Prepared by the North Dakota Legislative Council
staff for the Higher Education Committee
June 1999

HIGHER EDUCATION FUNDING - BACKGROUND MEMORANDUM

Section 19 of 1999 House Bill No. 1003 directs a study of higher education funding. The study is to solicit input from the Governor, State Board of Higher Education, executive branch, University System campuses, and representatives of business and industry and address:

- The expectations of the North Dakota University System in meeting the state's needs in the 21st century;
- The funding methodology needed to meet these expectations and needs; and
- The appropriate accountability and reporting system for the University System.

In addition, pursuant to North Dakota Century Code (NDCC) Section 15-10-14.2, the committee has been assigned the Legislative Council responsibility to receive reports from the State Board of Higher Education with respect to the status of the University System, including the progress in meeting goals and objectives.

BACKGROUND

The North Dakota University System consists of 11 institutions under the control of the State Board of Higher Education. The system served approximately 36,400 students (headcount enrollment) during the 1998-99 academic year. This represented approximately 28,200 full-time equivalent students. Attached as Appendices A and B are summaries of institution of higher education actual and projected enrollments for academic years 1995-96 through 2000-01 by headcount enrollment and full-time equivalent student enrollment, respectively.

Total spending provided by the 1999 Legislative Assembly for higher education institutions, including the University System office, totaled $1,042,330,303, of which $328,813,637 was from the state general fund. The legislative appropriations for the 11 institutions, the University System office, and the Forest Service include 3,263.18 FTE positions for the 1999-2001 biennium.

1999-2001 FUNDING POOLS

The 1999-2001 biennium appropriations include a total of $28,869,587 from the general fund for the following funding pools:

Equity and special needs pool	$4,290,198
Technology pool	21,948,467
Critical salary pool	2,630,992
Total pools	$28,869,657

The equity and special needs pool consists of $4,290,128 from the general fund. The State Board of Higher Education at its May 12, 1999, meeting allocated $4,090,128 of the funding pool and set aside $200,000 for a potential information technology initiative at the Minot State University - Bottineau campus. The board, after considering several options for the distribution of the $4,090,128, allocated the equity and special needs pool as follows:

North Dakota University System Allocation of Equity/Special Needs Pool 1999-2001 Biennium	
Bismarck State College	$327,456
UND-Lake Region	101,866
UND-Williston	248,423
University of North Dakota	865,165
North Dakota State University	1,198,092
State College of Science	510,328
Dickinson State University	386,637
Mayville State University	50,554
Minot State University	179,987
Valley City State University	200,042
MSU-Bottineau	21,578
Total	$4,090,128
Based on factors of 40 percent formula with minimum staffing, 40 percent formula without minimum staffing, and 20 percent cost per student.	

The technology pool represents systemwide technology funding for Higher Education Computer Network (HECN), Interactive Video Network (IVN), On-line Dakota Information Network (ODIN), and the campus computer centers at the University of North Dakota (UND) and North Dakota State University (NDSU) and were transferred from UND and NDSU to a systemwide pool to be allocated by the board based on provisions of Section 15 of House Bill No. 1003. Section 15 provides that the technology pool funding allocations are to be made on historic funding, the HECN strategic plan, base funding for HECN computer center operations, and base funding for IVN and ODIN operations.

At the May 12, 1999, State Board of Higher Education meeting, the board approved an allocation from the technology pool totaling $14,046,853, with a balance of approximately $7.9 million to be allocated during the second year of the 1999-2001 biennium. The initial allocation provides two-year funding of the computer centers at UND and NDSU and first-year funding for HECN-North, HECN-South, IVN, and ODIN.

The critical salary pool totaling $2,630,992 was transferred during the legislative process from the individual institutional budgets to a systemwide pool to be allocated by the board, based upon the provisions of Section 16 of House Bill No. 1003. Section 16 provides that the critical salary pool funding

allocations are to be made to address additional salary increases, beyond legislative appropriations, for market and equity adjustments. The State Board of Higher Education at its April 29-30, 1999, meeting allocated the critical salary pool to each campus based on the campus' proportional share of total outstanding market salary needs, using the regional "salary gap" for both faculty and staff position by type of institution.

HIGHER EDUCATION TUITION RATES

Attached as Appendix C is a copy of a comparison of tuition rates at North Dakota institutions of higher education for resident, Minnesota resident, contiguous states, and other nonresident students for the school terms 1997-98 through 2000-01.

REVIEW OF OTHER PROVISIONS IN HOUSE BILL NO. 1003

The funding for the North Dakota University System office included funding for a planning and accountability position.

FTE positions - Section 6 provides the State Board of Higher Education the authority to adjust FTE positions as needed, subject to the availability of funds. The University System is to report any adjustments to the Office of Management and Budget prior to the submission of the 2001-03 budget request.

Unspent 1997-99 appropriation authority - Section 7 provides that unspent 1997-99 appropriation authority may be expended for capital repairs and improvements, equipment, and other one-time expenditures.

Revenue bonds - Sections 9 and 10 authorize the State Board of Higher Education to issue and sell self-liquidating, tax-exempt bonds of up to $4,750,000 for student union improvements at Bismarck State College ($250,000) and a health and wellness center at NDSU ($4,500,000).

Service, access, growth, and empowerment (SAGE) project - Section 12 requires the State Board of Higher Education to receive permission from either the Legislative Assembly or the Budget Section of the Legislative Council prior to purchasing goods or contracting for services for the SAGE project.

North Dakota State University/State College of Science Skills Training Center - Section 13 provides that the funding for the North Dakota State University/State College of Science Skills Training Center may not be used for the operations of the center and that no general fund support will be provided for the center after the 1999-2001 biennium.

Program accreditation - Section 14 encourages the State Board of Higher Education to review accreditation of new programs which are already accredited at another institution.

