

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

HIGHER EDUCATION COMMITTEE

Wednesday, October 5, 2005

Williston State College and Williston Research Extension Center
Williston, North Dakota

Senator Ray Holmberg, Chairman, called the meeting to order at 9:00 a.m. on Wednesday, October 5, 2005, at the Health Science and Sports Complex, Williston State College, Williston.

Members present: Senators Ray Holmberg, Tim Flakoll, Nicholas P. Hacker, Ed Kringstad, Dave Nething, David O'Connell; Representatives Ole Aarsvold, Larry Bellew, Lois Delmore, Kathy Hawken, Andrew G. Maragos, Bob Martinson, Darrell D. Nottestad

Members absent: Senators Tony Grindberg, Elroy N. Lindaas; Representatives Tom Brusegaard, Mary Ekstrom, Nancy Johnson, Mark S. Owens, Earl Rennerfeldt, Steven L. Zaiser

Others present: John D. Olsrud, Legislative Council, Bismarck

See Appendix A for additional persons present.

It was moved by Representative Delmore, seconded by Representative Maragos, and carried on a voice vote that the minutes of the July 12, 2005, meeting be approved as distributed.

WILLISTON STATE COLLEGE

Chairman Holmberg welcomed Senator Stanley W. Lyson, Legislative Council member, to the meeting.

Dr. Joseph McCann, President, Williston State College, welcomed the committee to the campus of Williston State College and reviewed the contents of the committee's tour packet. A copy of the packet is on file in the Legislative Council office. He said Williston State College is a community college fully accredited by the North Central Association Commission on Accreditation and School Improvement. He said the college has embarked on a rural community college initiative funded through the Ford Foundation. Under the initiative, a Williston State College team worked with representatives of the private sector to identify the assets and challenges of the area, create a vision for the future for the area, and design action plans to reach that vision. He said the major goals identified by the initiative include:

- Expanding entrepreneurship in the region.
- Expanding the oilfield training capacity available in the region.
- Supporting value-added agriculture, including irrigation and high-value crops.

- Decreasing the outmigration of youth in the region.
- Improving the quality of life in the region.
- Establishing a rural development center that supports entrepreneurship, makes the college more of a cultural center, and supports the region's economic development targeted sectors of value-added agriculture, technology, energy production, and tourism.

In response to a question from Senator Holmberg regarding adjunct faculty, Ms. Helen Overbo, Dean for Academic Affairs, Williston State College, said the college has significantly increased the number of adjunct faculty in recent years. She said for the fall 2005 semester the college has 52 adjunct faculty, of which 20 are located on campus and 32 are located off campus. She said the college utilizes adjunct faculty for the college's dual-credit courses, online programs, and programs offered at off-campus locations.

Ms. Overbo provided information regarding campus initiatives and programs. The information is included in the committee's tour packet. She said the college offers a number of programs, including entrepreneurship, massage therapy, nursing, physical therapist assistant, and speech-language pathology assistant programs. She said the following programs are available online:

- Associate in arts.
- Administrative assistant.
- Agribusiness.
- Marketing and management.
- Entrepreneurship.
- Medical billing and coding.
- Medical transcription.
- Paraeducator.
- Recreation and tourism.
- Speech-language pathology assistant.

In response to a question from Senator Nething regarding student internships, Ms. Overbo said most student internships are not paid positions.

In response to a question from Senator Hacker regarding student internships, Ms. Overbo said students who receive credit for completing student internships must pay tuition for those credits.

Ms. Deanette Piesik, Director of Workforce Training, Williston State College, provided information regarding workforce training activity. The information is included in the committee's tour packet. She said in fiscal year 2005 the Northwest North Dakota Workforce Training Division experienced increased training in the energy industry and in the Minot business community. She said the division was awarded \$100,000 of funding from the state's centers of excellence initiative during fiscal year 2005 for establishment of a Williston State College oilfield training center. She said the division is delivering certified nursing assistant training in Bottineau and New Town through partnerships with local community colleges and long-term care facilities.

In response to a question from Senator Nething regarding revenues reported by the Workforce Training Division, Ms. Piesik said the division received revenue of \$829,397, of which \$289,428 was direct training revenue, for fiscal year 2005. She said the remainder of the revenue totaling \$539,969 consisted of funding received from the legislative appropriation for workforce training, funding received from the state's centers of excellence initiative, and donations received for the division.

In response to a question from Representative Aarsvold regarding staffing, Ms. Piesik said the division could use additional staff to work more directly with area businesses.

