forest restoration initiative						491,868	387,704
Transition / Equalization Payment		21,090,261					
Formula Payment		55,069,176					
Total Operations Changes	\$ 63,310,727	\$ 76,159,437	\$ 55,044,122	\$ 19,967,767	\$ 5,339,914	\$ 598,820	\$ 761,550
Student Financial Aid							
Career and Technical Education & Academic Scholarships				-	3,700,000		
Native American Scholarship Program				75,000	75,000		
Education Incentive Program				172,656	172,656		
Student Financial Assistance Program (Needs-Based Grants)				288,660	2,220,085		
Professional Student Education Program				781,609	781,609		
Total Financial Aid Changes	\$ -	\$ -	\$ -	\$ 1,317,925	\$ 6,949,350	\$ -	\$ -
2013-15 Ongoing Base Budget	\$ 564,500,980	\$ 577,349,690	\$ 55,044,122	\$ 122,658,404	\$ 113,661,976	\$ 4,561,292	\$ 4,724,022

NOTE: SB2013 - The appropriation for the Department of Trust Lands includes \$4.0 million for impact grants to institutions of higher learning located in oil producing counties.

**SB2003 - Higher Education Appropriation
Comparison of Request to Recommendation - Two Year Colleges
Non-Capital Request Only**

	BSC			LRSC			WSC		
	Request	Executive Recommendation	Approximate Included in Formula Payment	Request	Executive Recommendation	Approximate Included in Formula Payment	Request	Executive Recommendation	Approximate Included in Formula Payment
Ongoing Base Budget	\$ 28,045,987	\$ 28,045,987		\$ 9,158,981	\$ 9,158,981		\$ 9,047,486	\$ 9,047,486	
Cost to Continue									
FY13 3% Salary Increase	424,558		318,419	132,417		99,313	116,482		87,361
FY13 Retirement Contribution Increase	333,423		262,155	122,860		97,766	80,151		63,276
SMHS Resident & Allied Health Student Increase									
Capital Bond Payments									
Extraordinary Repairs @ 15% OMB Formula	13,699		13,699	-		-	7,971		39,135
Inflationary Adjustments									
2013-15 Salary Increases	-		1,394,341	-		441,544	-		387,597
Health Insurance Increases	-		415,752	-		149,008	-		102,688
Retirement Contribution Increase	-		192,073	-		65,760	-		42,182
Inflation - Operating	481,000		360,750	108,220		81,165	75,343		56,508
Inflation - Utilities	-		-	-		-	69,172		51,879
Utilities - New Buildings	119,750		89,813	-		-	-		-
Initiatives									
Campus Security / Emergency Preparedness	671,900		863,933	450,000		327,125	785,000		247,481
Student Mental Health Services	-		-	-		-	135,401		-
Expand Internship/Apprenticeship Program	171,000		-	-		-	-		-
Develop Teaching/Learning Center	220,500		-	-		-	-		-
Retention coordinator / CRM specialist	110,700		-	-		-	-		-
Compliance/internal audit function	188,100		-	-		-	-		-
Mobile computing to improve access/flexibility	203,400		-	-		-	-		-
Instructional & custodial staff - Bisek Hall									
EMT program									
Fire science technology									
Remedial education									
Student retention									
Transition / Equalization Payment		3,537,996			2,800,171				
Formula Payment		3,830,552			1,450,423			1,097,278	
Total Operations Changes	\$ 2,938,030	\$ 7,368,548	\$ 3,910,935	\$ 813,497	\$ 4,250,594	\$ 1,261,681	\$ 1,269,520	\$ 1,097,278	\$ 1,078,107
2013-15 Ongoing Base Budget	\$ 30,984,017	\$ 35,414,535	\$ 3,910,935	\$ 9,972,478	\$ 13,409,575	\$ 1,261,681	\$ 10,317,006	\$ 10,144,764	\$ 1,078,107

SB2003 - Higher Education Appropriation
 Comparison of Request to Recommendation - Two Year Colleges
 Non-Capital Request Only

	NDSCS			DCB		
	Request	Executive Recommendation	Approximate Included in Formula Payment	Request	Executive Recommendation	Approximate Included in Formula Payment
Ongoing Base Budget	\$ 35,198,921	\$ 35,198,921		\$ 6,605,257	\$ 6,605,257	
Cost to Continue						
FY13 3% Salary Increase	395,669		296,752	73,240		54,930
FY13 Retirement Contribution Increase	348,783		276,373	52,825		41,290
SMHS Resident & Allied Health Student Increase						
Capital Bond Payments						
Extraordinary Repairs @ 15% OMB Formula	21,983		21,983	208		208
Inflationary Adjustments						
2013-15 Salary Increases	-		1,295,730	-		245,311
Health Insurance Increases	-		415,782	-		98,289
Retirement Contribution Increase	-		190,582	-		35,863
Inflation - Operating	292,992		219,744	49,517		37,138
Inflation - Utilities	-		-	43,871		32,903
Utilities - New Buildings	142,470		106,853	-		-
Initiatives						
Campus Security / Emergency Preparedness	428,948		1,024,359	450,000		207,159
Student Mental Health Services				135,401		
Expand Internship/Apprenticeship Program						
Develop Teaching/Learning Center						
Retention coordinator / CRM specialist						
Compliance/internal audit function						
Mobile computing to improve access/flexibility						
Instructional & custodial staff - Bisek Hall	348,000					
EMT program				64,080		
Fire science technology				79,080		
Remedial education				113,920		
Student retention				46,170		
Transition / Equalization Payment		2,249,951			968,128	
Formula Payment		4,541,854			918,511	
Total Operations Changes	\$ 1,978,845	\$ 6,791,805	\$ 3,848,158	\$ 1,108,312	\$ 1,886,639	\$ 753,091
2013-15 Ongoing Base Budget	\$ 37,177,766	\$ 41,990,726	\$ 3,848,158	\$ 7,713,569	\$ 8,491,896	\$ 753,091

SB2003 - Higher Education Appropriation
Comparison of Request to Recommendation - Regional Universities
Non-Capital Request Only

	DSU			MaSU		
	Request	Executive Recommendation	Approximate Included in Formula Payment	Request	Executive Recommendation	Approximate Included in Formula Payment
Ongoing Base Budget	\$ 22,792,617	\$ 22,792,617		\$ 13,134,780	\$ 13,134,780	
Cost to Continue						
FY13 3% Salary Increase	370,745		259,522	148,385		103,870
FY13 Retirement Contribution Increase	248,422		181,226	116,992		87,035
SMHS Resident & Allied Health Student Increase						
Capital Bond Payments						
Extraordinary Repairs @ 15% OMB Formula	8,166		8,166	-		-
Inflationary Adjustments						
2013-15 Salary Increases	-		1,142,444	-		460,348
Health Insurance Increases	-		325,819	-		159,326
Retirement Contribution Increase	-		140,166	-		68,022
Inflation - Operating	246,151		172,306	137,910		96,537
Inflation - Utilities	-		-	134,306		94,014
Utilities - New Buildings	-		-	-		-
Initiatives						
Campus Security / Emergency Preparedness	673,870		684,623	450,000		384,029
Student Mental Health Services	135,401			14,600		
Theodore Roosevelt Center Development	875,133					
e-Folio Software - campuswide implementation						
Transition / Equalization Payment		2,236,064			904,705	
Formula Payment		3,054,133			1,713,173	
Total Operations Changes	\$ 2,557,888	\$ 5,290,197	\$ 2,914,272	\$ 1,002,193	\$ 2,617,878	\$ 1,453,181
2013-15 Ongoing Base Budget	\$ 25,350,505	\$ 28,082,814	\$ 2,914,272	\$ 14,136,973	\$ 15,752,658	\$ 1,453,181

SB2003 - Higher Education Appropriation
Comparison of Request to Recommendation - Regional Universities
Non-Capital Request Only

	MiSU			VCSU		
	Request	Executive Recommendation	Approximate Included in Formula Payment	Request	Executive Recommendation	Approximate Included in Formula Payment
Ongoing Base Budget	\$ 38,738,594	\$ 38,738,594		\$ 18,103,060	\$ 18,103,060	
Cost to Continue						
FY13 3% Salary Increase	605,623		423,936	232,459		162,721
FY13 Retirement Contribution Increase	483,499		360,799	192,393		143,506
SMHS Resident & Allied Health Student Increase						
Capital Bond Payments						
Extraordinary Repairs @ 15% OMB Formula	-		-	3,377		3,377
Inflationary Adjustments						
2013-15 Salary Increases	-		1,844,189	-		713,469
Health Insurance Increases	-		568,464	-		250,038
Retirement Contribution Increase	-		333,496	-		117,130
Inflation - Operating	232,075		162,453	163,466		114,426
Inflation - Utilities	166,340		116,438	-		-
Utilities - New Buildings	-		-	84,074		58,852
Initiatives						
Campus Security / Emergency Preparedness	545,969		1,059,637	450,000		548,846
Student Mental Health Services	14,600					
Theodore Roosevelt Center Development						
e-Folio Software - campuswide implementation				53,850		
Transition / Equalization Payment					1,961,854	
Formula Payment		4,725,919			2,448,427	
Total Operations Changes	\$ 2,048,106	\$ 4,725,919	\$ 4,869,412	\$ 1,179,619	\$ 4,410,281	\$ 2,112,365
2013-15 Ongoing Base Budget	\$ 40,786,700	\$ 43,464,513	\$ 4,869,412	\$ 19,282,679	\$ 22,513,341	\$ 2,112,365

SB2003 - Higher Education Appropriation
Comparison of Request to Recommendation - Research Universities
 Non-Capital Request Only

	UND & SMHS			NDSU		
	Request	Executive Recommendation	Approximate Included in Formula Payment	Request	Executive Recommendation	Approximate Included in Formula Payment
Ongoing Base Budget	\$ 192,617,021	\$ 192,617,021		\$ 127,747,549	\$ 127,747,549	
Cost to Continue						
FY13 3% Salary Increase	3,289,499		1,973,699	2,511,934		1,507,160
FY13 Retirement Contribution Increase	2,431,671		1,574,335	1,681,134		1,031,021
SMHS Resident & Allied Health Student Increase	1,975,142		1,289,978	-		-
Capital Bond Payments						
Extraordinary Repairs @ 15% OMB Formula	134,444		-	88,333		88,333
Inflationary Adjustments						
2013-15 Salary Increases	-		8,687,204	-		6,576,796
Health Insurance Increases	-		1,989,878	-		1,534,363
Retirement Contribution Increase	-		1,242,808	-		889,510
Inflation - Operating	2,252,370		1,351,422	2,421,596		1,452,957
Inflation - Utilities	-		-	640,771		384,463
Utilities - New Buildings	282,400		169,440	-		-
Initiatives						
Campus Security / Emergency Preparedness	185,000		-	185,000		-
Student Mental Health Services	-		-	-		-
Nursing Consortium	309,000		168,600	-		117,449
B.S. Aerospace & Mechanical Engineering	1,159,740					
UND College of Engineering and Mines - West	10,000,000					
Healthcare Workforce Initiative	7,414,806					
Library collaboration with UND				238,679		
Senior global ambassadors				180,000		
Transportation/logistics				394,250		
Research compliance management				491,940		
Energy specialist				147,006		
Genomics and Bioinformatics Linking Initiative				10,000,000		
Transition / Equalization Payment					6,431,392	
Formula Payment		18,447,364			12,841,542	
Total Operations Changes	\$ 29,434,072	\$ 18,447,364	\$ 18,447,364	\$ 18,980,643	\$ 19,272,934	\$ 13,582,052
2013-15 Ongoing Base Budget	\$ 222,051,093	\$ 211,064,385	\$ 18,447,364	\$ 146,728,192	\$ 147,020,483	\$ 13,582,052



Summary of the Funding Formula Recommended for Higher Education

Attachment:
March 20, 2013
SB 2200

The Nevada System of Higher Education (NSHE) appreciates the hard work of the members of the Legislative Committee to Study the Funding of Higher Education (Chapter 375, *Statutes of Nevada 2011*) in helping the System develop a new funding formula that fairly and equitably distributes State funding among Nevada's public higher education institutions. Taking into account the comments from the Committee, the public testimony and the reports of SRI International and the National Governors' Association (NGA), the NSHE believes the summary below captures the deliberations and final decisions of the interim Committee, and strongly supports the new formula that incorporates these concepts.

The model proposed by NSHE and adopted by the Board of Regents in August of 2012 was based upon the belief that a new funding model was required that is equitable to all institutions, simpler and more transparent than the current formula, aligned with the goals of the State, based upon national best practices in higher education financing and the commitment of Nevada to the goals of Complete College America.

The new funding model approved by the Legislative Committee consists of two basic components – a base formula driven by course completions and a performance pool driven by performance metrics that align with the goals of the State. Each is summarized below.

The Base Formula. The base formula allocates state resources to teaching institutions based upon completed courses as measured by student credit hours. Student credit hours are weighted by discipline cluster in an expanded matrix that is cost informed and was independently developed by the National Center for Higher Education Management Systems (NCHEMS). As a result of Committee deliberations, the working definition of completion has evolved to exclude F grades that result from non-attendance, which will be applied prospectively in Fall 2015 (this treatment is consistent with the treatment of completions for veterans by the U.S. Department of Veterans Affairs). Similarly, as a result of the deliberations of the Committee, upper division and graduate courses were given an additional weighting to support the research mission of UNR and UNLV.

Funding is determined by measuring work completed, with funding set-aside to support small community colleges and the operations and maintenance of dedicated research space at UNLV and UNR. A fundamental premise of the new formula remains campus retention of fees and out of state tuition collected without offset to state general fund appropriations. Completions for nonresidents are therefore excluded from the tally of completed student credit hours and are not funded by the state.

The complex set of drivers in the current formula for administrative support, institutional support, libraries, operations and maintenance and the like are compressed into the single driver of work completed measured by weighted student credit hours (WSCH). State support, when combined with student fee revenues generated by an institution, would represent the total funding available to an institution in a given fiscal year. Each institutional President will be responsible for recommending to the Board of Regents for approval the allocation of these resources to the various functional areas (instruction, academic support, student services, etc) within the college or university budget. Institutional Presidents will have flexibility in establishing a budget plan and institutional priorities, but also will be held accountable for final performance outcomes as measured by student success, increased grant funding, alignment with state goals and the like.

See **Appendix A** for the matrix based on the above principles.

The Performance Pool. A pool of dollars will be distributed to the institutions based on their performance as measured by defined metrics that align with the state's goals of graduating more students in support of Nevada's "new" economy. In addition, the metrics reflect the respective mission of the institutions in the three tiers of the higher education system. Based upon the recommendations of the Committee, this pool will be funded with a "carve out" from current state general fund appropriations in the amount of 5 percent per year commencing in FY2015 until the pool reaches 20 percent of state general fund appropriations in FY2018.

Final determination of the metrics and weights was delegated by the Committee to a task force appointed by the Board of Regents. The NSHE Performance Pool Task Force met on two occasions and recommended metrics for the performance pool that reflect the needs of the state for more graduates, greater alignment with the state's focus on economic development and diversification, and with particular emphasis on success with at risk students. Metrics also reflect the specific missions of the respective campuses – greater research for the universities, transfer for the community colleges, and completion of gateway courses for all colleges. The Task Force recommended that the implementation of the performance pool in FY2015 be based on performance in academic year 2012-13 using academic year 2011-12 as a base for comparison. In addition, the Task Force recommended that aggregate point targets be established for academic year 2012-13 and 2013-14 at 2 percent for the universities, 4 percent for the state college and 2 percent for the community colleges. The final version of the performance pool is included in **Appendix B** and reflects the metrics and point targets recommended by the Task Force.

Summary. This new model will effectively shift the focus of formula funding from inputs (enrollments) to outputs (course completions and performance). It is intended to motivate institutional behavior that will increase degree productivity and contribute to the State's economy, and encourage and reward entrepreneurial actions. Recognizing the public and private benefits of higher education, the proposed formula assumes that the State (in the form of appropriations) and the students (in the form of tuition and fees) each assume a reasonable portion of the total funding for public higher education in Nevada.

Importantly, the NSHE worked to recommend a formula that was equitable and simple. The new formula as summarized above clearly meets that goal. See **Appendix C** for the updated distribution.

Implementation. Implementation of a new formula within existing appropriation levels necessarily triggers reallocation of resources. With the proposed model, the resource reallocation results in significant budget reductions to all northern institutions and calls into question the viability of northern community colleges to continue to serve their respective service areas. As a result, the Committee recommended to the Governor, Board of Regents, and ultimately the 77th Session of the Nevada Legislature that general funds in addition to the current budget be appropriated to hold the institutions losing funding harmless for the upcoming biennium.

NSHE Proposed Funding Model for the Desert Research Institute (DRI). During the Interim Study Committee meetings, there was considerable discussion of the difference in mission and operation of DRI and other System institutions. For that reason DRI had not been included in the formula models which had generally dealt with the teaching institutions and been based on their teaching function. However, the Interim Committee did find that DRI's state supported operating budget should be funded, in part, through a funding formula. Thus, recognizing the important role that DRI plays in the economic development goals of the State and understanding that DRI leverages a portion of its budget to grow its research capacity, NSHE proposed a new formula model for the institutional support and research administration functions. The new model is a sliding scale calculation based on grants and contracts and would replace current line item funding for these two functions. A summary of the model is included as **Appendix D**.

