

NORTH DAKOTA LEGISLATIVE MANAGEMENT

Minutes of the

HIGHER EDUCATION COMMITTEE

Tuesday and Wednesday, January 19-20, 2010
Roughrider Room, State Capitol
Bismarck, North Dakota

Representative Bob Skarphol, Chairman, called the meeting to order at 9:00 a.m. on Tuesday, January 19, 2010.

Members present: Representatives Bob Skarphol, Lois Delmore, Mark A. Dosch, Kathy Hawken, Brenda Heller, Dennis Johnson, Nancy Johnson, RaeAnn G. Kelsch, Joe Kroeber, Bob Martinson, Darrell D. Nottestad, Kenton Onstad, Clark Williams; Senators John M. Andrist, Tim Flakoll, Tony S. Grindberg, Karen K. Krebsbach, Elroy N. Lindaas, Dave Nething, David O'Connell, Larry J. Robinson, Tom Seymour

Members absent: Representative Ken Svedjan; Senator Ray Holmberg

Others present: Jim W. Smith, Legislative Council, Bismarck

Dr. Gary Hagen, President, Mayville State University, Mayville

Dr. Richard A. Hanson, Interim President, North Dakota State University, Fargo

Dr. Robert Kelley, President, University of North Dakota, Grand Forks

Dr. Richard McCallum, President, Dickinson State University, Dickinson

Dr. Gary Rabe, Vice President for Academic Affairs, Minot State University, Minot

Dr. Steven W. Shirley, President, Valley City State University, Valley City

William G. Goetz, Chancellor, North Dakota University System, Bismarck

Jeff Delzer, State Representative, Underwood

Jim Kasper, State Representative, Fargo

See attached [appendix](#) for additional persons present.

It was moved by Senator Nething, seconded by Senator Robinson, and carried on a voice vote that the minutes of the October 28, 2009, meeting be approved as distributed.

Chairman Skarphol announced that the next committee meeting will be March 2, 2010, in Bismarck. He said the committee will have a joint meeting with the Workforce and Education Committees on March 31, 2010, followed by a regular committee meeting on April 1, 2010.

HIGHER EDUCATION STUDY

Chairman Skarphol welcomed Dr. Gary Hagen, President, Mayville State University, Dr. Richard McCallum, President, Dickinson State University,

Dr. Gary Rabe, Vice President for Academic Affairs, Minot State University, and Dr. Steven W. Shirley, President, Valley City State University, to the meeting. He expressed concern that the presidents of the University of North Dakota and North Dakota State University were not in attendance. He said the meeting will focus on the future of higher education while reviewing current higher education practices.

Program Evaluation Procedures

Chairman Skarphol called on the campus presidents to provide information regarding processes used to evaluate programs. The campus presidents indicated the following tools are being used to evaluate programs on their campuses:

- Results of national examinations.
- Accreditation processes.
- Faculty surveys.
- Tests to benchmark the progress of students in programs.
- Reviews of program enrollment and semester credit-hour production.

In response to a question from Representative Skarphol, Mr. Randall Thursby, Chief Information Officer, North Dakota University System, Fargo, said campus input into the statewide longitudinal data system has been limited so far. Mr. Thursby said information expectations need to be developed at a statewide level first.

Senator Andrist said the quality of higher education in North Dakota is excellent. He said isolated issues occasionally appear in programs at various campuses.

In response to a question from Senator Flakoll, Mr. William G. Goetz, Chancellor, North Dakota University System, said the University System accountability measures report contains measures required by both statute and by State Board of Higher Education policy. Mr. Goetz said the 2009 accountability measures report will be available within a few months.

In response to a question from Representative Skarphol, Mr. Goetz said academic programs and other factors are used when selecting peer institutions for financial comparisons.

Dr. Rabe said Minot State University uses three peer groups that include financial peers, in-state peers, and aspirational peers. He said aspirational peers are used to develop plans to become a premier

institution in the region. He said a significant number of variables are used when selecting peers.

Mr. Goetz said it is important to consider what is expected of higher education when evaluating program costs. He said the University System budget initiatives reflect the need to offer certain programs to meet the workforce needs of the state.

In response to a question from Representative Onstad, Dr. Rabe said there needs to be a balance between access and duplication when evaluating whether to develop a program at an institution that is already offered at another institution.

In response to a question from Senator Flakoll, Dr. Michel Hillman, Vice Chancellor for Academic and Student Affairs, North Dakota University System, said a new academic program is automatically reviewed when the first class of students graduates from the program. Dr. Hillman said campuses generally do not receive funding specifically for new programs so campuses are selective when determining whether to offer a new program.

