

NORTH DAKOTA LEGISLATIVE MANAGEMENT

Minutes of the

**HIGHER EDUCATION COMMITTEE**

Wednesday, September 23, 2009  
 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, Brenda Heller, Nancy Johnson, RaeAnn G. Kelsch, Joe Kroeber, Darrell D. Nottestad, Kenton Onstad, Clark Williams; Senators John M. Andrist, Tim Flakoll, Tony S. Grindberg, Dave Nething, Larry J. Robinson

**Members absent:** Representatives Kathy Hawken, Dennis Johnson, Bob Martinson, Ken Svedjan; Senators Ray Holmberg, Karen K. Krebsbach, Elroy N. Lindaas, David O'Connell, Tom Seymour

**Others present:** Jim W. Smith, Director, Legislative Council

Representatives Merle Boucher and Gary Kreidt, members of the Legislative Management, were also in attendance.

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

**It was moved by Senator Robinson, seconded by Representative Nottestad, and carried on a voice vote that the minutes of the August 20, 2009, meeting be approved as distributed.**

Chairman Skarphol said the committee is tentatively scheduled to meet on October 28, 2009, and December 2, 2009. He said the State Board of Higher Education will be invited to the October 28, 2009, meeting to discuss higher education policy issues.

**HIGHER EDUCATION STUDY**

Chairman Skarphol called on Mr. Bob Wetsch, Mandan, to provide testimony to the committee regarding higher education. Mr. Wetsch expressed concern with the duplication of programs in higher education as well as the increasing budgets of institutions. He suggested the committee develop a policy for the approval of new programs at institutions. A copy of the testimony presented by Mr. Wetsch is on file in the Legislative Council office.

The Legislative Council staff presented a memorandum entitled [Summary of 1999-2000 Interim Higher Education Roundtable Recommendations](#). The Legislative Council staff said the 1999-2000 Higher Education Roundtable utilized six task forces to develop over 90 recommendations in the areas of economic development connection, education excellence, flexible and responsive system, accessible system, funding and rewards, and sustaining the vision.

Dr. Marsha Krotseng, Vice Chancellor for Strategic Planning, North Dakota University System, presented information regarding the implementation status of the 1999-2000 Higher Education Roundtable recommendations. She presented the following schedule detailing recommendations that were assigned to the State Board of Higher Education for implementation and further review:

Roundtable Recommendation	Status/Outcomes
<p>1. Take the leadership in ensuring key steps required for implementation of the roundtable are taken, specifically to develop and recommend (to the executive and legislative branches):</p> <ul style="list-style-type: none"> <li>• A long-term plan for the financing of the University System.</li> <li>• A resource allocation mechanism.</li> <li>• Accountability mechanisms--both performance and fiscal.</li> </ul> <p>2. Change policies and procedures to empower campus presidents and grant to the campuses the same conditions being sought for the University System--flexibility with accountability.</p>	<p>The <i>2008 Accountability Measures Report</i> was created and is shared annually with legislators and other stakeholders.</p> <p>The long-term finance plan was developed and implemented in 2001 and revised in 2006 by the State Board of Higher Education.</p> <p>State Board of Higher Education Policy 305.1 states "The Board delegates to the president of each institution full authority and responsibility to administer the affairs of the institution in accordance with Board policies, plans, budgets, and standards . . . within budgetary and other limitations imposed by law or by the Board."</p> <p>Institution presidents are evaluated annually.</p> <p>Campus alignment plans and process reports are produced annually.</p>

Roundtable Recommendation	Status/Outcomes
<p>3. Develop a University System which has intellectual capacity and programs aligned with the needs of the state.</p> <p>4. Develop a delivery system capable of making the capacities of the University System accessible to all of North Dakota using:</p> <ul style="list-style-type: none"> <li>• Learning centers.</li> <li>• Distance delivery.</li> <li>• Collaborative delivery.</li> <li>• Duplicated programs where appropriate.</li> </ul> <p>5. Collaborate with other participants in collectively moving the agenda forward.</p>	<p>The <i>2008 Accountability Measures Report</i> states that:</p> <ul style="list-style-type: none"> <li>• Approximately 72 percent of the 2004-05 graduates who remained in North Dakota in 2006 were employed in occupations related to their education or training.</li> <li>• In fiscal year 2008, TrainND served 1,345 businesses and 11,990 employees.</li> <li>• Research expenditures grew by 19 percent from fiscal year 2004 (\$152.1 million) through fiscal year 2008 (\$180.5 million).</li> </ul> <p>The <i>2008 Accountability Measures Report</i> states that in the fall of 2008, 15,983 students were enrolled in credit courses through nontraditional delivery methods. Enrollment in nontraditional delivery methods has increased 88 percent since the fall of 2004.</p> <p>The roundtable process has convened on nine occasions since 1999 (most recently in October 2008).</p> <p>The Department of Public Instruction, Department of Career and Technical Education, Education Standards and Practices Board, and State Board of Higher Education meet at least once annually.</p> <p>The University System collaborates with the Department of Commerce and Job Service North Dakota on workforce issues.</p>

A copy of the information presented by Dr. Krotseng is on file in the Legislative Council office.

