

FISCAL NOTE
Requested by Legislative Council
01/13/2015

Amendment to: HB 1303

- 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						
Appropriations						

- 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).*

Would shift authority for setting tuition and fee rate setting from the State Board of Higher Education to the Legislative Assembly.

- 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.*

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.*

Revenue impact, if any, is undeterminable until actual rates are identified and set.

- 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.*

Expenditure impact, if any, is undeterminable until actual rates are identified and set.

- 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.*

No change in appropriations, as it is assumed the NDUS appropriation bill will continue to have broad language appropriating "all other funds", which includes tuition and fee revenues.

Name: Laura Glatt

Agency: ND University System Office

Telephone: 7013284116

Date Prepared: 01/20/2015

FISCAL NOTE
Requested by Legislative Council
01/13/2015

Bill/Resolution No.: HB 1303

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2015 HOUSE EDUCATION

HB 1303

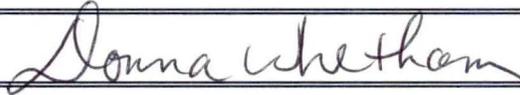
2015 HOUSE STANDING COMMITTEE MINUTES

Education Committee
Pioneer Room, State Capitol

HB1303
1/21/2015
22256

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to legislative authority to set tuition and fees at institutions of higher education.

Attachment # 1 -5

Minutes:

Chairman Nathe: opened the hearing on HB 1303.

Representative Kim Koppleman: District 13: in support of HB 1303. I remember the days when the legislature set tuition rates for higher education some people don't remember that. (See Attachment #1) (3:31-(5:00) Some think if the legislature sets tuition it is a power grab, it is no secret the people of North Dakota are alarmed at the higher cost of tuition. The obvious solution is to lower tuition or least slow the increasing tuition is seldom or ever mentioned. HB 1303 would simply return our institution to its historical roots, with the legislature exercising its responsibility to set tuition at out institutions of higher education. The legislature is often blamed for higher tuition but in recent years has done little to control it. It is time to again take responsibility for our constitutional historical and moral obligations to help control the cost of education for our citizens. (See Attachment #2). By controlling the direct cost to the tax payers and the students. I urge your support in HB 1303.

Rep Hunskor: If the legislature would set the fees I question the expertise they have in the area higher education?

Representative Kim Koppleman: That is a good question. The purpose of this bill is not to micro-mangaging higher education, nor is it to imply that we as legislators have more expertise in education than those who dedicate their careers to education. But we are elected by the citizens of ND to make policy in our state. We might not have the expertise but we will hear a lot of input from experts and I expect us to work with them to arrive at tuition rates that are both necessary to support the cost of higher education and also fair for out tax payers and our students.

Rep Hunsakor: My question is the expertise in being the best equipped to set the fees and having the knowledge? Since we are not involved in the higher education business would we be at a disadvantage compared to those who are working with it on more of a daily basis?

Kim Koppleman: I agree with what you are saying, the fact folks who work in the profession understand it better than I do, I think it would be a collaborative process. The legislature will not be setting tuition rates in a vacuum they will be working with the board of higher education and receive suggestions and input.

Chairman Nathe: Just to think of the mechanics of this , so legislature would have to come up with a tuition rate prior to the session so it would need to be worked on during the interim. Because obviously Higher Education needs to set their budgets going into the session. Am I correct?

Kim Koppleman: I don't know about the past but that would be a good model for the future. Explained the chart showing tuition rates now and what it had been. 12:17 (See attachment #3)

Rep Meier: The chart doesn't show the population that we had at that time and population now, do you have those figures?

Representative Kim Koppleman: I do not. The population actually started to fall after 1999 and then the early parts of the next decade was lower and now has come back to record levels. The population prior to that reached its height in the 1930's.

Chairman Nathe: So the percentages underneath that is the increase year to year?

Representative Kim Koppleman: Biennium to biennium.

Senator David Rust: District 2, I urge a do pass on HB 1303 which calls for the legislative assembly to establish tuition and fees at colleges and universities. It seems legislators are held responsible for these and since we own them we should set them. It is not something that is foreign to this process since it was done by the legislature until 1999. I would again urge a do pass on the bill.

Representative Mark Dosch: District 32, (See Attachment #4) (14:00) -(16:38)

Chairman Nathe: How would that process work, when would the rates be set?

Representative Dosch: I see that happening at the same time as it is, just like when we set our budget. It will be during the session.

Representative Diane Larson: District 30, I want to appear as one of the co-sponsors in support of HB 1303.

Chairman Nathe: Any support : None. Any opposition for HB 1303.

Chancellor Larry C. Skogen: Interim Chancellor of the North Dakota University System in opposition to HB 1303. (20:00- (28:07) (See Attachment #5).

Rep Hunskor: Neighboring states that are more rural what is their policy and with the dynamics of tuitions and fee changes with the legislature meeting every two years does that work in to this or would that not be an issue?

Chancellor Skogen: I think it does work into this, I have no idea how that would work over the biennium. How tuition authority is set the only 5 states in which the legislature sets the tuition currently the rest are either done by the statewide coordinating agency or the governing boards of individual institutions, or the local school districts in which the institutions reside.

Rep Rohr: Could you identify those states?

Chancellor Skogen: California, Louisiana, Ohio, Florida, and Washington . It is divided into 2 an 4 year sectors as well.

Rep Ben Koppelman: Tuition and fees has increased greatly compared to inflation, there doesn't seem to be an answer to right this. It is not so much a legislature desire for power but to keep the tuition affordable. Do you think this is contrary to that goal?

Chancellor Skogen: I don't know if it is the right mechanism to that goal. Technology more than anything has driven up the cost of tuition. Having the technology having the licensure for it and wireless but do we want to invest in that technology? My answer would be yes. The second thing is the expectations that campus will be collegiate centers, they have wellness centers and better student union halls and students expect this.

Rep Ben Koppelman: Do you see the increase moderating and getting closer to inflationary increases in overall costs?

Chancellor Skogen: Technology bubble has been expensive but the cost may come down because more companies get into that space. I don't know the answer to that because the technology the students will be trained on has possibly not even been created yet.

Rep Meier: I think one of the most important things is what is in our North Dakota constitution? That the legislative assembly may authorize tuition fees and service charges to assist in the financing of public schools of higher education. How do you think the current way Higher Education tuition sets rates pairs up with our constitution?

Chancellor Skogen: Because the legislature has statutorily as authorized it. The current statute says that the State Board of Higher Education will set tuition fees. It is consistent with the constitution.

Chairman Nathe: The five state that the legislature does set the tuition rates, on the tables they are on the high end of the increases. Any explanation for that or do you have any background on that?

Chancellor Skogen: The only background I have is on is California. In the 1960's and 1970's California decided education would be free, and now they have had to play a lot of catch up because they hit the housing bubble. They have increased their rates tremendously. Let's look at the chart on 4 year colleges, (40:26) Arizona is down to 8% funded by the state and California is at 26.6%, and Louisiana is at the top at 54.4%, Ohio is not up there.

Rep Kelsh: If on the constitution, I think authorize is the operative word not assess. I am not a lawyer either, common sense would say we have the right to say there would be no fees if we wanted, I don't see where it gives us the authority to assess these fees, I suppose we could but at this point I think authorize and that is what we have done.

Chancellor Skogen: I would agree with that, and you could, you are in charge.

Rep Rohr: The variables are missing on the handout went in to determine the percentage of increase, do you have that information as well or the website?

Chancellor Skogen: This is from the college board, I will get that to you.

Rep Meier: Do you have the student population of the list of colleges and universities?

Chairman Nathe: If you could have it e-mailed that would be great.

Rep Olson: While you are getting that information would you see if you could get information on administrative staff that was hired in that same time as well as faculty. So we could compare those numbers as well.

John Richman: President of the North Dakota State College of Science: in opposition to HB 1303. To ask if you do move this bill forward to amend it. I have three points :
To amend the bill to remove fees, it would be a much more palatable process ,what fees are you talking about, would you want to set parking fees? The Chair has asked about the process and no one has been talking about students in that process. On our campus we sit down with our students in that process, we talked about tuition and fees increase. Today all we talk about is fees. In your consideration if you move this forward and you create a process, I hope you bring students into that process to allow them to have a say as to what they are charged. I understand the frustration, we have learned from our history, legislatures, campuses, the state board, the way we have improved ourselves is the current funding model that you approved and implemented this session. I believe you do set that tuition by simply fully implementing and fully funding the funding formula for higher education. You set the tuition. I would ask you to go back to look at this sessions tuition increases. Explained the funding formula (47:30-48:41).
We're spending 2013-2015 money, you are budgeting 2015-2017 but we are look in at 2017-2019 because the funding formula allows us to plan that far ahead. If we had to wait

every two years to find out our funding we couldn't plan that far ahead. My last statement would be the cost of education, I agree with Chancellor Skogen I would add salary increases. 63% of my budget goes to salaries and benefits.

Chairman Nathe: The new funding Model, are you saying if we were to set the fees we wouldn't be using the funding model or it wouldn't work together?

John Richman: I can't answer that I do understand the current model. When you look for the funding formula you got for 2013-2015 what tuition increases happened? On our campus it slightly gave us more than our 75%. So our tuition increase was less than 25%. Hard to speculate what the bill would look like and what the process would be but I believe the current model works and it is a great planning tool.

Rep Zubke: Can you give me an idea how our tuition ranks compared to the nation?

John Richman: Yes, we can get you that information, what I can tell you from my memory is North Dakota's two year colleges tuitions are higher than a regional comparison.

Rep Ben Koppelman: You made an example, what the total cost was the state paid 75% and the students paid 25%, if that is true would it hurt anything if the legislature set tuition.

John Richman: My belief, the funding formula if you follow it works and you set the tuition. If the legislature only funds us on 70% then I would have to pass that 5% on to the students and it would cause a tuition increase.

Rep Ben Koppelman: If the legislature was to do that, I think there may have been a reason they would have given you a 5% cut? I think the crux of the issue is the that you always want the ability to back fill in whatever the legislature doesn't give you, that suggests the institution is setting the total cost of education not the legislature.

John Richman: The current model is a production model. The more credits we generate the more credits we get. We are seeing substantial increase because we had an increase in credits. By the time your session ends we will already know 5 out the 6 semesters that the 2017-2019 funding we will be based on.

Chairman Nathe: So when the credits go down you get less from the state?

John Richman: No more than 4% less each session.

Rep Ben Koppelman: I was referring to per credit basis not necessarily on the total amount the institution receives.

Chairman Nathe: Chancellor Skogen do you want to clarify something:

Chancellor Skogen: I just want you to focus in 75%- 25% some schools are on different percentages.

House Education Committee

HB 1303

1/21/2015

Page 6

Chairman Nathe: Any other opposition: Closed the hearing on HB

2015 HOUSE STANDING COMMITTEE MINUTES

Education Committee
Pioneer Room, State Capitol

HB 1303
1/26/2015
22569

- Subcommittee
 Conference Committee

Committee Clerk Signature

Donna W. Hetham

Explanation or reason for introduction of bill/resolution:

Relating to legislative authority to set tuition and fees at institutions of higher education.

Attachment # 1,2

Minutes:

Chairman Nathe : reopened the hearing on HB 1303. There was some discussion whether the legislature set the tuition rates prior to 1999. The state did set tuition prior to 1999 through the appropriation process.

Rep. Meier: Did they also decide on fees before 1999?

Chairman Nathe: I don't know. The amendment will amend out fees and we would just have the authority to set the amount of tuition.

Rep Looyen: I am passing around the amendment the bill sponsor had. Motion to pass the amendment .10001 for HB 1303. (See Attachment #1)

Vice Chairman Schatz: Seconded.

Rep. Mock: My only concern is the potential unintended consequences . By removing "fees" are we removing the authority of any governing body to oversee fees.

Chairman Nathe: We are only removing the authority of the legislative body to set fees.

Rep. Mock: I don't see anywhere else in code where we oversee fees. I would be cautious to remove this. If that is not listed anywhere else I would recommend to check with counsel

Rep. Zubke: I concur, because on the first page 15-10-17 on line 6, because specific powers and duties of the state to set tuition and fees, and if you remove fees my concern would echo what Rep. Mock has said.

Rep Rohr: I really would like to see the language that was proposed in Representative Kim Koppelman's amendment where it says "charge fees subject to the directive of the legislative assembly" so there is some oversight. (See Attachment #2).v

Rep Looyen: I Withdraw the motion to adopt the amendment.

Vice Chairman Schatz: Withdrew his second.

Chairman Nathe: We will talk to Anita and find out about this, Rep. Mock will find out about this.

Rep. Mock: The intent is to have the legislature set tuition and the state board of Higher Education would set fees subject to the directives from the assembly. No we set tuition no fees.

Rep Ben Koppelman: What is the consequences if we take the tuition and they abuse their power to set fees? If we just simply say the legislature reserves the right to oversee fees?

Chairman Nathe: We should just stick to the tuition itself and remove the fees.

Rep. Kelsh: The appropriation process sets the tuition.

Rep. Meier: I think setting fees and tuition go hand in hand, I would support having legislative oversight on fees also.

Rep. Olson: I do think we should reserve the right to give directives for fees.

Chairman Nathe: closed the hearing on HB 1303

2015 HOUSE STANDING COMMITTEE MINUTES

Education Committee
Pioneer Room, State Capitol

HB 1303
1/27/2015
22676

- Subcommittee
 Conference Committee

Committee Clerk Signature

Donna Whitham

Explanation or reason for introduction of bill/resolution:

Attachment # 1,2

Minutes: Chairman Nathe:

Chairman Nathe: reopened the hearing on HB 1303.