Pool allocations - Sections 15 through 17 provide the guidelines for the State Board of Higher Education to follow when making allocations from the technology pool, the critical salary pool, and the equity and special needs pool.

Minot State University - Bottineau - Section 18 urges the State Board of Higher Education to allocate $200,000 from either the equity and special needs pool or the board initiatives funding to Minot State University - Bottineau for its information technology initiative.

Utility savings - Section 21 provides that any utility savings realized during the 1999-2001 biennium be used for maintenance or capital project expenditures.

Land Board distributions - Section 22 provides that the Board of University and School Lands is to distribute all of the income from the permanent funds managed for the benefit of the institutions of higher education.

Midwestern Regional Higher Education Compact - Section 24 creates a new chapter to Title 15 of the Century Code providing for the state to join the Midwestern Regional Higher Education Compact. Section 23 provides legislative intent that during the 1999-2001 biennium North Dakota's membership may not include participation in the compact's student exchange program and that the study include a review of the state's participation in the student exchange program.

North Dakota University System Office - Other Line Item Funding

In addition, the appropriation for the North Dakota University System office included line items providing special funding summarized as follows:

Student financial assistance grants - The Legislative Assembly provided $4,450,281 for student financial assistance grants. Of the $4,450,281, $1,735,881 is from the general fund, $2,574,400 is from other funds including revenues from the Minnesota reciprocal agreement, and $140,000 is from federal funds. The $4,450,281 is $8,723 less than the executive recommendation of $4,459,004, of which $1,744,604 was from the general fund, $2,574,400 was from other funds including revenues from the Minnesota reciprocal agreement, and $140,000 was from federal funds. The $8,723 reduction is due to the .5 percent operating expense reduction being allocated to the various systemwide line items within the board office's appropriation. The $4,450,281 is $30,105 less than the 1997-99 appropriation of $4,480,386, of which $1,495,000 was from the general fund, $2,574,400 was from other funds including revenues from the Minnesota reciprocal agreement, and $410,986 was from federal funds. The $4,450,281 will provide approximately 3,600 grants of $600 per year, a decrease of 62 grants from the 1997-98 level. To qualify, a student must be a resident undergraduate student who has graduated from a North Dakota high school and is attending a qualified postsecondary institution in North Dakota. A student qualifies for the

program based on need. Eligible students include those attending private institutions.

Professional student exchange program - The Legislative Assembly provided $1,310,716 from the general fund for the professional student exchange program. The $1,310,716 is $156,587 less than the executive recommendation of $1,467,303 and $79,085 less than the 1997-99 appropriation of $1,389,801. The $156,587 reduction is due to the .5 percent operating expense reduction being allocated to the various systemwide line items within the board office's appropriation. The $1,310,716 of general fund moneys plus anticipated carryover funding of $214,000 will provide for the following new student slots:

	1997-98	1998-99	1999-2000	2000-01
Veterinary medicine	9	5	5-6	5-6
Dentistry	2	2	1	1
Optometry	8	8	5-6	5-6

Disabled student services - The Legislative Assembly provided $26,560 from the general fund for disabled student services. The $26,560 is $133 less than the executive recommendation of $26,693 and $133 less than the 1997-99 appropriation of $26,693. The $133 reduction is due to the .5 percent operating expense reduction being allocated to the various systemwide line items within the board office's appropriation. This amount is appropriated to the University System office to be passed through to the campuses based on board approval of specific requests.

Contingency and capital improvements emergency fund - The Legislative Assembly provided $398,000 from the general fund for contingencies and capital improvement emergencies. The $398,000 is $202,000 less than the executive recommendation of $200,000 for contingencies and $400,000 for capital improvement emergencies. The executive budget had these items as separate line items and the legislative action combined the two lines and reduced the total funding as indicated. The $398,000 is $2,000 less than the 1997-99 appropriation of $200,000 for capital improvement emergencies and $200,000 for contingencies. The 1997-99 appropriation also included a $500,000 general fund pool for small campus projects. Of the $202,000 reduction, $2,000 is due to the .5 percent operating expense reduction being allocated to the various systemwide line items within the board office's appropriation.

Scholars program - The Legislative Assembly provided $706,230 for the scholars program. Of the $706,230, $520,730 is from the general fund and $185,500 is from other funds including revenue from the Minnesota reciprocal agreement. The $706,230 is $2,617 less than the executive recommendation of $708,847, of which $523,347 was from the general fund and $185,500 was from other funds including revenue from the Minnesota reciprocal agreement. The $706,230 is $46,944 more than the 1997-99 appropriation of $659,286, of which $473,786 was from the general fund and $185,500 was from other funds including revenue from the Minnesota reciprocal agreement. The $2,617 reduction is due to the .5 percent operating expense reduction being allocated to the various systemwide line items within the board office's appropriation. The funding is expected to be sufficient to provide between 35 to 45 new freshmen awards in each year of the 1999-2001 biennium.

Native American scholarships - The Legislative Assembly provided $204,082 from the general fund for Native American scholarships. The $204,082 is $1,026 less than the executive recommendation of $205,108 and $82 more than the 1997-99 appropriation of $204,000. The $1,026 reduction is due to the .5 percent operating expense reduction being allocated to the various systemwide line items within the board office's appropriation. The $204,082 will provide approximately 146 grants of $700 per student for each year of the biennium. This is the same level as the 1997-99 biennium.

Competitive research program - The Legislative Assembly provided $1,971,000 from the general fund for the competitive research program. The $1,971,000 is $9,000 less than the executive recommendation of $1,980,000 and $9,000 less than the 1997-99 appropriation of $1,980,000. The $9,000 reduction is due to the .5 percent operating expense reduction being allocated to the various systemwide line items within the board office's appropriation.

