

**FISCAL NOTE**  
 Requested by Legislative Council  
 01/26/2015

Amendment to: HB 1044

- 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.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$46,169,022		\$48,838,260	
Appropriations			\$11,532,824		\$17,592,480	

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

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 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).*

Increases needs-based state grant funding from \$1,650 to \$2,000/yr. for college class of 15-16. Increases the merit based ND Scholarship program from \$1,500 to \$2,000/yr. for high school students graduating in 14-15 and thereafter. High school graduates prior to 14-15 stay at \$1,500/yr.

- 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 increases State Grant award from \$1,650 to \$2,000 per student per year, for about 7,500 students/yr.  
 Section 2 increases ND Scholarship amount from \$1,500 to \$2,000 per student per year, for about 1,438 new awardees/yr.  
 Section 3 includes \$30,690,000 general fund appropriation for State Grant  
 Section 4 includes \$17,426,748 general fund appropriation for ND Scholarship

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.*

None

**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.*

15-17 State Grant: \$28,762,500/biennium at \$2,000 each

15-17 Scholarship: \$17,406,522/biennium at \$2,000 each for new awardees graduating high school in 14-15 and thereafter.

17-19 State Grant: \$28,762,500/biennium at \$2,000 each

17-19 Scholarship: \$20,075,760/biennium at \$2,000 each for new awardees graduating high school in 14-15 and thereafter.

**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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

15-17 State Grant: \$28,762,500/biennium less \$21,245,679 13-15 adj. app. and \$1,294,445 est. 13-15 carryover = (\$6,222,377); HB1003 includes \$22,968,679

15-17 Scholarship: \$17,406,522/biennium less \$10,000,000 13-15 adj. app and \$2,096,075 est 13-15 carryover = (\$5,310,447); HB 1003 includes \$17,171,000

17-19 State Grant: \$28,762,500/biennium less \$21,245,679 adj app = (\$7,516,820)

17-19 Scholarship: \$20,075,760/biennium less \$10,000,000 adj app = (\$10,075,760)

**Name:** Laura Glatt

**Agency:** ND University System Office

**Telephone:** 7013284116

**Date Prepared:** 01/27/2015

**FISCAL NOTE**  
**Requested by Legislative Council**  
**12/20/2014**

Bill/Resolution No.: HB 1044

- 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.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
<b>Revenues</b>						
<b>Expenditures</b>	\$33,161,943		\$46,169,022		\$48,838,260	
<b>Appropriations</b>	\$31,245,679		\$11,532,824		\$17,592,480	

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

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
<b>Counties</b>			
<b>Cities</b>			
<b>School Districts</b>			
<b>Townships</b>			

- 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).*

Increases needs-based state grant funding from \$1,650 to \$2,000/yr for college class of 15-16. Increases the merit based ND Scholarship program from \$1,500 to \$2,000/yr for high school students graduating in 14-15 and thereafter. High school graduates prior to 14-15 stay at \$1,500/yr.

- 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 increases State Grant award from \$1,650 to \$2,000 per student per year, for about 7,500 students/yr  
 Section 2 increases ND Scholarship amount from \$1,500 to \$2,000 per student per year, for about 1,438 new awardees/yr  
 Section 3 includes \$30,690,000 general fund appropriation for State Grant  
 Section 4 includes \$17,426,748 general fund appropriation for ND Scholarship

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.*

None

- 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.*

13-15 State Grant: \$21,099,856 at \$1,650 each  
 13-15 Scholarship: \$12,062,087 at \$1,500 each

15-17 State Gant: \$28,762,500/biennium at \$2,000 each  
 15-17 Scholarship: \$17,406,522/biennium at \$2,000 each for new awardees graduating high school in 14-15 and thereafter;

17-19 State Grant: \$28,762,500/biennium at \$2,000 each

17-19 Scholarship \$20,075,760/biennium at \$2,000 each for new awardees graduating high school in 14-15 and thereafter

- 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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

13-15 State Grant: \$21,099,856 less \$21,245,679 13-15 adj. app and \$1,148,621 11-13 carryover = +1,294,445 remaining at end of 13-15;

13-15 Scholarship: \$12,062,087 less \$10,000,000 13-15 adj. app and \$4,158,262 with 11-13 carryover = \$2,096,075 remaining at end of 13-15;

15-17 State Grant: \$28,762,500/biennium less \$21,245,679 13-15 adj. app and \$1,294,445 est. 13-15 carryover= (\$6,222,377); HB1003 includes \$22,968,679

15-17 Scholarship: \$17,406,522/biennium less \$10,000,000 13-15 adj. app and \$2,096,075 est. 13-15 carryover= (\$5,310,447); HB1003 includes \$17,171,000

17-19 State Grant: \$28,762,500/biennium less \$21,245,679 adj. app = (\$7,516,820);

17-19 Scholarship: \$20,075,760/biennium \$10,000,000 adj. app = (\$10,075,760)

**Name:** Laura Glatt

**Agency:** ND University System Office

**Telephone:** 701-328-4116

**Date Prepared:** 01/05/2015

**2015 HOUSE EDUCATION**

**HB 1044**

# 2015 HOUSE STANDING COMMITTEE MINUTES

**Education Committee**  
Pioneer Room, State Capitol

HB 1044  
1/13/2015  
21891

- Subcommittee  
 Conference Committee

Committee Clerk Signature

*Donna Whetham*

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

Relating to the student financial assistance grant program and North Dakota scholarships, and to provide appropriations.

Attachments #1-4

## Minutes:

**Chairman Nathe:** Opened the hearing on HB 1044.

**Representative Mark Sanford :** District 17 Chairman of the Interim Education Committee and the HB 1044 is the result of that committee. (See Attachment #1) One of the big issues is affordability. Several components of affordability has been brought forth and this bill is one of them. Also found in the budget for Higher Ed will be the issue of regional or national agreements relative to recognizing online course work that is done in a state. These agreements have enabled the states to agree on high standards for the delivery models with the agreement if you meet those high standards all the institutions will recognize those credits. What that will mean is our students who take course work from anybody participating in this agreement will be assured of high quality and recognition of the credit. Related to that also was the use of open resources. You heard from Dr. Spilovoy she was the one responsible for these agreements. She was able to forge an agreement with University of Minnesota which has an established system of open resources. Our agreement makes these resources available to any of our professors. We need to encourage professors to use those resources, it will save students money when it comes to the non-purchase of text books and materials. Another issue is a tuition freeze, our committee recommended a tuition freeze for the 2 year schools. The rational being, right now our 4 year universities have tuitions that are below regional and national level, but our 2 year schools have tuitions above the regional and national level.

The other big issues in that were looked at in addition to affordability was retention, completion, and quality. All of those are influenced by affordability. Explained the bill.