Rep Mock: Explained amendments. (See Attachments #1,2) (00.30-5:08)
There should be two amendments a 1003 and 1004 version.

Rep. Mock: Moved the amendments 1004.

Rep. Koppleman: Seconded.

Voice vote: All Ayes. Motion carried.

Rep. Meier: Do Pass as Amended.

Rep Rohr: Seconded.

Rep Mock: Resist the motion concern of the loss of the student input in the process. I have been lobbied from back home about this bill.

Rep Kelsh: How would the legislature establish the tuition?

Chairman Nathe: It would be the appropriations committee, they would work in conjunction with the Higher Education funding formula that we have. They would meet with every school to work out the tuition.

Rep Zubke: I will resist the motion, I hear so many people saying government is over reaching, this is just more of the same.

Rep. Ben Koppelman: I do think tuition is out of hand, and the only way to go is if we step in. I will support this motion

Rep. Olson: Tuitions nationwide are out of control, I will hesitantly support this bill there are issues that go deeper, this bill does not address all the problems.

Rep. Dennis Johnson: I will reluctantly oppose this bill, I think what we have is working if we give it a chance to work.

A Roll Call Vote was taken. Yes: 7 No: 6 Absent: 0

Motion carried.

Vice Chairman Schatz:: Will carry the bill.

SR
1-27-15

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1303

Page 2, line 6, after "3." insert "a."

Page 2, line 6, overstrike "and fees"

Page 2, after line 6, insert:

"b. Charge fees subject to any statutory limitations or requirements."

Renumber accordingly

Date: 1-27-15
 Roll Call Vote #: 1

**2015 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 1303**

House Education Committee

Subcommittee

Amendment LC# or Description: 15.0473.01004

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 Mock Seconded By Rep Koppelman

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

Vote Vote!
Motion Passes

Total (Yes) No _____

Absent _____

Floor Assignment _____

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

Motion Passes.

Date: 1-27-15
 Roll Call Vote #: 2

**2015 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 1303**

House Education Committee

Subcommittee

Amendment LC# or Description: 15.0473 .01004

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 Meier Seconded By Rep Rohr

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		✓			

Total (Yes) 7 No 6

Absent 0

Floor Assignment Rep Schatz

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

REPORT OF STANDING COMMITTEE

HB 1303: Education Committee (Rep. Nathe, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (7 YEAS, 6 NAYS, 0 ABSENT AND NOT VOTING). HB 1303 was placed on the Sixth order on the calendar.

Page 2, line 6, after "3." insert "a."

Page 2, line 6, overstrike "and fees"

Page 2, after line 6, insert:

"b. Charge fees subject to any statutory limitations or requirements."

Renumber accordingly

2015 SENATE EDUCATION

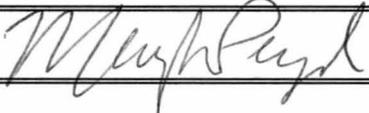
HB 1303

2015 SENATE STANDING COMMITTEE MINUTES

Education Committee
Missouri River Room, State Capitol

HB 1303
3/17/2015
Job # 24989 (1:21:13)

- Subcommittee
 Conference Committee

Committee Clerk Signature 

Explanation or reason for introduction of bill/resolution:

INITIAL HEARING

Relating to legislative authority to set tuition and fees at institutions of higher education

Minutes:

4 Attachments

Chairman Flakoll called the committee to order at 11:00am with all committee members present.

--SUPPORT--

Kim Koppelman, District 13 Representative (*see attachment #1*)

(6:11) **Senator Schaible**: so if the University or the University System creates a budget, they are going to recommend it then we as a state would decide the total amount we want to give and include tuition as part of that process?

Representative K. Koppelman: Yes, I believe that what occurred in the past prior to 1999. It would be no different than any other state agency coming to the legislature saying "here's how much you need" and the legislature may approve or decline it. It would be a legislative decision with input from experts in higher education.

Chairman Flakoll: Why would you want to take the students' voices out of it? Currently they get 14.3% of the vote on tuition maximums. Under your bill, they don't get any vote.

Representative K. Koppelman: We live in a representative republic. We elect people to represent us. I would argue that 100% of the students can be heard, as can their parents who are often writing these checks to pay these bills. Their opinions would weigh heavily on the legislature as it should.

Chairman Flakoll: We may disagree on that. With the higher education bill, the House didn't listen very well with the students. We need to look at this bill in the context of HB 1003. They would not be able to provide a 3% salary adjustment in the first and second year much like we have for other state employees. What are they supposed to do?

Representative K. Koppelman: I am not here to testify or defend the House's action on that bill. I don't serve on the Appropriations committee. I hope this bill is not viewed in light of some other bill. I would encourage you to look back in history when the legislature set tuition by funding higher education. This bill seeks to return to that model. We built some good state institutions and the question is: Are we elected to be the guardians' of the tax payers' dollars? I think so and the tuition payers also have a state in this. I can guarantee you that the tuition increases would not have increased or at least increased as rapidly if the legislature was setting it instead of the Board of Higher Education.

Chairman Flakoll: We have to look at the context of HB 1003. Your bill may exacerbate that situation. The House took out even portions that were fully funded by student fees. Do we take the 13 members on Appropriations and give them more power than the Board of Higher Education should have?

Representative K. Koppelman: Again, I am not here to defend my other 93 colleagues in the House nor debate that bill. It may need some attention. I suspect the Senate may have something to say about that.

Chairman Flakoll: If your bill were to pass, isn't that the bill where your legislation you're proposing would be enacted?

Representative K. Koppelman: This bill will be effective when all legislation we pass becomes effective this summer. There is no emergency or retroactive clause.

Chairman Flakoll: If your bill were to pass, it would apply to the equivalent of HB 1003.

Representative K. Koppelman: It would apply to the higher education budget, I think that is clear. We need to take a holistic look and you can argue that if there weren't the tax dollars there to fund it or if the legislature didn't appropriate, it would need to consider higher tuition. This doesn't guarantee tuition decreases.

Chairman Flakoll: Haven't we seen those increases across the board? In 1999 my hotel was \$650 and today it is \$1,569 which is a 241% increase. Is your intent to freeze them out?

Representative K. Koppelman: My intent would not be to allow the hotels to set the amount they're reimbursed for public employee lodging.

Chairman Flakoll: They do

Representative K. Koppelman: No they don't. Sometimes we pay money out of our pocket because we don't set it high enough.

Chairman Flakoll: If the hotel is too expensive, legislators walk. Don't they walk if the tuition is too high in the University System, yet we have increased enrollment in numbers? If it is such a problem, why are we seeing increases in enrollment?

Representative K. Koppelman: I suspect there are many reasons why students why to go to college. We hear the stories of the unprecedented amount of debt that college students are graduating with and we see bills to freeze tuition or appropriate more money to help students pay for high tuition, but we are not addressing the tuition. Am I advocating slashing tuitions? No. This bill simply says that the North Dakota constitution says that the legislature is supposed to do this. The legislature did do this up until 15 years ago, and the bill argues to go back to that model. It's very simple.

Chairman Flakoll: I don't read the constitution that way.

Representative K. Koppelman: The House would disagree with you. Perhaps some of the Senators would as well.

(15:50) **Chairman Flakoll:** Historically the board has established tuition. Do you recall how many of the campuses went below the upper threshold established?

Representative K. Koppelman: I don't know that information.

Chairman Flakoll: that is the basis of your argument.

Representative K. Koppelman: No, my basis is twofold. The idea of the board doing this was part of the Higher education roundtable. We were assured of giving flexibility and return for accountability. This would restore a collaborative approach to setting tuition rates and allowing stakeholders to come in and testify with what they think is fair. All of the voices need to be heard.

Chairman Flakoll: Every case I've known of a vote where student government or the North Dakota Students Association were involved, they've always voted to support higher tuition.

Representative K. Koppelman: We can still take an advisory vote. That vote is not binding either on the board. It wouldn't be binding on us either, but I would certainly welcome the information.

Chairman Flakoll: I served on the original Roundtable and carried the bill to the floor. It had 61 people on that committee. I'm at a loss to find out where we haven't required more accountability throughout the process. At every turn we are finding greater information that is requested. We spend a lot of money on open records requests. Where are we losing accountability? Do you think that because the premise of your bill being that tuition has increased too much, how do you think that that relates to other states? We went up high relative to what?

Representative K. Koppelman: I would argue that I am less concerned about what is happening in the rest of the country than I am with what is happening with North Dakota. We represent this state. When we talk about pure institutions, there is fallacy in that kind of comparison and that is why it has been adjusted. My testimony is not only regarding high tuition, although that is certainly part of it. The reason for this bill is also that I think we have advocated a responsibility. Both history and the plain language of the constitutions would support that.

Chairman Flakoll: Did the students testify in support of your bill in the House?

Representative K. Koppelman: I don't know who all testified. There were some legislatures who testified.

Chairman Flakoll: If they are the ones we trying to do this for, you think they would testify.

Representative K. Koppelman: In many cases it is parents who pay this. Parents can't afford to pay it anymore and students have to take out loans. I don't think they recognize the true weight of that until they are out in the work world maybe making far less than they were promised and having a debt that lasts 20 years.

Chairman Flakoll: The constitution reads that the legislative assembly "may" authorize tuition fees and service charges to assist in finance in public schools of higher education in the state, not "shall".

Representative K. Koppelman: That sentence implies that you could appropriate all of the money if you want or you may provide for tuition.

Chairman Flakoll: but it doesn't say you "shall".

Representative K. Koppelman: No, so we could quit charging tuition and pay for it all with appropriation if that is your proposal, but I think that sentence implies that we are going to have institutions of Higher education, the state is going to create them and the state can decide to pay for them all. We can have free higher education like we do K12 if that is what you want, but if we choose not to do that, then you "may" set tuition.

(22:15) **Senator Davison:** What does skyrocketing mean?

Representative K. Koppelman: It means increasing at very high rates. If you look at what students paid for tuition in 1999 and what they pay today, you would see an incredible difference. The amount people are asked to pay today for tuition is far higher than it was 15 short years ago.

Chairman Flakoll: Students don't pay tuition as a percent, they pay in true dollars. How about in terms of true dollars?

Representative K. Koppelman: We are here to represent the people who elected us. You can debate the fine points and whether percentages are the accurate way to measure that or not, but years ago, affordable tuition was a big deal and it still is. It is not affordable anymore.

Chairman Flakoll: Aren't the fine points what the bill is about?

Representative K. Koppelman: The bill is about whether the legislature should do what the constitution says it may do.

Chairman Flakoll: Weren't those largely pass-through dollars? Prior to 1999 it was money in and money out. It was not about setting things, it was instead whatever you generate it funnels back to you. There wasn't any mystery in that.

Representative K. Koppelman: It can be a positive, collaborative effort for institutions of higher education, the board and the Chancellor to come to the legislature every two years just like they do for their budget and have a discussion and allow whoever wants to come and weigh in on that.

Senator Davison: My son just graduated from South Dakota State. To imply that tuition is out of line in respect to where we are in today's dollars, I struggle with that. From an accountability standpoint, never in the history of education that I've been involved has business and industry been more interested and satisfied with what we are doing in responding to their needs. I'm struggling with your accountability argument.

Representative K. Koppelman: I am not here to bash higher education. We have a constitutional and historical responsibility that we have delegated. This bill asks that question and allows us to consider going back to where we were. It is wiser for us as a legislature and state as we are making public policy. We brag about how our state is doing this and that better than other places in the country. We don't say "well our job is just to do whatever everybody else is doing" yet when it comes to tuition, we seem to say that.

The accountability called for in the roundtable was that of the legislature. The people who are going to employ our students once they graduate should have input. That is not necessarily just a factor of tuition or creature of the roundtable even though it lead to some of those very positive things. However education is about more than job training. Statistics have shown that people entering the job force today will change careers an average of 8 times in their working life. Education is a springboard but it is not a be-all end-all for careers.

Senator Davison: I am assuming for the common core bill; that was a good analogy of what we believe kids should come out of K12 education with.

Senator Davison: You talk about lower debt. Tuition does lead to debt, but we have better retention rates now. There are legislatures who don't believe that you should have a threshold for college applicants, but if there is accountability of how many students that we retain as freshman or of how many drop out and don't come back into the workforce, you

have to put some of those parameters around there because you have to use data to make those decisions. Data predicts whether kids can be successful. I don't believe it is the cost of tuition that leads to debt.

Representative K. Koppelman: That is not part of this bill, but those are good points. All of those things are important. Clearly we have people in our college and universities for 5 years instead of 4 and that needs to be addressed, I agree.

Senator Davison: That does connect to what you are talking about. You said "the flexibility has been granted and I'll leave the rest of the equation to your contemplation." I don't take that as a positive statement. You have a tiny accountability piece to something that is wrong and you are tying back into a bill. That is how I am interpreting this.

Representative K. Koppelman: I didn't say we have not received any accountability. I said I will leave the rest of the equation to your contemplation. If you believe accountability is 100%, even on subjects like tuitions rates, that is your conclusion. I understand, but I know people that disagree.

(32:40) **Senator Oban:** Do you agree that our politics have become more divided even outside of partisanship since 1999? Based on the actions of the House last session on the K12 bill and the higher education budget this session, what would make me think that this would be a better decision making body to not put students in between politics and to leave it in the hands of people who have been put in the position to best make decisions for higher education?