Prairie Public Broadcasting - The Legislative Assembly provided $992,513 from the general fund for Prairie Public Broadcasting operating expenses. The $992,513 is $4,987 less than the executive recommendation of $997,500 and $42,513 more than the 1997-99 appropriation of $950,000. The $4,987 reduction is due to the .5 percent operating expense reduction being allocated to the various systemwide line items within the board office's appropriation. In addition, Section 4 of Senate Bill No. 2015 provides a general fund appropriation of $415,000 to the University System office for a grant to Prairie Public Broadcasting for Phase I of the project to convert to digital television broadcasting. The total funding provided to Prairie Public Broadcasting is $1,407,513 from the general fund.

Board initiatives - The Legislative Assembly provided $2,296,000 for board initiatives. Of the $2,296,000, $796,000 is from the general fund and $1,500,000 is from other funds including planned savings for the SAGE project. The board has not committed or allocated any of the $2,296,000 for any specific project. When the Board of Higher Education discontinued further work with The Robinson Group, it received a cash settlement of $515,000. This amount along with some excess funds from the Minnesota

reciprocity project and HECN savings amount to an estimated $1,500,000 that the board wanted to use as partial funding for the SAGE project. However, without additional funding from the Legislative Assembly for this major project, the moneys are included for board initiatives, and are not expected to be used for SAGE, but in part may be used to improve the current administrative software system. The $2,296,000 is $4,000 less than the executive recommendation of $2,300,000, of which $800,000 was from the general fund and $1,500,000 was from other funds including planned savings for the SAGE project. The $4,000 reduction is due to the .5 percent operating expense reduction being allocated to the various systemwide line items within the board office's appropriation.

In addition, Section 4 of Senate Bill No. 2015 provides a general fund appropriation of $415,000 to the University System office for the purpose of providing a grant to be used as matching funds by Prairie Public Broadcasting for Phase I of the project to convert to digital television broadcasting.

1999 LEGISLATIVE ASSEMBLY-RELATED LEGISLATION

Senate Bill No. 2056 amends NDCC Section 15-10-14.2 regarding the higher education system review reports to the Legislative Council, a copy of which is attached as Appendix D. The bill replaces requirements that the State Board of Higher Education meet with the Legislative Council and the Governor on the status of the University System with the requirement that the board report to the Legislative Council and the Governor on the status of the system. The Higher Education Committee has been assigned, by the Legislative Council, the responsibility to receive reports from the State Board of Higher Education with respect to the status of the University System pursuant to this section.

House Bill No. 1398 provides that the State Board of Higher Education may not authorize the construction of buildings and campus improvements financed by donation without the consent of the Legislative Assembly or if the Legislative Assembly is not in session, without the consent of the Budget Section. If a request for approval is submitted to the Budget Section, each member of the Legislative Assembly must be notified of the meeting in which the request will be considered and given an opportunity to present testimony to the Budget Section. The bill also provides that no state agency may significantly change or expand a building construction project beyond that approved by the Legislative Assembly unless the Legislative Assembly or the Budget Section approves the change or expansion. A copy of House Bill No. 1398 is attached as Appendix E.

House Bill No. 1443 changes the name of UND-Lake Region to Lake Region State College and UND-Williston to Williston State College and provides for the creation of work force training boards at institutions of higher education that are to include representatives from businesses, labor, and industries located within the institution's delivery area. Each institution is to develop an annual business plan for review by its work force training board. The State Board of Higher Education is authorized to establish a revolving loan fund for work force training programs startups. The bill contains a $875,000 appropriation from the general fund to the State Board of Higher Education for vocational and technical education for the purpose of contracting with the institutions of higher education assigned primary responsibility for work force training. As passed by the Legislative Assembly, the bill provided for a work force training investment fee for the imposition of an assessment of all employers of 25 or more employees, except elementary and secondary schools. The assessment was vetoed by the Governor after the Legislative Assembly adjourned. In addition, the Governor vetoed Section 9 which appropriated $71,000 from the general fund to Job Service North Dakota for the collection of the work force training investment fee, Section 10 which appropriated $1 million from the work force training investment account to the State Board of Higher Education to contract with the institutions of higher education, and Section 11 which appropriated $40,000 from the work force training investment account to Job Service North Dakota for the administration of the collection of the work force training investment fee.

Senate Bill No. 2029 removes the requirement that the Budget Section approve the level of tuition charged nonresident students at public institutions of higher education.

Senate Concurrent Resolution No. 4016 provides for a proposed amendment to the Constitution of North Dakota Article VIII, Section 6, to allow two persons holding a bachelor's degree from a particular institution to serve on the State Board of Higher Education at any one time. Previously, this was limited to one person.

NORTH DAKOTA UNIVERSITY SYSTEM - STRATEGIC PLAN 1998-2004

Attached as Appendix F is an executive summary of the goals contained in the University System's strategic plan as presented to the Legislative Council in November 1998 and examples of system strategies and accomplishments. The goals of the North Dakota University System are:

1. **Education Excellence** - To strive for excellence and improve quality learning for students which ensures knowledge and competency in their chosen discipline and emphasizes strong communications skills, analytical thinking, use of technology, and interpersonal skills.
2. **Technology and Access** - To emphasize enhanced use of technology to improve

access to programs and services and as a regular component for instructional services and research.

3. **Relevant Programs** - To align programs and services with student interests and with current and future needs of business, communities, and the state, including cultural, social, and citizenry components.
4. **Leadership in Research** - To provide leadership in addressing the high-priority research and development needs and opportunities of the state.
5. **Learning Environment** - To provide an up-to-date and innovative environment for students, employees, and the public; and an environment that supports learning, research, and public service.
6. **Documented Performance** - To document the performance and effectiveness of the North Dakota University System.
7. **Collaboration** - To improve educational opportunities and services among the campuses, K-12, and other entities through cooperation and collaboration.

In 1986 as a result of the Bush Foundation funded study, the *Partners for Quality* report was developed and has served as a guideline for North Dakota's higher education system. In 1997 a followup Bush Foundation study was conducted resulting in the *Partners for Progress the Next Steps* report. Attached as Appendix G is a copy of the executive summary of that report.