Dr. McCann provided information regarding the college's alignment plan for 2005-06. The information is included in the committee's tour packet. He said the college's alignment plan for 2005-06 includes the following objectives:

- Begin work on funding of a diesel lab addition to the Crighton Building and an oil rig training site.
- Begin to secure funding for a rural development building.
- Continue to address faculty and staff salary equity.
- Continue to develop an alumni office operation.
- Revise marketing and recruiting efforts, further develop the enrollment management plan, and expand recruiting efforts in Canada.
- Make progress on funding priority positions.
- Develop a set of action steps that will result in college employees treating one another professionally and with respect.
- Develop an emergency preparedness plan.
- Develop a plan to provide large classroom space for special events, credit classes, and oilfield training.

In response to a question from Senator O'Connell, Dr. McCann said the college is not conducting any research in the area of oil recovery.

In response to a question from Representative Aarsvold, Dr. McCann said the college has an

informal working relationship with the Williston Research Extension Center.

Ms. Overbo provided a report on current enrollment, including information on the number of students served on campus versus the number of students served through distance education. The information is included in the committee's tour packet. She said the college's fall 2005 enrollment is summarized as follows:

	Fall 2004	Fall 2005	Increase (Decrease)
Headcount enrollment	936	947	11
Full-time enrollment	545	557	12
Part-time enrollment	388	390	2
On-campus headcount	650	576	(74)
Distance education headcount	391	496	105

In response to a question from Senator Nething, Dr. McCann said the college has experienced an increase in the number of students from Montana; however, the college has not seen an increase in the number of students from Canada.

In response to a question from Senator Flakoll regarding residence hall occupancy, Dr. McCann said the college increased its residence hall capacity by approximately 25 spaces from 100 to 125 spaces for the 2005-06 school year and at the present time the college has approximately 5 vacancies.

In response to a question from Senator Flakoll, Dr. Robert L. Potts, Chancellor, North Dakota University System, said the State Board of Higher Education is working on an international student initiative that would benefit all higher education institutions in the University System.

Ms. Brenda Wigness, Director for Administrative Affairs, Williston State College, provided information regarding the college's plans for responding to the demographic trends in North Dakota over the next 10 years and funding challenges and opportunities. She said the college anticipates responding to the state's demographic trends by increasing distance education opportunities. She said funding challenges include growth in high-cost programs, such as allied health programs, increases in utility costs, and increases in deferred maintenance needs.

Dr. McCann provided information regarding capital improvements for the 2005-07 biennium and future capital improvement needs. He said the college has submitted a centers of excellence proposal for approximately \$1.7 million in funding to match federal funding of \$2.4 million from the United States Department of Labor for establishment of a regional oilfield training center.

The committee toured Williston State College facilities, including Stevens Hall and the Health Science and Sports Complex.

In response to a question regarding the Health Science and Sports Complex, Dr. McCann said the complex was constructed at a cost of \$5.7 million.

The committee recessed for lunch at 12:00 noon and reconvened at 12:35 p.m.

WILLISTON RESEARCH EXTENSION CENTER

Due to weather conditions, Chairman Holmberg canceled the onsite visitation of the Williston Research Extension Center and representatives of the Williston Research Extension Center were invited to Williston State College to provide the committee with information regarding the center's programs, status of the 2005-07 budget, status of 2005-07 capital improvements, and anticipated budget needs for the 2007-09 biennium.

Mr. Jerry Bergman, Director, Williston Research Extension Center, welcomed the committee to Williston and reviewed the committee's tour packet contents. A copy of the packet is on file in the Legislative Council office. He said the Williston Research Extension Center was established in 1907 by the Legislative Assembly and moved to its current site in 1954. The center consists of 800 dryland acres and 159 acres of newly purchased land in Nesson Valley, 30 miles east of Williston. The center's mission is to assist area dryland and irrigated farmers achieve greater economic returns through efficient land use and crop diversification.

Mr. Bergman said the 2005 Legislative Assembly provided funding of \$118,105 from the general fund to the center for continued work on the State Board of Agricultural Research and Education Western Malting Barley Project. He said the objectives of the project are to:

- Develop six-rowed and two-rowed malting barley varieties for dryland production in western North Dakota.
- Develop six-rowed and two-rowed malting barley varieties for irrigated production in western North Dakota.
- Develop management strategies for producing malting barley under dryland and irrigated production conditions in western North Dakota.
- Identify barley diseases present in western North Dakota annually that could threaten the barley crop.

Mr. Bergman said the center has started a MonDak Irrigated Research and Development Project on the land in the Nesson Valley. He said the center has spent approximately \$650,000 to date for the project from funds raised from local sponsors. He said benefits of the project include examination of the interaction between irrigation methods and crop rotations in North Dakota, development of alternative cropping systems and a nutrient and pest management plan for all irrigable lands in North Dakota, and development of water and cultural management strategies for optimal production. He said the center will be requesting funding of approximately \$380,000

for the 2007-09 biennium to support the Nesson Valley project.