**NSHE Course Taxonomy
Weights by Discipline Clusters**

COMMUNITY COLLEGES AND STATE COLLEGE

Discipline Clusters	Lower Division	Upper Division	Masters	Doctoral
Liberal Arts, Math, Social Science, Languages, Other	1.0	2.0	4.0	5.0
05. Area, Ethnic, Cultural & Gender Studies	1.0	2.0	4.0	5.0
09. Communication, Journalism and related programs	1.0	2.0	4.0	5.0
16. Foreign Languages, Literature and Linguistics	1.0	2.0	4.0	5.0
19. Family and Consumer Sciences/Human Sciences	1.0	2.0	4.0	5.0
23. English Language & Literature/Letters	1.0	2.0	4.0	5.0
24. Liberal Arts & Sciences, General Studies and Humanities	1.0	2.0	4.0	5.0
25. Library Science	1.0	2.0	4.0	5.0
27. Mathematics & Statistics	1.0	2.0	4.0	5.0
28. Reserve Officer Training Corps	1.0	2.0	4.0	5.0
29. Military Technologies	1.0	2.0	4.0	5.0
30. Multi/Interdisciplinary Studies	1.0	2.0	4.0	5.0
38. Philosophy & Religious Studies	1.0	2.0	4.0	5.0
42. Psychology and Applied Psychology	1.0	2.0	4.0	5.0
45. Social Sciences	1.0	2.0	4.0	5.0
54. History	1.0	2.0	4.0	5.0
99. Honors Curriculum and Other	1.0	2.0	4.0	5.0
Basic Skills Cluster	1.5			
32. Basic Skills	1.5			
Business Cluster	1.0	2.0	4.0	6.0
44. Public Administration & Social Service Professions	1.0	2.0	4.0	6.0
52. Business Management, Marketing & related support services	1.0	2.0	4.0	6.0
Education Cluster	1.5	2.0	2.5	5.0
13. Education	1.5	2.0	2.5	5.0
Services Cluster	1.5	2.0	3.0	4.0
31. Parks, Recreation, Leisure & Fitness Studies	1.5	2.0	3.0	4.0
12. Personal & Culinary Services	1.5	2.0	3.0	4.0
43. Security and Protective Services	1.5	2.0	3.0	4.0
Visual and Performing Arts Cluster	1.5	2.5	5.0	5.0
50. Visual & Performing Arts	1.5	2.5	5.0	5.0
Trades/Tech Cluster	2.0	2.5		
46. Construction Trades	2.0	2.5		
47. Mechanic Repair Technologies/Technicians	2.0	2.5		
48. Precision Production	2.0	2.5		
49. Transportation & Materials Moving	2.0	2.5		
Sciences Cluster	2.0	3.0	5.0	8.0
01. Agricultural, Agriculture Operations & related sciences	2.0	3.0	5.0	8.0
03. Natural Resources & Conservation	2.0	3.0	5.0	8.0
11. Computer & Information Sciences & Support Services	2.0	3.0	5.0	8.0
26. Biological & Biomedical Sciences	2.0	3.0	5.0	8.0
40. Physical Sciences	2.0	3.0	5.0	8.0
Law Cluster	2.0	2.0	4.0	4.0
22. Legal Professions and Studies	2.0	2.0	4.0	4.0
Engineering/Architecture Cluster	2.0	3.0	5.0	8.0
04. Architecture	2.0	3.0	5.0	8.0
14. Engineering	2.0	3.0	5.0	8.0
15. Engineering Technologies/Technicians	2.0	3.0	5.0	8.0
Health Cluster	2.0	2.0	5.0	6.0
51. Nursing, Allied Health, Health Professions	2.0	2.0	5.0	6.0

**NSHE Course Taxonomy
Weights by Discipline Clusters**

UNIVERSITIES

Discipline Clusters	Lower Division	Upper Division	Masters	Doctoral
Liberal Arts, Math, Social Science, Languages, Other	1.0	2.2	4.4	5.5
05. Area, Ethnic, Cultural & Gender Studies	1.0	2.2	4.4	5.5
09. Communication, Journalism and related programs	1.0	2.2	4.4	5.5
16. Foreign Languages, Literature and Linguistics	1.0	2.2	4.4	5.5
19. Family and Consumer Sciences/Human Sciences	1.0	2.2	4.4	5.5
23. English Language & Literature/Letters	1.0	2.2	4.4	5.5
24. Liberal Arts & Sciences, General Studies and Humanities	1.0	2.2	4.4	5.5
25. Library Science	1.0	2.2	4.4	5.5
27. Mathematics & Statistics	1.0	2.2	4.4	5.5
28. Reserve Officer Training Corps	1.0	2.2	4.4	5.5
29. Military Technologies	1.0	2.2	4.4	5.5
30. Multi/Interdisciplinary Studies	1.0	2.2	4.4	5.5
38. Philosophy & Religious Studies	1.0	2.2	4.4	5.5
42. Psychology and Applied Psychology	1.0	2.2	4.4	5.5
45. Social Sciences	1.0	2.2	4.4	5.5
54. History	1.0	2.2	4.4	5.5
99. Honors Curriculum and Other	1.0	2.2	4.4	5.5
Basic Skills Cluster	1.5			
32. Basic Skills	1.5			
Business Cluster	1.0	2.2	4.4	6.6
44. Public Administration & Social Service Professions	1.0	2.2	4.4	6.6
52. Business Management, Marketing & related support services	1.0	2.2	4.4	6.6
Education Cluster	1.5	2.2	2.75	5.5
13. Education	1.5	2.2	2.75	5.5
Services Cluster	1.5	2.2	3.3	4.4
31. Parks, Recreation, Leisure & Fitness Studies	1.5	2.2	3.3	4.4
12. Personal & Culinary Services	1.5	2.2	3.3	4.4
43. Security and Protective Services	1.5	2.2	3.3	4.4
Visual and Performing Arts Cluster	1.5	2.75	5.5	5.5
50. Visual & Performing Arts	1.5	2.75	5.5	5.5
Trades/Tech Cluster	2.0	2.75		
46. Construction Trades	2.0	2.75		
47. Mechanic Repair Technologies/Technicians	2.0	2.75		
48. Precision Production	2.0	2.75		
49. Transportation & Materials Moving	2.0	2.75		
Sciences Cluster	2.0	3.3	5.5	8.8
01. Agricultural, Agriculture Operations & related sciences	2.0	3.3	5.5	8.8
03. Natural Resources & Conservation	2.0	3.3	5.5	8.8
11. Computer & Information Sciences & Support Services	2.0	3.3	5.5	8.8
26. Biological & Biomedical Sciences	2.0	3.3	5.5	8.8
40. Physical Sciences	2.0	3.3	5.5	8.8
Law Cluster	2.0	2.2	4.4	4.4
22. Legal Professions and Studies	2.0	2.2	4.4	4.4
Engineering/Architecture Cluster	2.0	3.3	5.5	8.8
04. Architecture	2.0	3.3	5.5	8.8
14. Engineering	2.0	3.3	5.5	8.8
15. Engineering Technologies/Technicians	2.0	3.3	5.5	8.8
Health Cluster	2.0	2.2	5.5	6.6
51. Nursing, Allied Health, Health Professions	2.0	2.2	5.5	6.6

The instructional matrix is divided into eleven discipline clusters that are assigned weights for various course levels (e.g. lower division, upper division, master's, doctoral) using relative cost data from studies conducted in Texas, Illinois, Ohio and Florida. These are states that have successfully used cost studies in formula funding. The matrix is then applied to completions using the NSHE course taxonomy. This matrix assigns weights based on a student's progression to degree completion (e.g. upper division is weighted more than lower division, etc.) and will further provide for funding based on the discipline cluster as recommended by NCHEMS (e.g. clinical and science, technology, engineering and math (STEM) fields will have greater weights than liberal arts).

The completed student credit hours are multiplied by the weight assigned in the instructional matrix to determine the weighted student credit hours for each institution. Weighted student credit hours (WSCH) for each institution will be multiplied by an average *price* that will initially be determined based on the current state appropriation less the cost of any adjustments for small institutions and O&M costs directly related to university research facilities. This average *price* is the amount the formula will generate for each weighted student credit hour – effectively establishing a system-wide price for course completions. The average *price* will be applied to the institutional WSCH to determine base funding for each institution.

APPENDIX B

NSHE PERFORMANCE POOL MODEL FOR CONSIDERATION (FINAL - v23)

UNLV (2% Target)	Weights	2011-12 Actual		2012-13 Target		2013-14 Target	
		Points	Weighted Pts.	Points	Weighted Pts.	Points	Weighted Pts.
Bachelor's Degrees	30%	3,670	1,101.0				
At-Risk Bachelor's Graduates (Minority + Pell-Eligible x .4)	"	912	273.7				
Master's and Doctoral Degrees	10%	1,370	137.0				
At-Risk Master's and Doctoral Graduates (Minority + Pell-Eligible x .4)	"	185	18.5				
Sponsored/External Research Expenditures In \$100,000's	15%	426.4	64.0				
Transfer Students w/a transferable associate's degree	5%	1,628	81.4				
Efficiency - Awards per 100 FTE	20%	27.2	5.4				
Economic Development (STEM and Allied Health) Graduates	20%	879	175.8				
Economic Development (business and management) Graduates	"	1,504	300.8				
TOTAL WEIGHTED POINTS	100%	--	2,157.6	--	2,200.8	--	2,244.8

UNR (2% Target)	Weights	2011-12 Actual		2012-13 Target		2013-14 Target	
		Points	Weighted Pts.	Points	Weighted Pts.	Points	Weighted Pts.
Bachelor's Degrees	30%	2,603	780.9				
At-Risk Bachelor's Graduates (Minority + Pell-Eligible x .4)	"	398	119.5				
Master's and Doctoral Degrees	10%	774	77.4				
At-Risk Master's and Doctoral Graduates (Minority + Pell-Eligible x .4)	"	93	9.3				
Sponsored/External Research Expenditures In \$100,000's	15%	888.3	133.2				
Transfer Students w/a transferable associate's degree	5%	1,260	63.0				
Efficiency - Awards per 100 FTE	20%	24.9	5.0				
Economic Development (STEM and Allied Health) Graduates	20%	1,133	226.6				
Economic Development (psychology) Graduates	"	165	33				
TOTAL WEIGHTED POINTS	100%	--	1,447.9	--	1,476.9	--	1,506.4

NSC (4% Target)	Weights	2011-12 Actual		2012-13 Target		2013-14 Target	
		Points	Weighted Pts.	Points	Weighted Pts.	Points	Weighted Pts.
Bachelor's Degrees	50%	270	135.0				
At-Risk Bachelor's Graduates (Minority + Pell-Eligible x .4)	"	72	36.2				
Gateway Course Completers	5%	802	40.1				
Transfer Students w/a transferable associate's degree	5%	331	16.6				
Efficiency - Awards per 100 FTE	20%	13.1	2.6				
Economic Development (STEM and Allied Health) Graduates	20%	119	23.8				
Economic Development (business and management) Graduates	"	31	6.2				
TOTAL WEIGHTED POINTS	100%	--	260.5	--	270.9	--	281.7

CSN (2% Target)	Weights	2011-12 Actual		2012-13 Target		2013-14 Target	
		Points	Weighted Pts.	Points	Weighted Pts.	Points	Weighted Pts.
1 to 2 Year Certificate	10%	236	23.6				
At-Risk Certificate Recipients (Minority + Pell-Eligible x .4)	"	56	5.6				
Associate's and Bachelor's Degrees	30%	2,112	633.6				
At-Risk Associate's and Bachelor's Graduates (Minority + Pell-Eligible x .4)	"	492	147.6				
Transfer Students w/24 credits or associate's degree	10%	2,876	287.6				
Efficiency - Awards per 100 FTE	20%	11.7	2.3				
Gateway Course Completers	10%	12,236	1,223.6				
Economic Development (STEM and Allied Health) Graduates	20%	736	147.2				
Economic Development (business and management) Graduates	"	454	90.8				
TOTAL WEIGHTED POINTS	100%	--	2,561.9	--	2,613.1	--	2,665.4

GBC (2% Target)	Weights	2011-12 Actual		2012-13 Target		2013-14 Target	
		Points	Weighted Pts.	Points	Weighted Pts.	Points	Weighted Pts.
1 to 2 Year Certificate	10%	107	10.7				
At-Risk Certificate Recipients (Minority + Pell-Eligible x .4)	"	23	2.3				
Associate's and Bachelor's Degrees	30%	321	96.3				
At-Risk Associate's and Bachelor's Graduates (Minority + Pell-Eligible x .4)	"	67	20.0				
Transfer Students w/24 credits or associate's degree	10%	48	4.8				
Efficiency - Awards per 100 FTE	20%	24.6	4.9				
Gateway Course Completers	10%	1,065	106.5				
Economic Development (STEM and Allied Health) Graduates	20%	174	34.8				
Economic Development (mechanic and repair technologies) Graduates	"	39	7.8				
TOTAL WEIGHTED POINTS	100%	--	288.2	--	293.9	--	299.8

APPENDIX B

NSHE PERFORMANCE POOL MODEL FOR CONSIDERATION (FINAL -v23)

		2011-12 Actual		2012-13 Target		2013-14 Target	
		Points	Weighted Pts.	Points	Weighted Pts.	Points	Weighted Pts.
TMCC (2% Target)							
	Weights						
1 to 2 Year Certificate	10%	135	13.5				
At-Risk Certificate Recipients (Minority + Pell-Eligible x .4)	"	36	3.6				
Associate's Degrees	30%	1,035	310.5				
At-Risk Associate's Graduates (Minority + Pell-Eligible x .4)	"	249	74.6				
Transfer Students w/24 credits or associate's degree	10%	989	98.9				
Efficiency - Awards per 100 FTE	20%	18.4	3.7				
Gateway Course Completers	10%	4,230	423.0				
Economic Development (STEM and Allied Health) Graduates	20%	273	54.6				
Economic Development (precision production) Graduates	"	5	1.0				
TOTAL WEIGHTED POINTS 100%		--	983.4	--	1,003.0	--	1,023.1
WNC (2% Target)							
	Weights						
1 to 2 Year Certificate	10%	30	3.0				
At-Risk Certificate Recipients (Minority + Pell-Eligible x .4)	"	8	0.8				
Associate's and Bachelor's Degrees	30%	465	139.5				
At-Risk Associate's and Bachelor's Graduates (Minority + Pell-Eligible x .4)	"	114	34.1				
Transfer Students w/24 credits or associate's degree	10%	213	21.3				
Efficiency - Awards per 100 FTE	20%	21.0	4.2				
Gateway Course Completers	10%	1,549	154.9				
Economic Development (STEM and Allied Health) Graduates	20%	122	24.4				
Economic Development (construction trades) Graduates	"	9	1.8				
TOTAL WEIGHTED POINTS 100%		--	383.9	--	391.6	--	399.5

APPENDIX B

Performance Pool Outcomes - Data Definitions

Outcome	Definitions
1 to 2 year Certificate	The total number of certificates requiring 30 or more credit hours granted during an academic year. Students earning multiple certificates in an academic year will have each earned certificate count as a separate outcome. An additional weight of .4 per certificate awarded to a minority or Pell eligible student is applied. (Source: IPEDS and institutional data to identify low income graduates)
Associate's Degrees	The total number of associate's degrees conferred during an academic year. Students earning multiple degrees in an academic year will have each earned degree count as a separate outcome. An additional weight of .4 per associate's degree awarded to a minority or Pell eligible student is applied. (Source: IPEDS and institutional data to identify low income graduates)
Bachelor's Degrees	The total number of bachelor's degrees conferred during an academic year. Students earning multiple degrees in an academic year will have each earned degree count as a separate outcome. An additional weight of .4 per bachelor's degree awarded to a minority or Pell eligible student is applied. (Source: IPEDS and institutional data to identify low income graduates)
Master's Degrees	The total number of master's degrees conferred during an academic year. Students earning multiple degrees in an academic year will have each earned degree count as a separate outcome. An additional weight of .4 per master's degree awarded to a minority student is applied. (Graduate students are not Pell eligible.) (Source: IPEDS and institutional data to identify low income graduates)
Doctoral Degrees	The total number of doctoral degrees conferred during an academic year. First-professional degrees (medical, dental, law) are not included. Students earning multiple degrees in an academic year will have each earned degree count as a separate outcome. An additional weight of .4 per doctoral degree awarded to a minority student is applied. (Graduate students are not Pell eligible.) (Source: IPEDS and institutional data to identify low income graduates)
Transfer Students w/a Transferable Associate's Degree	Total number of students transferred to a 4-year institution with a transferable associate's degree from an NSHE community college. (Source: NSHE Data Warehouse)
Transfer Students w/24 credits or Associate's Degree	The total number of students who enrolled at a four-year institution during the fall or spring semester of a given reporting year who had earned at least 24 credits or a transferable associate's degree at a community college prior to the reporting year. Students are excluded if they are co-enrolled at a 4-year institution and a 2-year institution during the term in which they otherwise would have been included as a transfer student. (Excludes courses from the 24 credit count if the grades are AU, AD, NR, ND, X, I, F, U, W.) (Source: NSHE Data Warehouse)
Efficiency - Awards per 100 FTE	The number of bachelor's, master's and doctoral awards per 100 FTE at 4-year institutions and the number of certificates, associate's and bachelor's (where applicable) per 100 FTE at the 2-year institutions. (Source: IPEDS and Official FTE)
Sponsored/External Research Expenditures	The total amount expended on sponsored programs/projects of research and other scholarly activities for the fiscal year. This amount includes federal, federal pass-through, State of Nevada, other state and local government, private for-profit, private non-profit. Other scholarly activity includes the instructional, public service, student services, and "other" functional grant categories, including workforce development. The figures exclude the scholarship/fellowship category. (Source: Sponsored Projects)
Gateway Course Completers	The total number of students (unduplicated) who successfully completed a college-level English or mathematics course (grad C- and above) in the reporting year. (Source: NSHE Data Warehouse)
Economic Development - STEM and Allied Health Graduates	Total number of certificates, associate's, bachelor's, master's, or doctoral degrees awarded (first professional awards are excluded) in an academic year based on CIP codes for STEM and health professionals as identified by NCHEMS for the NGA metrics. (CIPs: 4 - architecture and related services; 11 - computer and information sciences and support services; 14 - engineering; 15 - engineering technologies/technicians; 26 - biological and biomedical sciences; 27 - mathematics and statistics; 40 - physical sciences; 41 - science technologies/technicians; and 51 - health professions and related clinical sciences) (Source: IPEDS)
Economic Development - Institution Selected Discipline	Total number of certificates, associate's, bachelor's, master's, or doctoral degrees awarded (first professional awards are excluded) in an academic year based on CIP code selected by the institution which aligns with the state's economic development plan. (UNLV- 52 Business, Management, and Related Support Services; UNR- 42 Psychology; NSC- 52 Business, Management, and Related Support Services; CSN- 52 Business, Management, and Related Support Services; GBC - 47 Mechanic and Repair Technologies/Technician; TMCC- 48 Precision Production; WNC- 46 Construction Trades.) (Source: IPEDS)