Dr. Hillman said all programs are reviewed by the University System office on a five- to seven-year cycle. He said course enrollments are used as part of the program review process.

In response to a question from Representative Delmore, Dr. Hillman said graduate-level programs are also reviewed by the University System office. He said many graduate program enrollments are near capacity.

In response to a question from Senator Andrist, Mr. Goetz said the cost of higher education is a concern to the State Board of Higher Education. He said funding provided by the 2009 Legislative Assembly to limit tuition increases was important for student affordability. He said accessibility needs to be considered when reviewing higher education costs.

Dr. McCallum said access, affordability, and relevance are considered when determining whether to add or remove a program. He said consideration needs to be given to student interest, contribution to economic development, cost, contribution to the institutional mission, and relation to existing programs.

In response to a question from Representative Kelsch, Dr. McCallum said removing a program involves phasing out program courses. He said it is important to allow students already enrolled in the program to complete the program.

In response to a question from Senator Nething, Dr. McCallum said a process used to add or remove programs has been developed at the system level. He said the necessary steps to add or remove a program may take several months.

Mr. Goetz said some programs could be expanded if funding was available. He said the wind energy program at Lake Region State College could be expanded, but the college does not have adequate funding to expand the program at this time.

In response to a question from Senator Robinson, Mr. Goetz suggested that a pool of funding be made available to the University System that could be used

to quickly respond to workforce needs. He said the funds would be allocated to campuses to develop programs as needed to meet workforce needs. He said the Legislative Assembly should provide clear expectations regarding the use of the funds.

In response to a question from Representative Dosch, Mr. Goetz said the University System received a substantial increase in funding from the 2009 Legislative Assembly. However, he said, most of the funding increase was allocated to salary and operating expenses increases. He said equity funding was the only flexible funding that was allocated to campuses.

Representative Skarphol said campuses may need more flexibility in determining what programs to offer and what the missions of the campuses should be.

Dr. Hagen said there may be some concerns with the current missions of institutions. He said the missions of four-year institutions do not allow the institutions to respond to current two-year program access issues in the state.

In response to a question from Representative Kelsch, Mr. Goetz said a funding pool to address immediate workforce needs should have clear guidelines set by the Legislative Assembly. He said the pool would be used for programs that have a vital need in the state with either the chancellor or State Board of Higher Education determining the final use of funds. He said reporting requirements would be used to inform the Legislative Assembly on the uses of funding from the funding pool.

Faculty Engagement and Evaluation

Chairman Skarphol asked the campus presidents to comment regarding the engagement of faculty in decisionmaking processes, the process used to evaluate faculty, and funding available for faculty development. The campus presidents provided the following examples of faculty involvement and evaluation:

- Faculty are involved in developing campus budget requests.
- Faculty are involved in campus master planning.
- Campus committees on budget and finance include faculty members.
- Funds are allocated for faculty initiatives.
- Funds are allocated for the recruitment of students by faculty.
- Funds are allocated for quality improvement.
- Student course evaluations are used for evaluation purposes.
- Student retention in courses is reviewed when evaluating faculty.

In response to a question from Representative Skarphol, Ms. Laura Glatt, Vice Chancellor for Administrative Affairs, North Dakota University System, said the University System has biennial and annual budget processes. Ms. Glatt said the biennial budget process begins prior to the start of a legislative

session. She said following a legislative session the campuses develop annual budgets based on guidelines set forth by the State Board of Higher Education.

Ms. Glatt said campus input is provided in the budget process through campus leaders visiting with faculty, staff, and students to determine unique campus budget needs. She said systemwide projects are also identified. She said the chancellor reviews all budget needs and then develops a budget to be presented to the State Board of Higher Education.

In response to a question from Senator Grindberg, Ms. Glatt said campuses have the ability to reallocate funding between programs on their campus.

In response to a question from Senator Seymour, Ms. Glatt said campuses are responsible to project future enrollments as part of the budgeting process.

In response to a question from Representative Skarphol, Ms. Glatt said legislative appropriations are made specifically for each campus. She said the only opportunity to reallocate funding between campuses is through the University System biennial budget request.

Representative Kelsch suggested the University System focus student recruiting efforts on geographic areas recently affected by economic recession.

Senator Grindberg said campuses need to be aggressive in recruiting nonresident students that will remain in the state following graduation.

Mr. Goetz said the State Board of Higher Education strategic plan includes a focus on nontraditional students. He said the University System office has developed an adult council to address the educational needs of nontraditional students. He said the adult council consists of members of the business community as well as state agencies, including the Department of Commerce, Job Service North Dakota, the Department of Corrections and Rehabilitation, and the Department of Human Services.