Representative K. Koppelman: The people in the best positions to make decisions for higher education funding come from the legislature. We all come to this process with political philosophies. I don't see politics as divisive in the state as I do on the national level. I have bipartisan sponsors on my bills whenever possible. Rather than concentrating on the bill process, look at the growth of government. We have a responsibility that we have delegated. Do we have the accountability we need to justify the delegation of the setting of tuition or should we be doing that with input and making it a collaborative rather than dictatorial process?

Senator Oban: Do you have ideas of what we could do to better curtail tuition decisions? Are we in a better position to make good determinations any more than the state board is already doing?

Representative K. Koppelman: Historically it worked pretty well. There were inflationary times and times when costs went up exponentially, yet I think most people thought that a higher education in North Dakota was a bargain. I don't know if people think that anymore.

Senator Oban: Do you have any ideas?

Representative K. Koppelman: The discussion has been brewing for a while by many legislators.

Vice Chairman Rust: Two sessions ago we had an understanding of where the tuition was going. Then one of the institutions raised tuition considerably higher than that. Did that have something to do with this bill's origination?

Representative K. Koppelman: That circumstance has been mentioned. That wasn't my motivation, but it is an interesting case in point and we must wonder if there was proper accountability.

Chairman Flakoll: You said North Dakota is alarmed at the high cost of higher education. Some of the questions I get from constituents is why is it so expensive when the state has

unfounded wealth? We are certainly in a different economic climate than we were back then. With all the state's money, why aren't we taking more of that for education? Have you heard those same things?

Representative K. Koppelman: I don't know if I receive those concerns as much as I simply hear that tuition is expensive. There are always people that will want government to pay for more. If people look at the big effort the legislature has made to fund K12 and higher education, I think most people that really look at the information know that we are doing that.

--OPPOSITION--

(42:30) **Aaron Weber**, NDSU Student Government (*see attachment #2*)

Chairman Flakoll: Did you testify on the House side?

Weber: No I did not.

Chairman Flakoll: If they set the caps, could they not set them at zero?

Weber: They absolutely could. Setting caps is not an ideal situation either, we realize that. It is a potential compromise we had thought of if this is something the committee would like to pursue. I am in no way advocating for the compromise; we are against this bill as a whole.

Senator Davison: Why do you think student debt is so high? Are students working still?

Weber: It is no longer enough to just have a college degree to get a job. You need multiple internships which are often times unpaid. You also need a resume two pages long with extra-curricular and leadership activities in order to just land an interview. That takes away time that you are willing to spend working in order to bolster your resume. Students are working just as much, but the current wages have not kept up with the rising cost of tuition. The job market is more competitive. A college degree has become what was comparable to a high school degree two decades ago in the workforce. It is not the same as it was then; it is a much different job market.

(50:10) **Kelsey Klein**, Director of Governmental Relation for the ND Student Government Association (*see attachment #3*)

Chairman Flakoll: Where are you from originally?

Klein: Hazen

(52:50) **Larry Skogen**, Interim Chancellor of the NDUS (*see attachment #4*)

Skogen: Last year the state board set caps for all 11 institutions. Five of the institutions set their rate below the cap and six set them at the caps.

Regarding the student debt, we know that tuition and fees for North Dakota institutions are well below regional and national averages. The NDSA did a survey and found out that much of the debt accrued by students is not necessarily the cost of tuition. It's taking out

loans for living such as cars, rent, childcare or vacations. There are a number of variables and it is a very complex issue.

Vice Chairman Rust: You not that NDSU's 8.8% increase in 2011 was offset by 0% change in tuition the next year. Was that always the plan or was the 0% a result from the outcry?

Skogen: NDSU Student government was in favor of the 8.8% increase. I can't tell you what the 0% motivation was for the year after.

Vice Chairman Rust: Some of the spring break activities that our college students go on would have been unthinkable in my day.

Senator Marcellais: On table one Williston is an increase of 5% for 2007-2008 and 7.11% in 2014-2015. Why is there such an increase?

Skogen: There is a reason for that. I will try to get you that information.

Chairman Flakoll: The frustration I have is that last session if we as a state provide x amount, what does that mean in terms of tuition? We have a countercyclical approach that if we do more, the tuition costs less in order to get to that third column endpoint. Why don't we get that?

Skogen: We can now. With the funding formula, I can get you a table right now that can tell you based on the appropriation from the legislature, what tuition increases would be required.

Chairman Flakoll: If we were to do a 3 plus 3, do you have an estimate?

Skogen: If you take what is currently in HB 1003 which doesn't have the cost to continue at all, the tuitions would have to be very high to make up for the cost to continue. If you wanted to assume the 3 plus 3 and put that into it, then we could give you those figures as well.

Chairman Flakoll: Williston is in a difficult situation with their ability to hire and retain people. Is that still the challenge?

Skogen: I will get the actual rationale.

(1:07:10) **John Richman**, NDSCS president

Richman: Student voice needs to continue to be in the process of determining tuition rates. Also in reference to Chancellor Skogen on the current higher education funding formula, I believe that accountability is important. I believe the current funding formula has accountability for you and me as a college president. The funding formula determines tuition rate. If the funding formula is fully implemented and fully funded, there is an assumption that students have a share of that cost. At the 2 year colleges, that assumption is the students have a 25% share of that cost and at the regional universities, that share is 30% and at the research institutions, it is assumed that the students have a 40% share of that figure. All campuses were at or below. I understand the frustration, but that is in our history. While history is important, that is behind us. What is on the table today and what we look forward to is the funding model that allows us to predict and plan. Instead of an 18 month planning cycle, the funding formula gives me a 4-5 year planning cycle.

Vice Chairman Rust: What about parent voice, do you get any of their opinions?

Richman: I've started my 9th year as a college president and I cannot recall a time when a parent has talked to me about the cost. In fact I get very few questions even from students. The main topics of discussion are quality and convenience. Students will pay if it is convenient and there is quality in the product. We have fewer and fewer students with debt. We have more students leaving making money going to school because business and industry is sponsoring them. Cost is not an issue on our campus.

Vice Chairman Rust: Do you do any kinds of follow-up surveys to parents?

Richman: Not to my knowledge. We survey students, employees, alumni and business industry employers. I don't recall ever surveying parents.

Vice Chairman Rust: They are one of the contributors in many cases toward the cost.

Richman: I agree with you. Parents need to know that information.

Senator Davison: This bill is about debt. How do we stop the required increase in credits?

Richman: Accreditation has caps on the number of credits that our programs can have. To remain accredited, you must remain inside of that cap. There is pressure for us to reduce them wherever possible. The challenge is that we work so closely with business and industry. They want us to add units to the curriculum as an addition instead of a replacement. We have to take what business and industry want in the skills and knowledge for their entry-level technicians and balance that against accreditation. We need to get to a more structured curriculum for students to ensure their success, but it is a challenge.

Chairman Flakoll: in the 2011 session when we were talking about higher education funding, Senator Holmberg says that the legislatures should not set tuition. Did he ever say that to you?

Richman: Not that I recall.

Chairman Flakoll: Are you aware of the Alumnus study that said student debt is no different when adjusted for inflation than it was 30 years ago?

Richman: No.

(1:17:45) **Andy Peterson**, Greater ND Chamber of Commerce

Peterson: 80% of all jobs will require some type of post-secondary education. Businesses need highly technical skills that students learn in these places. I would hope that we would keep the both the students and business community out of the politics of this issue. We can use and consume all of the graduates that you can provide to us. Currently even with the depression oil prices, we have some 20,000 jobs available in the state. Employers' biggest challenge is trained workers that have got the skills to operate in today's society. That will be the challenge that keeps us moving forward in our community and in our state.

Chairman Flakoll: Were you aware that last session we had a bill in conference committee that would have set us a goal that 70% of all of our residents have a degree beyond high school by the year of 2025 and we couldn't get that passed?

Peterson: Yes I am aware of that. That is something we are started to adopt as a state-wide standard.

Chairman Flakoll closes the hearing on HB 1303.

2015 SENATE STANDING COMMITTEE MINUTES

Education Committee
Missouri River Room, State Capitol

HB 1303
3/18/2015
Job # 25034 (6:47)

- Subcommittee
 Conference Committee

Committee Clerk Signature 

Explanation or reason for introduction of bill/resolution:

DISCUSSION

Minutes:

1 Attachment

Chairman Flakoll called the committee to order at 8:30am with Senator Schaible excused.

(see attachment #1)

(3:50) Chairman Flakoll: This is something I asked legislative counsel to provide for us. These are tuition changes going back as far as 1988. You can see the fluctuations. 1990-1991 sets the percentage record.

Senator Oban: What happened that year?

Chairman Flakoll: I am not certain. It would have been post measure 6. I do remember there was across the board cuts in state funds, so that may have been in response to that.

Vice Chairman Rust: The 26% raise was \$300.

Chairman Flakoll: That goes to the question I asked yesterday about how percentages and actual dollars differs among states. That is why I asked for both dollars and percentages. Students don't pay tuition in percentages.

Vice Chairman Rust: 2003-2005 took pretty healthy percentages as well.

Chairman Flakoll ends the discussion on HB 1303.

2015 SENATE STANDING COMMITTEE MINUTES

Education Committee
Missouri River Room, State Capitol

HB 1303
3/18/2015
Job # 25068 (8:22)

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

ACTION

Minutes:

No attachments

Senator Davison DO NOT PASS
Senator Oban seconds the motion.

Senator Schaible: We've made improvements in the past year and I think most of that is because of the funding formula which is paying for completed classes and not so much attendance. However I do think we need to do a better job with the money we are spending. I don't know if this is a perfect fit, but I will vote for this bill.

Vice Chairman Rust: Mine will be a no vote.

Senator Davison: I agree with Senator Schaible, but there are some struggles in higher education throughout the United States in the system that we have created. I don't know that changing who appropriates tuition is going to solve those problems. We need to do a better job on things we appropriate and what we have control over now.

Senator Marcellais: Who is the bill for? The students are the customers. If we have no students, we have no higher education.

Vice Chairman Rust: Four years ago, we had 2% for 2 year colleges and 4% for Universities. I think there was a 0% offset the following year because of the outcry that took place after the fact. I think in addition to making a statement, if this were to pass it is still workable as well because legislature has done it in the past.

Chairman Flakoll: How would it affect our nimbleness? For instance Williston is struggling to hire faculty. We don't have that nimbleness to react to market. How will that work?

Vice Chairman Rust: I think that the legislature would do it with some percentage caps. I think the legislature is nimble enough to allow something like a budget committee to approve something beyond that in certain circumstances, but it will still come from the legislature instead of the State Board of Higher Education.

Chairman Flakoll: Some people contend that one of the reasons that Higher Education has more difficulties is that many of their bills go directly to appropriations and they don't have an eye or ear for policy. How many of us have been to the 11 campuses in the past 2 years? I worry about how it would affect the funding formula. In the end, the student's name is often on the line for the student debt and yet they are the ones who feel their voice won't be heard if we were to adopt this.

**A vote was taken: 4 yays, 2 nays, 0 absent
The motion carries 4-2.**

Senator Davison will carry the bill.

**2015 SENATE EDUCATION COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 1303**

Senate Education 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 Senator Davison Seconded By Senator Oban

Senators	Yes	No	Senators	Yes	No
Chairman Flakoll	X		Senator Marcellais	X	
Vice Chairman Rust		X	Senator Oban	X	
Senator Davison	X				
Senator Schaible		X			

Total (Yes) 4 No 2

Absent 0

Floor Assignment Senator Davison

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

REPORT OF STANDING COMMITTEE

**HB 1303, as engrossed: Education Committee (Sen. Flakoll, Chairman) recommends
DO NOT PASS (4 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING).**
Engrossed HB 1303 was placed on the Fourteenth order on the calendar.

2015 TESTIMONY

HB 1303

1
HB 1303
1/21/15

**ARTICLE VIII
EDUCATION**

Section 1. A high degree of intelligence, patriotism, integrity and morality on the part of every voter in a government by the people being necessary in order to insure the continuance of that government and the prosperity and happiness of the people, the legislative assembly shall make provision for the establishment and maintenance of a system of public schools which shall be open to all children of the state of North Dakota and free from sectarian control. This legislative requirement shall be irrevocable without the consent of the United States and the people of North Dakota.

Section 2. The legislative assembly shall provide for a uniform system of free public schools throughout the state, beginning with the primary and extending through all grades up to and including schools of higher education, except that the legislative assembly may authorize tuition, fees and service charges to assist in the financing of public schools of higher education.

Section 3. In all schools instruction shall be given as far as practicable in those branches of knowledge that tend to impress upon the mind the vital importance of truthfulness, temperance, purity, public spirit, and respect for honest labor of every kind.

Section 4. The legislative assembly shall take such other steps as may be necessary to prevent illiteracy, secure a reasonable degree of uniformity in course of study, and to promote industrial, scientific, and agricultural improvements.

Section 5. All colleges, universities, and other educational institutions, for the support of which lands have been granted to this state, or which are supported by a public tax, shall remain under the absolute and exclusive control of the state. No money raised for the support of the public schools of the state shall be appropriated to or used for the support of any sectarian school.

Section 6.