PREVIOUS LEGISLATIVE HIGHER EDUCATION STUDIES

The higher education system has been studied on numerous occasions by the Legislative Council committees and commissions, summarized as follows.

1981-82 Higher Education Study Commission

The Higher Education Study Commission was charged with the responsibility to review to the structure of higher education in North Dakota including public and private institutions of higher education, vocational education, and continuing education. The commission's recommendations included that the three community colleges in the state be brought under the governance of the state, which was adopted by the 1983 Legislative Assembly, a resolution identifying statewide goals for postsecondary education, and legislation authorizing the State Board of Higher Education to enter into agreements with regional education compacts.

1983-84 Budget A Committee

The Budget A Committee during the 1983-84 interim conducted a study of the financing of higher education in North Dakota and accepted the State Board of Higher Education offer to organize task forces to study higher education funding in the following areas:

1. Access to postsecondary education.
2. Faculty compensation.
3. Program staffing.
4. Instruction and academic support costs.
5. Equipment.
6. Computers.
7. Facility maintenance.
8. Research.
9. Student services and institutional support.
10. Facilities adequacy.

These recommendations were used by the State Board of Higher Education, the Executive Budget office, and the 1985 Legislative Assembly in developing appropriations for the 1985-87 biennium.

1985-86 Budget Committee on Higher Education

This committee studied the feasibility of various means and methods of developing an alternative structure for higher education, studied admissions and tuition policies for foreign and nonresident students, and reviewed the impacts of tuition reciprocity agreements. Recommendations included that state-funded student financial aid be increased, student tuition be limited to projected increases in the consumer price index, that Minnesota students attending North Dakota institutions be charged tuition equal to what a Minnesota tuition rate would be at a comparable Minnesota institution, and proposed changes to the constitution regarding the membership of the screening committee for the State Board of

Higher Education members, board member terms, and size of the board.

1989-90 Higher Education System Review Committee

The Higher Education System Review Committee during the 1989-90 interim reviewed the constitutional provisions relating to the powers of the Legislative Assembly and the State Board of Higher Education, reviewed preliminary drafts of the State Board of Higher Education seven-year plan, and recommended constitutional amendments removing the names, locations, and missions of the institutions of higher education from the Constitution and removing the provision restricting the transfer of funds between higher education institutions and references to the Commissioner of Higher Education. These constitutional amendments were not adopted. During the 1989-90 interim, the State Board of Higher Education began implementing a one university system headed by a chancellor. Under the chancellor system, the institution presidents are no longer directly responsible to the State Board of Higher Education but to the chancellor, and the chancellor is directly responsible to the board.

1991-92 Higher Education Study Committee

During the 1991-92 interim, the Higher Education Study Committee met with the State Board of Higher Education and the Governor to discuss ideas and issues regarding the future of the system of higher education in North Dakota pursuant to NDCC Section 15-10-14.2. The committee reviewed the major initiatives implemented by the State Board of Higher Education in accordance with the seven-year plan goals. The committee observations and recommendations concluded that the plan as it progresses needs to become more specific, North Dakota's open enrollment policy for higher education must be continued, duplication of programs must continue to be monitored, and opportunities made available by the use of technology and teaching must be capitalized on.

During subsequent interims, the Legislative Council met with the members of the State Board of Higher Education and the Governor pursuant to the requirements contained in NDCC Section 15-10-14.2. As discussed earlier the most recent report on the North Dakota University System strategic plan for 1998-2004 was received by the Legislative Council in November 1998.

ATTACH:7

INSTITUTIONS OF HIGHER EDUCATION ANNUALIZED ENROLLMENT BY HEADCOUNT\1

	Actual Enrollments			Projected Enrollments		
	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-01
University of North Dakota\2	12,288	12,138	11,244	11,489	11,467	11,321
North Dakota State University	10,463	10,400	10,171	10,273	10,273	10,273
State College of Science	2,637	2,750	2,661	2,685	2,625	2,640
Minot State University	4,117	3,858	3,514	3,381	3,244	3,244
Dickinson State University	1,681	1,721	1,783	1,836	1,836	1,836
Valley City State University	1,222	1,188	1,160	1,182	1,182	1,182
Mayville State University	847	798	790	790	790	790
Minot State University - Bottineau	338	385	399	425	432	437
Bismarck State College	2,642	2,673	2,751	2,860	2,860	2,860
UND-Lake Region	701	684	767	810	790	790
UND-Williston	914	834	749	675	750	747
Total	37,850	37,429	35,989	36,406	36,249	36,120

\1 The information in this schedule was provided by the North Dakota University System office.

\2 Does not include 250 medical resident students.

APPENDIX A

INSTITUTIONS OF HIGHER EDUCATION FULL-TIME EQUIVALENT STUDENT ENROLLMENTS\1

	Actual Enrollments			Projected Enrollments		
	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-01
University of North Dakota\2	8,787	8,612	8,479	8,292	8,322	8,424
North Dakota State University	8,366	8,395	8,234	8,304	8,304	8,304
State College of Science	2,254	2,424	2,433	2,433	2,438	2,445
Minot State University	3,201	2,955	2,733	2,525	2,385	2,385
Dickinson State University	1,375	1,406	1,439	1,437	1,437	1,437
Valley City State University	948	924	902	919	920	920
Mayville State University	736	704	644	644	644	644
Minot State University - Bottineau	319	349	371	391	400	404
Bismarck State College	1,934	2,020	2,066	2,146	2,146	2,146
UND-Lake Region	467	430	441	475	450	450
UND-Williston	724	688	640	607	682	672
Total	29,111	28,907	28,382	28,173	28,128	28,231

\1 The information in this schedule was provided by the North Dakota University System office.

\2 Does not include 250 medical resident students.