Our committee feels that HB1044 is a better bill based on the testimony and literature we reviewed. The testimony came from David Longnecker, President of WITCHE (Western Interstate Compact on Higher Education) ND is a member of that, and Larry Isaac, the former Chancellor of Higher Education in ND and is President of Midwest Interstate

Compact on Higher Education. There are four regional national compacts, we happen to belong to two of them. Both suggested the focus needed to be on needs based. The rationale for that is: 1. Permits more students to attend college, 2. Their research shows that needs based recipients tend to stay in their state, 3. Merit based have other or more opportunities for assistance. Explained handout. (Attachment #1).

**Chairman Nathe:** Would you repeat those numbers again, the needs based was how much?

**Representative Sanford:** Go to page 2 in the handout on the top.

**Chairman Nathe:** There was about a \$2 million dollar increase is that right?

**Representative Sanford:** Yes, that is correct.

**Rep Rohr:** Do we have any completion rates from those students?

**Representative Sanford:** Yes I believe that will be shared by the representative of Higher Education.

**Rep Kelsh:** Page 2 of the bill on subsection 2, it talks about the Career and Technical Education scholarship in the amount of \$666 dollars for each quarter, I'm not understanding that? Why in each quarter and not a semester?

**Representative Mark Sanford:** I believe some are still on the quarter system.

**Chairman Nathe:** Any more support of HB 1044?

**Brenda Zastoupil:** Director of Financial Aid for the North Dakota University System, in support of HB 1044. (See attachment #2)

**Chairman Nathe:** What happens if they are awarded a grant and they drop out of school? It's a grant they don't have to pay back right?

**Brenda Zastoupil:** Yes. The financial census date is what we look at and that occurs within the first two weeks of enrollment. The return of funds are not required after that time.

**Rep Rohr:** You mentioned 1500 students could have benefited, do they get dibs the next time around?

**Brenda Zastoupil:** It is a priority deadline date so the sooner you fill out the application the better the chance for the state grants. Continues (Attachment#2) (24:30-26:50)

**Rep Meier:** if a student attends an out of state then comes back they still qualify correct?

**Brenda Zastoupil:** Currently they have up to six years to fully utilize the scholarship. They have to apply, they are notified by the Department of Public Instruction and encouraged to apply January through June 5<sup>th</sup>, yes they could have that scholarship reinstated.

**Rep Meier:** So if they went for two years out of state they still would qualify for four years, is that correct?

**Brenda Zastoupil:** Yes, that would be correct.

**Rep Schreiber Beck:** Could you clarify your last statement on the handout, that 504 students fully realized their scholarship of \$6000, of the qualifying who have gone the full four years, how many complete their education?

**Brenda Zastoupil:** We do not track actual graduations. They look at enrollment and not completion. We do track enrollment and progress the student has made.

**Chairman Nathe:** Why not track graduation?

**Brenda Zastoupil:** That is a good question.

**Chairman Nathe:** Who makes that decision whether we track them or not?

**Brenda Zastoupil:** I would have to find that out, and I will e-mail you.

**Rep Meier:** If a student attends an out of state institution and that student falls below the 2.75 GPA are they still eligible for their scholarship?

**Brenda Zastoupil:** We track on disbursement, let's say they go to NDSU and they give them the chance to get that 2.75 or higher in their first semester, they would be on probation if it is lower than the 2.75 GPA for one semester and they only have one semester to bring that about the 2.75 GPA.

**Chairman Nathe:** Anyone else here in support of HB 1044.

**Dr. Robert Badal:** President of University of Jamestown, in support of HB 1044. (See attachment #3)

**Rep Rohr:** Where did you get the data?

**Robert Badal:** Rod Backman.

**Rep Rohr:** So it is 2012 data you are using and what percentage of the needy students are not getting the grants?

**Robert Badal:** I think you are asking are we in fact giving the students the opportunity they need for pursuing Higher Education. I am not sure I can give you a number for that. We had many students that assume they cannot come to a private college and even if they want to it is extremely difficult because of their unmet need. They have to borrow so much for loans in addition to the scholarships we provide. This where higher education and students are in trouble, because borrowing to go to college is not bringing about a good result. I think grant programs are how you address that. Scholarship programs are not necessarily addressing need. It's merit. Students and parents can't figure it out.

**Rep Zubke:** Our public policies are encouraging students to leave the state do you know what percentage are leaving?

**Robert Badal:** I did a white paper about 6 months ago, I will give you a copy.( See Attachment #4) There are two kinds of states - in migrations states and out migration states where the grant programs are substantial we are actually exporting students to other states mostly to Minnesota. It starts with grants programs that keep our students at home.

**Chairman Nathe:** Any other questions? Any other support of HB 1044? Opposition to HB 1044. Seeing none.

**Chairman Nathe:** closed the hearing on HB 1044.

# 2015 HOUSE STANDING COMMITTEE MINUTES

**Education Committee**  
Pioneer Room, State Capitol

HB 1044  
1/19/2015  
22107

- Subcommittee  
 Conference Committee

Committee Clerk Signature

*Donna Wheatham*

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

Relating to the student financial assistance grant program and North Dakota scholarships; and to provide appropriations.

Attachment #1

## Minutes:

**Chairman Nathe:** Reopened the hearing on HB 1044.

**Rep Rohr:** Could you direct me to the section where it says the private school are a part of this.

**Rep Schreiber Beck:** It does not reference them by name, but just says accredited institutions of higher education on page three line one.

**Chairman Nathe:** I'm not sure it states private it just states accredited.

**Rep Rohr:** I just want to make sure it is open to all students of North Dakota, bit should be student based and not institution based.

**Chairman Nathe:** Yes it is, I have one suggestion for the committee, it would be a good idea to make an amendment to track the graduation rates of CTE and Academic scholarships and it can be done through SLDS. I do have some language we can discuss as to an amendment.

**Rep Schreiber Beck:** More dollars go to the merit based scholarships and I would actually like to see less going there and more to the needs based.

**Chairman Nathe:** My suggestion would be that we pass the bill out with the increase that came from the interim of Higher Education Funding Committee. The reason being is the

revenue picture is going to change on us and we can pass this bill out with a fiscal note to appropriations at that time will have to adjust these numbers.

**Rep Schreiber Beck:** Even in total value, you can make a motion and we will work on that.

**Rep Schreiber Beck:** I make a motion that we discuss the advantage of the higher percentage of dollars to be needs based.