1. A board of higher education, to be officially known as the state board of higher education, is hereby created for the control and administration of the following state educational institutions, to wit:
 - a. The state university and school of mines, at Grand Forks, with their substations.
 - b. The state agricultural college and experiment station, at Fargo, with their substations.
 - c. The school of science, at Wahpeton.
 - d. The state normal schools and teachers colleges, at Valley City, Mayville, Minot, and Dickinson.
 - e. The school of forestry, at Bottineau.
 - f. And such other state institutions of higher education as may hereafter be established.
2. a. The state board of higher education consists of eight members. The governor shall appoint seven members who are qualified electors and taxpayers of the state, and who have resided in this state for not less than five years immediately preceding their appointments. These seven appointments are subject to confirmation by the senate.

The governor shall appoint as the eighth member of the board a full-time resident student in good academic standing at an institution under the jurisdiction of the state board. Except for the student member, no more than two



NORTH DAKOTA HOUSE OF REPRESENTATIVES

STATE CAPITOL
600 EAST BOULEVARD
BISMARCK, ND 58505-0360



Representative Kim Koppelman

District 13
513 First Avenue NW
West Fargo, ND 58078-1101

Residence: 701-282-9267
Business: 701-492-7317
Fax: 701-282-9267
kkoppelman@nd.gov

COMMITTEES:
Judiciary, Chairman
Political Subdivisions

1-21-15

Testimony in Support of HB 1303

Mr. Chairman and members of the House Education Committee, I appreciate the opportunity to appear before you today in support of House Bill 1303.

The longer I serve in the Legislature, the more I realize that I've been here quite a while. Unlike many of you, I remember the days when the Legislature set tuition rates for North Dakota Institutions of Higher Education. I am amazed by how many people are apparently unaware that this ever happened. Recently, I attended an event at one of our Universities where I had the opportunity to interact with a number of students. Grappling with the dilemma of skyrocketing tuition, some were advocating a tuition freeze. When I told them that some in the Legislature want to take back the responsibility of setting tuition, they were shocked to learn that the Legislature ever exercised this authority.

Indeed, you may hear from some who would have you believe that any contemplation by the Legislature to set tuition rates is a power grab. Institutional memory is a valuable thing. I recall when the Legislature delegated this authority to the Board of Higher Education, as part of what was called the Higher Education Roundtable in, I believe, the 1999 Legislative Session. I supported this legislation, which was famously touted as a request for flexibility, in return for accountability. The flexibility has certainly been granted . . . I'll leave the rest of the equation to your contemplation.

It is no secret that the people of North Dakota are alarmed at the cost of higher education. We are increasingly hearing of efforts, not to decrease tuition, and seldom even to slow its increase, but instead to subsidize higher tuition with even more taxpayer dollars or to subsidize or forgive loans (again using taxpayer dollars) to help students struggling to afford it. The obvious solution--lower tuition or more slowly increasing tuition--is seldom, if ever mentioned.

House Bill 1303 would simply return our state to its Constitutional and historical roots, with the Legislature exercising its responsibility to set tuition at our institutions of higher education. The Legislature is often blamed for skyrocketing tuition, but in recent years has done little to control it, other than shoveling ever increasing piles of money into appropriations for higher education. We've often been told that would solve it, but it has not. It's time to again take responsibility for our Constitutional, historical, and moral obligation to help control the cost of education for our citizens, not only by spending more and more of their tax money for higher education, but also by controlling the direct costs of those pursuing that higher education for students and their families which bear it.

Mr. Chairman and members of the Committee, I respectfully urge your support of House Bill 1303 to do exactly that.

3
HG 1303
1/2/15

Institution	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
North Dakota State University Undergraduate - Resident	\$1,860 3.0%	\$1,860 0.0%	\$1,986 6.8%	\$2,110 6.2%	\$2,110 0.0%	\$2,110 0.0%	\$2,236 6.0%	\$2,362 5.6%	\$2,480 5.0%	\$2,604 5.0%	\$2,754 5.8%	\$2,904 5.4%	\$3,374 16.2%	\$3,982 18.0%	\$4,360 9.5%	\$4,774 9.5%	\$5,013 5.0%	\$5,264 5.0%	\$5,448 3.5%	\$5,639 3.5%
University of North Dakota Undergraduate - Resident	\$1,860 3.0%	\$1,860 0.0%	\$1,986 6.8%	\$2,110 6.2%	\$2,110 0.0%	\$2,110 0.0%	\$2,236 6.0%	\$2,362 5.6%	\$2,480 5.0%	\$2,604 5.0%	\$2,754 5.8%	\$2,954 7.3%	\$3,441 16.5%	\$4,009 16.5%	\$4,390 9.5%	\$4,786 9.0%	\$5,025 5.0%	\$5,276 5.0%	\$5,461 3.5%	\$5,652 3.5%
Dickinson State University Undergraduate - Resident	\$1,530 3.2%	\$1,530 0.0%	\$1,606 5.0%	\$1,680 4.6%	\$1,680 0.0%	\$1,680 0.0%	\$1,756 4.5%	\$1,832 4.3%	\$1,906 4.0%	\$1,982 4.0%	\$2,067 4.3%	\$2,202 6.5%	\$2,554 16.0%	\$3,040 19.0%	\$3,329 9.5%	\$3,646 9.5%	\$3,828 5.0%	\$4,019 5.0%	\$4,160 3.5%	\$4,306 3.5%
Mayville State University Undergraduate - Resident	\$1,530 3.2%	\$1,530 0.0%	\$1,606 5.0%	\$1,680 4.6%	\$1,680 0.0%	\$1,680 0.0%	\$1,756 4.5%	\$1,832 4.3%	\$1,906 4.0%	\$1,982 4.0%	\$2,067 4.3%	\$2,202 6.5%	\$2,576 17.0%	\$3,014 17.0%	\$3,300 9.5%	\$3,614 9.5%	\$3,795 5.0%	\$3,985 5.0%	\$4,124 3.5%	\$4,268 3.5%
Minot State University Undergraduate - Resident	\$1,530 3.2%	\$1,530 0.0%	\$1,656 8.2%	\$1,780 7.5%	\$1,780 0.0%	\$1,780 0.0%	\$1,870 5.1%	\$1,960 4.8%	\$2,050 4.6%	\$2,144 4.6%	\$2,244 4.7%	\$2,384 6.2%	\$2,730 14.5%	\$3,160 15.8%	\$3,460 9.5%	\$3,790 9.5%	\$3,980 5.0%	\$4,179 5.0%	\$4,325 3.5%	\$4,476 3.5%
Valley City State University Undergraduate - Resident	\$1,530 3.2%	\$1,530 0.0%	\$1,606 5.0%	\$1,680 4.6%	\$1,680 0.0%	\$1,680 0.0%	\$1,756 4.5%	\$1,832 4.3%	\$1,906 4.0%	\$1,982 4.0%	\$2,067 4.3%	\$2,202 6.5%	\$2,652 20.4%	\$3,130 18.0%	\$3,428 9.5%	\$3,753 9.5%	\$3,941 5.0%	\$4,138 5.0%	\$4,283 3.5%	\$4,433 3.5%
Bismarck State College Undergraduate - Resident	\$1,452 0.0%	\$1,452 0.0%	\$1,502 3.4%	\$1,552 3.3%	\$1,552 0.0%	\$1,552 0.0%	\$1,552 0.0%	\$1,552 0.0%	\$1,592 2.6%	\$1,649 3.6%	\$1,703 3.3%	\$1,784 4.8%	\$2,016 13.0%	\$2,629 30.4%	\$2,787 6.0%	\$3,052 9.5%	\$3,204 5.0%	\$3,364 5.0%	\$3,364 0.0%	\$3,364 0.0%
Dakota College at Bottineau Undergraduate - Resident	\$1,452 0.0%	\$1,452 0.0%	\$1,502 3.4%	\$1,552 3.3%	\$1,552 0.0%	\$1,552 0.0%	\$1,552 0.0%	\$1,552 0.0%	\$1,592 2.6%	\$1,632 2.5%	\$1,682 3.1%	\$1,782 5.9%	\$2,042 14.6%	\$2,362 15.7%	\$2,575 9.0%	\$2,830 9.9%	\$2,972 5.0%	\$3,120 5.0%	\$3,120 0.0%	\$3,120 0.0%
Lake Region State College Undergraduate - Resident	\$1,452 0.0%	\$1,452 0.0%	\$1,502 3.4%	\$1,552 3.3%	\$1,552 0.0%	\$1,552 0.0%	\$1,552 0.0%	\$1,552 0.0%	\$1,592 2.6%	\$1,632 2.5%	\$1,682 3.1%	\$1,782 5.9%	\$2,040 14.5%	\$2,328 14.1%	\$2,550 9.5%	\$2,780 9.0%	\$2,919 5.0%	\$3,065 5.0%	\$3,065 0.0%	\$3,065 0.0%
State College of Science Undergraduate - Resident	\$1,452 0.0%	\$1,452 0.0%	\$1,502 3.4%	\$1,552 3.3%	\$1,552 0.0%	\$1,552 0.0%	\$1,552 0.0%	\$1,552 0.0%	\$1,592 2.6%	\$1,632 2.5%	\$1,682 3.1%	\$1,782 5.9%	\$2,052 15.2%	\$2,670 30.1%	\$2,828 5.9%	\$3,054 8.0%	\$3,207 5.0%	\$3,368 5.0%	\$3,368 0.0%	\$3,368 0.0%
Williston State College Undergraduate - Resident	\$1,452 0.0%	\$1,452 0.0%	\$1,502 3.4%	\$1,552 3.3%	\$1,552 0.0%	\$1,552 0.0%	\$1,552 0.0%	\$1,552 0.0%	\$1,592 2.6%	\$1,632 2.5%	\$1,682 3.1%	\$1,811 7.7%	\$1,920 6.0%	\$2,074 8.0%	\$2,198 6.0%	\$2,374 8.0%	\$2,493 5.0%	\$2,618 5.0%	\$2,618 0.0%	\$2,618 0.0%

#~~5~~ 4
HB 1303
1/21/15

HB # 1303

House Education

Rep. Mike Nathe, Chairman

Mr. Chairman and members of the Education Committee, for the record my name is Rep. Mark Dosch, representing District 32 in south Bismarck. I stand in support of this bill.

I serve on the Appropriation committee, and the Education sub-committee. This means that I have the pleasure of hearing the budget requests for all of Higher Ed.

Perhaps one of the most frustrating aspects of this process is that all thought we review and appropriate money to the higher Ed system, we are not in control of what I feel is the most important aspect of the budgeting process, and that is what the resulting tuition rates will be.

It is kind of like driving a car down the road... we try and steer the car in the direction we want, but someone else has their foot on the accelerator... this ultimately can end very badly. It is exactly what happened a few sessions ago, when no sooner did the legislative session end, we had NDSU fly back to town, and request an 8.3% tuition increase, which was rubber stamped and approved by the SBHE... and yes, the Legislature was blamed for the increase, even we were not the ones with our foot on the accelerator.... but unfortunately it was the students across the state that paid the price.

Mr. Chairman and members of the committee, the only way for us to prevent this from happening again, is for us to take control of the setting of tuition. It makes only logical sense. If we are expected to have balance between state tax dollars appropriated to fund higher Ed, and the tuition we expect our students to pay, we need to have control over both.

Mr. Chairman this concludes my testimony. I respectfully ask your support of this bill. I will stand for any questions at this time.

HB1303

House Education Committee
January 21, 2015
Larry C. Skogen, Interim Chancellor
701.328.2974 | larry.skogen@ndus.edu

Good morning, Chairman Nathe and members of the committee. My name is Larry Skogen and I'm the Interim Chancellor of the ND University System. I'm here today to speak in opposition to HB 1303 which removes the statutory authority of the SBHE to set tuition and fees and conveys that authority to the legislature. This transference of the setting of tuition and fees charged by the institutions of the Board, would create unknown administrative burdens to both the legislature and the Board, runs counter to the higher education funding model adopted by the legislature last session, and, probably and most importantly, could greatly limit student input.

In the 18 months that I've been your Chancellor, I know that the one tuition issue that has caused the most consternation for you and your colleagues—at least the one that has been repeatedly conveyed to me—is the 8.8% tuition increase at NDSU that the Board approved in 2011. Table 1 shows you the history of tuition increases since 2007-08. You can see that NDSU's 8.8% increase in 2011 was offset by a 0.0% change in tuition the next year. Had this increase been spread out over a two-year period the increase would have been 4.4%, perhaps a more palatable approach.

Figure 1 & 2 also demonstrate that overall the Board has held down tuition and fees increases over the past several years. In fact, as noted on Figure 2, the percentage increase during FY09-FY14 (7.2%) is actually less than during FY08-FY13 (9.3%). The Board has taken seriously student affordability and has demonstrated it by holding tuition and fees down.

The processes involved in setting tuition and fees are long, involved, and complicated. Let's take fees, just for example. Please reference Table 2, NDUS Mandatory and Non-Mandatory Fees. Mandatory fees are those paid by every student at each institution regardless of program. Non-mandatory fees are those paid by students selecting specific services or programs of study. Each fee is derived within each institution based on business models to support services or programs. For example, how much more does a welding student pay than an English student? What should an institution's nursing program's students pay to support the added expense of a nursing program verses a journalism student for that program? In each case, institutions have developed those business cases to demonstrate the added costs at each institution to arrive at a fair, affordable fee. I'm at a loss to understand how we would get those businesses cases built and presented to the legislature to set fees far enough in advance to get those incorporated into catalogues and other literature for timely notification to students and families. Currently, if a fee requires Board approval, the process is long enough having to get through the institution, NDUS, Board committees, and the Board. This new requirement would add another level of complexity and bureaucracy to an already complex process.

