

NORTH DAKOTA LEGISLATIVE MANAGEMENT

Minutes of the

HIGHER EDUCATION COMMITTEE

Monday, August 16, 2010
Roughrider Room, State Capitol
Bismarck, North Dakota

Representative Bob Skarphol, Chairman, called the meeting to order at 9:00 a.m.

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

Members absent: Representative Dennis Johnson; Senators Tony S. Grindberg, Elroy N. Lindaas

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

See [Appendix A](#) for additional persons present.

It was moved by Senator Flakoll, seconded by Senator Robinson, and carried on a voice vote that the minutes of the July 8, 2010, meeting be approved as distributed.

HIGHER EDUCATION STUDY

Chairman Skarphol said a portion of the committee meeting will be used to discuss possible changes to higher education. He said increased accountability in higher education is needed to regain the trust of the Legislative Assembly and the citizens of the state. He said the Legislative Assembly and North Dakota University System need to work together to develop initiatives to increase transparency.

Senator Nething said there have been many accomplishments in higher education. He said isolated problems at individual institutions are not a reflection of the entire University System.

Senator Andrist expressed concern with the past performance of the State Board of Higher Education. He said the effectiveness of the board should be evaluated.

Ms. Lisa Feldner, Chief Information Officer, Information Technology Department, and Mr. Tracy Korsmo, Business Intelligence Program Manager, Information Technology Department, presented information regarding the North Dakota Statewide Longitudinal Education Data System ([Appendix B](#)). Mr. Korsmo said the goals of the system are to:

- Build a kindergarten through grade 12 data warehouse.
- Automate the collection of data.
- Leverage the state investment in PowerSchool.

- Leverage state hosting infrastructure.
- Deliver data to school districts in a timely fashion.
- Be cost-effective and sustainable.

In response to a question from Representative Skarphol, Mr. Korsmo said the information collected for the data warehouse could be used to evaluate teacher performance.

In response to a question from Representative Skarphol, Mr. Korsmo said he does not anticipate any additional costs for local school districts as a result of the implementation of the longitudinal data system.

Representative Delmore said it is important for data collected through the longitudinal data system to be made available to school officials in a timely manner.

Ms. Feldner said the state received federal grant funding of \$6.9 million for the longitudinal data system. She said approximately \$1 million of the funding has been used so far.

In response to a question from Representative Dosch, Ms. Feldner said 110 school districts currently use the PowerSchool application. She said it is estimated that all schools will use the PowerSchool application by 2013.

In response to a question from Representative Kelsch, Dr. G. David Massey, Project Sponsor, North Dakota Statewide Longitudinal Data System, said college students are not able to retain the same identification number they were assigned in high school because high schools and colleges use different programs to monitor students.

In response to a question from Representative Skarphol, Mr. Randall Thursby, Chief Information Officer, North Dakota University System, Fargo, said the identification number assigned to elementary and high school students is primarily used for internal monitoring purposes. He said many elementary and high school students do not know their identification number.

Senator Flakoll said it is important to include data from private higher education institutions in the statewide longitudinal data system. He said the data can be used to monitor the success of elementary and secondary programs as well as other initiatives involving students.

Senator Andrist said the Department of Public Instruction should monitor elementary and high school

performance to determine effectiveness in preparing students for college.

Ms. Valerie Fischer, Director of Adult Education, Department of Public Instruction, provided comments regarding the statewide longitudinal data system. She said federal regulations require the state to meet certain performance indicators in order to receive federal incentive funding.

Mr. Jim Hirsch, Director, Division of Workforce Development, Department of Commerce, said the state has not been eligible to receive federal incentive funding for the past four years. He said certain postsecondary data that is required to be reported in order to receive the funding has not been made available.

Dr. Michel Hillman, Vice Chancellor for Student and Academic Affairs, North Dakota University System, distributed a letter regarding issues with providing higher education student data ([Appendix C](#)). He said the federal Family Education Rights and Privacy Act prevents the release of certain student information.

Mr. Shane C. Goettle, Commissioner, Department of Commerce, presented information regarding the North Dakota centers of excellence program ([Appendix D](#)). He said the goal of the program is to encourage collaboration between public universities and private businesses to bring new products and services to the marketplace that result in new high-paying jobs. He said \$19.9 million of funding provided by the state has been spent on the program. He said the program has generated 921.5 new direct jobs and an estimated 1,138 additional new jobs through partnerships.

Mr. Goettle also distributed a document providing an overview of the centers of excellence program along with the 2009 annual program report ([Appendix E](#)).