APPENDIX C - SCHEDULE C (REVISED)

Formula Funding Request 2013-15 Biennium
 General Fund Only State Budget with adjs for small Institution factor and univs O&M research space
 WSCH for Resident Credit Hours only- FY12 actual SCH (summer, fall, spring) projected flat to FY14 and FY15

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
	FY13	FY14	FY15	FY14	FY15	FY14	FY15	FY14	FY15	FY14	FY15	FY14	FY15	FY14	FY15	FY14	FY15	FY14	FY15
Formula Budgets	Oper Budget Gen Fund	Oper Budget Gen Fund	Oper Budget Gen Fund	WSCH w/o NRSCH	WSCH w/o NRSCH	\$/WSCH	\$/WSCH	Small Instit Factor	Small Instit Factor	O&M Research Space	O&M Research Space	Gen Fund Distribution	Gen Fund Distribution	GF Incr/Decr over FY13 GF	GF Incr/Decr over FY13 GF	M-200 Reallocation	M-200 Reallocation	Harmless over FY14 GF	Harmless over FY15GF
UNR	91,404,757	91,404,757	91,404,757	619,941	619,941	\$136.88	\$136.88			3,582,891	3,582,891	88,441,570	88,441,570	(2,963,187)	(2,963,187)	(2,963,187)	(2,963,187)	2,963,187	2,963,187
UNLV	123,590,871	123,590,871	123,590,871	886,813	886,813	\$136.88	\$136.88					124,607,391	124,607,391	1,016,520	1,016,520	1,016,520	1,016,520	0	0
CSN	77,587,864	77,587,864	77,587,864	626,677	626,677	\$136.88	\$136.88					85,780,715	85,780,715	8,192,851	8,192,851	8,192,851	8,192,851	0	0
GBC	14,031,554	14,031,554	14,031,554	60,769	60,769	\$136.88	\$136.88	1,176,930	1,176,930			9,495,104	9,495,104	(4,536,450)	(4,536,450)	(4,536,450)	(4,536,450)	4,536,450	4,536,450
TMCC	30,603,292	30,603,292	30,603,292	214,603	214,603	\$136.88	\$136.88					29,375,258	29,375,258	(1,228,034)	(1,228,034)	(1,228,034)	(1,228,034)	1,228,034	1,228,034
WNC	15,029,964	15,029,964	15,029,964	74,414	74,414	\$136.88	\$136.88	767,580	767,580			10,953,507	10,953,507	(4,076,457)	(4,076,457)	(4,076,457)	(4,076,457)	4,076,457	4,076,457
NSC	9,111,439	9,111,439	9,111,439	92,826	92,826	\$136.88	\$136.88					12,706,196	12,706,196	3,594,757	3,594,757	3,594,757	3,594,757	0	0
Sub-Total FB's	361,359,741	361,359,741	361,359,741	2,576,043	2,576,043			1,944,510	1,944,510	6,801,666	6,801,666	361,359,741	361,359,741	(0)	(0)	(0)	(0)	12,804,128	12,804,128
Non-Formula Budgets																			
System Administration	4,568,280	4,568,280	4,568,280									4,568,280	4,568,280	0	0				
University Press	411,820	411,820	411,820									411,820	411,820	0	0				
Special Projects	1,946,486	1,946,486	1,946,486									1,946,486	1,946,486	0	0				
System Comp Services	16,669,848	16,669,848	16,669,848									16,669,848	16,669,848	0	0				
WICHE	878,241	878,241	878,241									878,241	878,241	0	0				
UNR Non-Formula Budgets	22,354,757	22,354,757	22,354,757									22,354,757	22,354,757	0	0				
School of Medicine	29,906,780	29,906,780	29,906,780									29,906,780	29,906,780	0	0				
State Health Lab	1,518,320	1,518,320	1,518,320									1,518,320	1,518,320	0	0				
UNLV Non-Formula Budgets	11,381,970	11,381,970	11,381,970									11,381,970	11,381,970	0	0				
Law School	6,909,123	6,909,123	6,909,123									6,909,123	6,909,123	0	0				
Dental School	7,005,286	7,005,286	7,005,286									7,005,286	7,005,286	0	0				
Perkins Loans	35,793	35,793	35,793									35,793	35,793	0	0				
Desert Research Institute	7,421,572	7,421,572	7,421,572									7,421,572	7,421,572	0	0				
Sub-Total NFB's	111,008,276	111,008,276	111,008,276									111,008,276	111,008,276	0	0				
Total NSHE GF Revenues	472,368,017	472,368,017	472,368,017									472,368,017	472,368,017	(0)	(0)				
Total Formula Budgets	361,359,741	361,359,741	361,359,741																
Less: SIF & O&M carve out		8,746,176	8,746,176																
Net GF allocation-formula budgets		352,613,565	352,613,565																
Total WSCH		2,576,043	2,576,043																
\$/WSCH		\$136.88	\$136.88																

PRELIMINARY

WSCH - W eighted Student Credit Hours
 NRSCH - Non Resident Student Credit Hours
 Small Institution Factor - \$1.5M Cap phased out between 50K to 100K WSCH
 O&M Carve out - State funded dedicated research space
 Research factor of 1.10 applied against univs upper division and graduate course level discipline weights
 Resident students credit hours only
 WSCH projection methodology - FY12 actual WSCH projected to FY14 and FY15

Schedule projects FY13 adjusted GF flat through FY14 and FY15 and doesn't include any budget adjustments. The schedule will be adjusted based on Governor's recommendations and Legislative actions.

APPENDIX D

NSHE Proposed Formula Model for DRI

Current O&M/NSHE New Space Formula

In the new formula for teaching institutions, facilities are treated as a means of building capacity for student success and therefore O&M is included in the weighted student credit hour concept. Because DRI facilities will not produce greater student capacity, a different treatment is indicated. Funding physical plant operations and maintenance includes both non-formula components and new space formula components. Allocations for utilities, insurance, and rental or lease costs are not formula driven and are budgeted separately based on consumption, rate changes, contractual agreements, and addition or subtraction of any facilities. The existing new space formula provides O&M support for operating, personnel, equipment, and utility costs based upon new facility square footage and new improved acreage. Operating costs are determined by applying the current cost per maintained square foot of existing facilities against new facility space and personnel and equipment costs are based upon salary and equipment costs approved by the Legislature for use in the NSHE funding formula for O&M support.

Institutional and Research Administration Formula

This second aspect of DRI funding is a new step function model which acknowledges the complexity and cost associated with the growth of the research function and encourages DRI to maximize its efforts in that regard. This driver replaces current line item funding of DRI infrastructure on a revenue neutral basis. Institutional and research administration support would equal 12% of the first \$25,000,000 of grants and contracts. Plus 7.5% of the next \$5 million in grants and contracts (from \$25,000,001 to \$30,000,000 million). Plus 6% of the next \$5 million in grants and contracts (from \$30,000,001 to \$35,000,000 million). Plus 5% of any grants and contracts of \$35,000,001 or more. See following example:

Institutional and Research Administration Formula				
(based on Sponsored Projects Expenditures)				
		Total	Formula	
Percentage	Step	Revenue	Calculation	Total by
Per Step	Breaks	by Step	By Step	Step
5.0%	4,000,000	39,000,000	200,000	3,876,697
6.0%	5,000,000	35,000,000	300,000	3,676,697
7.5%	5,000,000	30,000,000	376,697	3,376,697
12.0%	25,000,000	25,000,000	3,000,000	3,000,000
Cummulative Amount			3,876,697	

The two components together have been designed to approximate the current State base budget funding to DRI.

North Dakota University System
2013-15 Biennium Ongoing General Fund Increases

Mar 2013

*Attachment 1.
 March 25, 2013
 SB 2200*

	(1) State Board of Higher Education Request (100% State Funded)	(2) State Board of Higher Education Request (State- Student Split) ¹	(3) Executive Budget Recommendation (State-Student Split)	(4) Proposed House Version
Cost to Continue Items				
Fiscal year 2013 salary increases	\$8,301,012	\$5,257,402		\$0
Fiscal year 2013 retirement contribution increases	6,092,154	4,098,332		0
UND School of Medicine - student and resident positions added in fiscal year 2013	1,975,142	1,975,142		0
Total Cost to Continue	\$16,368,308	\$11,330,876		\$0
Operating increases				
Four percent annual salary increases ²	\$36,402,863	\$23,057,244		\$0
Health insurance increases ²	9,311,446	5,968,802		0
Retirement contribution increases ²	5,196,973	3,293,771		0
Operating inflation	6,460,639	4,093,801		0
Utility cost increases	1,683,154	1,096,337		0
Base funding for extraordinary repairs	309,345	309,345		0
Total operating increases	\$59,364,420	\$37,819,300		\$0
Executive budget formula payment - inflation			\$49,168,075	
Total cost to continue and operating increases	\$75,732,728	\$49,150,176	\$49,168,075	\$0
Statewide and campus initiatives				
Security and emergency preparedness	\$5,275,687	\$5,275,687		\$0
Statewide nursing consortium	309,000	309,000		0
Executive budget formula payment - Security and emergency preparedness and nursing consortium			\$5,901,101	
Campus initiatives to address state priorities	32,500,354 ³	32,500,354	7,414,806 ³	0
Total initiatives	\$38,085,041	\$38,085,041	\$13,315,907	\$0
Executive budget equalization payment			21,090,261	
House Version Adjustments				
NDSU equity payment				\$0
Total funding increase	\$113,817,769	\$87,235,217	\$83,574,243	\$0

¹ Assumes a state-student share is applied to the original SBHE budget request.

² The original SBHE budget request did not include estimated salary, health insurance, and retirement contribution increases.

³ The SBHE budget request included ongoing funding for the healthcare workforce initiative at the UNDSMHS. The executive budget identified funding for the UNDSMHS healthcare workforce initiative as one-time funding. The amount is reflected as ongoing funding in the executive budget for comparison purposes.

Attachment 2.
 March 25, 2013
 SB2200

	SBHE Original Request - 100% State	State/Student Share Split Applied to SBHE Request					Annual Tuition Increase Needed to Cover Student Share
		State/Student Share Split		State Share	Student Share	Total	
Bismarck State College	\$4,041,984	75%	25%	\$3,047,000	\$994,984	\$4,041,984	2.57%
Lake Region State College	1,238,579	75%	25%	934,555	304,024	1,238,579	2.36%
Williston State College	1,090,238	75%	25%	830,626	259,612	1,090,238	5.06%
State College of Science	3,738,022	75%	25%	2,823,797	914,225	3,738,022	4.00%
Dakota College at Bottineau	725,611	75%	25%	545,932	179,679	725,611	3.54%
Dickinson State University	3,171,242	70%	30%	2,229,649	941,593	3,171,242	4.23%
Mayville State University	1,520,016	70%	30%	1,069,151	450,865	1,520,016	4.01%
Valley City State University	2,219,536	70%	30%	1,563,519	656,017	2,219,536	4.18%
Minot State University	5,410,608	65%	35%	3,542,969	1,867,639	5,410,608	4.52%
University of North Dakota	22,413,965	60%	40%	13,581,509	8,832,456	22,413,965	3.71%
UND School of Medicine	7,818,045	60%	40%	5,516,864	2,301,181	7,818,045	5.45%
North Dakota State University	22,344,883	60%	40%	13,464,604	8,880,279	22,344,883	3.60%
Total	\$75,732,729			\$49,150,175	\$26,582,554	\$75,732,729	

Comparison of SBHE Request with State/Student Split to the Executive Budget Recommendation Inflation Formula Payment						
	SBHE Request With State/Student Split		Executive Recommendation		Difference	
	State Funding Provided	Annual Tuition Increase Needed	State Funding Provided	Annual Tuition Increase Needed		
Bismarck State College	\$3,047,000	2.57%	\$2,973,350	2.76%	(\$73,650)	0.19%
Lake Region State College	934,555	2.36%	1,125,848	0.88%	191,293	(1.48%)
Williston State College	830,626	5.06%	851,740	4.64%	21,114	(0.42%)
State College of Science	2,823,797	4.00%	3,525,479	0.93%	701,682	(3.07%)
Dakota College at Bottineau	545,932	3.54%	712,967	0.25%	167,035	(3.29%)
Dickinson State University	2,229,649	4.23%	2,356,229	3.66%	126,580	(0.57%)
Mayville State University	1,069,151	4.01%	1,321,694	1.77%	252,543	(2.24%)
Valley City State University	1,563,519	4.18%	1,888,933	2.10%	325,414	(2.08%)
Minot State University	3,542,969	4.52%	3,646,895	4.27%	103,926	(0.25%)
University of North Dakota	13,581,509	3.71%	18,133,183	4.32%	4,551,674	0.61%
UND School of Medicine	5,516,864	5.45%	0	4.32%	(5,516,864)	(1.13%)
Subtotal UND	\$19,098,373		\$18,133,183		(\$965,190)	
North Dakota State University	13,464,604	3.60%	12,631,757	3.94%	(832,847)	0.34%
Total	\$49,150,175		\$49,168,075		\$17,900	

Estimated Funding Required to Limit Maximum Tuition Increase Under SBHE Budget Request with State/Student Split	
Maximum Annual Tuition Increase	Funding Required
0%	\$26,582,554
1%	\$19,562,971
2%	\$12,496,747
3%	\$5,644,103
4%	\$910,774
5%	\$161,253
6%	\$0

PROPOSED AMENDMENTS TO SENATE BILL NO. 2200

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to limit tuition increases at institutions under the control of the state board of higher education; to provide for a legislative management study of higher education funding; and to provide an appropriation.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. NORTH DAKOTA UNIVERSITY SYSTEM - TUITION INCREASES LIMITED. Notwithstanding any other provision of law, the state board of higher education may not increase the tuition rate for students attending institutions under its control during the biennium beginning July 1, 2013, and ending June 30, 2015, by a percentage greater than the percentage listed for each academic year compared to the spring semester of the preceding academic year as follows:

<u>Institution</u>	<u>2013-14 Academic Year</u>	<u>2014-15 Academic Year</u>
Bismarck State College	3 percent	3 percent
Lake Region state college	3 percent	3 percent
Williston state college	5 percent	5 percent
North Dakota State college of science	4 percent	4 percent
Dakota college at Bottineau	3.5 percent	3.5 percent
Dickinson state university	4 percent	4 percent
Mayville state university	4 percent	4 percent
Valley City state university	4 percent	4 percent
Minot state university	4.5 percent	4.5 percent
University of North Dakota	4 percent	4 percent
University of North Dakota school of medicine and health sciences	5.5 percent	5.5 percent
North Dakota state university	4 percent	4 percent

SECTION 2. LEGISLATIVE MANAGEMENT STUDY - HIGHER EDUCATION FUNDING. During the 2013-14 interim, the legislative management shall consider appointing a higher education funding review committee to study higher education funding methods. The committee, if appointed, shall review higher education funding methods and shall recommend a new funding method for the North Dakota university system that is not based on existing levels of funding. As part of the study, the committee shall consult with representatives of the state board of higher education, the North Dakota university system office, higher education institutions, and other appropriate entities. The committee shall consider the following as part of its recommendation for a new higher education funding method:

1. The inclusion of tuition revenue as a component of the funding method;
2. The level of nonresident tuition rates, including whether the rates charged should provide for the entire cost of a student's education;
3. Options to address unique institution needs;

4. The appropriateness of including remedial education and dual-credit course completions in the funding method; and
5. Facilities required to meet an institution's mission, including the utilization of existing institution facilities.

The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fourth legislative assembly.

SECTION 3. APPROPRIATION - LEGISLATIVE COUNCIL - HIGHER EDUCATION FUNDING STUDY. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$150,000, or so much of the sum as may be necessary, to the legislative council for the purpose of defraying expenses associated with the study of higher education funding as provided for in section 2 of this Act, for the biennium beginning July 1, 2013, and ending June 30, 2015. "

Renumber accordingly

PROPOSED AMENDMENTS TO SENATE BILL NO. 2200

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to limit tuition increases at institutions under the control of the state board of higher education; to provide for a legislative management study of higher education funding; and to provide an appropriation.