**Chairman Nathe:** We need something more specific, do you have a percentage number?

**Rep Schreiber Beck:** I'd have to figure this out.

**Chairman Nathe:** Do you want some time to work on that.

**Rep Schreiber Beck:** Yes.

**Chairman Nathe:** OK. (See Attachment #1) This is the amendment. Explained the amendment.

**Rep Ben Koppelman:** Where is the parallel language that applied to other schools that you were duplicating?

**Chairman Nathe:** The word in here on accredited, Rep Kelsh do you see it?

**Rep Kelsh:** On the bottom of page two of the bill the last few words, full time and accredited institution.

**Chairman Nathe:** Yes and I think that covers it. This policy is the same as we had in the past just the dollar amounts are changing.

**Rep Ben Koppelman:** Is there language in this bill that would require the Universities to compile a report of graduates?

**Chairman Nathe:** No I don't think so.

**Rep Ben Koppelman:** Wouldn't it make sense if we are going to put this language in a bill, to track all the scholarships that were given out.

**Chairman Nathe:** This would track the North Dakota Academic and CT scholarships, they cannot do the state grant scholarships.

**Rep Ben Koppelman:** All the scholarships in this bill will require tracking of graduation rates in Academic and CTE scholarships regardless of what institution they are in.

**Chairman Nathe:** Yes all the public institutions.

**Rep Rohr:** Moved to adopt the amendment to HB 1044.

**Rep Looyesen:** Seconded

**Voice vote taken.**

**Motion passes to amend HB 1044.**

**Rep Ben Koppelman:** I would request that we hold this bill over to give Rep Schreiber Beck opportunity to amend.

**Chairman Nathe:** we will hold off on it so Rep Schreiber Beck can work on some numbers on her amendment.

**Rep Kelsh:** Ive been trying to find the percentages of needs based to merit based.

**Chairman Nathe:** The fiscal note will give you a better idea.

**Rep Kelsh:** Are we giving students from private schools a little advantage over public schools in a percentage wise?

**Chairman Nathe:** I don't think so. The private schools would only apply with the State Grant.

**Chairman Nathe:** Recessed.

# 2015 HOUSE STANDING COMMITTEE MINUTES

Education Committee  
Pioneer Room, State Capitol

HB 1044  
1/20/2015  
22188

- Subcommittee  
 Conference Committee

Committee Clerk Signature

*Danna Whitham*

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

Relating to the student financial assistance grant program and North Dakota scholarships; and to provide appropriations.

Attachment #

## Minutes:

**Chairman Nathe:** Reopened HB 1044. It is the bill on academic grants. We did put an amendment on here that said we would like a tracking of graduation rates of students that received scholarships, tracking through the SLDS system. Rep Schreiber Beck was doing something with the numbers but it has been decided we would hold off on that for now.

**Rep Schreiber Beck:** I did speak from the college president from Wahpeton and we discussed this at length too. My biggest issue I am not happy on the parameters, the middle class is shouldering most of the cost for education, but we are working on both ends. I am not sure I want to carry that bill.

**Chairman Nathe:** There is a bill that will try to address your concerns, something that Bank of North Dakota is working on, it kind of fits in what you have just spoken about to kind of fill that gap.

**Rep Looyen:** Moved Do Pass as amended with Rereferral to Appropriations.

**Rep Zubke:** Seconded.

A Roll Call Vote was taken. Yes: 12 No: 0 Absent: 1

**Motion Passes.**

**Rep Schreiber Beck:** will carry the bill.

SLC 1-2015

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1044

Page 1, line 1, after "to" insert "create and enact a new section to chapter 15-10 of the North Dakota Century Code, relating to compiling and reporting of scholarship information; to"

Page 1, after line 6, insert:

"SECTION 1. A new section to chapter 15-10 of the North Dakota Century Code is created and enacted as follows:

**State board of higher education - Compiling and reporting scholarship information.**

The North Dakota university system shall utilize the state longitudinal data system to compile the graduation rates of students who received either the North Dakota academic scholarship or the North Dakota career and technical education scholarship. The North Dakota university system shall provide the compiled report annually to the legislative management."

Renumber accordingly

Date: 11/19/15  
 Roll Call Vote #: 1

**2015 HOUSE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. 1044**

House Education Committee

Subcommittee

Amendment LC# or Description: to change the dollar amount

Recommendation:  Adopt Amendment  
 Do Pass     Do Not Pass     Without Committee Recommendation  
 As Amended     Rerefer to Appropriations  
 Place on Consent Calendar  
 Other Actions:  Reconsider   

Motion Made By Rep Rohr    Seconded By Rep Looyen

Representatives	Yes	No	Representatives	Yes	No
Chairman Nathe			Rep. Hunskor		
Vice Chairman Schatz			Rep. Kelsh		
Rep. Dennis Johnson			Rep. Mock		
Rep. B. Koppelman					
Rep. Looyen					
Rep. Meier					
Rep. Olson					
Rep. Rohr					
Rep. Schreiber Beck					
Rep. Zubke					

*Vote!*  
*Motion Passed*

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

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

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

15.0169.02001 change dollar amount

Motion Passed

Date: 11/20/15  
 Roll Call Vote #: 1

**2015 HOUSE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. 1044**

House Education Committee

Subcommittee

Amendment LC# or Description: \_\_\_\_\_

Recommendation:  Adopt Amendment  
 Do Pass  Do Not Pass  Without Committee Recommendation  
 As Amended  Rerefer to Appropriations

Other Actions:  Place on Consent Calendar  
 Reconsider  \_\_\_\_\_

Motion Made By Rep Looyzen Seconded By Rep. Zubke

Representatives	Yes	No	Representatives	Yes	No
Chairman Nathe	✓		Rep. Hunsakor	✓	
Vice Chairman Schatz	✓		Rep. Kelsh	✓	
Rep. Dennis Johnson	✓		Rep. Mock	✓	
Rep. B. Koppelman	A				
Rep. Looyzen	✓				
Rep. Meier	✓				
Rep. Olson	✓				
Rep. Rohr	✓				
Rep. Schreiber Beck	✓				
Rep. Zubke	✓				

Total (Yes) 12 No 0

Absent 1

Floor Assignment Rep Schreiber Beck

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

**REPORT OF STANDING COMMITTEE**

**HB 1044: Education Committee (Rep. Nathe, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (12 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1044 was placed on the Sixth order on the calendar.

Page 1, line 1, after "to" insert "create and enact a new section to chapter 15-10 of the North Dakota Century Code, relating to compiling and reporting of scholarship information; to"

Page 1, after line 6, insert:

"**SECTION 1.** A new section to chapter 15-10 of the North Dakota Century Code is created and enacted as follows:

**State board of higher education - Compiling and reporting scholarship information.**

The North Dakota university system shall utilize the state longitudinal data system to compile the graduation rates of students who received either the North Dakota academic scholarship or the North Dakota career and technical education scholarship. The North Dakota university system shall provide the compiled report annually to the legislative management."