APPENDIX B

HIGHER EDUCATION TUITION RATES

Institution	Current School Term 1997-98	Current School Term 1998-99	Board of Higher Education Budget Request Proposed Rates 1999-2000	Board of Higher Education Budget Request Proposed Rates 2000-01	Proposed Rates 1999-2000	Proposed Rates 2000-01
University of North Dakota, North Dakota State University						
Undergraduate						
Resident	$2,236	$2,362	$2,506	$2,656	$2,480	$2,604
	6.0%	5.6%	6.1%	6.0%	5.0%	5.0%
Minnesota resident	2,422 \1	2,511 \1	2,664 \1	2,824 \1	2,636 \1	2,768 \1
	2.8%	3.7%	6.1%	6.0%	5.0%	5.0%
Contiguous state/province\2	3,354	3,544	3,759	3,984	3,720	3,906
	6.0%	5.7%	6.1%	6.0%	5.0%	5.0%
Other nonresident	5,970	6,306	6,691	7,092	6,622	6,953
	6.0%	5.6%	6.1%	6.0%	5.0%	5.0%
Graduate						
Resident	$2,446	$2,572	$2,716	$2,866	$2,690	$2,814
	5.4%	5.2%	5.6%	5.5%	4.6%	4.6%
Minnesota resident	2,966 \1	3,072 \1	3,244 \1	3,423 \1	3,213 \1	3,361 \1
	2.8%	3.6%	5.6%	5.5%	4.6%	4.6%
Contiguous state/province\2	3,670	3,858	4,074	4,299	4,035	4,221
	5.5%	5.1%	5.6%	5.5%	4.6%	4.6%
Other nonresident	6,532	6,868	7,252	7,652	7,182	7,513
	5.5%	5.1%	5.6%	5.5%	4.6%	4.6%
Physical therapy\3						
Resident	$4,426	$4,552	$4,696	$4,846	$4,670	$4,794
	6.0%	2.8%	3.2%	3.2%	2.6%	2.7%
UND Law School						
Resident	$2,656	$2,782	$2,926	$3,076	$2,900	$3,024
	5.0%	4.7%	5.2%	5.1%	4.2%	4.3%
Minnesota resident	2,966 \1	3,072 \1	3,231 \1	3,397 \1	3,202 \1	3,339 \1
	2.8%	3.6%	5.2%	5.1%	4.2%	4.3%

APPENDIX C

Other nonresident	7,092	7,428	7,812	8,213	7,743	8,074
	5.0%	4.7%	5.2%	5.1%	4.2%	4.3%
UND Medical School						
Resident	$9,220	$10,050	$10,955	$11,940	$10,955	$11,940
	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Minnesota resident	9,958 \1	10,654 \1	11,613 \1	12,658 \1	11,613 \1	12,658 \1
	5.1%	7.0%	9.0%	9.0%	9.0%	9.0%
Other nonresident	24,618	26,834	29,249	31,881	29,249	31,881
	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Minot State University						
Undergraduate						
Resident	$1,870	$1,960	$2,078	$2,202	$2,050	$2,144
	5.1%	4.8%	6.0%	6.0%	4.6%	4.6%
Minnesota resident	2,020 \1	2,078 \1	2,203 \1	2,335 \1	2,173 \1	2,273 \1
	1.3%	2.9%	6.0%	6.0%	4.6%	4.6%
Contiguous state/province\2	2,338	2,450	2,598	2,753	2,563	2,680
	5.1%	4.8%	6.0%	6.0%	4.6%	4.6%
Other nonresident	4,994	5,234	5,548	5,879	5,474	5,724
	5.1%	4.8%	6.0%	6.0%	4.6%	4.6%
Graduate						
Resident	$2,446	$2,572	$2,716	$2,866	$2,690	$2,814
	5.4%	5.2%	5.6%	5.5%	4.6%	4.6%
Minnesota resident	2,966 \1	3,072 \1	3,244 \1	3,423 \1	3,213 \1	3,361 \1
	2.8%	3.6%	5.6%	5.5%	4.6%	4.6%
Contiguous state/province\2	3,670	3,858	4,074	4,299	4,035	4,221
	5.5%	5.1%	5.6%	5.5%	4.6%	4.6%
Other nonresident	6,532	6,868	7,252	7,652	7,182	7,513
	5.5%	5.1%	5.6%	5.5%	4.6%	4.6%
Dickinson State University, Mayville State University, and Valley City State University						
Undergraduate						
Resident	$1,756	$1,832	$1,942	$2,058	$1,906	$1,982
	4.5%	4.3%	6.0%	6.0%	4.0%	4.0%

Minnesota resident	1,896 \1	1,942 \1	2,059 \1	2,182 \1	2,020 \1	2,101 \1
	0.7%	2.4%	6.0%	6.0%	4.0%	4.0%
Contiguous state/province\2	2,196	2,290	2,428	2,573	2,383	2,478
	4.6%	4.3%	6.0%	6.0%	4.1%	4.0%
Other nonresident	4,690	4,892	5,185	5,495	5,089	5,292
	4.5%	4.3%	6.0%	6.0%	4.0%	4.0%
State College of Science, Minot State University - Bottineau, Bismarck State College, UND-Lake Region, and UND-Williston						
Undergraduate						
Resident	$1,552	$1,552	$1,646	$1,744	$1,592	$1,632
	0.0%	0.0%	6.1%	6.0%	2.6%	2.5%
Minnesota resident	1,922 \1	2,000 \1	2,121 \1	2,247 \1	2,052 \1	2,103 \1
	2.3%	4.1%	6.1%	5.9%	2.6%	2.5%
Contiguous state/province\2	1,940	1,940	2,058	2,180	1,990	2,040
	0.0%	0.0%	6.1%	5.9%	2.6%	2.5%
Other nonresident	4,144	4,144	4,395	4,656	4,251	4,357
	0.0%	0.0%	6.1%	5.9%	2.6%	2.5%

\1 The Minnesota/North Dakota reciprocity agreement calls for the higher of the two state rates. The rate will most likely be the Minnesota rate; however, the Minnesota rate is not known at this time.