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<u>Institution</u>	<u>2013-14 Academic Year</u>	<u>2014-15 Academic Year</u>
Bismarck state college	3 percent	3 percent
Lake Region state college	3 percent	3 percent
Williston state college	5 percent	5 percent
North Dakota state college of science	4 percent	4 percent
Dakota college at Bottineau	3.5 percent	3.5 percent
Dickinson state university	4 percent	4 percent
Mayville state university	4 percent	4 percent
Valley City state university	4 percent	4 percent
Minot state university	4.5 percent	4.5 percent
University of North Dakota	4 percent	4 percent
University of North Dakota school of medicine and health sciences	5.5 percent	5.5 percent
North Dakota state university	4 percent	4 percent

SECTION 2. LEGISLATIVE MANAGEMENT STUDY - HIGHER EDUCATION FUNDING. During the 2013-14 interim, the legislative management shall consider appointing a higher education funding review committee to study higher education funding methods. The committee, if appointed, shall review higher education funding methods and shall recommend a new funding method for the North Dakota university system that is not based on existing levels of funding. As part of the study, the committee shall consult with representatives of the state board of higher education, the North Dakota university system office, higher education institutions, and other appropriate entities. The committee shall consider the following as part of its recommendation for a new higher education funding method:

1. The inclusion of tuition revenue as a component of the funding method;
2. The level of nonresident tuition rates, including whether the rates charged should provide for the entire cost of a student's education and whether state funding should be provided to offset the educational costs of nonresident students;

3. Options to address unique institution needs due to program facility requirements, local costs of goods and labor, and other extraordinary needs;
4. The appropriateness of including remedial education and dual-credit course completions in the funding method and which entity should be responsible for paying course costs;
5. Facilities required to meet an institution's mission, including the utilization of existing institution facilities and additional facilities needs as identified in the university system campus master plan and space utilization study;
6. Administrative costs at institutions, including the appropriateness of providing separate funding allocations to institutions for instructional and administrative costs;
7. Options to provide enhanced funding for programs that address state priorities and workforce needs;
8. Options to provide performance funding distributions to campuses for meeting specified goals such as on-time graduation rates and job placements; and
9. Any other issues the committee deems appropriate as part of its study of higher education funding.

The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fourth legislative assembly.

SECTION 3. LEGISLATIVE INTENT - HIGHER EDUCATION FUNDING

METHOD. It is the intent of the sixty-third legislative assembly that appropriations for the North Dakota university system for the 2015-17 biennium be based upon any recommendations provided by the higher education funding review committee under section 2 of this Act.

SECTION 4. APPROPRIATION - LEGISLATIVE COUNCIL - HIGHER EDUCATION FUNDING STUDY. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$150,000, or so much of the sum as may be necessary, to the legislative council for the purpose of defraying expenses associated with the study of higher education funding as provided for in section 2 of this Act, for the biennium beginning July 1, 2013, and ending June 30, 2015."

Renumber accordingly

PROPOSED AMENDMENTS TO SENATE BILL NO. 2200

Page 1, line 2, after the semicolon insert "to provide an appropriation; to provide for a legislative management study;"

Page 5, after line 1, insert:

"1."

Page 5, line 5, replace "1." with "a."

Page 5, line 5, replace "\$72.70." with "\$67.00"

Page 5, line 7, replace "2." with "b."

Page 5, line 7, replace "\$110.80" with "\$97.00"

Page 5, line 9, replace "3." with "c."

Page 5, line 9, replace "\$117.60" with "\$101.00"

Page 5, line 9, replace "lake region" with "Lake Region"

Page 5, after line 10, insert:

"2. Beginning on July 1, 2014, and each year thereafter, the state board shall incorporate an inflationary factor equal to 0.01 multiplied by the base amount listed in subsection 1 for each respective institution."

Page 5, after line 18, insert:

"15-18.1-08. Tuition - Limitation.

1. The tuition rate in effect for the 2013-14 academic year may not exceed that in effect for the 2012-13 academic year by more than:
 - a. 3.0 percent in the case of Dakota college at Bottineau and Lake Region state college;
 - b. 4.0 percent in the case of Bismarck state college, Dickinson state university, Mayville state university, North Dakota state college of science, and Valley City state university;
 - c. 4.5 percent in the case of Minot state university, North Dakota state university, and the university of North Dakota;
 - d. 5.0 percent in the case of Williston state college; and
 - e. 5.0 percent in the case of the university of North Dakota school of medicine and health sciences.
2. The tuition rate in effect for the 2014-15 academic year may not exceed that in effect for the 2013-14 academic year by more than:

- a. 3.0 percent in the case of Dakota college at Bottineau and Lake Region state college;
- b. 4.0 percent in the case of Bismarck state college, Dickinson state university, Mayville state university, North Dakota state college of science, and Valley City state university;
- c. 4.5 percent in the case of Minot state university, North Dakota state university, and the university of North Dakota;
- d. 5.0 percent in the case of Williston state college; and
- e. 5.0 percent in the case of the university of North Dakota school of medicine and health sciences."

Page 5, after line 22, insert:

"SECTION 3. LEGISLATIVE MANAGEMENT STUDY - HIGHER EDUCATION FUNDING. During the 2013-14 interim, the legislative management shall appoint an interim committee to study higher education funding methods.

1. The committee shall review higher education funding methods and recommend for the North Dakota university system a new funding method that is not based on existing levels of funding.
2. The committee shall consult with representatives of the state board of higher education, the North Dakota university system office, higher education institutions, and other appropriate entities.
3. The committee shall consider:
 - a. The inclusion of tuition revenue as a component of the funding method;
 - b. The level of nonresident tuition rates, including whether the rates charged should provide for the entire cost of a student's education and whether state funding should be provided to offset the educational costs of nonresident students;
 - c. Options to address unique institution needs due to program facility requirements, local costs of goods and labor, and other extraordinary needs;
 - d. The appropriateness of including remedial education and dual-credit course completions in the funding method and which entity should be responsible for paying course costs;
 - e. Facilities required to meet an institution's mission, including the utilization of existing institution facilities and additional facilities needs as identified in the university system campus master plan and space utilization study;
 - f. Administrative costs at institutions, including the appropriateness of providing separate funding allocations to institutions for instructional and administrative costs;
 - g. Options to provide enhanced funding for programs that address state priorities and workforce needs;

- h. Options to provide performance funding distributions to campuses for meeting specified goals such as on-time graduation rates and job placements; and
 - i. Any other issues the committee deems appropriate.
4. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fourth legislative assembly.

SECTION 4. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$150,000, or so much of the sum as may be necessary, to the legislative council for the purpose of defraying expenses associated with the study of higher education funding as provided for in section 3 of this Act, for the biennium beginning July 1, 2013, and ending June 30, 2015."

Renumber accordingly

Flakoll, Tim

From: NDLA, Intern 03 - Maurer, Molly
Sent: Tuesday, April 16, 2013 8:24 AM
To: Flakoll, Tim
Subject: RE: Request

The case you are referencing is : Nord. V. Guy, 141 N.W.2d 395 (1966).

The issue was over Chapter 155, Session Laws of 1965, which authorized the Board of Higher Ed to provide facilities used for classroom, library, admin, maintenance, etc... at various higher ed. institutions-- without specifying instructions as to where the facilities would be constructed, or the priority and costs involved.

Copied/ pasted below is the meat of the Supreme Court's ruling:

"We are guided by certain rules that control in the consideration of the challenge to the constitutionality of the Act made by the plaintiff. In Wilder v. Murphy we said:

It is difficult, if not impossible, to lay down exactly the line that marks the distinction between administrative and legislative functions. As was said by the Supreme Court of the United States in Mutual Film Corporation v. Industrial Commission, 236 U.S. 230, 35 S.Ct. 387, 59 L.Ed. 552, Ann.Cas.1916C, 296: 'While administration and legislation are quite distinct powers, the line which separates exactly their exercise is not easy to define in words. It is best recognized in illustrations. Undoubtedly the Legislature must declare the policy of the law and fix the legal principles which are to control in given cases; but an administrative body may be invested with the power to ascertain the facts and conditions to which the policy and principles apply. If this could not be done there would be infinite confusion in the laws, and in an effort to detail and particularize, they would miss sufficiency both in provision and execution.'

Does the legislature, in the Act, 'declare the policy of the law and fix the legal principles which are to control,' and is the administrative body invested only with the power 'to ascertain the facts and conditions to which the policy and principles apply'?

We are of the opinion, and we so hold, that the Act does not 'declare the policy of the law and fix the legal principles which are to control' but, in fact, attempts to delegate to the Board powers and functions of the Legislature, and that the Act is unconstitutional.

I can get you a summary of the key elements to this holding, but thought you would want the case name asap. So far, this case has not been overruled.

From: Flakoll, Tim
Sent: Friday, April 12, 2013 1:23 PM
To: NDLA, Intern 03 - Maurer, Molly
Subject: Request

Molly,

I need to have you do some research.

4-25-13

#1

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	
	2009-2011 Completed	Weighted Credit	Physical Factor	Credit Volume	Adj. Credit Hours	Gov. Formula Base Level	2011-2013 Funding Level	2013-2015 Adj. Base	Base Cost	Base Factor	Inflation Adj.	2013-2015 Factor	Total Before Tuition	\$ Increase	1% Increase	Tuition Year Cap	Biennium Total	2013-2015	Gov. Model No Tuition	Est. Tuition % Inc.	Est. Tuition \$ Inc.	Total Funding
BSC	171,226	301,144	1.00	1.00	301,144	\$ 31,563,983	\$ 28,045,987	\$ 30,716,688	\$ 93.18	\$ 102.00	\$ 2.04	\$ 104.04	\$ 31,331,022	\$ 3,285,035	\$ 387,688	4.00%	\$ 1,550,752	\$ 32,881,774	\$ 24,557,333	2.76%	\$ 1,070,019	\$ 35,627,352
DCB	26,083	41,263	1.00	1.75	72,210	\$ 7,573,385	\$ 6,605,257	\$ 7,365,446	\$ 91.47	\$ 93.68	0.02		\$ 7,512,754	\$ 907,497	\$ 128,625	3.00%	\$ 385,875	\$ 7,898,629	\$ 8,286,352	0.25%	\$ -32,156	\$ 8,318,508
LRSC	59,858	78,639	1.00	1.45	114,027	\$ 11,959,152	\$ 9,158,981	\$ 11,630,708	\$ 80.32	Average	%	114.75	\$ 11,863,322	\$ 2,704,341	\$ 51,353	3.00%	\$ 154,059	\$ 12,017,381	\$ 13,083,000	0.88%	\$ 45,191	\$ 13,130,191
NDSCS	136,059	198,369	1.80	1.00	357,064	\$ 37,448,872	\$ 35,198,921	\$ 36,420,528	\$ 98.58				\$ 37,148,939	\$ 1,950,018	\$ 228,760	4.00%	\$ 915,040	\$ 38,063,979	\$ 40,974,351	0.93%	\$ 212,747	\$ 41,187,098
WSC	29,260	49,294	1.00	1.75	86,265	\$ 9,047,486	\$ 9,047,486	\$ 8,798,979	\$ 104.88				\$ 8,974,959	\$ (72,527)	\$ 50,785	5.00%	\$ 253,925	\$ 9,228,884	\$ 9,899,126	4.64%	\$ 235,642	\$ 10,134,868
DSU	112,746	253,455	1.00	1.00	253,455	\$ 25,028,681	\$ 22,792,617	\$ 24,585,135	\$ 89.93	\$ 97.00	\$ 1.94	\$ 98.94	\$ 25,076,838	\$ 2,284,221	\$ 222,433	4.00%	\$ 889,732	\$ 25,966,570	\$ 27,384,910	3.66%	\$ 814,105	\$ 28,199,015
MASU	37,501	86,165	1.00	1.65	142,172	\$ 14,039,485	\$ 13,134,780	\$ 13,790,708	\$ 92.39	\$ 92.54	0.02		\$ 14,066,522	\$ 931,742	\$ 112,344	4.00%	\$ 449,376	\$ 14,515,898	\$ 15,361,179	1.77%	\$ 198,849	\$ 15,560,028
MISU	161,859	392,279	1.00	1.00	392,279	\$ 38,738,594	\$ 38,738,594	\$ 38,051,063	\$ 98.75	Average	%	108.05	\$ 38,812,084	\$ 73,490	\$ 157,096	4.50%	\$ 706,932	\$ 39,519,016	\$ 42,385,489	4.27%	\$ 670,800	\$ 43,056,289
VCSU	51,713	135,459	1.00	1.50	203,189	\$ 20,064,914	\$ 18,103,060	\$ 19,709,285	\$ 89.09				\$ 20,103,470	\$ 2,000,410	\$ 412,943	4.00%	\$ 1,651,772	\$ 21,755,242	\$ 21,953,847	2.10%	\$ 867,180	\$ 22,821,027
NDSU	693,838	2,022,290	1.00	1.00	2,022,290	\$ 134,178,942	\$ 127,747,549	\$ 135,493,430	\$ 63.17	\$ 67.00	\$ 1.34	\$ 68.34	\$ 138,203,299	\$ 10,455,750	\$ 2,379,016	4.50%	\$ 10,705,572	\$ 148,908,871	\$ 146,810,698	4.32%	\$ 10,277,349	\$ 157,088,047
UND	648,858	2,903,224	1.00	1.00	2,903,224	\$ 192,617,021	\$ 192,617,021	\$ 194,516,008	\$ 66.35	\$ 64.76	0.02		\$ 198,406,328	\$ 5,789,307	\$ 2,466,168	4.50%	\$ 11,097,756	\$ 209,504,084	\$ 210,750,204	4.32%	\$ 10,653,846	\$ 221,404,050
UND Med School										Average	%	72.60			\$ 422,373	5.00%	\$ 2,111,865	\$ 2,111,865				
Total						\$ 522,280,515	\$ 501,190,253	\$ 521,077,977					\$ 531,499,537	\$ 30,309,284			\$ 30,872,656	\$ 562,372,193	\$ 571,448,589		\$ 25,077,884	\$ 596,526,473
						Gov. Equity Adj. \$ 21,090,261		\$ 19,887,724	Equity Adj.				\$ 30,309,284					\$ 61,181,940				Total Gov. Model w/Estimated Tuition Increase
													6.05%									12.21%

 Governor Funding Model
 House Changes
 Funding Factor/Inflation Adjustment

117.60
110.80
72.70

Total State and Tuition	\$562,372,193
Performance Funding Pool	\$5,000,000
Oil Impact Funding	\$4,000,000
WSC One-Time Funding	\$1,000,000
Security Funding Pool	\$2,500,000
MSU Flood Funding	\$2,000,000
Total Funding	\$576,872,193
	14.49%
Education Challenge Fund	\$30,000,000

Gov. Funding Model 6.15% Increase/year (Includes inflation, salary, 1.5% for Initiatives - \$49,168,075)
Mental Health, Security - 2.50%, Nursing Consortium .08% (2.85, 2.75, .10) - \$5,633,241

Security/Mental/Nursing	Gov.	House	
BSC	\$ 863,933	\$ 2,670,701	\$ (867,295)
DCB	\$ 207,159	\$ 760,189	\$ (207,940)
LRSC	\$ 327,125	\$ 2,471,727	\$ (328,444)
NDSCS	\$ 1,024,358	\$ 1,221,607	\$ (1,028,344)
WSC	\$ 247,481	\$ (248,507)	\$ (248,507) \$ 1,000,000
DSU	\$ 684,623	\$ 1,792,518	\$ (443,546)
MASU	\$ 384,029	\$ 655,928	\$ (248,777)
MISU	\$ 1,059,637	\$ (687,531)	\$ (687,531) \$ 2,000,000
VCSU	\$ 548,846	\$ 1,606,225	\$ (355,630)
NDSU	\$ 117,449	\$ 7,745,881	\$ 1,314,489
UND	\$ 168,600	\$ 1,898,987	\$ 1,898,987
Total	\$5,633,241	\$ 19,887,724	\$ (1,202,537)