Senator Robinson said the centers of excellence program has been successful even though some projects have not yet produced the intended results.

Representative Skarphol suggested alternative methods be considered for providing assistance through the centers of excellence program. He said incentives could be given directly to private businesses. He said the businesses could contract with a University System institution for research needs.

In response to a question from Representative Skarphol, Mr. Goettle said the centers of excellence program does not allow subgrants to be provided directly to private businesses.

Dr. Joshua Wynne, Dean, University of North Dakota School of Medicine and Health Sciences, Grand Forks, presented information regarding the RuralMed program ([Appendix F](#)). He said the RuralMed program provides eight new freshman medical students per year with a full tuition waiver for all four years of medical school if the student agrees to complete a family medicine residency and then practice family medicine in a rural area of the state for

five years. He said three students entering medical school in the fall of 2010 have been accepted for the program.

In response to a question from Senator Andrist, Dr. Wynne said the RuralMed program may be modified to allow students entering their fourth year of medical school to apply for the program. He said medical students generally focus more on career options toward the end of their medical school training.

In response to a question from Representative Kelsch, Dr. Wynne said most students are unsure of the area of medicine they plan to specialize in prior to entering medical school.

In response to a question from Representative Nottestad, Dr. Wynne said guidelines for the RuralMed program define a rural area of the state as being anywhere in the state except Bismarck, Fargo, Grand Forks, and Minot.

Senator Robinson suggested the committee receive information regarding the current demographics of medical school students at the School of Medicine and Health Sciences. He also suggested the committee receive information regarding physicians currently practicing in the state, including where the physicians attended medical school.

In response to a question from Representative Kelsch, Dr. Wynne said admissions criteria for the medical school provide some preference for students from rural areas.

In response to a question from Representative Skarphol, Dr. Wynne said many physicians eventually practice medicine in the same area where they completed their medical school residency.

Representative Skarphol suggested increasing the number of family medicine residency opportunities in the state.

In response to a question from Representative Svedjan, Dr. Wynne said any North Dakota medical school student is eligible to participate in the RuralMed program.

In response to a question from Representative Dosch, Dr. Wynne said more than 80 percent of medical school students are from North Dakota.

In response to a question from Senator Robinson, Dr. Wynne said North Dakota is generally competitive in physician salaries.

In response to a question from Representative Skarphol, Dr. Wynne said students that participate in the RuralMed program but do not fulfill the program obligations are required to repay the cost of any tuition waivers received plus interest.

Chairman Skarphol asked Dr. Wynne to provide the committee with information regarding the number of medical school students that remain in the state following their residency.

Mr. Randy Eken, Associate Dean for Administration and Finance, University of North Dakota School of Medicine and Health Sciences, Grand Forks, presented information regarding the

status of the Bismarck Family Practice Center project. He said a location has been selected for the center in downtown Bismarck. He said the center is expected to be completed in the fall of 2011.

In response to a question from Senator Robinson, Mr. Eken said the operation of the center will be a joint effort between the School of Medicine and Health Sciences and both Bismarck hospitals.

Ms. Alice Brekke, Vice President of Finance and Operations, University of North Dakota, Grand Forks, said the Bismarck Family Practice Center building project may be expanded to provide additional training space. However, she said, the additional space will be owned and under the control of Medcenter One and not the School of Medicine and Health Sciences.

In response to a question from Senator Krebsbach, Ms. Brekke said the original project plan for the Bismarck Family Practice Center included funding for the purchase of land. She said the current project plan provides that land on which the building will be constructed will be leased from Medcenter One. She said funding originally designated for the purchase of land will be used for land development costs.

The committee recessed for lunch at 12:10 p.m. and reconvened at 1:00 p.m.

Ms. Laura Glatt, Vice Chancellor for Administrative Affairs, North Dakota University System, presented information regarding major capital projects requested for inclusion in the 2011-13 biennium University System budget request ([Appendix G](#)). She said the State Board of Higher Education considered major capital project requests from all campuses that require funding from the general fund and ranked the top 12 projects.

Senator Flakoll expressed concern that the capital projects do not appear to focus on the future and the emerging priorities of the University System and the state.

Ms. Glatt said State Board of Higher Education policy provides for the process of ranking major capital projects. She said projects addressing health and safety issues are given priority when considering building projects.

Senator Flakoll suggested the committee receive information regarding criteria considered when ranking the 2011-13 capital project requests.