This new requirement runs counter to the new state-funding model. Referencing again Table 1, you'll see that in 2007-08 through 2012-13, tuition rates were fairly consistent across each level of institutions. That changes for 2013-14 and 2014-15. Now we see that there are greater variances in the tuition rates.

Beginning with the last session you approved the higher education funding model. The student share of the cost of education or tuition increases are driven by the funding model and what you do (or not do) appropriate. I've been told before that legislators feel uneasy appropriating for higher education without knowing what the tuition rate will be. In the past, it really was a chicken or egg dilemma. Today, under the new funding model, that is no longer the case. We can show you what the ranges of the tuition increases will be based on your appropriation to higher education. So the funding model drives the tuition rates.

Most importantly, this move potentially limits input from the North Dakota students. Campuses routinely consult with students regarding tuition and fee increases. As one of only seven voting members on the Board of Higher Education, the student member, selected by the ND Student Association, has tremendous influence over the setting of tuition rates. And in the setting of fees, you'll see on the Fees handout I gave you that in five of the nine categories of fees, direct student input is required. In some cases, a fee is even established only by the voice of the student body or government. How would the students voice be heard in a legislative process that is timely?

Finally, since 1913 the various governing boards of the North Dakota institutions (culminating with the current State Board of Higher Education) have set tuition and fees. For a brief period, non-resident tuition was set by the legislature, but that's it. For a century, the boards having authority over the institutions have determined through business cases what are the most appropriate tuition and fee rates. The frustration of a tuition increase four years ago should not, I believe, obviate the good business practice of having the governing board set those rates. And, as I already pointed out, the success of the funding model depends on your support of it.

Thank you for your time.

TABLE 1

NDUS

History of Tuition Increases from 2007-08 through 2014-15
Assumes Average Load of 15 Credits per Semester for a ND Resident Student

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Research Universities:								
NDSU	5.00%	5.01%	3.50%	3.51%	8.80%	0.00%	3.28%	4.23%
UND	5.00%	5.00%	3.51%	3.50%	2.49%	2.50%	3.72%	3.72%
ND Average	5.00%	5.00%	3.50%	3.50%	5.65%	1.25%	3.50%	3.97%
Masters:								
MiSU	5.00%	5.00%	3.49%	3.49%	2.50%	2.51%	2.51%	2.51%
4-Year Comprehensive:								
DSU	4.99%	4.99%	3.51%	3.51%	2.51%	2.49%	3.98%	3.98%
MaSU	5.00%	5.01%	3.49%	3.49%	2.51%	2.49%	3.57%	3.57%
VCSU	5.00%	5.00%	3.50%	3.50%	2.50%	2.50%	3.90%	3.89%
ND Average	5.00%	5.00%	3.50%	3.50%	2.50%	2.50%	3.82%	3.81%
2-Year Community Colleges:								
BSC	4.98%	5.00%	0.00%	0.00%	0.00%	0.00%	2.00%	2.29%
DCB	5.00%	4.98%	0.00%	0.00%	0.00%	0.00%	3.30%	2.42%
LRSC	5.00%	5.00%	0.00%	0.00%	0.00%	0.00%	2.12%	2.14%
NDSCS	5.00%	5.00%	0.00%	0.00%	0.00%	0.00%	3.28%	3.27%
WSC	5.00%	5.00%	0.00%	0.00%	0.00%	0.00%	0.00%	7.11%
ND Average	5.00%	5.00%	0.00%	0.00%	0.00%	0.00%	2.14%	3.45%

Figure 1

In-State Tuition and Fees Change at Public, Two-Year Campus FY09 – FY14

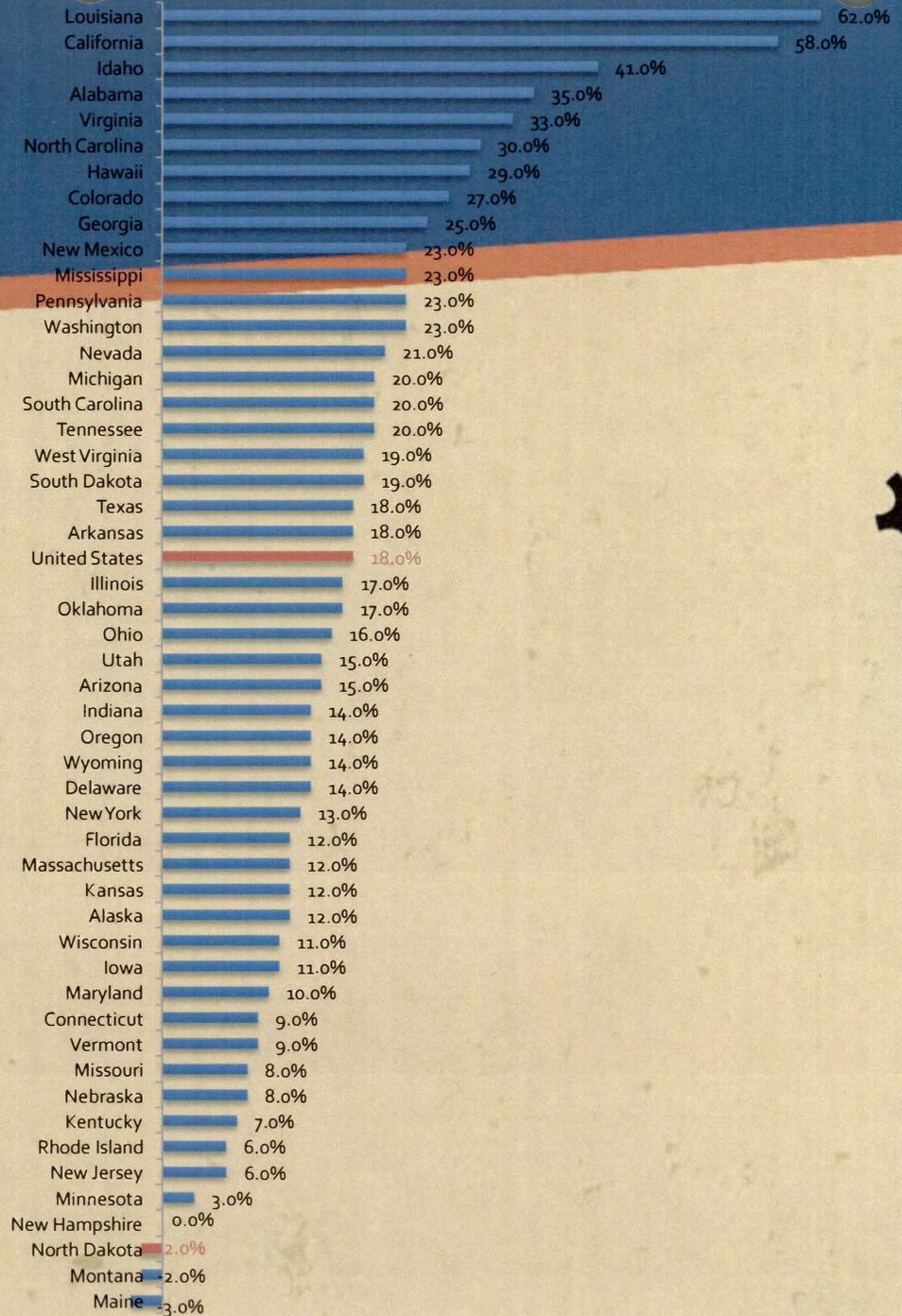
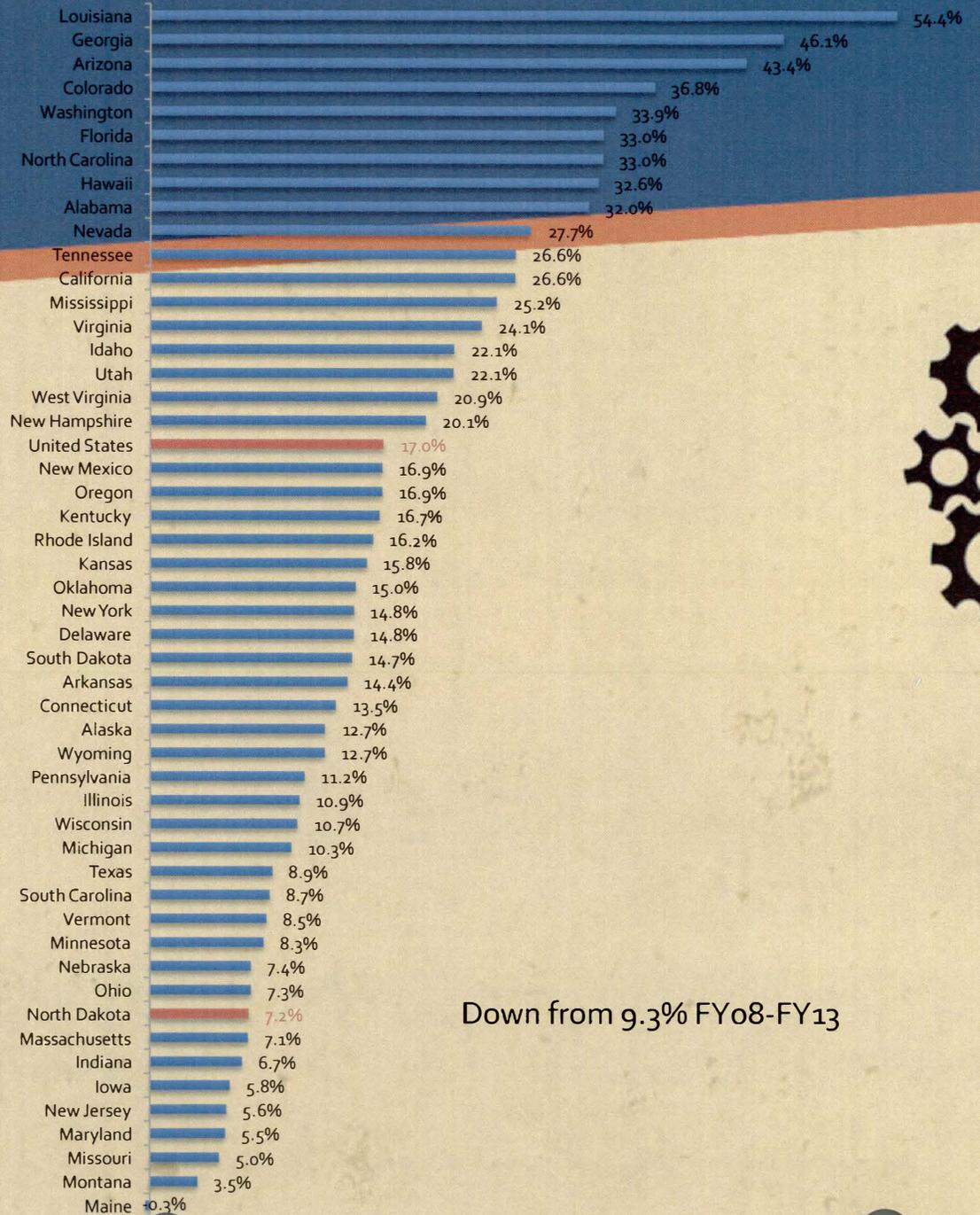


Figure 2

In-State Tuition and Fees Change at Public, Four-Year Campus FY09 – FY14



Down from 9.3% FY08-FY13

North Dakota University System

Mandatory Fees

1/18/15

Description	College/University Fee	Student Government Activity Fee	Connect ND Fee	NDSA Fee	Technology Fee
Policy/Procedure Reference	SBHE Policy 805.2	SBHE Policy 805.2	SBHE Policy 805.3 (1f)	SBHE Policy 805.2	SBHE Policy 805.3 (1e)
Purpose of Fee	Used to support activities for the benefit of the student body (e.g. debt retirement, student union operations, athletics, placement)	Used to support student government and other student activities (e.g. clubs, drama, music, student publications)	Used for administrative, financial and student information systems replacement costs	Used to support the North Dakota student association and its activities	Used for networking or technology purposes (e.g. bond retirement, acquisition of software, infrastructure, staff, training)
Approval Responsibility	Institution President, subject to statutory 1% limit which requires SBHE approval	Institution President, subject to statutory 1% limit which requires SBHE approval	SBHE	SBHE	Chancellor
Student Input	Student government body notified of any proposed fee, change in fee or reallocation of revenue, given opportunity for input	Established by vote of student body or representative body	N/A	NDSA recommends fee change	Each institution shall establish procedures for student input concerning amount of fee and use of fee revenue
2014-2015 Fee by Campus (per year)					
BSC	\$372.00	\$96.00	\$132.00	\$0.72	\$110.88
LRSC	\$210.00	\$300.00	\$132.00	\$0.72	\$200.00
WSC	\$604.50	\$172.50	\$132.00	\$0.72	\$300.00
UND	\$1,120.08	See 6/ below	\$132.00	\$0.72	\$100.00
NDSU	\$577.20	\$303.36	\$132.00	\$0.72	\$202.44
NDSCS	\$233.13	\$91.59	\$132.00	\$0.72	\$163.20
DSU	\$617.78	\$265.00	\$132.00	\$0.72	\$144.00
MaSU	\$367.50	\$189.00	\$132.00	\$0.72	\$990.00
MiSU	\$744.74	\$286.68	\$132.00	\$0.72	\$120.00
VCSU	\$314.00	\$202.00	\$132.00	\$0.72	\$998.00
DCB	\$150.00	\$370.00	\$132.00	\$0.72	\$144.00

Notes:

1/ Connect ND, NDSA and Technology fee are per the NDUS Comparison of TOTAL Mandatory Fees, Including CND, NDSA and Technology Fees 2013-2014 Actual Report

2/ The technology fees for MaSU and VCSU include a notebook computer fee of \$795 at MaSU and \$798 at VCSU

3/ College/University Fee and Student Government Activity Fee are per the NDUS 2013-14 Fee Rates per SBHE Policy 805.2 Report

4/ College/University fee for NDSU consists of fees for Student Union Expansion, Wellness Center & Addition, Student Health Services, Career Services and Library

5/ College/University fees for NDSCS consists of fees for Athletics, Student Center, Student Recreation, Workout Facility and Health Services

6/ Beginning 2008-09, UND combined all fees in the student billing

7/ NDCC 15-10.3-03 limits mandatory fee increases

6

North Dakota University System

Non-Mandatory Fees

1/18/15

Description	Program Fees	Course Fees	Distance Learning Access Fee	Application Fee	Other Fees
Policy/Procedure Reference	SBHE Policy 805.3 (2d)	SBHE Policy 805.3 (2c)	SBHE Policy 805.3 (2b)	SBHE Policy 805.3 (1a)	SBHE Policy 805.3 (1b,1c,1d, 1g, 1h, 2a, 2e)
Purpose of Fee	Restricted to students enrolled in a particular program to support programs that have exceptional and critical needs that are not adequately funded through other sources	Used to cover added and unique costs specifically related to a particular course (e.g. laboratory, welding, data processing, tests, insurance)	Used to cover costs associated with electronic delivery of course	Used for processing applications and other institutional costs	Audit Fee-for courses available for Audit <u>Course Challenge Fee</u> -for course credit through testing <u>Post-Secondary Credit Fee</u> -for credit pursuant to articulation agreement <u>Attached Credit Fee</u> -for instruction sponsored or approved by an institution taught by an instructor not employed or paid by institution <u>Prior Learning Fee</u> -for prior learning credit <u>Capacity Enrollment Fee</u> -for applying to programs for which enrollment is limited <u>Parking Fee</u> -for on campus parking <u>Incidental Fees</u> -other fees as may be necessary to facilitate the operation of the institution
Approval Responsibility	SBHE	At institution level	At institution level	Chancellor	
Student Input	Institutions shall establish procedures for timely and meaningful student input including student review of proposed or increased fee amounts, material changes and proposed fee revenue allocations	N/A	N/A	N/A	
2014-2015 Range of Fee Costs by Campus			2014-2015 (per credit hour)		Other Fee Parameters (General)
BSC	\$500-\$1,200	\$9-\$288	\$0	\$35.00	Audit Fee-not less than 50% of the per credit hour resident tuition charge <u>Course Challenge</u> , <u>Attached Credit & Prior Learning</u> -not to exceed 50% of the regular per credit hour tuition charge <u>Post-Secondary</u> -\$10 per credit hour <u>Capacity Enrollment</u> , <u>Parking & Incidental</u> -discretionary
LRSC	\$800-\$1,200	\$5-\$650	\$8.22-\$25	\$35.00	
WSC	\$800-\$1,200	\$5-\$263	\$43.56	\$35.00	
UND	\$200-\$4,000	\$5-\$1,875	\$170-\$270 8/	\$35.00	
NDSU	\$500-\$2,052	\$5-\$2,500	\$0	\$35.00	
NDSCS	\$100-\$750	\$6-\$836	\$56.44	\$35.00	
DSU	\$600	\$10-\$420	\$47.91	\$35.00	
MaSU	N/A	\$15-\$300	\$52.53	\$35.00	
MiSU	\$500-\$600	\$5-\$200	\$41.33	\$35.00	
VCSU	N/A	\$5-\$325	\$35.08	\$35.00	
DCB	\$800-\$1,200	\$10-\$130	\$39.43	\$35.00	

Notes:

8/ UND only charges a distance learning access fee of \$170/credit hour for the Distance Engineering program (DEDP). During the summer, the fees are \$270/credit hour for labs

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HB 1303
#1
1/26/15

15.0473.01001
Title.

January 26, 2015

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1303

- Page 1, line 2, remove "and fees"
- Page 2, line 6, remove "and fees"
- Page 2, line 6, replace "amounts" with "amount"
- Renumber accordingly.

#2 HB 1303

15.0473.01002
Title.

Prepared by the Legislative Council staff for
Representative K. Koppelman
January 24, 2015

1/26/15

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1303

Page 1, line 2, remove "and fees"

Page 2, line 6, after "3." insert "a."

Page 2, line 6, overstrike "and fees"

Page 2, after line 6, insert:

"b. Charge fees, subject to any directives by the legislative assembly."

Renumber accordingly

Not the one
passed.

HB #1303

15.0473.01003
Title.

Prepared by the Legislative Council staff for
Representative Mock

January 26, 2015

1/27/15

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1303

#1

Page 1, line 2, remove "and fees"

Page 2, line 6, after "3." insert "a."

Page 2, line 6, overstrike "and fees"

Page 2, after line 6, insert:

"b. Charge fees."

Renumber accordingly

15.0473.01004
Title.

Passed

Prepared by the Legislative Council staff for
Representative Mock

January 26, 2015

#2 HB# 1303

1/27/15

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1303

Page 2, line 6, after "3." insert "a."

Page 2, line 6, overstrike "and fees"

Page 2, after line 6, insert:

"b. Charge fees, subject to any statutory limitations or requirements."

Renumber accordingly



NORTH DAKOTA HOUSE OF REPRESENTATIVES

STATE CAPITOL
600 EAST BOULEVARD
BISMARCK, ND 58505-0360



Representative Kim Koppelman

District 13
513 First Avenue NW
West Fargo, ND 58078-1101

Residence: 701-282-9267
Business: 701-492-7317
Fax: 701-282-9267
kkoppelman@nd.gov

COMMITTEES:
Judiciary, Chairman
Political Subdivisions

Testimony in Support of HB 1303

Mr. Chairman and members of the Senate Education Committee, I appreciate the opportunity to appear before you today in support of House Bill 1303.

The longer I serve in the Legislature, the more I realize that I've been here quite a while. Unlike many of you, I remember the days when the Legislature set tuition rates for North Dakota Institutions of Higher Education. I am amazed by how many people are apparently unaware that this ever happened. Recently, I attended an event at one of our Universities where I had the opportunity to interact with a number of students. Grappling with the dilemma of skyrocketing tuition, some were advocating a tuition freeze. When I told them that some in the Legislature want to take back the responsibility of setting tuition, they were shocked to learn that the Legislature ever exercised this authority.

Indeed, you may hear from some who would have you believe that any contemplation by the Legislature to set tuition rates is a power grab. Institutional memory is a valuable thing. I recall when the Legislature delegated this authority to the Board of Higher Education, as part of what was called the Higher Education Roundtable in, I believe, the 1999 Legislative Session. I supported this legislation, which was famously touted as a request for flexibility, in return for accountability. The flexibility has certainly been granted . . . I'll leave the rest of the equation to your contemplation.

It is no secret that the people of North Dakota are alarmed at the cost of higher education. We are increasingly hearing of efforts, not to decrease tuition, and seldom even to slow its increase, but instead to subsidize higher tuition with even more taxpayer dollars or to subsidize or forgive loans (again using taxpayer dollars) to help students struggling to afford it. The obvious solution--lower tuition or more slowly increasing tuition--is seldom, if ever mentioned.

House Bill 1303 would simply return our state to its Constitutional and historical roots, with the Legislature exercising its responsibility to set tuition at our institutions of higher education. The Legislature is often blamed for skyrocketing tuition, but in recent years has done little to control it, other than shoveling ever increasing piles of money into appropriations for higher education. We've often been told that would solve it, but it has not. It's time to again take responsibility for our Constitutional, historical, and moral obligation to help control the cost of education for our citizens, not only by spending more and more of their tax money for higher education, but also by controlling the direct costs of those pursuing that higher education for students and their families which bear it.

Mr. Chairman and members of the Committee, I respectfully urge your support of House Bill 1303 and urge the Senate to join the House in passing this measure, to do exactly that.

111

#2
3/17/15

Aaron Weber
HB 1303 Testimony
NDSU Student Government

Chairman Flakoll and members of the committee, for the record my name is Aaron Weber. I am here representing NDSU Student Government and the roughly 15,000 students of NDSU. I stand today in opposition of HB 1303.

NDSU Student Government's first and largest concern with this piece of legislation is the lack of specificity in the bill regarding the process in which tuition would be set. As you can see, the bill makes a very small change to state law. Nowhere in the bill does it outline the procedures the legislature would follow in setting tuition. Furthermore, the bill offers no specifics of what input students would have in the decision.

Secondly, both House and Senate appropriations spend a great deal of time on the higher ed budget the way it is. Our concern is that by adding tuition, that creates an additional issue for these already very busy committees. An addition they may not have the time to tackle. We feel that a small board such as the SBHE whose main duty is dealing solely with higher ed is best equipped to handle the task of setting tuition. This is not to suggest that we feel the legislature would do a poor job of controlling tuition rates at campuses. We simply believe that the smaller, eight member SBHE is in a better position to handle the process quickly and efficiently.

Some proponents of the bill will point out that prior to the 1999 Higher Education Roundtable, the legislature did set tuition. While this is true, higher education in 1985 is not the same as higher education in 2015. Enrollment has grown by a sizable number at NDSU in the past ten years, and even more since the 1980's. Along with this increased enrollment has come increased appropriations more complex budgets. Put simply, higher ed is a much more complicated entity than it was in the past.

To address some of these concerns, we would suggest a possible amendment that would allow the legislative assembly to set caps on tuition, rather than directly set tuition. This would be very similar to the process as it stands now in which the SBHE sets tuition caps for campuses. While the legislature currently has the authority to do so, and has done so in the past, this would make it a part of the formal process. There have been comments made that the legislature has provided the flexibility to higher ed, but they have not received accountability. This potential compromise would still offer higher ed flexibility in setting tuition, and would also allow you, as legislators, to hold campuses accountable.

NDSU Student Government respectfully asks that whatever process is adopted, input is gathered from all stakeholders, including students, before a decision is made. We recognize some issues do exist with the current system. But following the idea of local control, we feel the current system is more beneficial to students than the proposed changes in HB 1303. With that we ask for a Do Not Pass recommendation and I will stand for any questions the committee may have.

11

#3

3/17/15

Kelsey Klein
HB 1303 Testimony
North Dakota Student Government Association

Chairman Flakoll and members of the committee, for the record my name Kelsey Klein and I serve as the Director of Governmental Relation for the North Dakota Student Government Association. I am here on behalf of all 11 college institutions in North Dakota to speak in opposition to HB 1303.

It is no surprise that the cost of higher education is rising. To combat this rising cost, the North Dakota Legislature has been very generous in providing ways to keep this cost low. This comes in the form of academic scholarships and needs-based grants among other things. And for these efforts we are extremely grateful.

That said, we have concerns in shifting the control of setting tuition from the eight member SBHE, to the 141 person legislature. We feel that due to its small size and specialization, the SBHE may be better suited to handle the complicated matter of setting tuition. This board deals only with matters of higher education, which we believe lends itself to be a better body to make this decision.

We humbly ask for a Do Not Pass on HB 1303 and I will stand for any questions the committee may have.

11

#4
3/17/15



THE NDUS *EDGE*

HB 1303

Senate Education
March 17, 2015
Larry C. Skogen, Interim Chancellor
701.328.2974 | larry.skogen@ndus.edu

Good morning, Chairman Flakoll and members of the committee. My name is Larry Skogen and I'm the Interim Chancellor of the ND University System. I'm here today to speak in opposition to HB 1303 which removes the statutory authority of the SBHE to set tuition and fees and conveys that authority to the legislature. This transference of the setting of tuition and fees charged by the institutions of the Board, would create unknown administrative burdens to both the legislature and the Board, runs counter to the higher education funding model adopted by the legislature last session, and, probably and most importantly, could greatly limit student input.

In the 20 months that I've been your Chancellor, I know that the one tuition issue that has caused the most consternation for you and your colleagues—at least the one that has been repeatedly conveyed to me—is the 8.8% tuition increase at NDSU that the Board approved in 2011. Table 1 shows you the history of tuition increases since 2007-08. You can see that NDSU's 8.8% increase in 2011 was offset by a 0.0% change in tuition the next year. Had this increase been spread out over a two-year period the increase would have been 4.4%, perhaps a more palatable approach.

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The processes involved in setting tuition and fees are long, involved, and complicated. Let's take fees, just for example. Please reference Table 2, NDUS Mandatory and Non-Mandatory Fees. Mandatory fees are those paid by every student at each institution regardless of program. Non-mandatory fees are those paid by students selecting specific services or programs of study. Each fee is derived within each institution based on business models to support services or programs. For example, how much more does a welding student pay than an English student? What should an institution's nursing program's students pay to support the added expense of a nursing program verses a journalism student for that program? In each case, institutions have developed those business cases to demonstrate the added costs at each institution to arrive at a fair, affordable fee. I'm at a loss to understand how we would get those businesses cases built and presented to the legislature to set fees far enough in advance to get those incorporated into catalogues and other literature for timely notification to students and families. Currently, if a fee requires Board approval, the process is long enough having to get through the institution (student, faculty, staff committees), NDUS, Board committees, and the Board. This new requirement would add another level of complexity and bureaucracy to an already complex process.