\2 The contiguous states and provinces are South Dakota, Montana, Saskatchewan, and Manitoba. The contiguous state/province tuition rate is 1.5 times the resident rate for students attending the University of North Dakota, North Dakota State University, and graduate students at Minot State University. The contiguous state/province tuition rate is 1.25 times the resident rate for undergraduate students at Minot State University, and at all remaining four- and two-year institutions.

\3 Physical therapy students pay undergraduate tuition rates during the first two years. In the students' junior year, they enter the physical therapy program and, if accepted, start paying tuition based on the physical therapy program tuition rates.

Fifty-sixth Legislative Assembly, State of North Dakota, begun in the Capitol in the City of Bismarck, on Tuesday, the fifth day of January, one thousand nine hundred and ninety-nine

SENATE BILL NO. 2056
(Senator G. Nelson)
(Representative Dorso)

AN ACT to amend and reenact section 15-10-14.2 of the North Dakota Century Code, relating to reports by the state board of higher education to the legislative council and the governor.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 15-10-14.2 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

15-10-14.2. Higher education system review - Plan - Report to legislative ~~assembly~~ council.

1. In ~~October 1996~~ 2002, and every six years thereafter, the state board of higher education shall ~~meet with~~ report to the legislative council and the governor ~~to review~~ on the status of the university system, ~~and to establish~~ including the long-term goals and objectives that will best serve the citizens of this state.

2. During each year ~~after the meetings~~, except those years when reports are required by subsection 1, the state board of higher education shall:

   a. Prioritize the long-term goals, including defining and meeting student and institutional expectations regarding teaching and learning, the curriculum, the quality of campus life, and educational services;

   b. Develop specific directions for the pursuit of the goals given priority;

   c. Develop measurable criteria in order to determine the rate of progress toward achieving the goals given priority; and

   d. Develop specific timelines within which the goals given priority must be attained.

3. In ~~October 1997~~ 2003, and every six years thereafter, the state board of higher education shall ~~meet with~~ report to the legislative council and the governor and ~~shall~~ present the directions, criteria, and timelines the board developed in accordance with subsection 2.

4. The state board of higher education shall also present to the legislative council and the governor options for generating within the university system the revenues needed to ensure attainment of the goals given priority.

5. The state board of higher education shall ~~meet with~~ report to the legislative council and the governor at least once during each ~~intervening~~ year, except those years when reports are required by subsections 1 and 3, and shall present a progress report regarding its goals and objectives, together with any other information requested by the legislative council or the governor.

Fifty-sixth Legislative Assembly, State of North Dakota, begun in the Capitol in the City of Bismarck, on Tuesday, the fifth day of January, one thousand nine hundred and ninety-nine

HOUSE BILL NO. 1398
(Representative Dalrymple)
(Senator Nething)

AN ACT relating to the authority of a state agency or institution to expand a building project; and to amend and reenact sections 15-10-12.1 and 15-55-10 of the North Dakota Century Code, relating to limitations on buildings and other campus improvements.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 15-10-12.1 of the 1997 Supplement to the North Dakota Century Code is amended and reenacted as follows:

15-10-12.1. Acceptance of buildings and campus improvements - ~~Approval of budget section~~ Legislative approval. The state board of higher education may not authorize the construction of buildings and campus improvements on land under the control of the board which are financed by donations, gifts, grants, and bequests without the consent of the legislative assembly. During the time the legislative assembly is not in session, except for the six months preceding the convening of a regular session, and unless otherwise restricted by previous legislative action or other law, the state board of higher education ~~may~~, with the approval of the budget section of the legislative council, may authorize the use of land under the control of the board and construct buildings and campus improvements thereon which are financed by donations, gifts, grants, and bequests. The budget section approval must include a specific dollar limit for each building or campus improvement project. The budget section may establish guidelines regarding the types of gifts for minor improvements which do not require the approval of the budget section based upon the financial impact of such construction projects upon the state of North Dakota. The state board of higher education ~~may~~, with the approval of the budget section, may authorize the sale of any real property or buildings which an institution of higher learning has received by gift or bequest. The budget section may prescribe such conditions for the sale of the property as it ~~deems~~ determines necessary, including~~, but not limited to,~~ requiring an appraisal and the advertisement for bids. If the state board of higher education submits a request to the budget section for approval, the legislative council shall notify each member of the legislative assembly of the date of the budget section meeting at which the request will be considered and provide a copy of the meeting agenda to each member of the legislative assembly. The chairman of the budget section shall allow any member of the legislative assembly an opportunity to present testimony to the budget section regarding any such request.

SECTION 2. AMENDMENT. Section 15-55-10 of the North Dakota Century Code is amended and reenacted as follows:

15-55-10. Limitation on buildings and other campus improvements and issuance of bonds. No building ~~or buildings~~ or other campus ~~improvements~~ improvement may be erected or constructed under this chapter, and no bonds may be issued for the payment of the cost of any building ~~or buildings~~ or other campus ~~improvements~~ improvement under ~~the terms of~~ this chapter, ~~save and except for such specified buildings or other campus improvements as may be from time to time designated and~~ unless authorized by legislative act, nor may any ~~such~~ building ~~or buildings~~ or other campus ~~improvements~~ improvement be erected at a cost exceeding the amount fixed by the legislative assembly ~~in such act~~ as the maximum to be expended for ~~such buildings~~ the building or other campus ~~improvements~~ improvement undertaken under this chapter. ~~Such~~ The legislative authorization may be aggregated and the appropriation of the proceeds of the bonds for the construction of the buildings or improvements are not subject to cancellation under ~~the provisions of~~ section 54-44.1-11. ~~Authorization for the issuance of bonds by the 1969 legislative assembly and authorizations of previous legislative assemblies, however, expire on July 1, 1973, unless bonds have been issued for the construction of buildings or improvements in the amounts so authorized or a contract for the design of the building has~~