In response to a question from Representative Skarphol, Dr. Krotseng said the University System is working to develop a higher education data warehouse to track students through college and after graduation. She said the data warehouse will aid in measuring student progress for use in reviewing the higher education accountability measures.

In response to a question from Senator Andrist, Dr. Krotseng said concerns with higher education are discussed in Higher Education Roundtable task forces. She said it is important to have open communication between the Higher Education Roundtable stakeholders.

In response to a question from Representative Skarphol, Dr. Krotseng said the University System recently developed a new strategic plan for higher education. She said the outcomes from previous Higher Education Roundtables were used in developing the plan.

In response to a question from Representative Skarphol, Dr. Krotseng said it is important to provide access to educational programs while avoiding unnecessary duplication. She said the 1999-2000 Higher Education Roundtable recommended allowing program duplication where appropriate.

In response to a question from Representative Delmore, Dr. Krotseng said the higher education accountability measures use a wide range of measures, including the education attainment of citizens and the number of students entering college from high school.

In response to a question from Senator Grindberg, Dr. Krotseng said a goal of the University System is to

increase the population of the state through expanding the economy. She said the University System is also working to increase the education attainment of North Dakota citizens.

In response to a question from Representative Nottestad, Dr. Krotseng said the University System considers the changing demographics of the state when developing its strategic plans.

In response to a question from Senator Flakoll, Dr. Krotseng said students that transfer between University System institutions are considered as noncompleters when evaluating student success at an institution.

In response to a question from Representative Skarphol, Dr. Krotseng said it is important to use consistent accountability measures to obtain a historical perspective when evaluating the measures.

Dr. Michel G. Hillman, Vice Chancellor for Academic and Student Affairs, North Dakota University System, said the *2008 Accountability Measures Report* includes measures adopted by the State Board of Higher Education in addition to the measures adopted by the Legislative Assembly.

In response to a question from Senator Nething, Dr. Hillman said new accountability measures adopted by the 2009 Legislative Assembly will be included in the fall *2010 Accountability Measures Report*.

In response to a question from Senator Robinson, Dr. Hillman said it is important for higher education accountability measures to provide the information needed by legislators and other higher education stakeholders in the state. He said other states may use accountability measure information for other purposes, including incentive funding.

In response to a question from Senator Andrist, Dr. Hillman said the enrollment of nonresident students is increasing at institutions. He said the number of resident students enrolling in programs with nontraditional delivery methods is also increasing.

In response to a question from Representative Delmore, Dr. Hillman said he would provide the committee with information regarding the enrollment of adult learners, disadvantaged students, and nonresident students. He said he would also provide information regarding potential ways to increase the enrollments of nontraditional and disadvantaged students.

In response to a question from Representative Skarphol, Dr. Hillman said nonresident graduates of the University System are used to meet a portion of the workforce demands of the state. He said the North Dakota/Minnesota tuition reciprocity agreement attracts Minnesota students to North Dakota schools.

In response to a question from Representative Skarphol, Dr. Krotseng said institutions pursue funding sources other than state appropriations and tuition and fees. She said many institutions receive federal grants.

Mr. William G. Goetz, Chancellor, North Dakota University System, said private sector partnerships are a new source of funding for programs, including infrastructure support. He said private sector partnerships also result in more opportunities for students through internships.

In response to a question from Representative Boucher, Mr. Goetz said the research activity of institutions enhances the economy in the state and has a positive effect on tax revenues.

In response to a question from Representative Skarphol, Dr. Krotseng said funding provided by the 2009 Legislative Assembly for a two-year program awareness initiative will help address certain workforce needs of the state. She said the TrainND program also assists in meeting the workforce needs of the state.

In response to a question from Senator Nething, Dr. Krotseng said it is important that effective communications occur among secondary education, higher education, and career and technical education.