Renumber accordingly

**2015 HOUSE APPROPRIATIONS**

**HB 1044**

# 2015 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee - Education and Environment Division  
Roughrider Room, State Capitol

HB 1044  
2/4/2015  
23196

- Subcommittee  
 Conference Committee

*Amberlea Muscha*

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

Relating to the student financial assistance grant program and North Dakota scholarships; and to provide appropriations.

## Minutes:

Chairman Monson calling meeting to order, taking discussion

Rep. Sanford: I move a Do NOT Pass on HB 1044, it appears that our intent is to move that money to 1003 with the language following.

Rep. Martinson: I thought we would do that just the opposite?

Vice Chairman Streyle: No that's the scholarship one. This coincides with 21 and 22 on 1003.

Chairman Monson: this is one that came out of the Interim.

Rep. Boe: Seconded

Chairman Monson: Motion by Rep. Sanford and second from Rep. Boe

A Roll Call Vote Was Taken: Yes 7, No 0, Absent 0

Motion carries

Representative Sanford will carry the bill

# 2015 HOUSE STANDING COMMITTEE MINUTES

## Appropriations Committee Roughrider Room, State Capitol

HB 1044  
2/12/2015  
23792

- Subcommittee  
 Conference Committee

*Amonda Muscha*

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

To create and enact a new section to chapter 15-10 of the North Dakota Century Code, relating to compiling and reporting of scholarship information also; relating to the student financial assistance grant program and North Dakota scholarships

### Minutes:

Chairman Delzer: Opened hearing on HB 1044

Representative Nathe: This bill comes out of the interim higher ed funding committee. It deals with the state based grant programs (ND scholarship programs). They took a look at it and increased some of the numbers. Funding from the state grant program went from 1650-2000 a year for college class. It also increases the merit based scholarship program from 1500-2000 a year for students graduating in 14-15. Any high school graduates prior to 14-15 stay at 1500. There is a difference between this and the governor's budget. In the governor's budget for the first year they had 1760 and 1784 for the second. This bill proposes 1650. The merit based in the governor's budget was 2500 with a 10,000 limit. The bill was 2000 with an 8000 limit. You can see there is a decrease. Your committee on education felt this was a good idea and it has been in place for a while and received good support on this.

Chairman Delzer: What is your basis for wanting to increase it at all?

Representative Nathe: I think a lot of it came out of the testimony and also with helping the students out with rising higher educational costs was the main driver to support the increase.

Chairman Delzer: You say it is in the governor's budget but aren't there other bills dealing with this?

Representative Nathe: I am not sure.

Representative Streyle: On the higher ed budget we set these both up 1950.

Chairman Delzer: How did you come up with the 1950?

Representative Streyle: It equalized the needs based and then the technical.

Representative Sanford: The 1950 for each of them brought a total in a little above what the governor requested. There are two types of scholarships here merit based and needs based. The governor's version was heavy on the merit based and this emphasized more the needs based. The sum of the money the governor had between those two in his request was what we were trying to get to or below so we brought it down to 1950.

Chairman Delzer: It seems to me that two years ago when we had the scholarships in front of us we lowered the ACT number which increased the number of eligible individuals for it but then capped the money at a total of 6000 apiece. Was there discussion about that in the section you talked about?

Representative Sanford: I know there was a bill to lower the ACT but I don't think it went anywhere.

Chairman Delzer: Last year we passed it out of committee and it died in the senate afterwards. I was just asking if you had that same discussion.

Representative Skarphol: I don't think applies to ND high school graduates. It applies to any high school graduate because it doesn't specify anywhere that we are talking about ND graduates. Any high school graduate could be eligible for this.

Chairman Delzer: It says in the first page that they have to of received an achedemic or career in tech and I think the rules for that require it to be ND but it wouldn't be in the bill, just the other rule.

Brady: Achedemic and CT scholarship if you look on page 3 line 31 you have to graduate from a high school in the state or graduate from a high school in a bordering the state in chapter 15.129. Those would be students that live in ND but go to a public school in the neighboring state. The needs based financial aid it just states that you need to be a resident under tuition purposes.

Representative Skarphol: What does that mean, residents for tuition purposes? If I am not incorrect we will find out later on this year what that truly means.

Brady: That generally, some students can reside in the state for a year and go to college and then establish ND residency for tuition purposes so there may be non-residents.

Chairman Delzer: I think it happens a lot.

Representative Silbernagel: Are there any restrictions on the area of study? For example, behavioral health careers from getting these scholarships.

Brady: As far as I am concerned it does not limit.

Chairman Delzer: If we are dealing with this issue, from this committee standpoint in the higher ed budget there is no reason to pass another bill.

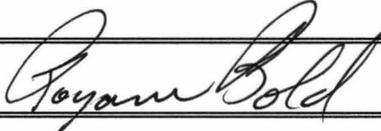
Chairman Delzer: Closed the hearing on HB 1044.

# 2015 HOUSE STANDING COMMITTEE MINUTES

**Appropriations Committee**  
Roughrider Room, State Capitol

HB1044  
2/12/2015  
23800

- Subcommittee  
 Conference Committee



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

To create and enact a new section to chapter 15-10 of the North Dakota Century Code, relating to compiling and reporting of scholarship information also; relating to the student financial assistance grant program and North Dakota scholarships

## **Minutes:**

Chairman Delzer: Opened discussion on HB 1044.

Representative Sanford: What the EE committee did is decided to recommend a do not pass on this bill, move the money to the higher ed budget and essentially what we talked earlier we put both of those two versions of scholarships at 1950 a year.

Chairman Delzer: What is the increase cost to the state on that?

Representative Sanford: We have it on our higher ed budget.

Chairman Delzer: We can make a do not pass on this but it will be a discussion on the higher ed budget.

Representative Sanford: I think it is around 7-8 million.

Chairman Delzer: With our revenue we should think about that.

Representative Sanford: This would be speaking broader than that particular bill. I think one of the things we try to do as a committee was make reductions in the cost related to the appropriations to manage the tuition kinds of adjustments and this would be the issue of student affordability.

Chairman Delzer: We aren't really going after more students we just want to give each student more money.

Representative Sanford: This would be new students only.

Chairman Delzer: It is not an increased number of students compared to all of the qualifications are the same, but you do have and we can take a motion.

Representative Sanford: Motioned a do not pass.

Representative Nelson: Second.

Representative Skarphol: I will support this but I really think we need to consider that we should pay for ND high school graduates. We shouldn't pay for out of state students. I don't care if they qualify if they eventually qualify but we need to get a policy that goes towards paying for our graduates. Then I wouldn't care if we paid out the same amount of money but it should go to our kids.