~~been signed by the board of higher education prior to such date.~~ Authorization for the issuance of bonds by ~~succeeding~~ the legislative ~~assemblies expire~~ assembly expires four years after the effective date of the authorization unless bonds have been issued for the construction of buildings or improvements in the amounts so authorized or a contract for the design of the building has been signed by the board of higher education ~~prior to such~~ before the expiration date or the authorization specifies a different expiration date. Refunding bonds may be issued by the state board of higher education under ~~the provisions of~~ this chapter without legislative act to refund, at or ~~prior to~~ before the maturity of or pursuant to any privilege of prepayment reserved in or granted with respect to, any bonds issued to pay the cost of buildings or other campus improvements designated and authorized by legislative act.

SECTION 3. Authorization of expansion of building projects by legislative assembly or budget section. Notwithstanding any other provision of law, a state agency or institution may not significantly change or expand a building construction project beyond what has been approved by the legislative assembly unless the legislative assembly, or the budget section of the legislative council if the legislative assembly is not in session, approves the change or expansion of the project or any additional expenditure for the project. For the purposes of this section, a significant change or expansion includes the construction of an addition to a building, including skywalks or other type of enclosed walkway, or any other substantial increase in the area of the building, but does not include the construction of building entrances and stairwells.

Approved April 7, 1999
Filed April 8, 1999

Executive Summary and Progress Highlights of the North Dakota University System

Goal 1 – Education Excellence

To strive for excellence and improve quality learning for students which ensures knowledge and competency in their chosen discipline and emphasizes strong communications skills, analytical thinking, use of technology, and interpersonal skills.

Examples of System Strategies and Accomplishments:

- Develop/implement student progress/achievement research capability for improving student success.
- The first step to accomplishing this strategy is to acquire and dedicate $76,000 annually to the Student Progress and Achievement Research Cooperative (SPARC).
- SPARC will provide important information on student flow within the System, i.e. student transfer patterns between System institutions and the success of students in transferring.
- By 2004, faculty and staff salaries will increase a total of 5% from internal reallocation on every campus, provided that the legislature continues to fund higher education at a reasonable level.
- The total reallocation for the 1997-99 biennium was $2.9 million.
- During 1997-1998, the average salary increase for faculty and staff in the NDUS ranged from 4.4% - 5.0%.
- 1998-99, average salary increases ranged from 3.4% - 3.7%. The legislature provided adequate state funding for average salary increases of 3%.
- Require requests from campuses for establishing programs, centers, or institutes to include specific measurable outcomes.
- The academic approval process now requires that all campuses include specific measurable outcomes along with requests that the Board approves centers and institutes.

Goal 2 – Technology and Access

To emphasis enhanced use of technology to improve access to programs and services and as a regular component for instructional services and research.

Examples of System Strategies and Accomplishments:

- Develop a virtual university. This would be a true virtual university in the sense that it would not offer credit or degrees, but rather provide a marketing outlet for distance learning courses and programs on all NDUS campuses. The organizational structure would be in the form of a WEB site with links to specific distance learning opportunities on each campus. Funding from the System Contingency fund will be requested from the State Board of Higher Education at its November 1998 meeting.
- Study delivery of instructional services.
- MiSU has proposed a program to provide online training on WEB courses design for all NDUS campuses.
- Conduct analysis in 1999 to determine effect of increasing/decreasing student loan and grant programs would have on enrollment.
- The Board will seek legislative funding so that equipment appropriations by 2007-2009 fully fund a realistic replacement schedule.
- Institute new student records and administrative systems that is fully operational, providing on-line services for admission, registration, transfer, advising, library services, financial aid, bill paying and all other related student services. The Board will request funding for implementation of these systems from the 1999 and subsequent legislative sessions.
- Join MHEC (Midwest Higher Education Compact).

Goal 3 – Relevant Programs

To align programs and services with student interests and with current and future needs of business, communities and the state, including cultural, social and citizenry components.

Examples of System Strategies and Accomplishments:

- Annual meeting of business/industry leaders.
- Collaborate with the Greater North Dakota Association in providing a program at the Annual Business Conference that will have a strong emphasis on the educational needs of business and industry.
- A highlight of the conference will be the unveiling of a report by the statewide Task Force on Improving Workforce Development and Training.
- Support Enhancing Growing North Dakota.
- The University System campuses hosted nearly all of the workshops held throughout the state which were designed to determine the "target industries" for economic development.
- Collaborate with the State Board for Vocational Technical Education to request funds from the legislature for the Customized Training Network.
- Conduct assessment of current/projected technical training needs in North Dakota.
- A survey of employers of graduates of post secondary institutions in North Dakota will be conducted in the fall of 1998 by FINDET in cooperation with Job Service-North Dakota to determine the occupational areas where the graduates are being employed.
- Review Board policies limiting 2-year programs on 4-year campuses.
- Develop a plan to increase certificate and vocational education in North Dakota as recommended in the Bush report.
- The target date for action on this strategy is the year 2000.

Goal 4 – Leadership in Research

To provide leadership in addressing the high priority research and development needs and opportunities of the state.

Examples of System Strategies and Accomplishments:

- Convene a forum of campus research leaders to make recommendations to the Board on how the NDUS can continue to improve its role as the research/development engine for North Dakota.
- The target date for action on this strategy will be 1999.

Goal 5 – Learning Environment

To provide an up-to-date and innovative environment for students, employees, and the public; and an environment that support learning, research, and public service.