Representative Skarphol suggested committee members attend meetings of the State Board of Higher Education and the State Board of Public School Education. He said it is important for legislators to be aware of education-related discussions of education boards.

In response to a question from Senator Grindberg, Dr. Hillman said approximately one-half of all University System students taking classes online are also taking classes on campus.

In response to a question from Senator Flakoll, Dr. Hillman said the University System does not set a goal for the number of classes to be offered online. He said the goal of the University System is to meet the needs of the students.

Dr. Hillman said the University System works to timely address the workforce needs of the state. He said the length of time to respond to a workforce need is dependent on the time required for approval of a new program. He said funding is also a concern with new programs because campuses may need to reallocate funding internally to provide the necessary funding for a new program to address workforce needs.

In response to a question from Representative Kelsch, Dr. Hillman said most online students who are also on-campus students take both the online and on-campus classes from the same institution.

Senator Grindberg said it is important for campuses to generate revenue through online classes. However, he said, the state needs to consider the cost of an online program that educates a majority of students living outside the state.

In response to a question from Representative Skarphol, Dr. Krotseng said the private sector and University System exchange ideas through the Higher Education Roundtable.

Chairman Skarphol asked Dr. Krotseng to provide committee members a copy of the University System strategic plan prior to the next committee meeting.

Dr. Hillman presented information to the committee regarding a report prepared by the Delta Cost Project regarding higher education productivity. He said the report indicates that North Dakota is excelling in the areas of technology and career advising. He said the state is also ranked high in the measure of higher education productivity. A copy of the information presented by Dr. Hillman is on file in the Legislative Council office.

In response to a question from Senator Robinson, Dr. Hillman said joint meetings between the State Board of Higher Education, State Board of Public School Education, State Board for Career and Technical Education, and Education Standards and Practices Board are used to align elementary, secondary, and postsecondary education.

In response to a question from Representative Kelsch, Dr. Hillman said limited resources prevent the use of professional career counselors on campuses.

In response to a question from Representative Nottestad, Dr. Hillman said the University System is developing education attainment expectations for high school students who are entering college to reduce the amount of remedial education needed.

In response to a question from Representative Kelsch, Dr. Hillman said institution education programs are teaching state education standards to students pursuing education careers.

In response to a question from Representative Delmore, Dr. Hillman said adequate funding is a key element to the success of higher education.

Representative Skarphol said increased funding for higher education does not necessarily increase higher education productivity.

Representative Dosch expressed concern regarding fault being placed on high schools when

students need remedial education when entering college. He said better preparation of teachers may reduce the number of high school students who need remedial education when entering college.

Dr. Hillman said a program involving high school teachers and college professors setting expectations for students who plan to enter college may be helpful.

Representative Kelsch expressed concern that requiring a number of standardized tests results in less instructional time for students.

In response to a question from Senator Nething, Dr. Hillman said information is published annually regarding the number of nonresident students that remain in North Dakota following graduation.

Representative Delmore said elementary and secondary education officials have developed completion standards for students. She expressed concern regarding the lack of admission standards at higher education institutions.

Senator Flakoll suggested the committee receive information regarding the number of nonresident students that graduate from a North Dakota institution and move to areas that border North Dakota.

The committee recessed for lunch at 12:00 noon and reconvened at 12:45 p.m.

Ms. Laura Glatt, Vice Chancellor for Administrative Affairs, North Dakota University System, presented information regarding a study of tuition waivers conducted by the University System. She said state statute dictates that waivers be provided for qualified members of the National Guard; for dependents of resident veterans who were killed in action, died of service-related causes, were prisoners of war, or were declared missing in action; and for survivors of firefighters, emergency medical services personnel, or peace officers who died as a direct result of injuries received in the performance of official duties. She said State Board of Higher Education policy provides waivers for the student member of the State Board of Higher Education and for benefited University System employees.

Ms. Glatt presented the following schedule detailing the number of tuition waivers granted at each institution as a portion of gross tuition revenue for the 2007-08 academic year:

Institution	2007-08 Tuition Waivers	2007-08 Gross Tuition Revenue	Waivers as a Percentage of Revenues
Bismarck State College	\$126,109	\$11,523,500	1.1%
Lake Region State College	226,706	3,763,367	6.0%
Williston State College	99,251	1,642,941	6.0%
University of North Dakota	7,133,400	74,904,970	9.5%
North Dakota State University	11,179,622	62,666,769	17.8%
State College of Science	607,818	6,594,989	9.2%
Dickinson State University	2,889,152	11,274,889	25.6%
Mayville State University	149,204	2,752,193	5.4%
Minot State University	1,275,051	14,330,395	8.9%
Valley City State University	411,554	3,893,587	10.6%
Dakota College at Bottineau	49,147	1,656,172	3.0%
<b>Total</b>	<b>\$24,147,014</b>	<b>\$195,003,772</b>	<b>12.4%</b>

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

In response to a question from Representative Williams, Ms. Glatt said the increase in value of tuition waivers between academic years is due in part to tuition increases.