This new requirement runs counter to the new state-funding model. Referencing again Table 1, you'll see that in 2007-08 through 2012-13, tuition rates were fairly consistent across each level of institutions. That changed for 2013-14 and 2014-15. Now we see that there are greater variances in the tuition rates.

1/7

Beginning with the last session you approved the higher education funding model. The student share of the cost of education or tuition increases are driven by the funding model and what you do (or don't) appropriate. I've been told before that legislators feel uneasy appropriating for higher education without knowing what the tuition rate will be. In the past, it really was a chicken or egg dilemma. Today, under the new funding model, that is no longer the case. We can show you what the ranges of the tuition increases will be based on your appropriation to higher education. So the funding model drives the tuition rates.

Most importantly, this move potentially limits input from the North Dakota students. Campuses routinely consult with students regarding tuition and fee increases. As one of only eight voting members on the Board of Higher Education, the student member, selected by the ND Student Association, has tremendous influence over the setting of tuition rates. And in the setting of fees, you'll see on the Fees handout I gave you that in five of the nine categories of fees, direct student input is required. In some cases, a fee is even established only by the voice of the student body or government. How would the students voice be heard in a timely manner if a legislative process is also involved?

Finally, since 1913 the various governing boards of the North Dakota institutions (culminating with the current State Board of Higher Education) have set tuition and fees. For a brief period, non-resident tuition was set by the legislature, but that's it. For a century, the boards having authority over the institutions have determined through business cases what are the most appropriate tuition and fee rates. The frustration of a tuition increase four years ago should not, I believe, obviate the good business practice of having the governing board set those rates. And, as I already pointed out, the success of the funding model depends on your support of it.

Thank you for your time.

TABLE 1

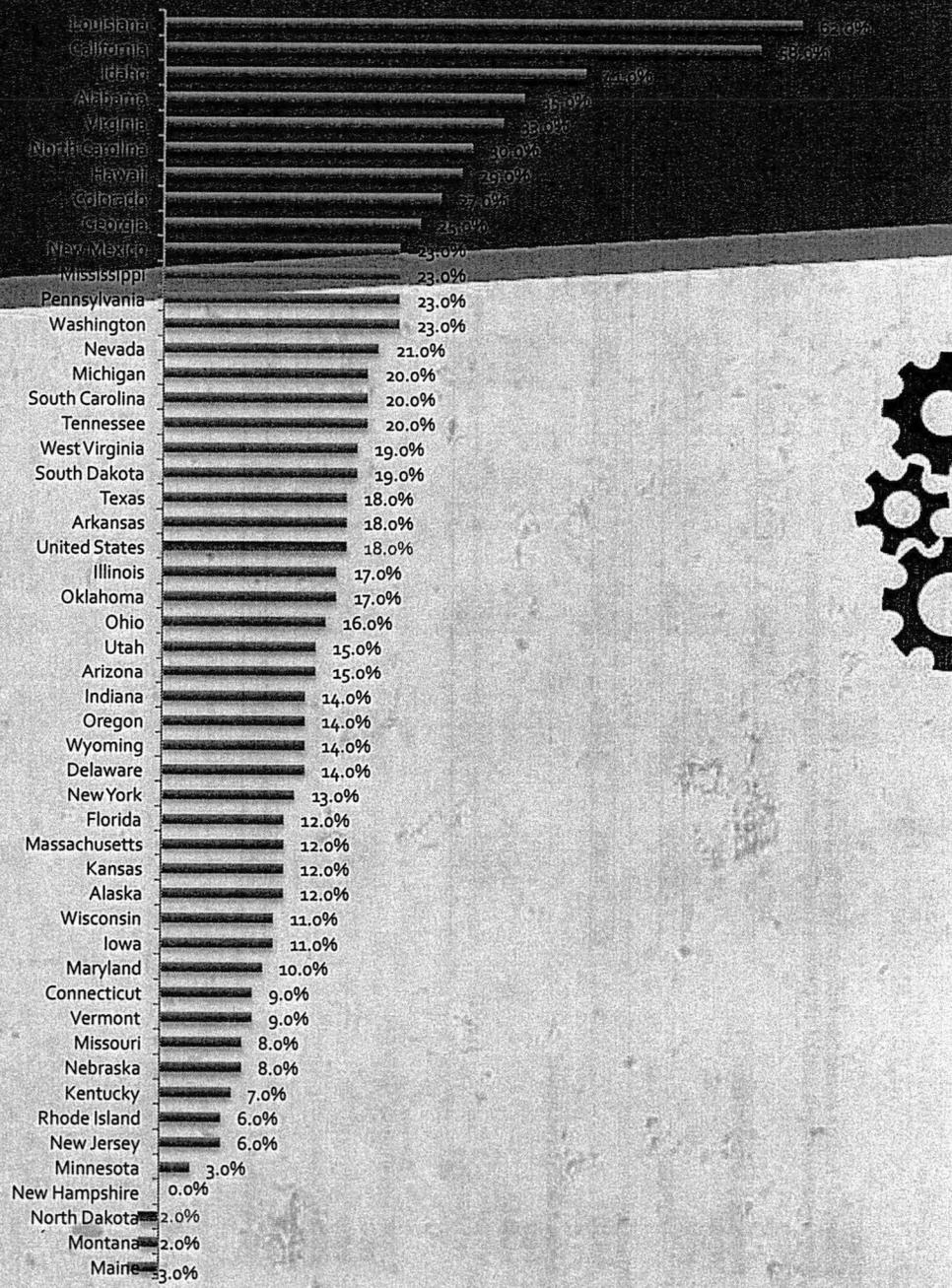
NDUS
History of Tuition Increases from 2007-08 through 2014-15
Assumes Average Load of 15 Credits per Semester for a ND Resident Student

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Research Universities:								
NDSU	5.00%	5.01%	3.50%	3.51%	8.80%	0.00%	3.28%	4.23%
UND	5.00%	5.00%	3.51%	3.50%	2.49%	2.50%	3.72%	3.72%
ND Average	5.00%	5.00%	3.50%	3.50%	5.65%	1.25%	3.50%	3.97%
Masters:								
MiSU	5.00%	5.00%	3.49%	3.49%	2.50%	2.51%	2.51%	2.51%
4-Year Comprehensive:								
DSU	4.99%	4.99%	3.51%	3.51%	2.51%	2.49%	3.98%	3.98%
MaSU	5.00%	5.01%	3.49%	3.49%	2.51%	2.49%	3.57%	3.57%
VCSU	5.00%	5.00%	3.50%	3.50%	2.50%	2.50%	3.90%	3.89%
ND Average	5.00%	5.00%	3.50%	3.50%	2.50%	2.50%	3.82%	3.81%
2-Year Community Colleges:								
BSC	4.98%	5.00%	0.00%	0.00%	0.00%	0.00%	2.00%	2.29%
DCB	5.00%	4.98%	0.00%	0.00%	0.00%	0.00%	3.30%	2.42%
LRSC	5.00%	5.00%	0.00%	0.00%	0.00%	0.00%	2.12%	2.14%
NDSCS	5.00%	5.00%	0.00%	0.00%	0.00%	0.00%	3.28%	3.27%
WSC	5.00%	5.00%	0.00%	0.00%	0.00%	0.00%	0.00%	7.11%
ND Average	5.00%	5.00%	0.00%	0.00%	0.00%	0.00%	2.14%	3.45%

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Figure 1

In-State Tuition and Fees Change at Public, Two-Year Campus FY09 – FY14

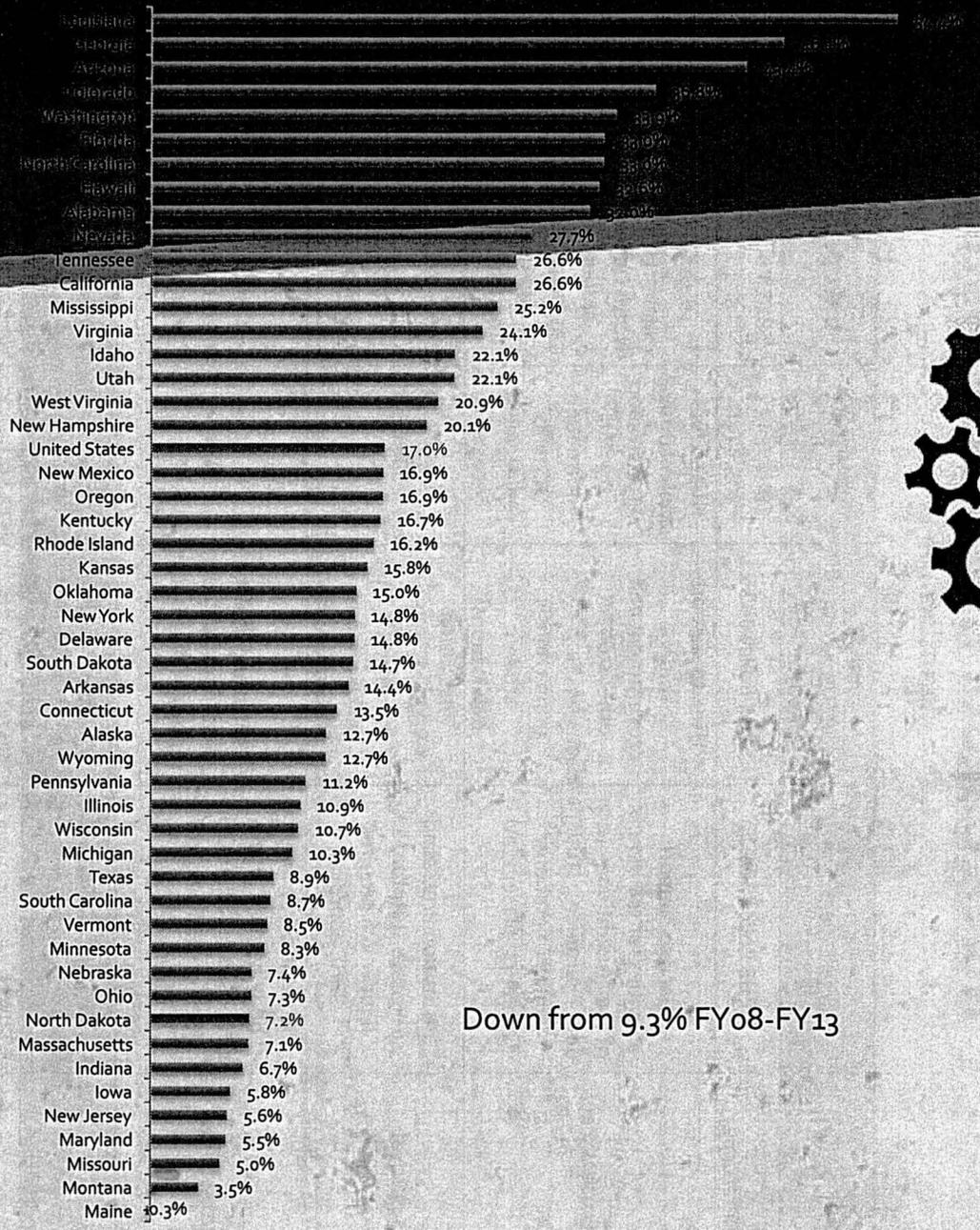


College Board. 2014 Trends in College Pricing.

L/h

Figure 3

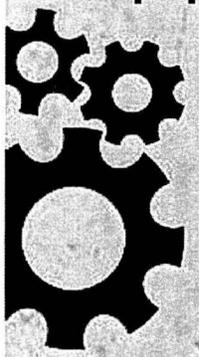
In-State Tuition and Fees Change at Public, Four-Year Campus FY09 – FY14



Down from 9.3% FY08-FY13

College Board. 2014 Trends in College Pricing.