Chairman Delzer: The issue on this bill is I don't know if this language was put in the budget.

Representative Sanford: There would need to be statutory changes to increase the maximum award levels so the HB 1003 would include those statutory changes similar to this bill.

Chairman Delzer: The issue of them being able to become considered a ND resident for tuition. Is that in the budget?

Representative Sanford: That would be something that could be amended into that bill. I think the one merit scholarships do say ND high school graduates and the needs based does not.

Representative Glassheim: I don't know that we necessarily want to do that. What is the harm of recruiting the best and the brightest some of who stay here and are hired and work here?

Representative Skarphol: I wouldn't preclude the institutions from giving them tuition waivers, but I am not sure that we should invest ND dollars in out of state students. If they want to do it on other means they can go right ahead. If they want to work for less they could.

Chairman Delzer: This is a discussion we have to have on the higher ed budget.

Representative Skarphol: I think you can limit these to ND students because our institutions through their foundations have institutional scholarships that they give. They can utilize those. We can make sure the investment goes to ND graduates.

Representative Hogan: The other group I am concerned about is the 25-30 year old who has lived here for 5 years and may not have graduated from a high school but has worked in the state for many years. Would they be eligible when they become a resident?

Representative Monson: If they are that old they have been living here that long and they are residents.

Chairman Delzer: You bring up a valid point. The issue was that this was based as trying to get people to go to school right out of high school and my understanding about when this was put together was to be for people that graduated from ND and went to one of our universities.

A Roll Call Vote Was Taken: Yes 22, No 1, Absent 0

Motion carries

Representative Sanford will carry the bill

Date: 2-4-15  
Roll Call Vote #: 1

2015 HOUSE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. 1044

House Appropriations - Education and Environment Division Committee

Subcommittee

Amendment LC# or Description: \_\_\_\_\_

- Recommendation:  Adopt Amendment  
 Do Pass  Do Not Pass  Without Committee Recommendation  
 As Amended  Rerefer to Appropriations  
 Place on Consent Calendar  
Other Actions:  Reconsider  \_\_\_\_\_

Motion Made By Sanford Seconded By Boe

Representatives	Yes	No	Representatives	Yes	No
Chairman Monson	↓		Rep. Boe	✓	
Vice Chairman Streyle	✓		Rep. Guggisberg	✓	
Rep. Dosch	A				
Rep. Martinson	✓				
Rep. Sanford	✓				
Rep. Schmidt	✓				

Total Yes 7 No 0

Absent 1

Floor Assignment Sanford

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

Do Not Pass

Date: 2/12/15

Roll Call Vote #: 1

2015 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1044

House Appropriations Committee

Subcommittee

Amendment LC# or Description: \_\_\_\_\_

Recommendation:  Adopt Amendment  
 Do Pass  Do Not Pass  Without Committee Recommendation  
 As Amended  Rerefer to Appropriations  
 Place on Consent Calendar

Other Actions:  Reconsider  \_\_\_\_\_

Motion Made By: Sanford Seconded By: Nelson

Representatives	Yes	No	Absent	Representatives	Yes	No	Absent	Representatives	Yes	No	Absent
Chairman Jeff Delzer	✓			Representative Nelson	✓			Representative Boe		1	
Vice Chairman Keith Kempenich	✓			Representative Pollert	✓			Representative Glassheim	✓		
Representative Bellew	✓			Representative Sanford	✓			Representative Guggisberg	✓		
Representative Brandenburg	✓			Representative Schmidt	✓			Representative Hogan	✓		
Representative Boehning	✓			Representative Silbernagel	✓			Representative Holman	✓		
Representative Dosch	✓			Representative Skarphol	✓						
Representative Kreidt	✓			Representative Streytle	✓						
Representative Martinson	✓			Representative Thoreson	✓						
Representative Monson	✓			Representative Vigesaa	✓						
	9	0	0		9	0	0		4	1	0

Totals

(Yes)	22
No	1
Absent	0
Grand Total	23

Floor Assignment: Sanford

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

REPORT OF STANDING COMMITTEE

HB 1044, as engrossed: Appropriations Committee (Rep. Delzer, Chairman)  
recommends **DO NOT PASS** (22 YEAS, 1 NAYS, 0 ABSENT AND NOT VOTING).  
Engrossed HB 1044 was placed on the Eleventh order on the calendar.

*Correction on Journal  
Vote sh/ be 22 yeas 0 nays 1 absent.*

**2015 TESTIMONY**

**HB 1044**

# OVERVIEW OF STUDENT FINANCIAL ASSISTANCE GRANT PROGRAM AND CTE AND ACADEMIC SCHOLARSHIP PROGRAM 1-13-15

## STUDENT FINANCIAL ASSISTANCE GRANT PROGRAM Overview

The North Dakota student financial assistance grant program provides grants to North Dakota residents pursuing their undergraduate degree while attending a North Dakota public, private, or tribal higher education institution. The purpose of the grant is to assist students with the costs of attending a North Dakota higher education institution and reduce the amount of money students need to borrow for their education.

The application for the grant program is the federal Free Application for Federal Student Aid (FAFSA), and a student may apply for the grant each year by completing the FAFSA or renewal FAFSA application. Grants are to be allocated to students based on financial need, and grant funding is distributed directly to the institution the recipient is attending.

### Grant Award Amount

The amount of the grant award is determined by the State Board of Higher Education and may not exceed the maximum level established in North Dakota Century Code Section 15-62.2-02. The current maximum grant award level in statute is \$1,650 per recipient per academic year. The following schedule details the grant award level set by the board each year since the 2002-03 academic year:

Academic Year	Grant Amount	Academic Year	Grant Amount
2002-03	\$600	2008-09	\$800
2003-04	\$600	2009-10	\$1,200
2004-05	\$600	2010-11	\$1,200
2005-06	\$600	2011-12	\$1,500
2006-07	\$800	2012-13	\$1,500
2007-08	\$800	2013-14	\$1,648

The 2013 Legislative Assembly appropriated additional funding for the grant program to allow part-time students to receive a grant. Grants for part-time students are prorated based on the number of credits the student is taking.

### Grant Recipients

The following schedule details the number of students enrolled at a North Dakota University System institution, a tribal college, or a private institution that have received a grant since the 2003-04 academic year.