\$ 19,654,280

4-26-11
H1

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21		
2009-2011 Completed	Weighted Credit	Physical Factor	Credit Volume	Adj. Credit Hours	Gov. Formula Base Level	2011-2013 Funding Level	2013-2015 Adj. Base	Base Cost	Base Factor	Inflation Adj.	2013-2015 Factor	Total Before Tuition	\$ Increase	1% Increase	Tuition Year Cap	Biennium Total	2013-2015 Total	Gov. Model No Tuition	Est. Tuition % Inc.	Est. Tuition \$ Inc.	Total Funding	
BSC	171,226	1.01	1.00	301,144	\$ 11,533,983	\$ 28,045,987	\$ 31,017,832	\$ 93.18	\$ 103.00	\$ 4.12	\$ 107.12	\$ 32,258,545	\$ 4,212,558	\$ 387,688	3.50%	\$ 1,356,908	\$ 33,615,453	\$ 31,557,433	2.76%	\$ 1,070,019	\$ 35,627,357	
DCB	26,053	1.00	1.75	72,210	\$ 7,873,385	\$ 6,605,257	\$ 7,437,656	\$ 91.47	\$ 93.68	0.04		\$ 7,735,162	\$ 1,129,905	\$ 48,387	3.00%	\$ 145,161	\$ 7,880,323	\$ 8,286,452	0.25%	\$ 12,097	\$ 8,298,449	
LRSC	59,555	1.00	1.45	111,027	\$ 11,959,152	\$ 9,158,981	\$ 11,744,735	\$ 80.32	Average	%	114.75	\$ 12,214,524	\$ 3,055,543	\$ 131,153	3.00%	\$ 393,459	\$ 12,607,983	\$ 13,085,000	0.88%	\$ 115,315	\$ 13,203,415	
NDSCS	126,054	1.80	1.00	337,054	\$ 37,448,872	\$ 35,198,921	\$ 36,777,592	\$ 98.58				\$ 38,248,696	\$ 3,048,775	\$ 228,760	3.50%	\$ 800,660	\$ 39,049,356	\$ 40,978,151	0.93%	\$ 212,747	\$ 41,187,093	
WSC	29,260	1.00	1.75	86,265	\$ 9,047,986	\$ 9,047,486	\$ 8,885,244	\$ 104.88				\$ 9,240,653	\$ 193,167	\$ 51,353	4.50%	\$ 231,089	\$ 9,471,742	\$ 9,899,126	4.61%	\$ 288,218	\$ 10,187,504	
DSU	112,746	1.00	1.00	253,455	\$ 25,028,681	\$ 22,792,617	\$ 24,838,590	\$ 89.93	\$ 98.00	\$ 3.92	\$ 101.92	\$ 25,832,134	\$ 3,039,517	\$ 222,433	3.50%	\$ 778,516	\$ 26,610,649	\$ 27,384,910	3.06%	\$ 818,105	\$ 28,199,015	
MASU	37,501	1.65	1.65	141,172	\$ 14,035,485	\$ 13,134,780	\$ 13,932,881	\$ 92.39	\$ 92.54	0.04		\$ 14,490,196	\$ 1,355,416	\$ 112,344	3.50%	\$ 393,204	\$ 14,883,400	\$ 15,361,179	1.77%	\$ 198,849	\$ 15,560,028	
MISU	161,859	1.00	1.00	392,279	\$ 38,736,594	\$ 38,738,594	\$ 38,443,342	\$ 98.78	Average	%	108.05	\$ 39,981,076	\$ 1,242,482	\$ 412,943	4.00%	\$ 1,651,772	\$ 41,632,848	\$ 42,385,889	4.77%	\$ 1,763,267	\$ 44,148,756	
VCSU	51,713	1.50	1.50	204,189	\$ 20,064,914	\$ 18,103,060	\$ 19,912,473	\$ 89.09				\$ 20,708,972	\$ 2,605,912	\$ 145,813	3.50%	\$ 510,346	\$ 21,219,317	\$ 21,953,447	2.10%	\$ 306,207	\$ 22,260,054	
NDSU	693,938	1.00	1.00	2,022,240	\$ 134,178,942	\$ 127,747,549	\$ 135,493,430	\$ 63.17	\$ 67.00	\$ 2.68	\$ 69.68	\$ 140,913,167	\$ 13,165,618	\$ 2,544,771	4.00%	\$ 10,179,084	\$ 151,092,251	\$ 146,810,669	1.42%	\$ 10,993,411	\$ 157,804,109	
UND	648,858	1.00	1.00	2,903,224	\$ 192,617,021	\$ 192,617,021	\$ 194,516,008	\$ 66.35	\$ 64.76	0.04		\$ 202,296,648	\$ 9,679,627	\$ 2,379,016	4.00%	\$ 9,516,064	\$ 211,812,712	\$ 210,750,204	4.31%	\$ 10,777,349	\$ 221,027,551	
UND Med School									Average	%	72.60			\$ 422,373	\$ 1,900,679	\$ 1,900,679						
Total					\$ 522,280,515	\$ 501,190,253	\$ 522,999,781					\$ 543,915,773	\$ 42,729,520	\$ 7,087,034		\$ 27,856,940	\$ 571,776,713	\$ 571,448,589		\$ 26,001,742	\$ 597,450,331	
					Gov. Equity Adj.	\$ 21,090,261	\$ 21,809,528	Equity Adj.				\$ 42,729,520				\$ 70,586,460					\$ 26,001,742	\$ 597,450,331
												\$ 533					\$ 14.08%				\$ 26,001,742	\$ 597,450,331

 Governor Funding Model
 House Changes
 Funding Factor/Inflation Adjustment

Gov. Funding Model 6.15% Increase/year (Includes inflation, salary, 1.5% for Initiatives - \$49,168,075)
 Mental Health, Security - 2.50%, Nursing Consortium .08% (2.85, 2.75, .10) - \$5,633,241

Security/Mental/Nursing	Gov.	House	Gov. Difference	One-time \$
BSC	\$ 8,537,996	\$ 2,971,845	\$ (566,151)	
DCB	\$ 968,128	\$ 832,399	\$ (135,729)	
LRSC	\$ 2,800,171	\$ 2,585,754	\$ (214,417)	
NDSCS	\$ 2,748,951	\$ 1,578,671	\$ (671,280)	
WSC	\$	\$ (162,243)	\$ (162,243)	\$ 1,000,000
DSU	\$ 2,236,064	\$ 2,045,973	\$ (190,091)	
MASU	\$ 904,705	\$ 798,101	\$ (106,605)	
MISU	\$	\$ (295,252)	\$ (295,252)	\$ 2,000,000
VCSU	\$ 1,961,834	\$ 1,809,413	\$ (152,441)	
NDSU	\$ 6,431,392	\$ 7,745,881	\$ 1,314,489	
UND	\$	\$ 1,898,987	\$ 1,898,987	
Total	\$ 21,090,261	\$ 21,809,528	\$ 719,267	

Total State and Tuition	\$571,776,713
Performance Funding Pool	\$5,000,000
Oil Impact Funding	\$4,000,000
WSC One-Time Funding	\$1,000,000
Security Funding Pool	\$2,500,000
MSU Flood Funding	\$2,000,000
Total Funding	\$586,276,713
	\$ 11,173,619
Education Challenge Fund	\$30,000,000

#1

4-27-13



**For Earth Day,
an Essay From
John Muir**

**'Don't Think of
Ugly People':
Obsolete
Parenting
Advice**

**Manhunts Are
the New Car
Chases**

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Tsarnaev's Now Been Charged: Five Questions, Five Answers *Andrew Cohen*

A Truly Devastating Graph on State Higher Education Spending

Some states have slashed per-student spending by as much as half.

JORDAN WEISSMANN | MAR 20 2013, 1:51 PM ET

2.5k Are you a fan of public higher education? Yes? Then prepare to be upset. Outraged even.

Like

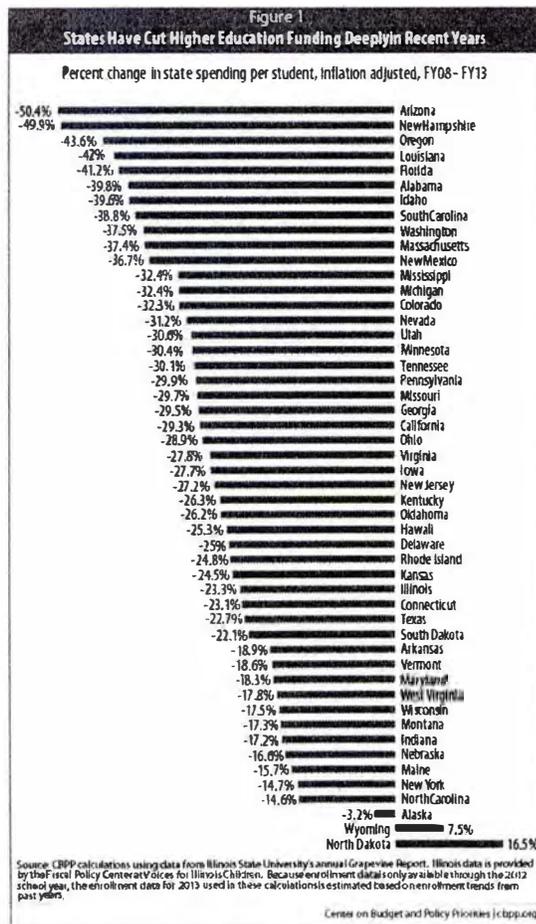
706

Tweet

85

More

The chart below from the Center On Budget and Policy Priorities estimates how much each of the 50 states has slashed per-student funding for its university systems since the start of the recession, adjusted for inflation. In Arizona, where the cuts were the deepest, funding has been hacked in half. Nationwide, legislatures have sliced off 28 percent on average. Only two states -- Wyoming and oil-rich North Dakota -- have increased it, by the think tank's calculations.*



VIDEO

Ominous Green Triangles Invade San Francisco
Matmos's music video

WRITERS

Andrew Cohen

Tsarnaev's Now Been Charged: Five Questions, Five Answers APR 22, 2013

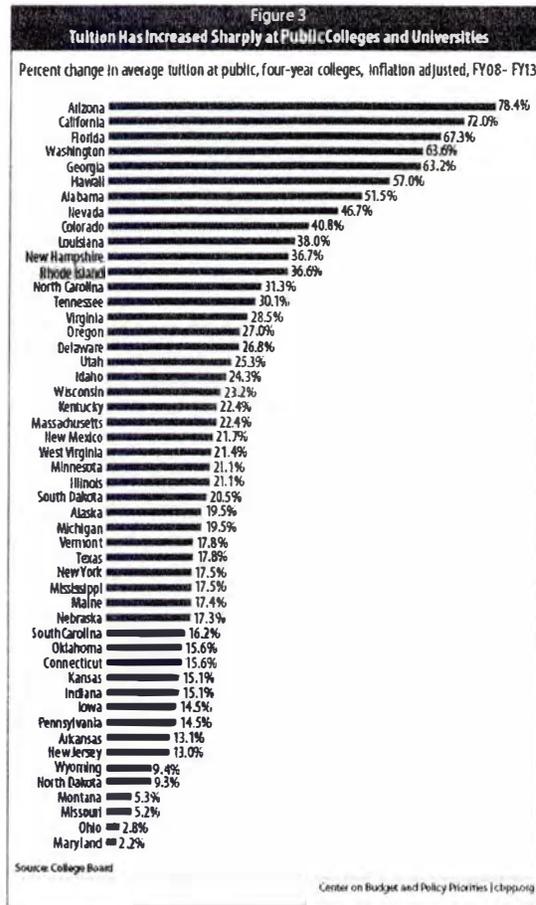
Matthew O'Brien

Who Is Defending Austery Now? APR 22, 2013

Jordan Weissmann

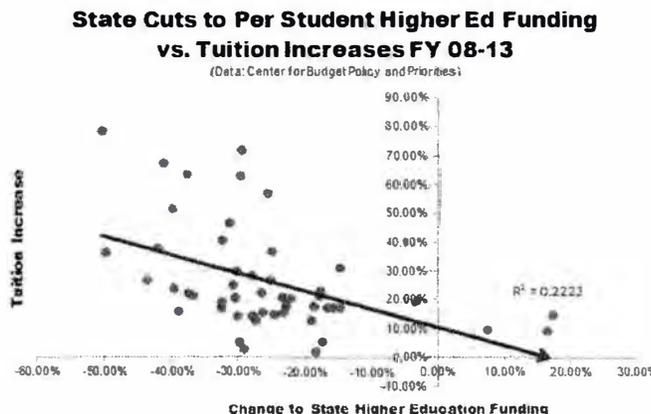
Yes, It's Time for an Internet Sales Tax APR 22, 2013

These cuts aren't the only reason the cost of a public education has jumped in the last several years, but they're an essential part of the story. As the CPBB notes, there have been some truly astronomical tuition increases since 2008 -- with the sticker price of school rising more than 50 percent in seven different states.



The states that slashed the most didn't necessarily hike the most. Some university systems chose to cope with leaner funding through cost savings -- perhaps at the expense of educational quality -- by thinning their number of faculty or combining programs. Other states, like Missouri, simply limit public colleges from raising tuition by more than a certain amount each year.

But as shown on the graph below (which I plotted out with the CPBB's figures) deeper budget cuts did generally correlate with bigger tuition increases.



Oлга Khazan

There Are Almost No Chechens in the United States—Here's Why APR 22, 2013

Megan Garber

'People Who Thought Chechnya Was the Czech Republic,' Collectors' Edition APR 22, 2013

Eleanor Barkhorn

Young Man Comes of Age by Learning to Ogle Women APR 22, 2013

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 DEREK THOMPSON



Yes, It's Time for an Internet Sales Tax
 JORDAN WEISSMANN



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 MATTHEW O'BRIEN



Texas's Fertilizer Plant Explosion

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- 1 There Are Almost No Chechens in the United States—Here's Why
- 2 Who Is Defending Austerity Now?
- 3 Relationships Are More Important Than Ambition
- 4 How the Media Have Misunderstood Dzhokhar Tsarnaev's *Miranda* Rights

There are slightly less gruesome ways to look at the changes to higher-ed funding over the last half decade -- but none of them are particularly encouraging. (Unless you're of the opinion that these schools are over-funded to begin with. That's a conversation for another day, though.) In January, using the same data as the CPBB, I charted the changes in total funding in each state, without accounting for inflation or changes in enrollment. By that measure, 38 states had cut their higher-ed budgets over the past five years. In Arizona, where the budget tightening was again most severe, funding fell by 36 percent.

Unless technology allows colleges massively more efficient more quickly than anybody currently expects, or state coffers heal enough to start restoring these lost dollars, we're going to be living with the effects of these cuts for a long time. We'll see them in the form of higher student loan bills and students who can't graduate on time, because the classes they needed filled up too quickly. We'll see it in the form of the jobs lost on campuses.

Again, there are some people who might think these cuts are overdue. Others might simply argue that states, needing to balance their budgets, didn't have a choice. But I'd argue that these numbers are a vivid demonstration of why Washington's post-recession path has been so disastrous. Instead of taking advantage of historically low borrowing rates and aiding the states, Congress cut the lifeline once the first round of stimulus funding dried up. Graphs like these show us the consequences.

*One important thing to note: Since we don't know exact enrollment for 2013, CPBB is estimating it based on recent trends. The State Higher Education Executives Association has a similar calculation from from 2007 through 2012 in its latest financial report. It uses a different measure of inflation -- part of the reason I prefer the CPBB's approach -- but it paints a similarly dire picture in the end.

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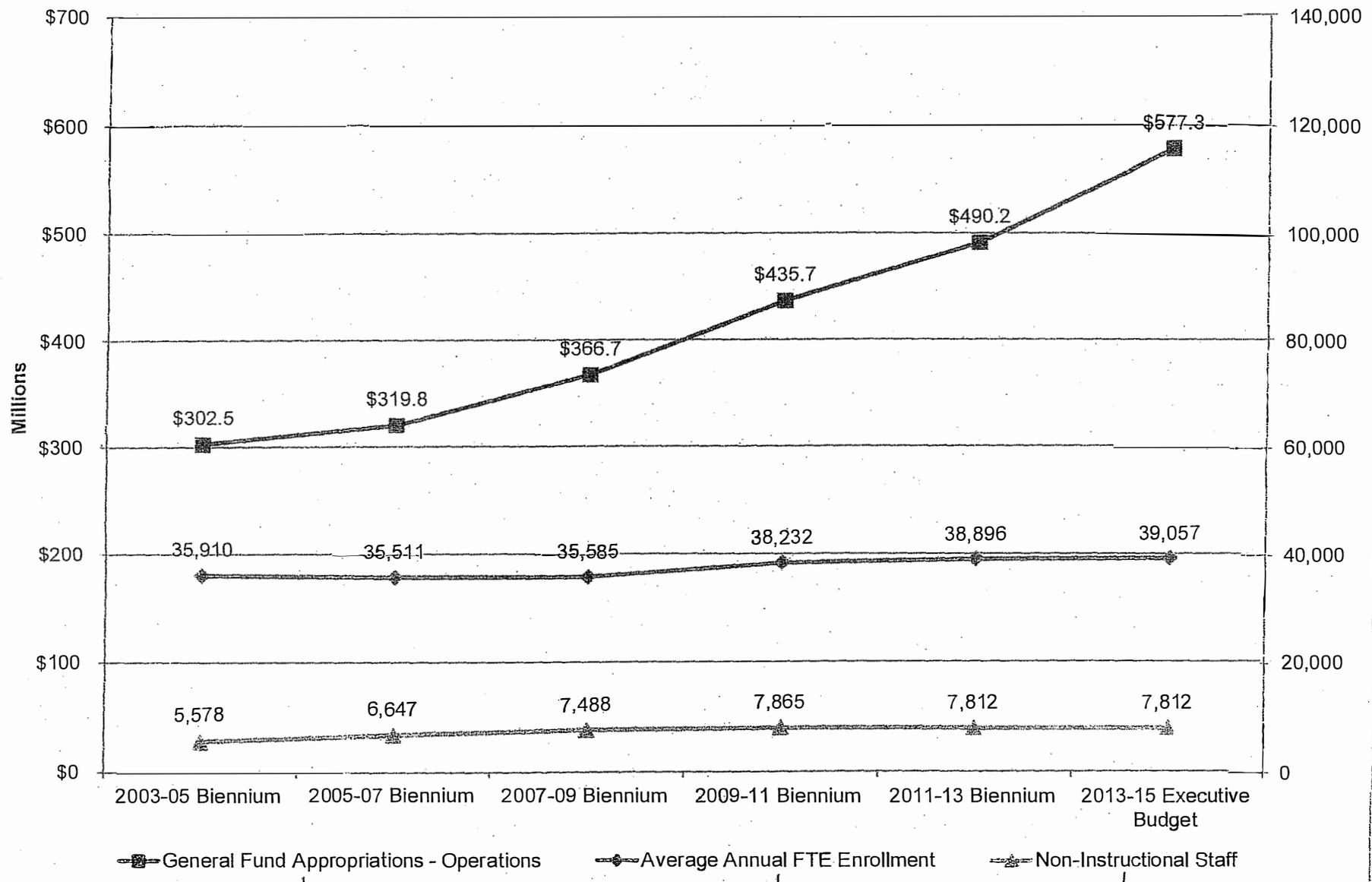
Will Mad Men Ever Be as Good on Race as It Is on Gender?