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North Dakota University System

Mandatory Fees

1/18/15

Description	College/University Fee	Student Government Activity Fee	Connect ND Fee	NDSA Fee	Technology Fee
Policy/Procedure Reference	SBHE Policy 805.2	SBHE Policy 805.2	SBHE Policy 805.3 (1f)	SBHE Policy 805.2	SBHE Policy 805.3 (1e)
Purpose of Fee	Used to support activities for the benefit of the student body (e.g. debt retirement, student union operations, athletics, placement)	Used to support student government and other student activities (e.g. clubs, drama, music, student publications)	Used for administrative, financial and student information systems replacement costs	Used to support the North Dakota student association and its activities	Used for networking or technology purposes (e.g. bond retirement, acquisition of software, infrastructure, staff, training)
Approval Responsibility	Institution President, subject to statutory 1% limit which requires SBHE approval	Institution President, subject to statutory 1% limit which requires SBHE approval	SBHE	SBHE	Chancellor
Student Input	Student government body notified of any proposed fee, change in fee or reallocation of revenue, given opportunity for input	Established by vote of student body or representative body	N/A	NDSA recommends fee change	Each institution shall establish procedures for student input concerning amount of fee and use of fee revenue
2014-2015 Fee by Campus (per year)					
BSC	\$372.00	\$96.00	\$132.00	\$0.72	\$110.88
LRSC	\$210.00	\$300.00	\$132.00	\$0.72	\$200.00
WSC	\$604.50	\$172.50	\$132.00	\$0.72	\$300.00
UND	\$1,120.08	See 6/ below	\$132.00	\$0.72	\$100.00
NDSU	\$577.20	\$303.36	\$132.00	\$0.72	\$202.44
NDSCS	\$233.13	\$91.59	\$132.00	\$0.72	\$163.20
DSU	\$617.78	\$265.00	\$132.00	\$0.72	\$144.00
MaSU	\$367.50	\$189.00	\$132.00	\$0.72	\$990.00
MiSU	\$744.74	\$286.68	\$132.00	\$0.72	\$120.00
VCSU	\$314.00	\$202.00	\$132.00	\$0.72	\$998.00
DCB	\$150.00	\$370.00	\$132.00	\$0.72	\$144.00

Notes:

1/ Connect ND, NDSA and Technology fee are per the NDUS Comparison of TOTAL Mandatory Fees, Including CND, NDSA and Technology Fees 2013-2014 Actual Report

2/ The technology fees for MaSU and VCSU include a notebook computer fee of \$795 at MaSU and \$798 at VCSU

3/ College/University Fee and Student Government Activity Fee are per the NDUS 2013-14 Fee Rates per SBHE Policy 805.2 Report

4/ College/University fee for NDSU consists of fees for Student Union Expansion, Wellness Center & Addition, Student Health Services, Career Services and Library

5/ College/University fees for NDSCS consists of fees for Athletics, Student Center, Student Recreation, Workout Facility and Health Services

6/ Beginning 2008-09, UND combined all fees in the student billing

7/ NDCC 15-10.3-03 limits mandatory fee increases

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North Dakota University System

Non-Mandatory Fees

1/18/15

Description	Program Fees	Course Fees	Distance Learning Access Fee	Application Fee	Other Fees
Policy/Procedure Reference	SBHE Policy 805.3 (2d)	SBHE Policy 805.3 (2c)	SBHE Policy 805.3 (2b)	SBHE Policy 805.3 (1a)	SBHE Policy 805.3 (1b,1c,1d, 1g, 1h, 2a, 2e)
Purpose of Fee	Restricted to students enrolled in a particular program to support programs that have exceptional and critical needs that are not adequately funded through other sources	Used to cover added and unique costs specifically related to a particular course (e.g. laboratory, welding, data processing, tests, insurance)	Used to cover costs associated with electronic delivery of course	Used for processing applications and other institutional costs	<u>Audit Fee</u> -for courses available for Audit <u>Course Challenge Fee</u> -for course credit through testing <u>Post-Secondary Credit Fee</u> -for credit pursuant to articulation agreement <u>Attached Credit Fee</u> -for instruction sponsored or approved by an institution taught by an instructor not employed or paid by institution <u>Prior Learning Fee</u> -for prior learning credit <u>Capacity Enrollment Fee</u> -for applying to programs for which enrollment is limited <u>Parking Fee</u> -for on campus parking <u>Incidental Fees</u> -other fees as may be necessary to facilitate the operation of the institution
Approval Responsibility	SBHE	At institution level	At institution level	Chancellor	
Student Input	Institutions shall establish procedures for timely and meaningful student input including student review of proposed or increased fee amounts, material changes and proposed fee revenue allocations	N/A	N/A	N/A	
2014-2015 Range of Fee Costs by Campus			2014-2015 (per credit hour)		Other Fee Parameters (General)
BSC	\$500-\$1,200	\$9-\$288	\$0	\$35.00	Audit Fee-not less than 50% of the per credit hour resident tuition charge <u>Course Challenge</u> , <u>Attached Credit & Prior Learning</u> -not to exceed 50% of the regular per credit hour tuition charge <u>Post-Secondary</u> -\$10 per credit hour <u>Capacity Enrollment</u> , <u>Parking & Incidental</u> -discretionary
LRSC	\$800-\$1,200	\$5-\$650	\$8.22-\$25	\$35.00	
WSC	\$800-\$1,200	\$5-\$263	\$43.56	\$35.00	
UND	\$200-\$4,000	\$5-\$1,875	\$170-\$270 8/	\$35.00	
NDSU	\$500-\$2,052	\$5-\$2,500	\$0	\$35.00	
NDSCS	\$100-\$750	\$6-\$836	\$56.44	\$35.00	
DSU	\$600	\$10-\$420	\$47.91	\$35.00	
MaSU	N/A	\$15-\$300	\$52.53	\$35.00	
MiSU	\$500-\$600	\$5-\$200	\$41.33	\$35.00	
VCSU	N/A	\$5-\$325	\$35.08	\$35.00	
DCB	\$800-\$1,200	\$10-\$130	\$39.43	\$35.00	

Notes:

8/ UND only charges a distance learning access fee of \$170/credit hour for the Distance Engineering program (DEDP). During the summer, the fees are \$270/credit hour for labs

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HIGHER EDUCATION - TUITION RATES

The following is a schedule of tuition and fee rates for undergraduate, resident students at state institutions of higher education for the academic years 1987-88 through 2014-15. The 2001 Legislative Assembly removed tuition income from the appropriation process by providing a continuing appropriation for all special funding, including tuition. House Bill No. 1003 continues this authority through June 30, 2017. The State Board of Higher Education has the statutory responsibility for setting tuition rates.

Institution	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	
North Dakota State University Undergraduate - Resident	\$1,194	\$1,254 5.0%	\$1,506 20.1%	\$1,806 19.9%	\$1,860 3.0%	\$1,860 0.0%	\$1,986 6.8%	\$2,110 6.2%	\$2,110 0.0%	\$2,110 0.0%	\$2,236 6.0%	\$2,362 5.6%	\$2,480 5.0%	\$2,604 5.0%	\$2,754 5.8%	\$2,904 5.4%	\$3,374 16.2%	\$3,982 18.0%	\$4,360 9.5%	\$4,774 9.5%	\$5,013 5.0%	\$5,264 5.0%	\$5,448 3.5%	\$5,639 3.5%	\$6,135 8.8%	\$6,135 0.0%	\$6,336 3.3%	\$6,604 4.2%	
University of North Dakota Undergraduate - Resident	\$1,194	\$1,254 5.0%	\$1,506 20.1%	\$1,806 19.9%	\$1,860 3.0%	\$1,860 0.0%	\$1,986 6.8%	\$2,110 6.2%	\$2,110 0.0%	\$2,110 0.0%	\$2,236 6.0%	\$2,362 5.6%	\$2,480 5.0%	\$2,604 5.0%	\$2,754 5.8%	\$2,954 7.3%	\$3,441 16.5%	\$4,009 16.5%	\$4,390 9.5%	\$4,786 9.0%	\$5,025 5.0%	\$5,276 5.0%	\$5,461 3.5%	\$5,652 3.5%	\$5,793 2.5%	\$5,938 2.5%	\$6,159 3.7%	\$6,388 3.7%	
Dickinson State University Undergraduate - Resident	\$1,068	\$1,122 5.1%	\$1,182 5.3%	\$1,482 25.4%	\$1,530 3.2%	\$1,530 0.0%	\$1,606 5.0%	\$1,680 4.6%	\$1,680 0.0%	\$1,680 0.0%	\$1,756 4.5%	\$1,832 4.3%	\$1,906 4.0%	\$1,982 4.0%	\$2,067 4.3%	\$2,202 6.5%	\$2,554 16.0%	\$3,040 19.0%	\$3,329 9.5%	\$3,646 9.5%	\$3,828 5.0%	\$4,019 5.0%	\$4,160 3.5%	\$4,306 3.5%	\$4,414 2.5%	\$4,524 2.5%	\$4,704 4.0%	\$4,891 4.0%	
Mayville State University Undergraduate - Resident	\$1,068	\$1,122 5.1%	\$1,182 5.3%	\$1,482 25.4%	\$1,530 3.2%	\$1,530 0.0%	\$1,606 5.0%	\$1,680 4.6%	\$1,680 0.0%	\$1,680 0.0%	\$1,756 4.5%	\$1,832 4.3%	\$1,906 4.0%	\$1,982 4.0%	\$2,067 4.3%	\$2,202 6.5%	\$2,576 17.0%	\$3,014 17.0%	\$3,300 9.5%	\$3,614 9.5%	\$3,795 5.0%	\$3,985 5.0%	\$4,124 3.5%	\$4,268 3.5%	\$4,375 2.5%	\$4,484 2.5%	\$4,644 3.6%	\$4,810 3.6%	
Minot State University Undergraduate - Resident	\$1,068	\$1,122 5.1%	\$1,182 5.3%	\$1,482 25.4%	\$1,530 3.2%	\$1,530 0.0%	\$1,656 8.2%	\$1,780 7.5%	\$1,780 0.0%	\$1,780 0.0%	\$1,870 5.1%	\$1,960 4.8%	\$2,050 4.6%	\$2,144 4.6%	\$2,244 4.7%	\$2,384 6.2%	\$2,730 14.5%	\$3,160 15.8%	\$3,460 9.5%	\$3,790 9.5%	\$3,980 5.0%	\$4,179 5.0%	\$4,325 3.5%	\$4,476 3.5%	\$4,588 2.5%	\$4,703 2.5%	\$4,821 2.5%	\$4,942 2.5%	
Valley City State University Undergraduate - Resident	\$1,068	\$1,122 5.1%	\$1,182 5.3%	\$1,482 25.4%	\$1,530 3.2%	\$1,530 0.0%	\$1,606 5.0%	\$1,680 4.6%	\$1,680 0.0%	\$1,680 0.0%	\$1,756 4.5%	\$1,832 4.3%	\$1,906 4.0%	\$1,982 4.0%	\$2,067 4.3%	\$2,202 6.5%	\$2,652 20.4%	\$3,130 18.0%	\$3,428 9.5%	\$3,753 9.5%	\$3,941 5.0%	\$4,138 5.0%	\$4,283 3.5%	\$4,433 3.5%	\$4,544 2.5%	\$4,657 2.5%	\$4,839 3.9%	\$5,027 3.9%	
Bismarck State College Undergraduate - Resident	\$1,068	\$1,122 5.1%	\$1,152 2.7%	\$1,452 26.0%	\$1,452 0.0%	\$1,452 0.0%	\$1,502 3.4%	\$1,552 3.3%	\$1,552 0.0%	\$1,552 0.0%	\$1,552 0.0%	\$1,552 0.0%	\$1,592 2.6%	\$1,649 3.6%	\$1,703 3.3%	\$1,784 4.8%	\$2,016 13.0%	\$2,629 30.4%	\$2,787 6.0%	\$3,052 9.5%	\$3,204 5.0%	\$3,364 5.0%	\$3,364 0.0%	\$3,364 0.0%	\$3,364 0.0%	\$3,364 0.0%	\$3,431 2.0%	\$3,510 2.3%	
Dakota College at Bottineau Undergraduate - Resident	\$1,068	\$1,122 5.1%	\$1,152 2.7%	\$1,452 26.0%	\$1,452 0.0%	\$1,452 0.0%	\$1,502 3.4%	\$1,552 3.3%	\$1,552 0.0%	\$1,552 0.0%	\$1,552 0.0%	\$1,552 0.0%	\$1,592 2.6%	\$1,632 2.5%	\$1,682 3.1%	\$1,782 5.9%	\$2,042 14.6%	\$2,362 15.7%	\$2,575 9.0%	\$2,830 9.9%	\$2,972 5.0%	\$3,120 5.0%	\$3,120 0.0%	\$3,120 0.0%	\$3,120 0.0%	\$3,120 0.0%	\$3,223 3.3%	\$3,301 2.4%	
Lake Region State College Undergraduate - Resident	\$1,068	\$1,122 5.1%	\$1,152 2.7%	\$1,452 26.0%	\$1,452 0.0%	\$1,452 0.0%	\$1,502 3.4%	\$1,552 3.3%	\$1,552 0.0%	\$1,552 0.0%	\$1,552 0.0%	\$1,552 0.0%	\$1,592 2.6%	\$1,632 2.5%	\$1,682 3.1%	\$1,782 5.9%	\$2,040 14.5%	\$2,328 14.1%	\$2,550 9.5%	\$2,780 9.0%	\$2,919 5.0%	\$3,065 5.0%	\$3,065 0.0%	\$3,065 0.0%	\$3,065 0.0%	\$3,065 0.0%	\$3,130 2.1%	\$3,197 2.1%	
State College of Science Undergraduate - Resident	\$1,068	\$1,122 5.1%	\$1,152 2.7%	\$1,452 26.0%	\$1,452 0.0%	\$1,452 0.0%	\$1,502 3.4%	\$1,552 3.3%	\$1,552 0.0%	\$1,552 0.0%	\$1,552 0.0%	\$1,552 0.0%	\$1,592 2.6%	\$1,632 2.5%	\$1,682 3.1%	\$1,782 5.9%	\$2,052 15.2%	\$2,670 30.1%	\$2,828 5.9%	\$3,054 8.0%	\$3,207 5.0%	\$3,368 5.0%	\$3,368 0.0%	\$3,368 0.0%	\$3,368 0.0%	\$3,368 0.0%	\$3,478 3.3%	\$3,592 3.3%	
Williston State College Undergraduate - Resident	\$1,068	\$1,122 5.1%	\$1,152 2.7%	\$1,452 26.0%	\$1,452 0.0%	\$1,452 0.0%	\$1,502 3.4%	\$1,552 3.3%	\$1,552 0.0%	\$1,552 0.0%	\$1,552 0.0%	\$1,552 0.0%	\$1,592 2.6%	\$1,632 2.5%	\$1,682 3.1%	\$1,811 7.7%	\$1,920 6.0%	\$2,074 8.0%	\$2,198 6.0%	\$2,374 8.0%	\$2,493 5.0%	\$2,618 5.0%	\$2,618 0.0%	\$2,618 0.0%	\$2,618 0.0%	\$2,819 7.7%	\$3,020 7.1%	\$3,020 0.0%	\$3,235 7.1%

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