In response to a question from Representative Skarphol, Dr. Shirley said student evaluations are used extensively when evaluating new faculty members. He said all courses at Valley City State University will include student evaluations of faculty beginning in 2010.

Senator Seymour said many faculty are evaluated by students on an annual basis.

In response to a question from Senator Flakoll, Dr. Rabe said the student evaluation of faculty that teach online courses is done in the same manner as for faculty that teach courses in a traditional classroom. He said online students receive the same course evaluation form that is completed by on-campus students.

In response to a question from Representative Skarphol, Dr. Rabe said tenured faculty may be placed on a performance improvement plan if they do not meet performance criteria.

Student Involvement

Chairman Skarphol called on the campus presidents to provide information regarding student involvement on campuses, including the role of students in developing and evaluating programs. The campus presidents provided the following examples of student involvement:

- Students complete course and faculty evaluations.
- Students serve on campus committees.
- Campuses review the results of student surveys.
- Recent graduates are surveyed for comments.
- Student governments are allowed to petition for academic changes.

In response to a question from Senator Robinson regarding the use of external parties to review programs, Dr. Rabe said the University System accountability measures report includes a measure of employer satisfaction with recent graduates. Dr. Shirley said advisory boards are used to obtain suggestions regarding certain programs.

In response to a question from Representative Skarphol, Dr. McCallum said examples of student records used on campuses to evaluate students include grade point averages and American College Test scores.

Mr. Ken Story, North Dakota Student Association, Fargo, provided comments to the committee regarding student involvement on campuses. Mr. Story said many students serve on campus committees that involve academic and other issues. He said course and faculty evaluation surveys completed by students are used for improving faculty performance.

The committee recessed for lunch at 1:00 p.m. and reconvened at 2:00 p.m.

Higher Education Funding

Chairman Skarphol called on campus presidents to comment regarding the use of incentive or performance funding measures. The campus presidents provided the following examples of measures that could be used for performance or incentive funding:

- Student satisfaction surveys.
- Employer satisfaction.
- Standardized tests.
- Retention rates.
- Attainment of strategic goals.
- Research activities.
- Completion rates.
- Response to workforce needs.

Future of Higher Education

Chairman Skarphol called on campus presidents to comment regarding the future of higher education, including expected changes in the education environment, in teaching methods, in physical plant needs, and in funding methods. Campus presidents

made the following comments about the future of higher education:

- Campuses are developing plans to address future regional needs.
- Campuses are expecting a greater percentage of nontraditional students
- There will be an increasing need for collaboration among institutions.
- There will be increased demands for affordability and accountability.
- There may be a shortage of faculty.
- There may be changes in accreditation standards.
- The use of technology will increase.
- There will be an increase in the number of remedial courses for students not prepared for college.
- There will be an increase in the number of students taking classes from multiple campuses simultaneously.
- Flexible course scheduling will be needed to accommodate student schedules.
- There will be an increase in the number of part-time students.
- There will be an increase in student diversity.
- More students will enroll in health occupations programs.

Mr. Goetz said discussions should take place with representatives of elementary and secondary education regarding the expectations of students entering college. He said the future of higher education in the state is linked closely with the future of the state in general.

Senator Grindberg said the state needs to monitor current trends in education and react appropriately.

In response to a question from Senator Grindberg, Dr. Rabe said future accreditation standards may change due to an increase in distance education. He said an accreditation focus will be placed on distance education courses to ensure the courses are meeting the same educational requirements as a traditional on-campus course.

Dr. McCallum said the accreditation process has traditionally focused on inputs into education, such as library books and faculty degrees. He said future accreditation standards are changing to an output focus that evaluates student learning outcomes.

Senator Nething said the Workforce Committee has received comments from members of the private sector indicating that college graduates should have adequate "soft" skills, such as basic education knowledge and workplace skills. He said focusing too much on the accreditation process may diminish the ability of institutions to ensure that graduates have adequate "soft" skills.

Senator Andrist said the role of remedial education at universities may need to be evaluated. He said some students may be better suited to attend a vocational education institution rather than a university.

In response to a question from Senator Flakoll, Chairman Skarphol asked the University System office to provide information at a future meeting regarding the use of higher education funding for items such as financial aid, instruction, and administration. He also asked the University System office to provide information regarding the higher education long-term finance plan and funding initiatives included in the 2009-11 University System budget request.

Senator Grindberg said institutions need to consider what the appropriate charges are for an online course when the course enrollment is primarily from nonresident students.

Senator Flakoll said it is important for high school students to be made aware of the new academic and career and technical education scholarships, including the scholarship requirements.