Examples of System Strategies and Accomplishments:

- Maintain current campus facility master planning process.
- Updates to the campus master plan were presented to the Board in April 1998. This updated information was used as the basis for developing the 1999-2001 major capital project request for inclusion in the budget.
- Designate major repair and renovation projects as highest priority for capital projects funding requests. Requests for new facilities will also be considered if matched by at least 50% from non-state resources. The

Board will seek legislative funding so that appropriations for general plant repairs by 2007-2009 equal 1.5% of plant value.

- Conduct a Board study in 2001-2002 to address consolidation of administrative functions across campuses to improve communications, increase data availability, and improve efficiency.
- Review biennially beginning in 1999-2001 the administrative costs of all institutions and use national averages as benchmarks to assure administrative costs are kept below the national average for similar types of institutions.
- Assess duplicate degree programs. Criteria for this assessment are presently being developed.

Goal 6 – Documented Performance

To document the performance and effectiveness of the North Dakota University System.

Examples of System Strategies and Accomplishments:

- Request Legislative Council approval for system-level performance report related to goals/strategies.
- Establish system-wide planning and accountability function with System office to implement Bush report recommendations.
- Request Governor and Legislature to continue to provide flexibility to allocate resources.

Goal 7 – Collaboration

To improve educational opportunities and services among the campuses, K-12, and other entities through cooperation and collaboration.

Examples of System Strategies and Accomplishments:

- Improve ties with elementary/secondary schools.
- The recently created System-wide Teacher Education Council is working with K-12 and vocational leaders across the state and is refocusing graduate teacher education so that programs directly support local school improvement programs. The dual enrollment legislation passed in 1997 is also based on a partnership between higher education, K-12 education, and vocational education.
- Provide assessment/performance data on grads that enter public colleges.
- Strategy will be accomplished with the implementation of SPARC (see Goal 1.1).
- Cooperate with K-12 to increase percentage of high school grads that enroll in postsecondary education.
- Common course numbering for 100-200 level courses
- Common course numbering for lower division courses will be reported on at the November 1998 Board meeting.
- Develop a plan with the Department of Human Services to provide education/training to welfare recipients.
- A Task Force on Welfare Reform involving a cross section of relevant state agencies and organizations has been formed to develop a plan for providing education and training that will assist welfare recipients.
- Cooperate with National Guard to implement NG tuition waiver program.
- Changes will be introduced during the 1999 legislative session as revisions to the current statute.

APPENDIX G

PARTNERS FOR PROGRESS
THE NEXT STEPS

A BUSH FOUNDATION STUDY
SUBMITTED TO

NORTH DAKOTA STATE BOARD
OF HIGHER EDUCATION

APRIL 1997

EXECUTIVE SUMMARY

During the past ten years, a report entitled *Partners for Quality: Preparing Higher Education for a Second Century of Change*, has served as a major roadmap and catalyst for action for North Dakota's system of higher education. The work of an Advisory Panel commissioned by the State Board of Higher Education (SBHE) with funding from the Bush Foundation, the document set the stage for fundamental changes, beginning with the establishment of a North Dakota University System (NDUS) headed by a Chancellor. That achievement, along with many others largely attributable to *Partners for Quality*, is documented in the introductory section of this report. There is no doubt that *Partners for Quality* has positively impacted higher education in the state and served North Dakota's citizens well.

Major forces have emerged on the national and international levels to create a very different environment for higher education than was envisioned by the authors of that 1986 report. Economic forces, along with increased attention to teaching and learning, a focus on "customers" and the services provided to them, the advent of desktop computing, and a broadening concern for accountability, present new challenges. In addition, the state is faced with continuing demographic shifts, transitions in political and educational leadership, and changes in federal policy. It is time for a fresh perspective.

In 1996, the State Board of Higher Education received a second grant from the Bush Foundation to assess the impact of the initial grant, and perhaps more importantly, to make recommendations for action that will advance the agenda for the future of postsecondary education in the state.

A six-member Advisory Panel representing a wide variety of experiences and perspectives familiarized themselves with the state and its system of higher education through a number of activities, including extensive interviews and

discussions with North Dakotans across the state. The culmination of those activities is this report, *Partners for Progress: The Next Steps*. It includes a number of findings and observations about North Dakota and its system of higher education, identifies major issues that require action and resolution, and puts forth ten recommendations that constitute the next steps to prepare North Dakota higher education for its role in the 21st century.

Major issues identified in this report include:

- The lack of consensus surrounding the constitutional status of institutions of higher education and the belief that the state has too many of them;

- A need to enhance the effectiveness and leadership role of the State Board of Higher Education and its members;

- Development of better partnerships between state government and the State Board of Higher Education;

- Calls to redefine higher education to more fully embrace career and technical education and the needs of non-traditional, place-bound students;

- A need to foster a system that is more client-centered, more responsive to its various constituents, and better able to use all its resources to service all geographic areas of the state;

- Opportunities for empowering institutional leaders to allow for innovation and utilization of resources for the best advantage.

Ten recommendations, which are outlined in greater detail in the last section of this report, are as follows:

1. Resolve the issue of constitutional status of institutions.

2. Improve the process by which SBHE members are recruited and appointed.

3. Take steps to help ensure effective Board functioning.

4. Develop a "public agenda" for higher education.

5. Charge the SBHE with promoting understanding of the public agenda, building consensus around it, and subjecting it to regular review.

6. Make significant changes in the structure of the budget.

7. Allow maximum latitude for institutional leaders in the use of funds, accompanied by public accountability.

8. Clarify the roles of the SBHE, its staff, and institutional leaders.

9. Develop a competency-based AA degree.

10. Adopt, and act on, the premise that the North Dakota University System has an obligation to respond to the educational needs of the state and its citizens and that this obligation can be met only by drawing on the combined assets of the System to respond to local needs.

It is believed that implementation of these recommendations will have a similar positive impact as those outlined in the first Bush Study. The Panel urges early discussion and decisions to strengthen higher education in North Dakota.