

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

HIGHER EDUCATION COMMITTEE

Thursday, April 13, 2006
Valley City State University
Valley City, North Dakota

Senator Ray Holmberg, Chairman, called the meeting to order at 9:00 a.m. on Thursday, April 13, 2006, in the Skoal Room, Valley City State University, Valley City.

Members present: Senators Ray Holmberg, Tim Flakoll, Tony Grindberg, Nicholas P. Hacker, Ed Kringstad, Elroy N. Lindaas, Dave Nething, David O'Connell; Representatives Ole Aarsvold, Lois Delmore, Mary Ekstrom, Kathy Hawken, Nancy Johnson, Bob Martinson, Darrell D. Nottestad, Mark S. Owens, Earl Rennerfeldt, Steven L. Zaiser

Members absent: Representatives Larry Bellew, Tom Brusegaard, Andrew G. Maragos

Others present: Ralph Metcalf, State Representative, Valley City

Lee Kaldor, State Representative, Mayville

See attached appendix for additional persons present.

Senator Larry J. Robinson, member of the Legislative Council, was also in attendance.

It was moved by Senator O'Connell, seconded by Representative Nottestad, and carried on a voice vote that the minutes of the February 14-15, 2006, and March 14-15, 2006, meetings be approved as distributed.

VALLEY CITY STATE UNIVERSITY

Dr. Ellen Chaffee, President, Valley City State University, welcomed the committee and reviewed the committee's tour packet contents. A copy of the packet is on file in the Legislative Council office.

Dr. James Wigtil, Vice President for Academic Affairs, Valley City State University, provided information on campus initiatives and programs, campus responses to the Higher Education Roundtable, enrollment, funding challenges and opportunities, and capital improvements. A copy of the information is included in the tour packet. He said campus initiatives and programs include a partnership with Eagle Creek Software Services, the establishment of the Institute for Customized Business Solutions, and the offering of a master of education degree. He said in regard to responses to the Higher Education Roundtable, the university's general education requirements include a focus on the following abilities that instill in students the intellectual capacity to learn effectively throughout their lives:

- Communication.
- Global awareness.
- Problem-solving.
- Wellness.
- Collaboration.
- Aesthetic engagement.
- Technology.
- Effective citizenship.

Dr. Wigtil said the university's fall 2005 enrollment is summarized as follows:

	Fall 2004	Fall 2005	Increase (Decrease)
Headcount enrollment	1,033	1,035	2
Full-time equivalent enrollment	895	843	(52)
Full-time enrollment	833	785	(48)
Part-time enrollment	200	250	50
Total credits produced	14,333	13,450	(883)
On-campus credits produced	12,697	11,997	(700)
Distance education credits produced	1,636	1,453	(183)

Dr. Wigtil said the university's funding challenges include higher than anticipated utility costs, low salaries, increasing travel expenses, and the need for academic and facilities equipment. He said the status of the university's 2005-07 capital improvements is:

Project	Status	Budget
Specials	Ongoing	\$38,236
Bleacher replacement - W. E. Osmon Fieldhouse	Started	282,000
Tuckpointing various buildings	Scheduled for summer 2006	108,000
Classroom and office repair and renovation	Ongoing	174,673
Sidewalk repair	Ongoing	12,260
Roof replacement - Graichen Gymnasium	Completed	25,840
Handicap access - Graichen Gymnasium	Completed	6,500
Emergency power - Rhoades Science Building	Completed	10,436
Heating system repairs	Ongoing	50,000
Sound system - Vangstad Auditorium	Completed	10,000
Elevator repair - McFarland Hall	Completed	24,400
Total		\$742,345

Dr. Wigtil said the university's capital improvement needs for future bienniums include:

Project	Estimated Cost
Steamline replacement	\$2,200,000
Life safety and Americans with Disabilities Act projects	\$818,000
Renovation of Vangstad Auditorium	\$1,250,000
Addition to Allen Memorial Library	\$1,389,440
Addition to W. E. Osmon Fieldhouse	\$15,000,000
Air-conditioning - McFarland Hall	\$1,936,680
Air-conditioning - McCarthy Hall	\$354,600
Technology building	\$3,522,168

Mr. Daniel McRoberts, Associate Professor, Valley City State University, provided information on the university's master of education program. He said the university's master of education program is designed to meet the needs of working teachers who wish to complete their master's degree without leaving their jobs. He said the program currently offers two areas of concentration--teaching and technology and technology education. He said the teaching and technology concentration focuses on the use of technology to enhance learning and the technology education concentration is designed for educators who are interested in teaching technology education. He said the first master's level courses were offered during the fall 2005 semester and 28 students are enrolled in the program as of the beginning of the spring 2006 semester.