Representative Delmore suggested the committee receive information regarding the number of foreign students enrolled at institutions, including the number of those students that receive a tuition waiver.

Senator Nething suggested the committee receive information on the number of students that receive graduate assistant waivers and foreign student waivers, including the number of those students that reside in the state following graduation.

In response to a question from Representative Dosch, Ms. Glatt said students may receive a full or partial tuition waiver. She said even though a student receives a tuition waiver, the student may pay for auxiliary costs such as room and board.

Mr. Goetz said tuition waivers are important to students who are graduate assistants. He said tuition waivers can be viewed in the following ways:

- Tuition waivers can be used to attract more students. These additional students help pay for auxiliary costs of an institution.
- Tuition waivers are used to improve academic programs and student life by increasing diversity.
- Tuition waivers can improve economic development by increasing the workforce through students who remain in state after graduation.

In response to a question from Senator Robinson, Ms. Glatt said some institutions offer resident tuition rates to certain nonresident students. She said those institutions reflect reduced tuition revenue instead of increased tuition waivers.

In response to a question from Senator Andrisc, Mr. Goetz said some institutions provide more foreign student waivers due to the institution having a strong international student focus.

In response to a question from Representative Boucher, Mr. Goetz said the use of tuition waivers affects the enrollment of institutions. He said he would provide more information at a future meeting

regarding the economic impact of students to communities.

In response to a question from Senator Robinson, Mr. Goetz said foreign students can lead to business partnerships with other countries.

Ms. Glatt presented information regarding the continuation of unexpended appropriations from the 2007-09 to 2009-11 biennium. She said campuses had unexpended general fund and permanent oil tax trust fund appropriations of \$12,439,751 at the end of the 2007-09 biennium which were continued into the 2009-11 biennium. She said most of the unexpended funds relate to major capital projects and deferred maintenance.

Ms. Glatt said the University System office had unexpended appropriations of \$1,680,781 at the end of the 2007-09 biennium which were continued into the 2009-11 biennium. She said of the total unexpended appropriations, \$1,564,207 was from the general fund and \$116,574 was from special funds. A copy of the information presented by Ms. Glatt is on file in the Legislative Council office.

Ms. Glatt presented information regarding previous and current higher education financing plans. She said the current higher education financing plan is based on funding institutions at the same levels as peer institutions. She said the current plan has components for base funding, capital assets funding, and incentive funding.

Ms. Glatt said the previous higher education funding method was used from 1970 to 2001 and provided funding through the use of five separate formulas. She said funding was allocated to institutions based on an instructional formula, instructional support formula, support services formula, equipment formula, and physical plant formula. A copy of the information presented by Ms. Glatt is on file in the Legislative Council office.

In response to a question from Representative Williams, Mr. Goetz said the State Board of Higher Education has appointed a task force to review the current higher education funding plan. He said a revised funding plan needs to address the high cost of certain programs, affordability, collaboration, and cost efficiencies.

Representative Skarphol said the development of a new higher education funding plan should be a joint effort between the Legislative Assembly and State Board of Higher Education.

Ms. Glatt presented information regarding tuition reciprocity agreements. She said the North Dakota/Minnesota reciprocity agreement generally requires students to pay the higher of the two states' tuition rate.

Ms. Glatt said tuition reciprocity agreements are in place for professional programs not offered in North Dakota, including veterinary medicine, dentistry, and optometry. She said the tuition reciprocity agreements allow students to attend an out-of-state institution offering a professional program and pay a reduced tuition rate. She said tuition reciprocity agreements also exist through the Western Interstate Commission on Higher Education (WICHE) and Midwest Higher Education Compact.

Ms. Glatt presented the following information regarding campuses offering unique tuition rates:

Lake Region State College	All nonresident students, except international students, receive the resident tuition rate.
Williston State College	All nonresident students receive the resident tuition rate.
Minot State University	All nonresident students receive the resident tuition rate.
State College of Science	Nonresident students who reside in a residence hall and purchase a meal plan receive the resident tuition rate.
Dakota College at Bottineau	Nonresident students from the Canadian provinces of Manitoba and Saskatchewan receive the resident tuition rate.