In response to a question from Representative Skarphol, Mr. William G. Goetz, Chancellor, North Dakota University System, said the capital project budget request includes funding for a higher education center in Bismarck. He said the center will be used to offer academic programs in Bismarck from various higher education institutions. He said consideration may be given to expanding the higher education center concepts to other areas of the state if the Bismarck center is successful.

In response to a question from Representative Skarphol, Ms. Glatt distributed a list of small- and medium-sized capital projects that were requested for inclusion in the 2011-13 University System budget request ([Appendix H](#)).

In response to a question from Senator Nething, Ms. Glatt said State Board of Higher Education policy allows the chancellor to set criteria to determine if a capital project is considered a minor project or major project.

Representative Dosch suggested the committee receive information regarding recent University System capital projects and the amount of revenue bonds authorized for capital projects. He also suggested the committee receive information regarding outstanding deferred maintenance at each campus. Chairman Skarphol asked the Legislative Council staff to provide the information to the committee.

Senator Robinson said it is important for legislators to visit higher education institutions to understand the needs of each institution.

Senator Andrist said repairs and maintenance of existing infrastructure should be a higher priority than building new facilities.

In response to a question from Representative Skarphol, Ms. Glatt said project costs may change due to the amount of time between project planning, the approval process, and the project bidding process.

The legislative budget analyst and auditor presented a memorandum entitled [Higher Education Capital Projects - Budget Section Role](#). He said the following three sections of North Dakota Century Code provide authority for the Budget Section to approve higher education capital projects or changes to projects originally approved by the Legislative Assembly:

- Section 15-10-12.1 requires approval by the Legislative Assembly or Budget Section of higher education capital projects costing more than \$385,000 that are financed by donations, gifts, grants, and bequests. The Budget Section may not approve projects during the legislative session or during the six months preceding a session.
- Section 15-10-12.3 provides that all local funds used for a higher education capital project must be from sources presented to and approved by the Legislative Assembly. Any changes in the source of funds must be approved by either the Legislative Assembly or Budget Section.
- Section 48-01.2-25 precludes state agencies, including higher education institutions, from significantly changing or expanding capital projects beyond what was approved by the Legislative Assembly unless approval is received from the Legislative Assembly or Budget Section for project changes, project expansions, or for any additional project expenditures.

Ms. Glatt presented information regarding the role of the State Board of Higher Education and Budget Section in the approval of higher education capital projects ([Appendix I](#)). She said State Board of Higher Education policy requires institutions to receive board

approval prior to beginning projects greater than \$250,000.

In response to a question from Representative Skarphol, Ms. Glatt said changes were recently made to State Board of Higher Education policies that govern capital projects. She said changes were made in determining which costs are to be included in total project costs as well as in the methods used to record project expenses.

Chairman Skarphol asked Ms. Glatt to provide the committee with updates regarding any potential changes to State Board of Higher Education policies for capital projects.

Mr. Gordy Smith, Audit Manager, Performance Audit Section, State Auditor's office, presented information regarding the State Board of Higher Education and Budget Section approval process of higher education capital projects ([Appendix J](#)). He suggested the Legislative Assembly provide additional detail in appropriations bills to more clearly define the cost, scope, and funding sources for capital projects. He said the Legislative Assembly should also consider clarifying the appropriateness of institutions entering capital leases with other entities for capital projects. He said the use of capital leases in certain situations may circumvent the intent of the Legislative Assembly.

Mr. G. Smith presented information regarding policies in other states for agencies that fail to implement audit recommendations ([Appendix K](#)). He said most states have policies that require reports be provided to certain legislative committees of audit recommendations that have not been implemented. He said some states may withhold appropriated funding from agencies that fail to implement audit recommendations.

Mr. Scott J. Davis, Chairman, American Indian Language Preservation Committee, provided an update on the activities of the committee. He said 2009 House Bill No. 1399 provides that an American Indian Language Preservation Committee be formed to develop an orderly preservation of American Indian languages. He said various projects are being completed to preserve American Indian languages.

Mr. Davis said 2009 House Bill No. 1399 provided an \$18,000 appropriation to the American Indian Language Preservation Committee. He said each state dollar provided to the committee requires a \$3 match or equivalent in-kind match. He said the committee anticipates matching the state funds and using the funds for various projects.

In response to a question from Representative Skarphol, Mr. Davis said many young students have taken an interest in American Indian languages.

Ms. Glatt presented information regarding University System employee retirement plans ([Appendix L](#)). She said approximately 4,615 University System employees participate in the TIAA-CREF defined contribution retirement plan and approximately 2,475 University System employees participate in the Public Employees Retirement System defined benefit plan. She said the 2011-13

University System budget request includes funding of \$3.8 million from the general fund to increase retirement plan contributions for all employees by 2 percent on January 1, 2012, and by 2 percent on January 1, 2013. She said the cost of the retirement plan contribution increase will be split equally between employees and the state general fund.