Mr. Ryan Bilden, student, Valley City State University, who joined the committee by conference call, provided information regarding the university's master of education program. He said he chose the university's master of education program because it enables him to further his education while teaching for the Northwood Public School District and raising a family.

In response to a question from Representative Aarsvold, Mr. McRoberts said the university's master of education program does not have a residential requirement; however, faculty for the program are considering requiring students to be on campus for a capstone experience.

Ms. Susan Pfeifer, instructor, Valley City State University, provided information on the university's customer relationship management (CRM) software track and the university's partnership with Eagle Creek Software Services. She said CRM is one of the most exciting and fastest-growing segments in the software industry. She said CRM software is used by organizations to manage information about their customers. She said the university's CRM software track prepares graduates for positions in CRM development and implementation. She said the track includes one class and two semesters of paid internship working with Eagle Creek Software Services. She said the university also provides a CRM FastTrack program designed to give experienced programmers the background of the CRM track for immediate employment at Eagle Creek Software Services.

Mr. Mike Lloyd, employee, Eagle Creek Software Services, commented on the university's CRM

software track and the university's partnership with Eagle Creek Software Services. He said he is a 2004 alumnus of Valley City State University who decided to complete the CRM FastTrack program and return to Valley City. He said Eagle Creek Software Services provides a great opportunity for students to stay in the area.

Dr. Chaffee provided information regarding the university's Institute for Customized Business Solutions. In March 2006, she said, the Budget Section approved the university's request for \$1 million of centers of excellence funding for the establishment of the Institute for Customized Business Solutions. She said the institute will create qualified enterprise software consulting candidates to meet the specific business needs of partners in the information technology services industry. She said the university is working on an implementation plan that will produce 40 new private sector jobs by the end of June 2007 and lead to 200 new jobs by 2010.

Dr. Chaffee said the Legislative Assembly needs to know that the North Dakota University System is severely underfunded. She said the North Dakota Constitution provides that the Legislative Assembly shall provide adequate funding for the proper carrying out of the functions and duties of the State Board of Higher Education. She said Valley City State University has reallocated at least 10 percent of funding each year for several years to assist with salary increases and invest in new initiatives and programs. She said the university will continue to work harder than ever to complete its mission; however, the North Dakota University System and the Legislative Assembly need to work together to create a different environment for higher education in North Dakota.

Chairman Holmberg thanked Dr. Chaffee for her comments.

In response to a question from Senator Grindberg, Dr. Chaffee said without the Higher Education Roundtable, Valley City State University and the North Dakota University System would be in worse shape.

In response to a question from Representative Ekstrom, Dr. Chaffee said deferred maintenance is a serious concern for the university.

The committee conducted a tour of the campus of Valley City State University, including Kolstoe Dormitory, Vangstad Auditorium, Graichen Gymnasium, the university's powerhouse, and the aquatic macroinvertebrate laboratory in McCarthy Hall.

In response to a question, Mr. Bill Ament, Vice President of Business Affairs, Valley City State University, said in 2004 the university completed a \$2.8 million renovation project that converted Kolstoe Hall into apartment-style two- and four-person suites with private bathrooms and living room areas. He said the project also included a renovation of the entire first floor, a new elevator, central air-conditioning, a fitness room, and all new furnishings.

In response to a question, Mr. Ron Pommerer, Facilities Services Director, Valley City State University, said the existing steam distribution system is 40 years old, exceeding the expected useful life by 10 years.

Upon completion of the tour, the committee recessed for lunch at 12:00 noon and reconvened at 12:45 p.m.

HIGHER EDUCATION FUNDING AND ACCOUNTABILITY STUDY

The Legislative Council staff distributed the final report for the higher education funding and accountability study completed by MGT of America, Inc. A copy of the report is on file in the Legislative Council office, and the final report is available online at www.legis.nd.gov/docs/pdf/defundingandaccountabilitystudy.pdf. The Legislative Council staff also distributed a memorandum entitled [Higher Education Funding and Accountability Study Recommendations](#). The memorandum provides a summary of the recommendations included in the final report.

The Legislative Council staff presented a memorandum entitled [Workforce Training System for North Dakota](#). The Legislative Council staff reviewed background information relating to 1999 House Bill No. 1443, which established the workforce training system, statutory provisions relating to the workforce training system, workforce training revenues and expenditures, and workforce training activity.