THE "MAD MEN" ROUNDTABLE
APR 22 2013

Make Your Own Wine... in New York City

#2A

Higher Education - General Fund Appropriations, Full-Time Equivalent (FTE) Enrollments, and Non-Instructional Staff

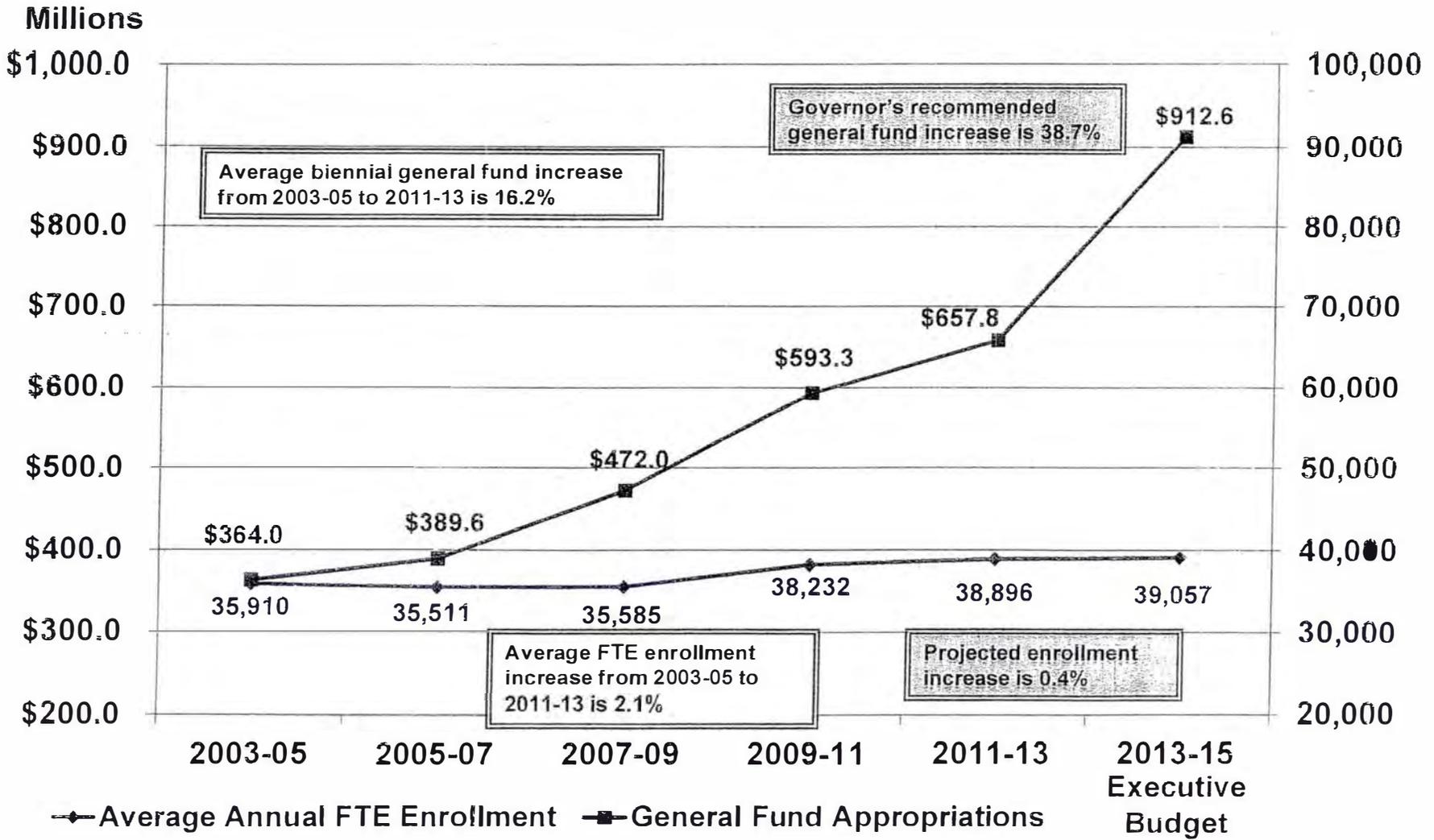


↓
91% ↑

↓
8.7% ↑

↓
40% ↑

Higher Education – General Fund Appropriations and Full-Time Equivalent (FTE) Enrollments



#3A

Total Costs and Student Share - CTC 11-13 Salary and Benefit Increases And 13-15 Sal incr (4%/3%), Health Insurance & Retirement increase (1%/0% in 2013-15)

TOTAL COST - CAMPUSES and SMHS TOTAL COST										
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
Cost to Continue FY 13 Legislatively Funded Salary Increases (+ new positions)	Cost to Continue Retirement	11-13 Retirement Correction	Subtotal, Cost to Continue Salaries & Retirement (Col 1+2+3)	4%/3% Annual Salary Increases	Health Insurance Increases \$981.69	1%/0% Retirement Increase	Subtotal, 13-15 Salary & Benefit Incr (Col 5+6+7)	Subtotal Operating Increases (Col 4+8)	Targeted State Portion Per Governor's Funding Model	
BSC	424,558	285,073	48,350	757,981	1,695,530	554,336	190,208	2,440,074	3,198,055	75%
DCB	73,240	46,140	6,685	126,065	298,300	131,052	35,514	464,866	590,931	75%
LRSC	132,417	100,376	22,484	255,278	536,921	198,677	65,121	800,719	1,055,997	75%
WSC	116,482	67,498	12,653	196,633	471,322	136,917	41,772	650,011	846,644	75%
UND	2,586,251	1,664,194	198,380	4,448,825	10,369,369	2,797,012	1,220,003	14,386,384	18,835,209	
UND SMHS	703,248	479,146	89,951	1,272,345	2,835,277	519,452	318,424	3,673,153	4,945,498	
Total-UND/SMHS	3,289,499	2,143,340	288,331	5,721,170	13,204,646	3,316,464	1,538,427	18,059,537	23,780,707	60%
NDSU	2,511,934	1,625,281	55,853	4,193,068	9,996,802	2,557,271	1,101,093	13,655,166	17,848,234	60%
NDSCS	395,669	289,642	59,141	744,452	1,575,619	554,376	188,731	2,318,726	3,063,178	75%
DSU	370,746	223,988	24,434	619,168	1,488,452	465,456	148,720	2,102,628	2,721,796	70%
MaSU	148,385	99,858	17,134	265,377	599,772	227,608	72,173	899,553	1,164,930	70%
MiSU	605,623	409,001	74,498	1,089,122	2,402,732	812,092	353,848	3,568,672	4,657,794	70%
VCSU	232,459	162,957	29,436	424,852	929,555	357,197	124,279	1,411,031	1,835,883	70%
Subtotal	8,301,012	5,453,155	638,999	14,393,166	33,199,651	9,311,446	3,859,886	46,370,983	60,764,149	

* MiSU targeted state share in the previous LTFP was 65%, but the Governor's model used 70%, consistent with DSU, MaSU and VCSU, since they all have the same targeted funding per SCH.

TARGETED STATE SHARE OF EACH OF ABOVE COMPONENTS, BASED % IN COLUMN 14										Student Share
BSC	318,419	213,805	48,350	580,573	1,271,648	415,752	142,656	1,830,056	2,410,629	787,426
DCB	54,930	34,605	6,685	96,220	223,725	98,289	26,636	348,650	444,869	146,061
LRSC	99,313	75,282	22,484	197,079	402,691	149,008	48,841	600,539	797,618	258,378
WSC	87,361	50,623	12,653	150,638	353,492	102,688	31,329	487,508	638,146	208,498
UND	1,551,750	998,516	198,380	2,748,647	6,221,621	1,678,207	732,002	8,631,830	11,380,478	7,454,732
UND SMHS	421,949	287,487	89,951	799,387	1,701,166	311,671	191,054	2,203,892	3,003,279	1,942,219
Total-UND/SMHS	1,973,699	1,286,004	288,331	3,548,035	7,922,788	1,989,878	923,056	10,835,722	14,383,757	9,396,950
NDSU	1,507,160	975,168	55,853	2,538,182	5,998,081	1,534,363	660,656	8,193,100	10,731,282	7,116,952
NDSCS	296,752	217,232	59,141	573,124	1,181,714	415,782	141,548	1,739,045	2,312,169	751,009
DSU	259,522	156,792	24,434	440,748	1,041,916	325,819	104,104	1,471,840	1,912,588	809,209
MaSU	103,870	69,901	17,134	190,904	419,840	159,326	50,521	629,687	820,591	344,339
MiSU	423,936	286,301	74,498	784,735	1,681,912	568,464	247,694	2,498,070	3,282,805	1,374,989
VCSU	162,721	114,070	29,436	306,227	650,689	250,038	86,995	987,722	1,293,949	541,934
Subtotal	5,287,684	3,479,783	638,999	9,406,465	21,148,496	6,009,407	2,464,036	29,621,938	39,028,403	21,735,746

#3B

Comparison of Campus Funding Required Based on the Executive and Legislative Compensation Packages

	Executive Compensation Package		
	State Share	Student Share	Total
BSC	\$2,582,739	\$844,797	\$3,427,536
DCB	475,682	156,332	632,015
LRSC	853,390	276,969	1,130,359
WSC	683,104	223,484	906,588
UND	12,234,329	8,023,966	20,258,295
UND SMHS	3,233,596	2,095,763	5,329,359
Total-UND/SMHS	15,467,925	10,119,729	25,587,654
NDSU	11,538,852	7,655,332	19,194,184
NDSCS	2,475,218	805,359	3,280,577
DSU	2,049,178	867,747	2,916,925
MaSU	878,600	369,200	1,247,800
MiSU	3,283,999	1,728,193	5,012,192
VCSU	1,386,864	581,755	1,968,619
	\$41,675,551	\$23,628,897	\$65,304,448

	Legislative Compensation Package		
	State Share	Student Share	Total
BSC	\$2,410,629	\$787,426	\$3,198,055
DCB	444,869	146,061	590,931
LRSC	797,618	258,378	1,055,997
WSC	638,146	208,498	846,644
UND	11,380,478	7,454,732	18,835,209
UND SMHS	3,003,279	1,942,219	4,945,498
Total-UND/SMHS	14,383,757	9,396,950	23,780,707
NDSU	10,731,282	7,116,952	17,848,234
NDSCS	2,312,169	751,009	3,063,178
DSU	1,912,588	809,209	2,721,796
MaSU	820,591	344,339	1,164,930
MiSU	3,282,805	1,374,989	4,657,794
VCSU	1,293,949	541,934	1,835,883
	\$39,028,403	\$21,735,746	\$60,764,149

Executive Compensation Package: Cost to continue 2011-13 salary and retirement increases, 4%/4% salary increases, health insurance increases, and increased retirement in both years of the 2013-15 biennium.

Legislative Compensation Package: Cost to continue 2011-13 salary and retirement increases, 4%/3% salary increases, health insurance increases, and increased retirement for the first year of the 2013-15 biennium.

#1/a
4-29-13

4% Tuition Max

2013-2015 Adj. Base	Base Cost	Base Factor	Inflation Adj.	2013-2015 Factor	Total Before Tuition	1% Increase	Tuition Annual Cap	Biennium Total	Total Fundings
\$ 30,415,544	\$ 93.18	\$ 101.00	\$ 2.02	\$ 103.02	\$ 31,023,855	\$ 387,688	4.00%	\$ 1,550,752	\$ 32,574,607
\$ 7,293,235	\$ 91.47	\$ 93.68	0.02	114.75	\$ 7,439,100	\$ 128,625	3.00%	\$ 385,875	\$ 7,824,975
\$ 11,516,682	\$ 80.32				\$ 11,747,015	\$ 51,353	3.00%	\$ 154,059	\$ 11,901,074
\$ 36,063,464	\$ 98.58				\$ 36,784,733	\$ 228,760	4.00%	\$ 915,040	\$ 37,699,773
\$ 8,712,715	\$ 104.88				\$ 8,886,969	\$ 50,785	4.00%	\$ 203,140	\$ 9,090,109
\$ 24,585,135	\$ 89.93	\$ 97.00	\$ 1.94	\$ 98.94	\$ 25,076,838	\$ 222,433	4.00%	\$ 889,732	\$ 25,966,570
\$ 13,790,708	\$ 92.39	\$ 92.54	0.02	108.05	\$ 14,066,522	\$ 112,344	3.00%	\$ 337,032	\$ 14,403,554
\$ 38,051,063	\$ 98.75				\$ 38,812,084	\$ 157,096	4.00%	\$ 628,384	\$ 39,440,468
\$ 19,709,285	\$ 89.09				\$ 20,103,470	\$ 412,943	3.00%	\$ 1,238,829	\$ 21,342,299
\$ 135,493,430	\$ 63.17	\$ 67.00	\$ 1.34	\$ 68.34	\$ 138,203,299	\$ 2,379,016	4.00%	\$ 9,516,064	\$ 147,719,363
\$ 194,516,008	\$ 66.35	\$ 64.76	0.02	72.60	\$ 198,406,328	\$ 2,466,168	4.00%	\$ 9,864,672	\$ 208,271,000
\$ 520,147,268					\$ 530,550,213		3.77%	\$ 25,683,579	\$ 556,233,792
\$ 18,957,015					\$ 29,359,960				\$ 55,043,539
						5.86%			10.98%

3.5% Tuition Max

2013-2015 Adj. Base	Base Cost	Base Factor	Inflation Adj.	2013-2015 Factor	Total Before Tuition	1% Increase	Tuition Annual Cap	Biennium Total	Total Fundings
\$ 30,415,544	\$ 93.18	\$ 101.00	\$ 2.02	\$ 103.02	\$ 31,023,855	\$ 387,688	3.50%	\$ 1,356,908	\$ 32,380,763
\$ 7,293,235	\$ 91.47	\$ 93.68	0.02	114.75	\$ 7,439,100	\$ 128,625	3.00%	\$ 385,875	\$ 7,824,975
\$ 11,516,682	\$ 80.32				\$ 11,747,015	\$ 51,353	3.00%	\$ 154,059	\$ 11,901,074
\$ 36,063,464	\$ 98.58				\$ 36,784,733	\$ 228,760	3.50%	\$ 800,660	\$ 37,585,393
\$ 8,712,715	\$ 104.88				\$ 8,886,969	\$ 50,785	3.50%	\$ 177,748	\$ 9,064,716
\$ 24,585,135	\$ 89.93	\$ 97.00	\$ 1.94	\$ 98.94	\$ 25,076,838	\$ 222,433	3.50%	\$ 778,516	\$ 25,855,353
\$ 13,790,708	\$ 92.39	\$ 92.54	0.02	108.05	\$ 14,066,522	\$ 112,344	3.00%	\$ 337,032	\$ 14,403,554
\$ 38,051,063	\$ 98.75				\$ 38,812,084	\$ 157,096	3.50%	\$ 549,836	\$ 39,361,920
\$ 19,709,285	\$ 89.09				\$ 20,103,470	\$ 412,943	3.00%	\$ 1,238,829	\$ 21,342,299
\$ 135,493,430	\$ 63.17	\$ 67.00	\$ 1.34	\$ 68.34	\$ 138,203,299	\$ 2,379,016	3.50%	\$ 8,326,556	\$ 146,529,855
\$ 194,516,008	\$ 66.35	\$ 64.76	0.02	72.60	\$ 198,406,328	\$ 2,466,168	3.50%	\$ 8,631,588	\$ 207,037,916
\$ 520,147,268					\$ 530,550,213		3.77%	\$ 22,737,606	\$ 553,287,819
\$ 18,957,015					\$ 29,359,960				\$ 52,097,566
						5.86%			10.39%