In response to a question from Senator Nething, Mr. Bergman said the center is hoping the MonDak Irrigated Research and Development Project will help promote more irrigation in the area.

Dr. James A. Staricka, Soil Scientist, Williston Research Extension Center, provided information regarding crop rotation, precision farming, irrigation, and soil education. The information is included in the committee's tour packet. He said the center has been working with area farmers to diversify and intensify crop rotations and to determine if there are economic benefits to precision farming.

Mr. Chet Hill, Extension Specialist, North Dakota Extension Center, provided information regarding agriculture diversification and value-added opportunities. The information is included in the committee's tour packet. He said in the area of livestock, the center has been working with the three dairies established in the region on alternative feeds, and in the area of horticulture, the center has been working with farmers' markets to promote vegetable and small fruit production.

In response to a question from Senator Nething, Mr. Hill said the dairies range in size from approximately 450 to 1,000 dairy cattle.

HIGHER EDUCATION FUNDING AND ACCOUNTABILITY STUDY

Chairman Holmberg announced the Legislative Council, at its September 8, 2005, meeting, selected MGT of America, Inc., as the consultant for conducting the higher education funding and accountability study provided for in Section 23 of 2005 Senate Bill No. 2003.

Chairman Holmberg called on Dr. J. Kent Caruthers, Senior Partner, MGT of America, Inc., who joined the committee by conference call to provide a status report on the higher education funding and accountability study. Dr. Caruthers said MGT of America, Inc., has a full range of funding experiences from both state and institutional perspectives, including the assessment of current funding models and funding equity, the design of new funding models, the selection of peer institutions and analyses, and the development of accountability models. He said Dr. Mary McKeown-Moak, Partner, MGT of America, Inc., who has over 30 years of experience in education as an educational administrator working with school districts, universities, boards of education, and boards of regent, will be the project director for the study.

Dr. Caruthers said the proposed methodology for the study includes the following tasks:

- Finalize work program.
- Develop consensus on guiding principles.
- Describe state of higher education.

- Assess the long-term financing plan and the appropriateness of the peers.
- Evaluate Higher Education Roundtable recommendations.
- Evaluate accountability measures and benchmarks.
- Develop options and recommendations.
- Prepare reports.

Dr. Caruthers said MGT of America, Inc., has started several of the tasks. He said the work on the state of higher education will be completed in October 2005 and the firm will provide a preliminary report regarding this task to the Higher Education Committee at the committee's November 9-10, 2005, meeting.

Representative Hawken suggested MGT of America, Inc., seek input from the State Board of Higher Education and the higher education institutions regarding appropriate higher education accountability measures.

In response to a question from Representative Delmore regarding onsite visitations, Dr. Caruthers said MGT of America, Inc., plans on conducting several visitations to North Dakota, including visitations to each of the higher education institution communities and visitations to interview members of the Higher Education Committee and members of the Higher Education Roundtable. He said the firm anticipates beginning the visitations at the end of October. He said the firm will be conducting visitations the week of November 7-11.

In response to a question from Senator Flakoll regarding interviews of Higher Education Roundtable members, Dr. Caruthers said MGT of America, Inc., will have to consider whether to interview only current members of the Higher Education Roundtable or both current and past members of the Higher Education Roundtable. Senator Flakoll said he believes MGT of America, Inc., should interview both current and past members of the Higher Education Roundtable.

Dr. Caruthers presented a North Dakota specific draft of *Guiding Principles for Funding Methodologies* (attached as Appendix B). He said a funding methodology will not address all of the guiding principles listed; therefore, MGT of America, Inc., will have to determine the guiding principles that are important to the state of North Dakota. He said the firm will use the guiding principles selected for the state to evaluate the current long-term financing plan adopted by the State Board of Higher Education and alternative methods of funding.

Representative Martinson said he believes the funding methodology selected for the state should not include a connection to a certain percentage of state funding for higher education.

Representative Aarsvold said the consultant should consider that the Higher Education Roundtable recommendations included an economic development

emphasis that may have resulted in a lessening of a higher education institution's emphasis on liberal arts.

In response to a question from Representative Delmore regarding the guiding principles, Dr. Caruthers said MGT of America, Inc., will determine the principles that are important to the state of North Dakota through interviews with representatives of the higher education institutions, the Higher Education Committee, and the Higher Education Roundtable.