Academic Year	Number of Students Receiving a Grant			
	University System Institutions	Tribal Colleges	Private Institutions	Total
2003-04	1,842	109	473	2,424
2004-05	1,896	91	546	2,533
2005-06	1,900	87	507	2,494
2006-07	2,777	97	518	3,392
2007-08	3,484	103	565	4,152
2008-09	3,235	90	556	3,881
2009-10	6,257	533	1,075	7,865
2010-11	6,673	863	1,154	8,690
2011-12	5,657	416	942	7,015
2012-13	6,490	676	948	8,114

### Legislative Appropriations for Student Financial Assistance Grants

The following schedule is a summary of legislative appropriations for the student financial assistance grant program since the 2003-05 biennium:

Biennium	General Fund	Federal Funds	Other Funds	Total Funds
2003-05	\$2,730,215	\$200,000	\$0	\$2,930,215
2005-07	\$3,332,402	\$172,000	\$0	\$3,504,402
2007-09	\$5,823,497	\$164,000	\$0	\$5,987,497
2009-11	\$19,025,594	\$348,428	\$0	\$19,374,022
2011-13	\$19,025,594	\$348,428	\$0	\$19,374,022
2013-15	\$21,245,679	\$0	\$0	\$21,245,679

## Estimated Costs to Expand the Student Financial Assistance Grant Program

The following schedule details the total estimated biennial cost of the state grant program if the grant amount, number of recipients, or both were increased from current levels.

Grant Amount	Number of Recipients <sup>1</sup>				
	7,500	7,750	8,000	8,250	8,500
\$1,650	\$23,735,718	\$24,526,084	\$25,319,750	\$26,110,940	\$26,898,830
\$1,700	\$24,454,500	\$25,268,800	\$26,086,500	\$26,901,650	\$27,713,400
\$1,750	\$25,174,218	\$26,012,484	\$26,854,250	\$27,693,390	\$28,529,030
\$1,800	\$25,893,000	\$26,755,200	\$27,621,000	\$28,484,100	\$29,343,600
\$1,850	\$26,612,718	\$27,498,884	\$28,388,750	\$29,275,840	\$30,159,230
\$1,900	\$27,331,500	\$28,241,600	\$29,155,500	\$30,066,550	\$30,973,800
\$1,950	\$28,051,218	\$28,985,284	\$29,923,250	\$30,858,290	\$31,789,430
\$2,000	\$28,770,000	\$29,728,000	\$30,690,000	\$31,649,000	\$32,604,000

<sup>1</sup>Includes full-time and part-time students.

## NORTH DAKOTA CAREER AND TECHNICAL EDUCATION SCHOLARSHIPS AND ACADEMIC SCHOLARSHIPS

The 2009 Legislative Assembly enacted legislation to create the CTE and academic scholarship programs. The legislation established eligibility criteria for the scholarship programs in Chapter 15.1-21, and the criteria were subsequently adjusted by the Legislative Assembly in 2011 and 2013. The current eligibility requirements provide a student must be a resident of the state and meet the following program requirements for one of the programs:

Career and Technical Education Scholarship	Academic Scholarship
Complete four units of English language arts	Complete four units of English language arts
Complete three units of mathematics, including one unit of Algebra II and two units of other mathematics	Complete one unit of Algebra II and one unit of mathematics for which Algebra II is a prerequisite
Complete three units of science	Complete three units of science
	Complete three units of social studies
Complete one unit of physical education or one-half unit of physical education and one-half unit of health	Complete one unit of physical education or one-half unit of physical education and one-half unit of health
Complete two units of a coordinated study plan as recommended by the Department of Career and Technical Education	Complete two units of the same foreign language, the same Native American language, American sign language, or career and technical education from a coordinated study plan approved by the Superintendent of Public Instruction
Complete one unit selected from foreign language, Native American language, American sign language, fine arts, or career and technical education	Complete one unit selected from foreign language, Native American language, American sign language, fine arts, or career and technical education
Complete five additional units, two of which must be in the area of career and technical education	Complete any five additional units
Obtain a cumulative grade point average of at least 3.0 on a 4.0 grading scale for all courses taken or only for courses taken that are required for the scholarship	Obtain a cumulative grade point average of at least 3.0 on a 4.0 grading scale for all courses taken or only for courses taken that are required for the scholarship
Obtain a grade of at least "C" in each unit or one-half unit required for the scholarship	Obtain a grade of at least "C" in each unit or one-half unit required for the scholarship
Receive a composite score of at least 24 on the ACT or a score of at least five on each of three WorkKeys assessments	Receive a composite score of at least 24 on the ACT
	Fulfill one unit required for the scholarship through an advanced placement course or fulfill one-half unit required for the scholarship through a dual-credit course

To continue receiving a scholarship under the program, a student must be enrolled in at least 12 credits during the student's first two semesters and must be enrolled in at least 15 credits during each semester thereafter. However, 2013 House Bill No. 1258 provides a student may continue to receive the scholarship if the student requires fewer than 15 credits to graduate and is enrolled in at least 12 credits. The Legislative Assembly also adjusted the criteria to receive a scholarship in 2013 House Bill No. 1291. The bill expands the program to allow students who complete a home education program to be eligible to receive a scholarship.

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Any student who meets the requirements for a CTE scholarship or an academic scholarship is eligible to receive a scholarship of \$750 per semester, or \$500 per quarter, for each period the student is enrolled full time at a North Dakota higher education institution and maintains eligibility up to a maximum amount of \$6,000. Scholarships may be provided to students for up to six years following the student's graduation from high school and may not be used for graduate programs.

**Legislative Appropriations for Career and Technical Education and Academic Scholarships**

The Legislative Assembly appropriated \$3 million from the general fund for CTE and academic scholarships in the 2009-11 biennium and appropriated \$10 million from the general fund for the scholarships in the 2011-13 and 2013-15 bienniums.

**Scholarship Recipients**

Of the 8,398 high school seniors in the state that graduated in 2013, a total of 1,498 qualified to receive an academic or CTE scholarship. Of the 1,498 qualified students, 931 students were eligible to receive an academic scholarship and 567 students were eligible to receive a CTE scholarship.

A total of 3,687 students received an academic or CTE scholarship during the fall 2013 semester. The following schedule details the types of institutions attended by students receiving a scholarship during the fall 2013 semester:

	<b>Type of Institution Attended by Scholarship Recipients (Fall 2013 Semester)</b>				
	<b>Two-Year Public or Tribal Institution</b>	<b>Four-Year Public Institution</b>	<b>Public Research Institution</b>	<b>Private Institution</b>	<b>Total</b>
Academic scholarship recipients	142	267	1,767	336	2,512
CTE scholarship recipients	273	205	561	136	1,175
<b>Total</b>	<b>415</b>	<b>472</b>	<b>2,328</b>	<b>472</b>	<b>3,687</b>

**Estimated Costs to Increase Scholarship Amount**

The following schedule details the total estimated biennial cost of the scholarship programs if the scholarship award amount was increased. The amounts are based on the increased award levels applying only to new scholarship recipients.