#16

4-29-13

Tuition Reduced by 0.5% at Each Campus

2013-2015 Adj. Base	Base Cost	Base Factor	Inflation Adj.	2013-2015 Factor	Total Before Tuition	1% Increase	Tuition Annual Cap	Biennium Total	Total Fundings
\$ 30,415,544	\$ 93.18	\$ 101.00	\$ 2.02	\$ 103.02	\$ 31,023,855	\$ 387,688	3.50%	\$ 1,356,908	\$ 32,380,763
\$ 7,293,235	\$ 91.47	\$ 93.68	0.02	114.75	\$ 7,439,100	\$ 128,625	2.50%	\$ 321,563	\$ 7,760,662
\$ 11,516,682	\$ 80.32				\$ 11,747,015	\$ 51,353	2.50%	\$ 128,383	\$ 11,875,398
\$ 36,063,464	\$ 98.58				\$ 36,784,733	\$ 228,760	3.50%	\$ 800,660	\$ 37,585,393
\$ 8,712,715	\$ 104.88				\$ 8,886,969	\$ 50,785	3.50%	\$ 177,748	\$ 9,064,716
\$ 24,585,135	\$ 89.93	\$ 97.00	\$ 1.94	\$ 98.94	\$ 25,076,838	\$ 222,433	3.50%	\$ 778,516	\$ 25,855,353
\$ 13,790,708	\$ 92.39	\$ 92.54	0.02	108.05	\$ 14,066,522	\$ 112,344	2.50%	\$ 280,860	\$ 14,347,382
\$ 38,051,063	\$ 98.75				\$ 38,812,084	\$ 157,096	4.00%	\$ 628,384	\$ 39,440,468
\$ 19,709,285	\$ 89.09				\$ 20,103,470	\$ 412,943	2.50%	\$ 1,032,358	\$ 21,135,828
\$ 135,493,430	\$ 63.17	\$ 67.00	\$ 1.34	\$ 68.34	\$ 138,203,299	\$ 2,379,016	4.00%	\$ 9,516,064	\$ 147,719,363
\$ 194,516,008	\$ 66.35	\$ 64.76	0.02	72.60	\$ 198,406,328	\$ 2,466,168	4.00%	\$ 9,864,672	\$ 208,271,000
\$ 520,147,268					\$ 530,550,213		3.77%	\$ 24,886,114	\$ 555,436,327
\$ 18,957,015					\$ 29,359,960				\$ 54,246,074
					5.86%				10.82%

4% Tuition Cap, 3% Biennium Inflation Adjustment

2013-2015 Adj. Base	Base Cost	Base Factor	Inflation Adj.	2013-2015 Factor	Total Before Tuition	1% Increase	Tuition Annual Cap	Biennium Total	Total Fundings
\$ 30,415,544	\$ 93.18	\$ 101.00	\$ 3.03	\$ 104.03	\$ 31,328,010	\$ 387,688	4.00%	\$ 1,550,752	\$ 32,878,762
\$ 7,293,235	\$ 91.47	\$ 93.68	0.03	114.75	\$ 7,512,032	\$ 128,625	3.00%	\$ 385,875	\$ 7,897,907
\$ 11,516,682	\$ 80.32				\$ 11,862,182	\$ 51,353	3.00%	\$ 154,059	\$ 12,016,241
\$ 36,063,464	\$ 98.58				\$ 37,145,368	\$ 228,760	4.00%	\$ 915,040	\$ 38,060,408
\$ 8,712,715	\$ 104.88				\$ 8,974,096	\$ 50,785	4.00%	\$ 203,140	\$ 9,177,236
\$ 24,585,135	\$ 89.93	\$ 97.00	\$ 2.91	\$ 99.91	\$ 25,322,689	\$ 222,433	4.00%	\$ 889,732	\$ 26,212,421
\$ 13,790,708	\$ 92.39	\$ 92.54	0.03	108.05	\$ 14,204,429	\$ 112,344	3.00%	\$ 337,032	\$ 14,541,461
\$ 38,051,063	\$ 98.75				\$ 39,192,595	\$ 157,096	4.00%	\$ 628,384	\$ 39,820,979
\$ 19,709,285	\$ 89.09				\$ 20,300,563	\$ 412,943	3.00%	\$ 1,238,829	\$ 21,539,392
\$ 135,493,430	\$ 63.17	\$ 67.00	\$ 2.01	\$ 69.01	\$ 139,558,233	\$ 2,379,016	4.00%	\$ 9,516,064	\$ 149,074,297
\$ 194,516,008	\$ 66.35	\$ 64.76	0.03	72.60	\$ 200,351,488	\$ 2,466,168	4.00%	\$ 9,864,672	\$ 210,216,160
\$ 520,147,268					\$ 535,751,686		3.77%	\$ 25,683,579	\$ 561,435,265
\$ 18,957,015					\$ 34,561,433				\$ 60,245,012
					6.90%				12.02%

4-29-13 #2

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
2009-2011 Completed	Weighted Credit	Physical Factor	Credit Volume	Adj. Credit Hours	Gov. Formula Base Level	2011-2013 Funding Level	Base Cost	Base Factor	Base Level Funding	Base Level Adjustment	Factorw/ Inflation	Factor 2013-2015	Total with Inflation	Total Increase 2013-2015	% Increase	1% Increase	Tuition Annual Cap	Biennium Total	Total Fundings	
BSC	171,226	301,144	1.00	1.00	301,144	\$ 31,583,983	\$ 28,045,987	\$ 93.18	98.58	\$ 29,686,776	\$ 1,640,789	6.90	105.48	\$ 31,764,850	\$ 3,718,863	13%	\$ 387,688	3.00	\$ 1,163,064	\$ 32,927,914
DCB	26,083	41,263	1.00	1.75	72,210	\$ 7,573,385	\$ 6,605,257	\$ 91.47	98.58	\$ 7,118,486	\$ 513,229	6.90	105.48	\$ 7,616,780	\$ 1,011,523	15%	\$ 48,387	2.00	\$ 96,774	\$ 7,713,554
LRSC	59,858	78,639	1.00	1.45	114,027	\$ 11,959,152	\$ 9,158,981	\$ 80.32	98.58	\$ 11,240,737	\$ 2,081,756	6.90	105.48	\$ 12,027,589	\$ 2,868,608	31%	\$ 131,153	2.00	\$ 262,306	\$ 12,289,895
NDSCS	116,059	198,369	1.80	1.00	357,064	\$ 37,448,872	\$ 35,198,921	\$ 98.58	98.58	\$ 35,199,369	\$ 448	6.90	105.48	\$ 37,663,325	\$ 2,464,404	7%	\$ 228,760	3.00	\$ 686,280	\$ 38,349,605
WSC	29,260	49,294	1.00	1.75	86,265	\$ 9,047,486	\$ 9,047,486	\$ 104.88	104.88	\$ 9,047,421	\$ (65)	7.34	112.22	\$ 9,680,740	\$ 633,254	7%	\$ 51,353	4.00	\$ 205,412	\$ 9,886,152
DSU	112,746	253,455	1.00	1.00	253,455	\$ 25,028,681	\$ 22,792,617	\$ 89.93	92.54	\$ 23,454,726	\$ 662,109	6.48	99.02	\$ 25,096,556	\$ 2,303,939	10%	\$ 222,433	3.00	\$ 667,299	\$ 25,763,855
MASU	37,501	86,165	1.00	1.65	142,172	\$ 14,039,485	\$ 13,134,780	\$ 92.39	92.54	\$ 13,156,620	\$ 21,840	6.48	99.02	\$ 14,077,583	\$ 942,803	7%	\$ 112,344	3.00	\$ 337,032	\$ 14,414,615
MISU	161,859	392,279	1.00	1.00	392,279	\$ 38,738,594	\$ 38,738,594	\$ 98.75	98.75	\$ 38,737,551	\$ (1,043)	6.91	105.66	\$ 41,449,180	\$ 2,710,586	7%	\$ 412,943	4.00	\$ 1,651,772	\$ 43,100,952
VCSU	51,713	135,459	1.00	1.50	203,189	\$ 20,064,914	\$ 18,103,060	\$ 89.09	92.54	\$ 18,803,064	\$ 700,004	6.48	99.02	\$ 20,119,278	\$ 2,016,218	11%	\$ 145,813	3.00	\$ 437,439	\$ 20,556,717
NDSU	693,838	2,022,290	1.00	1.00	2,022,290	\$ 134,178,942	\$ 127,747,549	\$ 63.17	66.35	\$ 134,178,942	\$ 6,431,392	4.64	70.99	\$ 143,571,467	\$ 15,823,918	12%	\$ 2,544,771	4.00	\$ 10,179,084	\$ 153,750,551
UND/Med	648,858	2,903,224	1.00	1.00	2,903,224	\$ 192,617,021	\$ 192,617,021	\$ 66.35	66.35	\$ 192,628,912	\$ 11,891	4.64	70.99	\$ 206,112,936	\$ 13,495,915	7%	\$ 2,801,389	4.0/4.0	\$ 12,895,048	\$ 219,007,984
TOTALS						\$ 522,280,515	\$ 501,190,253			\$ 513,252,604	\$ 12,062,351			\$ 549,180,286	\$ 47,990,033		\$ 7,087,034		\$ 28,581,510	\$ 577,761,796

SBHE Original Request State	
State Share	\$ 49,150,175
Student Share	\$ 26,582,554
Total Request	\$ 75,732,729

Inflation 0.07

Averages
93.68
92.54
64.76

Security Funding Pool*	\$ 2,500,000
WSC One-Time	\$ 1,000,000
MSU Flood One-Time	\$ 2,000,000
Performance Pool Funding*	\$ 5,000,000
Oil Impact Funding	\$ 4,000,000
Total	\$ 14,500,000

With Funding Pools* \$ 585,261,796

Education Challenge Fund \$ 30,000,000

	Gov. Model No Tuition	Gov Model w/ Tuition
BSC	\$ 34,557,333	\$ 35,627,352
DCB	\$ 8,286,352	\$ 8,298,449
LRSC	\$ 13,085,000	\$ 13,200,415
NDSCS	\$ 40,974,351	\$ 41,187,098
WSC	\$ 9,899,226	\$ 10,137,504
DSU	\$ 27,384,910	\$ 28,199,015
MASU	\$ 15,361,179	\$ 15,560,028
MISU	\$ 42,385,489	\$ 44,148,756
VCSU	\$ 21,953,847	\$ 22,260,054
NDSU	\$ 146,810,698	\$ 157,804,109
UND/Med	\$ 210,750,204	\$ 221,027,553
TOTALS	\$ 571,448,589	\$ 597,450,333

fla

4-30-13

2013-15 Budget Before Tuition Summary					
Institution	Senate Version and Governor's Recommendation	House Version Revised 4-29-13	Proposed	Difference from House Version	Difference from Senate & Governor
BSC	35,414,535	\$ 31,764,850	\$ 32,269,318	\$ 504,468	\$ (3,145,217)
DCB	8,491,896	\$ 7,616,780	\$ 7,737,797	\$ 121,017	\$ (754,099)
LRSC	13,409,575	\$ 12,027,589	\$ 12,218,717	\$ 191,128	\$ (1,190,858)
NDSCS	41,990,726	\$ 37,663,325	\$ 38,261,447	\$ 598,122	\$ (3,729,279)
WSC	10,144,764	\$ 9,680,740	\$ 9,782,969	\$ 102,229	\$ (361,795)
DSU	28,082,814	\$ 25,096,556	\$ 26,230,975	\$ 1,134,419	\$ (1,851,839)
MASU	15,752,658	\$ 14,077,583	\$ 14,713,939	\$ 636,356	\$ (1,038,719)
MISU	43,464,513	\$ 41,449,180	\$ 41,927,455	\$ 478,275	\$ (1,537,058)
VCSU	22,513,341	\$ 20,119,278	\$ 21,028,784	\$ 909,506	\$ (1,484,557)
NDSU	147,020,483	\$ 143,571,467	\$ 146,385,140	\$ 2,813,673	\$ (635,343)
UND	211,064,385	\$ 206,112,936	\$ 210,139,589	\$ 4,026,653	\$ (924,796)
TOTALS	\$ 577,349,690	\$ 549,180,284	\$ 560,696,131	\$ 11,515,847	\$ (16,653,559)

Institution	Per ASCH Base - Average Top Two	Adjusted Student Credit Hours (ASCH)	Per SCH Payment	GF BASE 2011-13	Equalized Base Budget	Equalized Base GF per ASCH	Equity Payment by Campus
BSC	\$ 99.01	301,144	\$ 29,816,267	\$ 28,045,987	\$ 29,816,267	\$ 99.01	\$ 1,770,280
DCB	\$ 99.01	72,210	\$ 7,149,512	\$ 6,605,257	\$ 7,149,512	\$ 99.01	\$ 544,255
LRSC	\$ 99.01	114,027	\$ 11,289,813	\$ 9,158,981	\$ 11,289,813	\$ 99.01	\$ 2,130,832
NDSCS	\$ 99.01	357,064	\$ 35,352,907	\$ 35,198,921	\$ 35,352,907	\$ 99.01	\$ 153,986
WSC	\$ 104.88	86,265	\$ 9,047,473	\$ 9,047,486	\$ 9,047,486	\$ 104.88	\$ -
DSU	\$ 95.57	253,455	\$ 24,222,694	\$ 22,792,617	\$ 24,222,694	\$ 95.57	\$ 1,430,077
MASU	\$ 95.57	142,172	\$ 13,587,378	\$ 13,134,780	\$ 13,587,378	\$ 95.57	\$ 452,598
MISU	\$ 98.75	392,279	\$ 38,737,551	\$ 38,738,594	\$ 38,738,594	\$ 98.75	\$ -
VCSU	\$ 95.57	203,189	\$ 19,418,773	\$ 18,103,060	\$ 19,418,773	\$ 95.57	\$ 1,315,713
NDSU	\$ 66.35	2,022,290	\$ 134,178,942	\$ 127,747,549	\$ 134,178,942	\$ 66.35	\$ 6,431,392
UND	\$ 66.35	2,903,224	\$ 192,617,021	\$ 192,617,021	\$ 192,617,021	\$ 66.35	\$ -
TOTALS			\$ 515,418,332	\$ 501,190,253	\$ 515,419,387		\$ 14,229,134

4-30-13

#16

Institution	2011-13 Annual GF Budget (Equalized)	Annual Inflation Factor				2013-15 Base - w/ inflation	2013-15 Average GF per ASCH w/ inflation	Per SCH Tuition Buy Down	2013-2015 Budget Before Tuition	2013-15 Total GF per ASCH
		FY2014 Annual Budget	FY2014 GF per SCH	FY2015 Annual Budget	FY2015 GF per SCH					
		4.50%		3.75%			\$ 1.75			
BSC	\$ 14,908,134	\$ 15,579,000	\$ 103.47	\$ 16,163,213	\$ 108.13	\$ 31,742,316	\$ 105.41	\$ 527,002	\$ 32,269,318	\$ 107.16
DCB	\$ 3,574,756	\$ 3,735,620	\$ 103.47	\$ 3,875,706	\$ 108.13	\$ 7,611,429	\$ 105.41	\$ 126,368	\$ 7,737,797	\$ 107.16
LRSC	\$ 5,644,907	\$ 5,898,928	\$ 103.47	\$ 6,120,138	\$ 108.13	\$ 12,019,169	\$ 105.41	\$ 199,547	\$ 12,218,717	\$ 107.16
NDSCS	\$ 17,676,453	\$ 18,471,893	\$ 103.47	\$ 19,164,589	\$ 108.13	\$ 37,636,585	\$ 105.41	\$ 624,862	\$ 38,261,447	\$ 107.16
WSC	\$ 4,523,743	\$ 4,727,311	\$ 109.60	\$ 4,904,585	\$ 114.53	\$ 9,632,006	\$ 111.66	\$ 150,964	\$ 9,782,969	\$ 113.41
DSU	\$ 12,111,347	\$ 12,656,358	\$ 99.87	\$ 13,130,971	\$ 104.36	\$ 25,787,429	\$ 101.74	\$ 443,546	\$ 26,230,975	\$ 103.49
MASU	\$ 6,793,689	\$ 7,099,405	\$ 99.87	\$ 7,365,633	\$ 104.36	\$ 14,465,138	\$ 101.74	\$ 248,801	\$ 14,713,939	\$ 103.49
MISU	\$ 19,369,297	\$ 20,240,915	\$ 103.19	\$ 20,999,949	\$ 107.83	\$ 41,240,967	\$ 105.13	\$ 686,488	\$ 41,927,455	\$ 106.88
VCSU	\$ 9,709,386	\$ 10,146,308	\$ 99.87	\$ 10,526,795	\$ 104.36	\$ 20,673,203	\$ 101.74	\$ 355,581	\$ 21,028,784	\$ 103.49
NDSU	\$ 67,089,471	\$ 70,108,497	\$ 69.34	\$ 72,737,566	\$ 72.46	\$ 142,846,132	\$ 70.64	\$ 3,539,008	\$ 146,385,140	\$ 72.39
UND	\$ 96,308,511	\$ 100,642,394	\$ 69.34	\$ 104,416,484	\$ 72.46	\$ 205,058,947	\$ 70.63	\$ 5,080,642	\$ 210,139,589	\$ 72.38
TOTALS	\$ 257,709,694	\$ 269,306,629		\$ 279,405,629		\$ 548,713,323		\$ 11,982,808	\$ 560,696,131	
						\$ 33,293,936				Inflationary Increase

Institution	\$ per 1% Tuition Increase	Tuition Increase Cap	Additional Tuition Revenue	Per SCH Tuition Buydown	Net New Tuition Revenue	Net Tuition Increase
BSC	\$387,688	3.00%	\$ 1,163,064	\$ 527,002	\$ 636,062	1.64%
DCB	\$48,387	2.00%	\$ 96,774	\$ 126,368		
LRSC	\$131,153	2.00%	\$ 262,306	\$ 199,547	\$ 62,759	0.48%
NDSCS	\$228,760	3.00%	\$ 686,280	\$ 624,862	\$ 61,418	0.27%
WSC	\$51,353	4.00%	\$ 205,412	\$ 150,964	\$ 54,448	1.06%
DSU	\$222,433	3.00%	\$ 667,299	\$ 443,546	\$ 223,753	1.01%
MASU	\$112,344	3.00%	\$ 337,032	\$ 248,801	\$ 88,231	0.79%
MISU	\$412,943	4.00%	\$ 1,651,772	\$ 686,488	\$ 965,284	2.34%
VCSU	\$145,813	3.00%	\$ 437,439	\$ 355,581	\$ 81,858	0.56%
NDSU	\$2,544,771	4.00%	\$ 10,179,084	\$ 3,539,008	\$ 6,640,077	2.61%
UND / Med	\$2,801,389	4.00%	\$ 11,205,556	\$ 5,080,642	\$ 6,124,914	2.19%
TOTALS	\$7,087,034		\$ 26,892,018	\$ 11,982,808	\$ 14,938,803	