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

In response to a question from Representative Nottestad, Ms. Glatt said the University of North Dakota School of Medicine and Health Sciences accepts students through the WICHE student exchange program.

Dr. Hillman presented information regarding the enrollment at higher education institutions. He said enrollment reports are modified to account for students that take classes using multiple delivery methods or take classes at more than one institution.

Dr. Hillman presented the following schedule detailing enrollment at each higher education institution for the 2007-08 academic year:

University System 2007-08 Headcount Enrollment Summary				
	Degree Credit <sup>1</sup>	Non-Degree Credit <sup>2</sup>	Non-Credit <sup>3</sup>	Total
Bismarck State College	4,122	557	9,035	13,714
Dickinson State University	2,631	0	259	2,890
Lake Region State College	2,499	38	1,712	4,249
Mayville State University	916	43	0	959
Minot State University	3,808	2	311	4,121
Dakota College at Bottineau	740	67	8	815
State College of Science	2,599	489	993	4,081
North Dakota State University	12,702	950	132	13,784
University of North Dakota	13,294	129	2,763	16,186
Valley City State University	1,079	11	0	1,090

	Degree Credit <sup>1</sup>	Non-Degree Credit <sup>2</sup>	Non-Credit <sup>3</sup>	Total
Williston State College	941	42	2,816	3,799
Total	45,331	2,328	18,029	65,688
Less: Students taking classes at more than one institution	1,744	0	57	1,801
Total University System enrollment	43,587	2,328	17,972	63,887

<sup>1</sup>All instructional activities that can be applied toward college degree or credit-based remedial courses taken by degree-seeking students.

<sup>2</sup>Credit courses taken through continuing education for personal development, such as workshops or seminars, that do not typically apply toward a degree.

<sup>3</sup>Instructional activities, such as workforce training, that do not apply toward a degree.

A copy of the information presented by Dr. Hillman is on file in the Legislative Council office.

Senator Robinson suggested the committee receive information regarding the number of students enrolled in remedial education classes for the past 10 years.

Senator Grindberg suggested the committee receive information regarding the number of resident and nonresident students taking distance education classes.

In response to a question from Representative Delmore, Dr. Hillman said the University System headcount enrollment report counts any student that is taking degree credit classes.

Ms. Tamara Barber, Associate Vice President for Finance and Operations, Bismarck State College, presented information regarding online education programs. She said online classes generate additional revenue that is used to supplement state appropriations and tuition revenue.

Ms. Barber said the average cost for providing a class credit online is \$183 compared to \$275 for a traditional delivery method. She said the average tuition rate charged to students is \$199 per credit for online classes and \$114 per credit for traditional delivery methods. A copy of the information provided by Ms. Barber is on file in the Legislative Council office.

In response to a question from Representative Delmore, Ms. Barber said many energy program students take classes entirely online. She said examinations for online classes generally require a proctor in an effort to maintain the integrity of the class.

Dr. Hillman said there is no significant difference in the completion rates of students taking online classes compared to classes on campus.

Mr. Goetz said many institutions are pursuing grants made available through funding provided by the American Recovery and Reinvestment Act of 2009. He said he would provide the committee with updates at future meetings regarding the status of the grant applications.

Representative Skarphol said he attended the most recent meeting of the State Board of Higher

Education in Grand Forks. He said the board took action regarding the cost increases relating to the presidents' house projects at the University of North Dakota and North Dakota State University. He said the State Board of Higher Education is reviewing the issues and will determine the appropriate action. He said approval for the increased costs of the projects still needs to be granted by the Budget Section.

Mr. Goetz presented the committee with a preliminary schedule of the estimated construction costs of the presidents' house projects at the University of North Dakota and North Dakota State University. He said the institutions are still determining the final costs of the projects and a State Board of Higher Education committee will be reviewing the projects in detail.

Mr. Goetz expressed concern regarding the use of institutional funding for the presidents' house projects. He said State Board of Higher Education policy was not followed by the institutions and reporting was not done properly. A copy of the information presented by Mr. Goetz is on file in the Legislative Council office.

Senator Andrist suggested that the University of North Dakota and North Dakota State University be held accountable for failing to follow policies and procedures.

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

Chairman Skarphol adjourned the meeting at 3:45 p.m.

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Brady A. Larson  
Fiscal Analyst

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Allen H. Knudson  
Legislative Budget Analyst and Auditor

ATTACH:1