Dr. Caruthers presented a North Dakota specific draft of *Variables/Criteria for Use in Determining Peers for Funding Analyses* (attached as Appendix C). He said Dr. McKeown-Moak will be leading the MGT of America, Inc., effort to determine the appropriateness of the peer institutions selected for the North Dakota University System and the need to update peer institution funding comparisons. He said Dr. McKeown-Moak uses a statistical approach to determine appropriate peer institutions.

Senator Hacker said he is concerned with the medical school criteria for determining peer institutions. He said the University of North Dakota (UND) and the UND School of Medicine and Health Sciences are very integrated and the entities are not separable for comparisons with other higher education entities.

Dr. Caruthers said in some states, universities and related medical schools are very integrated, as in North Dakota, but in other states, universities and related medical schools are separate entities.

In response to a question from Senator Holmberg regarding the involvement of higher education institutions in the selection of peer institutions, Dr. Caruthers said in previous work engagements, MGT of America, Inc., has involved higher education institutions in the selection of peer institutions. He said in regard to the North Dakota higher education funding and accountability study, MGT of America, Inc., will need to seek direction from legislators as to whether or not higher education institutions should be involved in the selection of peer institutions.

Senator Nething said the current peer institutions for the North Dakota University System were selected by the State Board of Higher Education but the board did seek the input of higher education institutions.

In response to a question from Senator Holmberg regarding criteria for determining peer institutions, Dr. Caruthers said location of higher education institutions, including the size of surrounding communities, may be used as a criteria for determining peer institutions.

Representative Aarsvold said he is concerned with the current practice of using private higher education institutions as peer institutions. Dr. Caruthers said he believes private higher education institutions should not be used as peer institutions for public higher education institutions.

In response to a question from Senator Flakoll regarding peer institutions, Dr. Caruthers said

Dr. McKeown-Moak would like to select approximately 15 peer institutions for each higher education institution.

In response to a question from Senator Flakoll regarding a process for changing peer institutions, Dr. Caruthers said defining a process for changing peer institutions is a difficulty of a funding methodology based on peer institutions.

In response to a question from Senator Holmberg, Dr. Caruthers said a funding methodology based on peer institutions could be used to determine appropriate ranges of funding rather than specific amounts of funding.

Representative Hawken said if MGT of America, Inc., determines the current method of funding for the North Dakota University System is not appropriate, the firm needs to present an alternative method of funding using existing resources for the University System.

Senator Nething said MGT of America, Inc., should be aware of the state's history of higher education funding. He said during the late 1970s and early 1980s, funding for higher education in the state was based on a formula funding model. The formulas were largely enrollment- and size-driven with internal higher education institution comparisons. During the late 1980s and 1990s, the formula funding model was abandoned due largely in part to declining state revenues and was replaced with an incremental budgeting and appropriation process.

Dr. Caruthers said MGT of America, Inc., will review the history of higher education funding for the state.

Senator Holmberg said higher education institutions' headcount enrollments include a number of distance education students who are not located on campus. He said MGT of America, Inc., should take this into consideration when evaluating and determining peer institutions.

In response to a question from Senator Flakoll regarding criteria for determining peer institutions, Dr. Caruthers said the size of physical plant is not included as a criteria for determining peer institutions. He said data relating to the size of physical plant is not typically available for higher education institutions across the nation.

In response to a question from Representative Aarsvold regarding criteria for determining peer institutions, Dr. Caruthers said the age of physical plant is

not included as a criteria for determining peer institutions. He said the age of physical plant may be considered if capital asset funding is separate from the selected funding methodology. The current peer institution funding component is not used for funding facility maintenance.

In response to a question from Senator Hacker regarding the cost of nonreturning students, Dr. Caruthers said measuring the cost of nonreturning students is not within the scope of the higher education funding and accountability study; however, MGT of America, Inc., will review retention rates as part of its review of higher education accountability measures.

In response to a question from Senator Nething, Dr. Caruthers said MGT of America, Inc., will review accreditation standards and identify any parallels with higher education accountability measures.

In response to a question from Senator Flakoll, Dr. Caruthers said Dr. McKeown-Moak will provide information regarding the status of higher education in other states as part of the status report provided to the committee on November 9, 2005.

DICKINSON STATE COLLEGE AND DICKINSON RESEARCH EXTENSION CENTER

Due to weather conditions, Chairman Holmberg canceled the onsite visit of Dickinson State University and Dickinson Research Extension Center scheduled for Thursday, October 6, 2005. He said the onsite visit of Dickinson State University and Dickinson Research Extension Center will be rescheduled later on during the interim.

The committee adjourned subject to the call of the chair at 5:30 p.m.

Roxanne Woeste
Senior Fiscal Analyst

Jim W. Smith
Legislative Budget Analyst and Auditor

[ATTACH:3](#)