The committee recessed at 3:45 p.m. and reconvened at 8:30 a.m. on Wednesday, January 20, 2010.

Chairman Skarphol welcomed Dr. Robert Kelley, President, University of North Dakota, and Dr. Richard A. Hanson, Interim President, North Dakota State University, to the meeting.

Tuition Waivers

Chairman Skarphol asked the campus presidents to comment regarding the use of tuition waivers at campuses. The campus presidents made the following comments regarding tuition waivers:

- Both partial and full tuition waivers are provided to students.
- Tuition waivers are offered in categories that include cultural diversity, foreign student, graduate student, higher education exchange agreement, and National Guard member.
- Most waivers provided at research universities are for graduate students.
- Most cultural diversity waivers are provided to American Indian students.
- Many tuition waivers are used to reduce a nonresident student's tuition costs to the resident rate.
- Tuition waivers are an important tool for recruiting students for research activities.
- Tuition waivers are generally not provided to students that only take online classes.

Ms. Alice Brekke, Vice President of Finance and Operations, University of North Dakota, Grand Forks, provided comments regarding the terminology used for tuition waivers and scholarships. Ms. Brekke said a tuition waiver is used by an institution to reduce either part or all of a student's tuition. She said scholarships are outside sources of funding used to pay part or all of the tuition of a student. She said she would provide the committee with information regarding how many tuition waivers are provided at the University of North Dakota for full tuition costs compared to partial tuition costs.

In response to a question from Senator Nething, Mr. Paul LeBel, Interim Vice President of Academic Affairs, University of North Dakota, Grand Forks, said about 45 percent of graduate students at the university receive a graduate student tuition waiver. Mr. LeBel said the waivers are limited to the number of actual credit-hours needed to complete a graduate course. He said the average graduate student tuition waiver is approximately \$4,500.

Chairman Skarphol asked all campus presidents to provide information to the committee at a future meeting regarding the number of students who receive a tuition waiver that remain in the state following graduation.

Ms. Glatt distributed the following schedule detailing tuition waivers granted at each institution for the 2008-09 academic year:

2008-09 Tuition Waivers		
Institution	Number	Value
Bismarck State College	180	\$151,709
Dickinson State University	890	3,484,272
Lake Region State College	147	227,089
Mayville State University	157	222,557
Minot State University	842	1,339,249
Dakota College at Bottineau	38	51,161
State College of Science	842	753,257
North Dakota State University	3,631	13,061,132
University of North Dakota	2,410	7,454,948
Valley City State University	211	442,283
Williston State College	65	77,248
Total	9,413	\$27,264,905

Ms. Glatt also provided information regarding tuition waivers granted during the 2007-08 academic year. A total of 8,681 tuition waivers were granted during the 2007-08 academic year with a value of \$24,147,014. Of the total value of tuition waivers granted, \$8,224,898, or 34.1 percent, was given to resident students and \$15,922,116, or 65.9 percent, was granted to nonresident students.

Ms. Glatt distributed the following schedule detailing the value of tuition waivers granted at institutions as a percentage of total tuition:

Institution	2008	2007	2006	2005
Bismarck State College	1.0%	1.1%	1.5%	1.8%
Dakota College at Bottineau	3.0%	3.5%	2.6%	3.7%
Mayville State University	4.0%	5.0%	9.9%	13.1%
Williston State College	4.2%	3.9%	3.5%	3.0%
Lake Region State College	5.2%	4.3%	3.0%	2.3%
State College of Science	5.7%	7.0%	6.0%	5.3%
University of North Dakota	6.7%	8.0%	8.4%	7.9%
Minot State University	7.4%	7.4%	6.8%	6.6%
Valley City State University	8.1%	8.1%	8.5%	7.4%
North Dakota State University	13.2%	12.1%	12.9%	13.7%
Dickinson State University	21.1%	19.3%	16.5%	13.0%
System total	9.1%	9.3%	9.4%	9.2%

A copy of the information distributed by Ms. Glatt is on file in the Legislative Council office.

Dr. McCallum said tuition waivers provided to students do not waive auxiliary costs, such as housing

and board. He said campuses benefit by having the additional students who utilize the auxiliary services.

In response to a question from Senator Andrist, Dr. McCallum said the mission of a campus may be the reason that a campus offers more tuition waivers than a comparable institution.

In response to a question from Senator O'Connell, Dr. McCallum said each higher education student generates an economic impact to a community of an estimated \$8,700 per academic year.

In response to a question from Representative Nottestad, Dr. McCallum said international students are carefully screened to ensure that students are able to pay their education costs prior to enrolling at an institution. He said institutions also use language proficiency tests to determine if an international student will be able to adequately learn in a regular classroom setting.