<b>Annual Award</b>	<b>2015-17 Biennium Estimated Costs</b>
\$1,500 (Current level)	\$15,430,752
\$2,000	\$17,406,522
\$2,500	\$19,266,644

**HOUSE BILL 1044  
HOUSE EDUCATION  
JANUARY 13, 2015**

**TESTIMONY OF  
BRENDA ZASTOUPIL, NDUS DIRECTOR OF FINANCIAL AID**

Good morning, I am Brenda Zastoupil, Director of Financial Aid for the North Dakota University System. I am here today to testify in support of House Bill 1044.

The North Dakota State Grant is awarded to undergraduate students who have the greatest financial need in the state. Need is calculated based on annual Free Application for Federal Student Aid (FAFSA) data with a priority date of April 15<sup>th</sup>. Students are eligible at all enrollment levels. The maximum statutory and funded award for the 2014-15 academic year is \$1,650. The proposed increase to a \$2,000 maximum award will provide the State Board of Higher Education flexibility to increase the annual student award amounts over the next 4-5 years without requiring additional statutory change, as additional program funding becomes available. HB1003 (2015) includes additional funding to increase the funded award by four percent per year from \$1,650 to \$1,716 to \$1,784.

Over the past three years, an average of 7,651 awards were disbursed per year to the neediest students attending public, private and tribal institutions of higher learning within the state of North Dakota. Although the awarding period extended beyond the priority date of 4/15, not all students in the academic year received an award notice. In the 2013-14 academic year, 83% of the qualifying applicants (based on FAFSA) had been awarded through July 31, 2013. An additional 2,375 students through June 30, 2014 were not evaluated for eligibility due to limited appropriations. While not all of these potential awardees would have matriculated, we estimate that approximately 1,500 students could have benefited from the need-based state grant award.

The North Dakota Academic Scholarship (AC) and the North Dakota Career and Technical Education (CTE) Scholarship has provided qualifying students with a \$1,500 per year scholarship or a total of \$6,000 over four years since the program was first funded in the 2010-11 academic year. The proposed increase from \$1,500 to \$2,000 per year or a total of \$8,000 for new cohorts (high school students graduating during or after the 14-15 academic year) will further promote financial access and academically incentivize students at both the K-12 and college level.

Only ND residents are eligible for the scholarship, with eligibility based on the following:

- AC Scholarship: ACT exam score of at least 24 and at least a 3.0 on a 4.0 scale cumulative high school GPA.
- CTE Scholarship: Achieve a WorkKeys score of 5 on three assessments and obtain a minimum high school cumulative GPA of 3.0 on a 4.0 scale.
- Both: Meet specific high school curriculum requirements.

On average, 18% percent, or about 1,550 of all high school seniors, have qualified annually for one of the scholarships. Since program inception, almost 7,200 students have qualified for the scholarship, with about 65% qualifying for the AC and 25% for the CTE Scholarship.

Students must maintain a 2.75 cumulative collegiate GPA in order to retain the scholarship. As of December 31, 2014, 504 students fully realized their scholarship of \$6,000. Students are proving to be engaged and accountable.

The North Dakota University System supports the North Dakota State Grant and the North Dakota scholarship programs and encourages a favorable vote on HB 1044. I am happy to answer any questions.

The North Dakota University System is governed by the State Board of Higher Education and includes:

Bismarck State College • Dakota College at Bottineau • Dickinson State University • Lake Region State College • Mayville State University • Minot State University  
North Dakota State College of Science • North Dakota State University • University of North Dakota • Valley City State University • Williston State College

#3  
HB1044  
1/13/15

House Education Committee

January 13, 2015

HB 1044

Testimony by Dr. Robert Badal, University of Jamestown

Chairman Nathe and members of the committee my name is Robert Badal; I am here today representing The University of Jamestown, to speak in favor of HB 1044.

The student financial assistance grant program or sometimes called the State Grant Program (SGP) is a needs based grant that only goes to North Dakota residents for undergraduate education at any North Dakota college, public or private. The SGP currently grants \$1,650 for full time students based on those with the most unmet need. The current biennium funding is \$21m.

In the 2009 Legislative session Gov. Hoeven proposed increasing the funding to \$40m however it was only funded it at \$19m and since then it has increase by about 3% per year.

North Dakota ranks 3rd in the nation for per capita support for higher education (a); yet for the 2012-13 school year North Dakota's funding of needs based grants as compared to other states (b) does not compare so well.

Max. amount of per student award	40th
Grant dollars per 18-24 population	29th
Grant dollars per college FTE	25th
Number of awards per college FTE	28th
Grant \$ as a % of state total H/Ed \$	36th

These number help to explain why our public policies in North Dakota encourage students to leave the state to pursue higher education goals.

The private university schools do not receive state funding, so we are here to advocate for our students. We believe funding for higher education in North Dakota should focus on funding students who are residents of North Dakota, and who attend a North Dakota college or university.

Governor Hoeven attempted to move North Dakota forward in helping our most needy students in 2009 and yet today we still rank in the bottom half of the states when it comes to providing affordability for those North Dakota students. Low public tuition does not lead to affordability. Grant funding based on need makes education affordable.

We think this step-up in funding of the program is long overdue and would appreciate your support in passing this bill.

Thank You Mr. Chairman, I would be happy to address any questions you or the committee may have.

Source: (a) State Higher Education Finance FY 2012

(b) NASSGAP 44th Annual Survey Report (2012-13)

Attachment # 4  
HB 1044  
1-13-15

Jan. 13, 2015

Dear Chairman Nathe and members of the Committee:

Thank you for the opportunity to present testimony today on HB 1044 and 1151. All of us in the higher education community appreciate your efforts to create good public policy for our students and state.

At the conclusion of my testimony on HB 1044, the Committee asked me to forward a white paper that was circulated by the State Chamber of Commerce as part of a statewide dialogue on higher education.

I would be happy to update or expand on the attached white paper at your request.  
Best wishes for a proud and productive legislative session.

Sincerely,

Bob Badal

President, University of Jamestown

September 26, 2013

## **White Paper: Our Public Policy Promotes the Out-migration of College Students from North Dakota to other States**

North Dakota, in spite of its significant investment in public higher education campuses and programs, does a number of things that encourage the out-migration of our own college-bound students to other states; the long population history of the state is a history of constant attrition, and the higher education patterns of enrollment support that pattern of loss. North Dakota has one of the smallest state cohorts of 12<sup>th</sup> graders in the nation—according to National Center for Education Statistics, only 7,581 in the fall of '10; yet, we provide financial incentives for students who leave the state after graduation.