In response to a question from Senator Andrist, Ms. Glatt said the State Board of Higher Education has not discussed options for requiring all new employees to participate in a defined contribution retirement plan.

Ms. Glatt presented information regarding University System policies for notifying student loan lenders of the enrollment status of students ([Appendix M](#)). She said all University System institutions use the National Student Clearinghouse to report the enrollment status of students on a periodic basis. She said the National Student Clearinghouse provides enrollment status and deferment information to student loan lenders and the federal Department of Education.

Dr. Hillman presented information regarding efforts by the State Board of Higher Education to address remedial education issues ([Appendix N](#)). He said the State Board of Higher Education has developed a plan with the following points to address remedial education:

- Continue to work with other educational and governmental entities to define expectations for students at all grade levels.
- Explore options for student assessment tests.
- Implement a definition of remedial courses and develop uniform placement standards by the fall of 2012.
- Encourage universities to develop partnerships, including community colleges meeting the remedial needs of students on the university campus.
- Use the data warehouse and state longitudinal data system to provide status reports on the success of students.
- Use technology infrastructure funding to develop programs to be used by students in remedial courses.

In response to a question from Senator Holmberg, Dr. Hillman said State Board of Higher Education policy provides guidelines for the placement of students in college courses.

In response to a question from Representative Kelsch, Dr. Hillman said State Board of Higher Education policy allows the chancellor to determine which competency examinations may be used for determining student placement in courses.

In response to a question from Representative Delmore, Dr. Hillman said State Board of Higher Education admissions policies require students to complete certain high school courses in English, mathematics, science, and social studies. He said the policies provide that certain students may be exempt from the course completion requirements.

Senator Holmberg said there may be a lack of remedial education courses at high schools. He said the University System may need to be involved in the effort to provide additional remedial education courses in high schools.

The Legislative Council staff presented a memorandum entitled [Dual-Credit Courses](#). He said Chapter 15.1-25 allows high school sophomores, juniors, and seniors to receive both high school and postsecondary credit for the successful completion of certain dual-credit courses. A student must receive permission to enroll in a dual-credit course from the student's school superintendent. The student or the student's parent or legal guardian is responsible for all course costs.

The Legislative Council staff said the 1995-96 interim Education Services Committee was assigned the responsibility to study educational options and opportunities for high school students. The committee recommended a bill draft to allow the enrollment of high school juniors and seniors in dual-credit courses to earn both high school and postsecondary credit. The bill was passed by the 1997 Legislative Assembly, and the statute was amended by the 2009 Legislative Assembly to allow high school sophomores to also enroll in dual-credit courses.

COMMITTEE DISCUSSION

Chairman Skarphol said he received a request that the committee discuss the possibility of recommending legislation to remove the names of higher education institutions from the Constitution of North Dakota and to provide changes to the tenure process for higher education faculty.

Senator Andrist said he would not support an initiative to remove the names of institutions from the Constitution unless the State Board of Higher Education planned to make changes to a specific institution.

Senator Nething said it may be more appropriate to decide if changes are needed for a specific institution and then create an initiative to facilitate the change.

Senator Flakoll said there are several ways that a community may benefit if changes are made to the mission of an institution.

Chairman Skarphol asked the Legislative Council staff to provide information regarding higher education centers in South Dakota.

Senator Nething suggested the committee receive information regarding the higher education tenure process.

Representative Svedjan said it is important to review productivity and efficiency when discussing changes to an institution or the higher education tenure process. He suggested reviewing the missions of institutions.

Representative Hawken said the higher education long-term finance plan may need to be modified. She said the use of peer institution funding comparisons may no longer be appropriate.

Mr. Goetz said the University System has focused its efforts on meeting objectives that are defined by the Legislative Assembly through accountability measures. He suggested the committee review the appropriateness of the current accountability measures. He said many of the recent increases in funding for higher education were the result of specific initiatives, such as increased student financial aid.

Chairman Skarphol announced the next committee meeting will be September 13-14, 2010.

It was moved by Representative Kelsch, seconded by Representative Kroeber, and carried on a voice vote that the meeting be adjourned subject to the call of the chair.

Chairman Skarphol adjourned the meeting at 4:15 p.m.

Brady A. Larson
Fiscal Analyst

Allen H. Knudson
Legislative Budget Analyst and Auditor

ATTACH:14