Ms. Glatt said the University System is developing a new reporting system for students receiving tuition waivers that will provide information regarding auxiliary revenue generated by campuses as a result of the students.

Representative Kelsch said diversity is an important part of the educational process. She said the global economy requires employees who are familiar with other cultures.

In response to a question from Senator O'Connell, Dr. Kelley said the University of North Dakota is focusing research efforts on the areas of energy and biomedical and life sciences.

Chairman Skarphol asked the University System office to provide information at a future committee meeting regarding the use of funds at each institution in broad categories, such as instruction, research, and administration.

Senator Grindberg said the Higher Education Roundtable allowed for the success of economic development initiatives at each institution. He said the Workforce Committee is reviewing the state's growth plan and how higher education is a part of the plan.

Workforce Needs

Chairman Skarphol asked campus presidents to provide information regarding how institutions are addressing the workforce needs of the state. The campus presidents provided the following examples:

- Developing collaborative programs for nursing.
- Adding new programs for community environment and athletic training.
- Partnering with other institutions for research activities.
- Developing internship opportunities for students.
- Increasing the number of energy programs offered.

In response to a question from Representative Williams, Mr. Wayne Kutzer, State Director, Department of Career and Technical Education, said the department is in the process of training career

advisors. Mr. Kutzer said career advisors need a four-year degree and five years of work experience. He said career advisors also need 120 hours of training to become certified.

In response to a question from Representative Skarphol, Mr. Kutzer said there are approximately 12 people currently interested in the career advisor training. He said increased marketing efforts will be used to encourage more people to become certified.

Representative Kelsch said some people that are interested in becoming a career advisor may not meet the five-year work experience requirements.

Other Higher Education Issues

Mr. Goetz presented information regarding the collection of data for performance measures. He said the University System accountability measures report provides information regarding certain higher education performance measures. He said the performance measures relate to the University System strategic plan. He said each campus is developing a strategic plan based on the University System plan.

Mr. Thursby said data is being collected from University System students and will be stored in a data warehouse. He said data marts will be implemented in the future that will allow the data to be effectively evaluated.

Mr. Thursby said there are ongoing challenges with the statewide longitudinal data system. He said the University System needs to continue working with the Information Technology Department and Department of Public Instruction to determine the types of information that should be collected.

Ms. Glatt presented information regarding student loans that are delinquent at each campus. She said as of June 30, 2009, there were 2,504 student loans delinquent at campuses with a total value of \$4,311,005. She said very few loans are not collected. She said 2008-09 loan writeoffs totaled \$83,916.

Ms. Glatt provided a list of grant applications that have been submitted by University System institutions for funding provided through the federal American Recovery and Reinvestment Act of 2009. She said of the 30 applications submitted, 2 grant requests were awarded at the University of North Dakota through the National Science Foundation. She said other University System projects previously received funding from federal fiscal stabilization funds designated for other government uses that were allocated to the Governor's office through the federal American Recovery and Reinvestment Act of 2009.

Ms. Debra Anderson, Director of Public Affairs and Marketing, North Dakota University System, provided an update regarding the use of an \$800,000

appropriation provided by the 2009 Legislative Assembly for increasing the awareness of two-year institutions and related careers. Ms. Anderson said research was conducted to determine how to effectively market two-year institutions and careers in the state. She said the initiative will be formally launched in February 2010 with the use of television and print advertisements and a new website.

Mr. Goetz said a State Board of Higher Education task force has been appointed to review the mission of University System institutions. He said he would provide more information at future committee meetings regarding the work of the task force.

Mr. Goetz said a search committee has been formed for the hiring of the next president of North Dakota State University. He said the goal of the committee is to name a new president by the end of May 2010 with the new president taking office by July 2010.

A copy of the information presented by representatives of the University System is on file in the Legislative Council office.

COMMITTEE DISCUSSION

Senator Robinson suggested the committee receive information regarding the use of local funds on campuses, including the transfer of auxiliary funds for nonauxiliary uses.

Chairman Skarphol said the next committee meeting will focus on higher education finance, including the University System long-term finance plan and the use of local funds at institutions.

Representative Dosch suggested the committee receive information regarding the tenure process for higher education faculty.

Chairman Skarphol thanked the campus presidents for attending the meeting and providing information to the committee.

Chairman Skarphol asked committee members to provide suggestions to him for private sector members to serve on the Higher Education Roundtable.

The committee adjourned subject to the call of the chair at 12:00 noon.

Brady A. Larson
Fiscal Analyst

Allen H. Knudson
Legislative Budget Analyst and Auditor

ATTACH:1