In response to a question from Senator Holmberg regarding workforce training activity, the Legislative Council staff said representatives of the northeast workforce training region will be requested to provide information on why the region's activity level is behind other workforce training regions at the committee's next meeting scheduled for May 10-11, 2006.

Ms. Sue Andrews, member, State Board of Higher Education, provided comments regarding the final report for the higher education funding and accountability study. A copy of her comments is on file in the Legislative Council office. She said the State Board of Higher Education submitted its comments regarding the final report for the higher education funding and accountability study to the Legislative Council office on March 18, 2006. She said the board is pleased MGT of America, Inc., concluded that:

- State funding in support of the North Dakota University System should be increased to the goal of 21 percent of the state general fund budget.
- The Higher Education Roundtable is successful in improving the quality of public higher education in North Dakota, integrating higher education into the economy, and making higher education an economic engine and driver of the economy.

- The accountability measures are appropriate and consistent with the Higher Education Roundtable recommendations.
- The long-term financing plan and peer funding model are a valid approach for determining funding needs and allocating resources.

Ms. Andrews said the board will have need to discuss and future analyze some of the MGT of America, Inc., recommendations, including:

- How funding for agriculture research experiment stations and extension is handled for the peer comparisons for North Dakota State University.
- How funding is allocated between parity and equity.
- How equity funding is allocated among the higher education institutions.

Ms. Andrews said the board has requested the updated peer benchmark model be used to develop the 2007-09 budget request for the North Dakota University System. She said equity challenges existed under the former workload model and will continue under the peer benchmark model unless adequate funding is provided to address equity while also simultaneously covering mandated cost increases at all higher education institutions.

Senator Flakoll noted the data table for Bismarck State College benchmark funding in Appendix C of the final report does not correspond with the information presented in Exhibits 2 and 6-8.

Senator Grindberg said questions have been raised as to whether funding for agriculture research experiment stations and extension associated with North Dakota State University and funding for the School of Medicine and Health Sciences associated with the University of North Dakota should or should not be part of their respective peer funding formulas. He requested the Legislative Council staff work with the North Dakota University System staff to provide the committee with the following information:

1. In regard to funding for agriculture research experiment stations and extension and the University of North Dakota School of Medicine and Health Sciences:
 - a. What influence does the additional funding have on the associated entities?
 - b. What is the specific per student (full-time equivalent) general fund appropriation for the University of North Dakota School of Medicine and Health Sciences and the University of North Dakota?
 - c. How much influence do these funds have on the budgets for North Dakota State University and the University of North Dakota?
 - d. Break out the funding for agriculture research experiment stations and extension and the University of North Dakota School of Medicine and Health Sciences from the budgets for North

Dakota State University and the University of North Dakota.

- e. Is it correct that funding for agriculture research experiment stations and extension is not tied to students? But funding for the University of North Dakota School of Medicine and Health Sciences does support students?
2. What is the definition of parity, including:
 - a. What budget items are included?
 - b. Is there a formula?
 - c. How is parity calculated for each institution?
 - d. What are the latest budget numbers in which parity distribution was made?
 - e. How has equity been distributed for the 2005-07 biennium, not including the \$2 million equity pool distributed by the State Board of Higher Education in January 2006?

Senator Nething asked what impact, if any, is reflected in the final report relating to the issue of tuition waivers. He said the final report should include information on whether the level of tuition waivers provided for by the North Dakota higher education institutions is similar to the selected peer institutions.

It was moved by Representative Martinson and seconded by Senator Nething that the Higher Education Committee consider the acceptance of the MGT of America, Inc., final report on the higher education funding and accountability study for the purpose of authorizing the final contract payment at the May 10-11, 2006, meeting.

In response to a question from Representative Hawken, the legislative budget analyst and auditor said the MGT of America, Inc., response to institution and other comments on the final report for the higher education funding and accountability study is located on pages 25 and 26 of the executive summary.

It was moved by Senator Nething, seconded by Senator O'Connell, and carried on a voice vote that the Higher Education Committee table the motion being considered by the committee.

It was moved by Representative Delmore, seconded by Representative Rennerfeldt, and carried on a voice vote that the committee adjourn subject to the call of the chair. The meeting was adjourned at 1:25 p.m.

Roxanne Woeste
Senior Fiscal Analyst

Jim W. Smith
Legislative Budget Analyst and Auditor

[ATTACH:1](#)