#1

4/30/2013

SB2200 - Base Budget Factor					
Institution	Per ASCH Base - Average Top Two Plus \$2.00	Adjusted Student Credit Hours (ASCH)	GF BASE 2011-13	2013-15 Base Budget	Equity Payment by Campus
BSC	\$ 103.73	301,144	\$ 28,045,987	\$ 31,237,667	\$ 3,191,680
DCB	\$ 103.73	72,210	\$ 6,605,257	\$ 7,490,343	\$ 885,086
LRSC	\$ 103.73	114,027	\$ 9,158,981	\$ 11,828,021	\$ 2,669,040
NDSCS	\$ 103.73	357,064	\$ 35,198,921	\$ 37,038,249	\$ 1,839,328
WSC	\$ 104.88	86,265	\$ 9,047,486	\$ 9,047,486	\$ -
DSU	\$ 97.57	253,455	\$ 22,792,617	\$ 24,729,604	\$ 1,936,987
MASU	\$ 97.57	142,172	\$ 13,134,780	\$ 13,871,722	\$ 736,942
MISU	\$ 98.75	392,279	\$ 38,738,594	\$ 38,738,594	\$ -
VCSU	\$ 97.57	203,189	\$ 18,103,060	\$ 19,825,151	\$ 1,722,091
NDSU	\$ 66.35	2,022,290	\$ 127,747,549	\$ 134,178,942	\$ 6,431,392
UND	\$ 66.35	2,903,224	\$ 192,617,021	\$ 192,617,021	\$ -
TOTALS			\$ 501,190,253	\$ 520,602,799	\$ 19,412,546

Conference Committee Equalization, Based on Average Top Two Funding/ASCH Per Tier

#2

	(1)	(2)	(3)	(4)	(5)	(6)		
Institution	Per ASCH Base - Per Amended SB2200	Adjusted Student Credit Hours (ASCH)	Per SCH Payment (Col 1x2)	Current GF BASE 2011-13	Adj to "equalized" base (Col 3-4)	Equalized Base Budget (Col 4+5)	Earlier Schedule, Calculated with 2.0 Physical Plant Factor	
BSC	\$ 101.73	301,144	\$ 30,635,379	\$ 28,045,987	\$ 2,589,392	\$ 30,635,379	99.01	1,770,280
DCB	\$ 101.73	72,210	\$ 7,345,923	\$ 6,605,257	\$ 740,666	\$ 7,345,923	99.01	544,255
LRSC	\$ 101.73	114,027	\$ 11,599,967	\$ 9,158,981	\$ 2,440,986	\$ 11,599,967	99.01	2,130,832
NDSCS	\$ 101.73	357,064	\$ 36,324,121	\$ 35,198,921	\$ 1,125,200	\$ 36,324,121	99.01	153,986
WSC	\$ 104.88	86,265	\$ 9,047,473	\$ 9,047,486	\$ -	\$ 9,047,486		
DSU	\$ 95.57	253,455	\$ 24,222,694	\$ 22,792,617	\$ 1,430,077	\$ 24,222,694		
MASU	\$ 95.57	142,172	\$ 13,587,378	\$ 13,134,780	\$ 452,598	\$ 13,587,378		
MISU	\$ 98.75	392,279	\$ 38,737,551	\$ 38,738,594	\$ -	\$ 38,738,594		
VCSU	\$ 95.57	203,189	\$ 19,418,773	\$ 18,103,060	\$ 1,315,713	\$ 19,418,773		
NDSU	\$ 66.35	2,022,290	\$ 134,178,942	\$ 127,747,549	\$ 6,431,392	\$ 134,178,942		
UND	\$ 66.35	2,903,224	\$ 192,628,912	\$ 192,617,021	\$ -	\$ 192,617,021		
TOTALS			<u>\$ 517,727,113</u>	<u>\$ 501,190,253</u>	<u>\$ 16,526,024</u>	<u>\$ 517,716,277</u>		

The corrected two-year "average top two" average is \$101.73, based on 1.8 Physical Plant Factor

#N/A

May 1, 2013

#1

PROPOSED AMENDMENTS TO SENATE BILL NO. 2200

That the House recede from its amendments as printed on pages 1721-1723 of the Senate Journal and pages 1633-1635 of the House Journal and that Senate Bill No. 2200 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact chapter 15-18.1 of the North Dakota Century Code, relating to the determination of funding for institutions of higher education; to provide an appropriation; to provide for a legislative management study; to provide for legislative intent; and to provide an expiration date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. Chapter 15-18.1 of the North Dakota Century Code is created and enacted as follows:

15-18.1-01. Credit-hours - Determination.

1. For each institution under its control, the state board of higher education shall determine the number of credit-hours completed by students during the two-year period ending June thirtieth of each odd-numbered year.
2. For purposes of this section, a completed credit-hour is one for which a student met all institutional requirements and obtained a passing grade.

15-18.1-02. Weighted credit-hours - Determination - Instructional program classification factors - Submission to legislative management.

1. In order to determine the weighted credit-hours for each institution under its control, the state board of higher education shall multiply each of an institution's completed credit-hours, as determined under section 15-18.1-01, by an instructional program classification factor, as set forth in this section.
 - a. The factors for credits completed in agriculture are:
 - (1) 1.9 for lower division credits;
 - (2) 3.8 for upper division credits;
 - (3) 5.7 for professional level credits; and
 - (4) 7.6 for graduate level credits.
 - b. The factors for credits completed in architecture are:
 - (1) 1.8 for lower division credits;
 - (2) 3.6 for upper division credits;

- (3) 5.4 for professional level credits; and
- (4) 7.2 for graduate level credits.
- c. The factors for credits completed in aviation are:
 - (1) 1.9 for lower division credits;
 - (2) 3.8 for upper division credits;
 - (3) 5.7 for professional level credits; and
 - (4) 7.6 for graduate level credits.
- d. The factors for credits completed in the biological and physical sciences are:
 - (1) 1.9 for lower division credits;
 - (2) 3.8 for upper division credits;
 - (3) 5.7 for professional level credits; and
 - (4) 7.6 for graduate level credits.
- e. The factors for credits completed in business are:
 - (1) 1.9 for lower division credits;
 - (2) 3.8 for upper division credits;
 - (3) 5.7 for professional level credits; and
 - (4) 7.6 for graduate level credits.
- f. The factors for credits completed in education are:
 - (1) 1.9 for lower division credits;
 - (2) 3.8 for upper division credits;
 - (3) 5.7 for professional level credits; and
 - (4) 7.6 for graduate level credits.
- g. The factors for credits completed in engineering are:
 - (1) 2.5 for lower division credits;
 - (2) 5.0 for upper division credits;
 - (3) 7.5 for professional level credits; and
 - (4) 10.0 for graduate level credits.
- h. The factors for credits completed in the health sciences are:
 - (1) 3.0 for lower division credits;
 - (2) 6.0 for upper division credits;
 - (3) 9.0 for professional level credits;
 - (4) 12.0 for graduate level credits; and

- (5) 38.0 for medical school credits.
- i. The factors for credits completed in legal studies are:
 - (1) 3.5 for lower division credits;
 - (2) 7.0 for upper division credits;
 - (3) 10.5 for professional level credits; and
 - (4) 14.0 for graduate level credits.
- j. The factors for credits completed in the core disciplines are:
 - (1) 1.0 for lower division credits;
 - (2) 2.0 for upper division credits;
 - (3) 3.0 for professional level credits; and
 - (4) 4.0 for graduate level credits.
- k. The factor for credits completed in career and technical education is 2.0.
- l. The factor for completed remedial credits is 2.3.
- 2. a. The state board of higher education shall ensure that all delineations in this section reflect the requirements of a nationally recognized and standardized instructional program classification system.
- b. Before adopting any changes to the delineations implemented in accordance with this section, the state board of higher education shall present the proposed changes to and receive the approval of the legislative management.

15-18.1-03. Credit completion factor - Determination.

- 1. For each institution under its control, the state board of higher education shall multiply the product determined under section 15-18.1-02 by a factor of:
 - a. 1.00 if the number of credit-hours is at least 100,000;
 - b. 1.05 if the number of credit-hours is at least 95,000 but less than 100,000;
 - c. 1.10 if the number of credit-hours is at least 90,000 but less than 95,000;
 - d. 1.15 if the number of credit-hours is at least 85,000 but less than 90,000;
 - e. 1.20 if the number of credit-hours is at least 80,000 but less than 85,000;
 - f. 1.25 if the number of credit-hours is at least 75,000 but less than 80,000;
 - g. 1.30 if the number of credit-hours is at least 70,000 but less than 75,000;

- h. 1.35 if the number of credit-hours is at least 65,000 but less than 70,000;
 - i. 1.40 if the number of credit-hours is at least 60,000 but less than 65,000;
 - j. 1.45 if the number of credit-hours is at least 55,000 but less than 60,000;
 - k. 1.50 if the number of credit-hours is at least 50,000 but less than 55,000;
 - l. 1.55 if the number of credit-hours is at least 45,000 but less than 50,000;
 - m. 1.60 if the number of credit-hours is at least 40,000 but less than 45,000;
 - n. 1.65 if the number of credit-hours is at least 35,000 but less than 40,000;
 - o. 1.70 if the number of credit-hours is at least 30,000 but less than 35,000;
 - p. 1.75 if the number of credit-hours is at least 25,000 but less than 30,000;
 - q. 1.80 if the number of credit-hours is at least 20,000 but less than 25,000;
 - r. 1.85 if the number of credit-hours is at least 15,000 but less than 20,000;
 - s. 1.90 if the number of credit-hours is at least 10,000 but less than 15,000;
 - t. 1.95 if the number of credit-hours is at least 5,000 but less than 10,000; and
 - u. 2.00 if the number of credit-hours is less than 5,000.
2. For purposes of this section, the number of credit-hours must be those determined by the state board of higher education in accordance with section 15-18.1-01.

15-18.1-04. Institutional size factor - Determination.

1. For each institution under its control, the state board of higher education shall multiply the product determined under section 15-18.1-03 by a size factor of:
- a. 1.0 if the square footage of the institution, when divided by the institution's weighted credit-hours results in a quotient of less than 5.00; or
 - b. 1.8 if the square footage of the institution, when divided by the institution's weighted credit-hours results in a quotient of 5.00 or more.
2. For purposes of this section, an institution's square footage:

- a. Includes all real property owned by the state within an institution's perimeter, except for agricultural experiment stations, agricultural research extension centers, technology parks, and state agencies; and
- b. Is determined as of June thirtieth in each odd-numbered year.

15-18.1-05. Base funding - Determination of state aid.

In order to determine the state aid payment to which each institution under its control is entitled, the state board of higher education shall multiply the product determined under section 15-18.1-04 by a base amount of:

1. \$66.35 in the case of North Dakota state university and the university of North Dakota;
2. \$95.57 in the case of Dickinson state university, Mayville state university, and Valley City state university;
3. \$98.75 in the case of Minot state university;
4. \$101.73 in the case of Bismarck state college, Dakota college at Bottineau, Lake Region state college, and North Dakota state college of science; and
5. \$104.88 in the case of Williston state college.

15-18.1-06. Base funding - Minimum amount payable.

Notwithstanding any calculations required by this chapter, during each fiscal year, beginning with 2014-15, an institution may not receive less than ninety-six percent of the state aid to which the institution was entitled under this Act during the previous fiscal year.

15-18.1-07. Funding - Distribution.

The state aid to which each institution is entitled under this chapter must be forwarded at the time and in the manner agreed to by the institution and the office of management and budget.

SECTION 2. LEGISLATIVE INTENT. In order to maintain the integrity of the funding formula established under this chapter, it is the intent of the legislative assembly that any proposed increases in the funding of institutions be achieved through the amendment of section 15-18.1-05.

SECTION 3. LEGISLATIVE MANAGEMENT STUDY - HIGHER EDUCATION FUNDING. During the 2013-14 interim, the legislative management shall appoint an interim committee to study higher education funding methods.

1. The committee shall review higher education funding methods and recommend for the North Dakota university system a new funding method that is not based on existing levels of funding.
2. The committee shall consult with representatives of the state board of higher education, the North Dakota university system office, higher education institutions, and other appropriate entities.

3. The committee shall consider:
 - a. The inclusion of tuition revenue as a component of the funding method;
 - b. The level of nonresident tuition rates, including whether the rates charged should provide for the entire cost of a student's education and whether state funding should be provided to offset the educational costs of nonresident students;
 - c. Options to address unique institution needs due to program facility requirements, local costs of goods and labor, and other extraordinary needs;
 - d. The appropriateness of including remedial education and dual-credit course completions in the funding method and which entity should be responsible for paying course costs;
 - e. Facilities required to meet an institution's mission, including the utilization of existing institution facilities and additional facilities needs as identified in the university system campus master plan and space utilization study;
 - f. Administrative costs at institutions, including the appropriateness of providing separate funding allocations to institutions for instructional and administrative costs;
 - g. Options to provide enhanced funding for programs that address state priorities and workforce needs;
 - h. Options to provide performance funding distributions to campuses for meeting specified goals such as on-time graduation rates and job placements; and
 - i. Any other issues the committee deems appropriate.
4. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-fourth legislative assembly.

SECTION 4. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$150,000, or so much of the sum as may be necessary, to the legislative council for the purpose of defraying expenses associated with the study of higher education funding as provided for in section 3 of this Act, for the biennium beginning July 1, 2013, and ending June 30, 2015.

SECTION 5. EXPIRATION DATE. Section 15-18.1-06 of this Act is effective through June 30, 2017, and after that date is ineffective."

Renumber accordingly

NORTH DAKOTA UNIVERSITY SYSTEM - PATHWAYS TO STUDENT SUCCESS PLAN ADMISSIONS STANDARDS

NEW ADMISSIONS REQUIREMENTS

The North Dakota University System's pathways to student success plan establishes a set of admissions standards for four tiers of institutions. The plan places the University System institutions into the tiers as follows:

Research University	Four-Year Regional Master's University	Four-Year Regional Universities	Community Colleges
North Dakota State University University of North Dakota	Minot State University	Dickinson State University Mayville State University Valley City State University	Bismarck State College Dakota College at Bottineau Lake Region State College North Dakota State College of Science Williston State College

The plan provides for automatic admissions to each tier of institution to be based upon a criteria-based admissions index comprised of a student's ACT score, high school grade point average (GPA), and the number of core high school courses completed. In addition, preference points are awarded for students that are residents of North Dakota. The criteria used to determine total points are calculated by summing the following:

1. ACT score multiplied by 3;
2. High school GPA multiplied by 20;
3. Number of high school core courses completed (maximum of 15) multiplied by 5; and
4. Additional 10 points for resident students.

A student's total points are used to determine automatic admissions to an institution based on the following schedule:

Institution Type	Number of Points Required for Automatic Admission
Research university	210
Four-year regional master's university	190
Four-year regional university	180
Community college	No limit

Students who are not granted automatic admission to an institution can still be admitted after a review of the student's qualifications by the institution's admissions staff. In addition, a student who successfully completes 30 credit-hours at a community college with a GPA of 2.50 or higher is eligible to transfer to a four-year institution. A student may also

transfer to a four-year institution after completing an associate's degree with a GPA of 2.0 or higher.

The pathways to student success plan will be implemented with the fall 2014 semester. However, the new enrollment standards will not apply to students until the fall 2015 semester. The delay in implementing the enrollment standards is designed to allow high school students the time to prepare for the new standards.

ESTIMATED IMPACT TO NEW FRESHMEN ENROLLMENT DURING THE FALL 2012 SEMESTER

The schedule below provides information regarding the admissions scores that would have been received by new freshmen students who enrolled at North Dakota State University and the University of North Dakota during the fall 2012 semester.

Fall 2012 Semester - New Freshmen Students				
Score That Would Have Been Received	North Dakota State University		University of North Dakota	
Over 210	1,388	57.0%	1,124	50.8%
200-210	431	17.7%	414	18.8%
190-200	359	14.7%	359	16.3%
Below 190	257	10.6%	311	14.1%
Total	2,435	100.0%	2,208	100.0%

The schedule below provides information regarding the admissions scores that would have been received by new freshmen students who enrolled at Minot State University during the fall 2012 semester.

Fall 2012 Semester - New Freshmen Applicants		
Score That Would Have Been Received	Minot State University	
Over 190	261	83.9%
180-190	24	7.8%
170-180	20	6.4%
Below 170	6	1.9%
Total	311	100.0%

The schedule below provides information regarding the admissions scores that would have been received by new freshmen students who enrolled at Dickinson State University, Mayville State University, and Valley City State University during the fall 2012 semester.

Fall 2012 Semester - New Freshmen Applicants						
Score That Would Have Been Received	Dickinson State University		Mayville State University		Valley City State University	
Over 180	136	73.1%	119	77.8%	145	76.3%
170-180	11	5.9%	15	9.8%	22	11.6%
160-170	13	7.0%	13	8.5%	8	4.2%
Below 160	26	14.0%	6	3.9%	15	7.9%
Total	186	100.0%	153	100.0%	190	100.0%