According to data available through the National Center for Education Statistics, the State of North Dakota is below average in retaining its own students for post-secondary education. Based upon the '09-'10 year (the latest available on the website ([nces.ed.gov](http://nces.ed.gov) Digest, Table 238), there were 7,604 graduates of ND public and private high schools in '09-'10, and of this number only 3,841 or 50.5% of graduates enrolled in ND colleges. Compared to other states, ND ranks 36<sup>th</sup> for the percentage of freshman who attended colleges in their home state in fall '10 (Chronicle Almanac, August '13). In my opinion, it is in the long-term interest of the State of North Dakota to do its part to increase the number and percentage of students who choose to continue their studies in North Dakota; to do otherwise seems wasteful given both the financial investment in ND public universities and the economic benefit of keeping ND students within the State for postsecondary education. I hear a great deal of conversation at all levels of the State regarding the importance of building workforce capacity; that process begins by retaining more than just 50.5% of our high school graduates in-state for their post-secondary education.

The first area that I wish to address is the ND State Grant program. The program has been expanded in recent years, but it is decidedly inadequate. Certain states

do a better job of retaining in-state graduates than does ND. One of the ways to retain a higher percentage of in-state students is through a strong state grant program to make higher education *in state* the more affordable option. Too often, we think that low public tuition is what makes college affordable, but in reality low tuition is a rather inefficient manner of reaching broad-based affordability goals because it treats those *with* financial need in the same manner as those with *little or no* need. Grants empower students with need to enroll in college, and larger grants to students with need are a great incentive for in-state enrollment for competing states like Iowa, Indiana, Minnesota and California. The current ND program is a scattered assortment including the State Student Incentive, the ND Academic and Career, STEM loan forgiveness, etc. that is complicated and lacks economic muscle. A genuine incentive using an average of \$7,500 annually, based upon need (using existing guidelines for establishing need with grants from a minimum of \$5,000 to a maximum of \$10,000) is what is needed. Grants of this scale offered *with up-front clarity* to students would significantly tip the scales in favor of attendance in ND colleges. The ND Academic and Career Grant could be offered in tandem to those who qualify for both programs as is currently being done. Providing grants of this nature to those eligible for Pell Grants and other Federal programs would dramatically improve the feasibility of attending college in North Dakota. The State of North Dakota does an excellent job of funding institutions of higher learning, but a change in course would allow it to fund *students first*, and, indirectly through tuition, to also fund the revenue base of institutions and increased enrollments, part of which will come from families moving into ND once their children reach high school age in order to benefit as an in-state graduate.

Another way in which the out-migration of students is incentivized is through the Bank of ND Deal Loan program. In my opinion, the BND's profits are not being utilized to the fullest extent in supporting students and economic development inside of the State of North Dakota. Our State does a number of things that encourage the out-migration of students (e.g. a low state need grant program, tuition reciprocity programs, and loan subsidies). The Bank of North Dakota DEAL loan for out of state students attending out of state schools is currently 6.70%

fixed with a 3% fee; I will assume that to be an unsubsidized basis loan rate. A ND student attending a school in ND, an out of state student attending in ND, and a ND student attending out of state all pay 5.70% and the BND pays the fees for these students. I consider these to be “subsidized” by comparison with the first group. It is logical that out of state students attending out of state institutions would pay an unsubsidized rate. My question is: why would we subsidize and treat equally students who are leaving the State for their education as if they were studying in state? Why does the BND pay the administrative fee for those students who leave ND for their education? The State is not benefitting economically by sending students out of state for their education. By raising the out-migrating student rate by ½%, plus the 3% fee, students in state could receive an even greater subsidy. Such action would provide an incentive for a greater percentage of ND students to study in state. Compare this issue to tourism: does the state spend money to send tourists travelling out of state, or do they spend money to promote tourism in state?

In my opinion, the ND Deal Loan program could become a tremendous ND magnet for out of state students who look to ND to further their educational goals. As Federal student loan rates climb, the rates for the Deal loans will become even more competitive and will add bargaining power in the recruitment process. Alternative loans through the BND are a unique source of student funding at the state level, and that program can be targeted to retain our students and to attract students from other states.

A third area that requires review is the Minnesota—ND reciprocity program. Reading the NDUS website regarding this program reveals that the arguments for it are based upon realities from 20 or more years ago when our system was in a comparatively weak position. Times change but apparently programs are not seriously re-evaluated. Too often, it is assumed that as long as the number incoming is larger than the number outgoing, it must be a good thing for ND. I would not argue against reciprocity in general, but I would focus on the problems associated with losing a substantial percentage of our ND first-time attenders to Minnesota, probably in the range of 25% annually (based on NCES Digest Table 233 for fall, '10. While having 10,000 MN reciprocity students attending NDSU

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and UND equates to 50% of their overall enrollments is very significant to both campuses, these two institutions have substantial expenditures, receiving some \$400 million net after revenue from biennial general fund expenditures. So, I would ask what the real price of the MN ND reciprocity program is as it is currently run? Is it more than simply a balance of payments or a simple mathematical calculation? Is the State even interested in managing the number of students leaving the State under reciprocity? Are there alternative ways of attracting MN students? In my opinion, these are some of the questions that require further study.

In conclusion, I would argue that there is no better investment for the State than for our own students to complete their degrees here in ND. We certainly have made the public investment in numerous campuses and programs. Why don't we take positive steps to make that happen through better grants, loan subsidies and recruitment strategies? Let's set a goal of keeping 60% of our first-time college attenders in North Dakota for their college experience and then translate that into building the educated workforce needed to grow North Dakota in the future.

Robert S. Badal, President

University of Jamestown

Attachment  
#1  
HB 1044  
1/19/15

15.0169.02000

HOUSE BILL NO. 1044

Sixty-fourth

Legislative Assembly

of North Dakota

Introduced by

Legislative Management

(Higher Education Funding Committee)

A BILL for an Act to amend and reenact sections 15-10, 15-62.2-02 and 15.1-21-02.6 of the North Dakota Century Code, relating to the student financial assistance grant program and North Dakota scholarships; and to provide appropriations.

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1. AMENDMENT** Section 15-10 of the North Dakota Century Code is amended and reenacted as follows:

15-10. The North Dakota university system shall utilize the state longitudinal data system to compile the graduation rates of students enrolled in the North Dakota academic scholarship and the North Dakota career and technical education scholarship programs.

**SECTION 2. AMENDMENT.** Section 15-62.2-02 of the North Dakota Century Code is amended and reenacted as follows:

**15-62.2-02. State board of higher education - Powers and duties.**

The state board of higher education shall:

1. Administer the North Dakota student financial assistance program and the North Dakota scholars program and adopt functional rules regarding the eligibility and selection of grant and scholarship recipients.

2. Determine the amount of individual grants, which may not exceed ~~one thousand six hundred fifty~~ two thousand dollars per recipient per academic year, under the North