

# NORTH DAKOTA LEGISLATIVE MANAGEMENT

## Minutes of the

### HIGHER EDUCATION COMMITTEE

Wednesday, October 13, 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, Dennis Johnson, Nancy Johnson, RaeAnn G. Kelsch, Joe Kroeber, Bob Martinson, Darrell D. Nottestad, Kenton Onstad, Clark Williams; Senators Tim Flakoll, Ray Holmberg, Dave Nething, David O'Connell, Tom Seymour

**Members absent:** Representative Ken Svedjan; Senators John M. Andrist, Tony S. Grindberg, Karen K. Krebsbach, Elroy N. Lindaas, Larry J. Robinson

**Others present:** See [Appendix A](#)

**It was moved by Senator Nething, seconded by Senator O'Connell, and carried on a voice vote that the minutes of the September 13-14, 2010, meeting be approved as distributed.**

#### OTHER COMMITTEE RESPONSIBILITIES

Ms. Gina Padilla, Assistant Director of Financial Aid, North Dakota University System, presented a report ([Appendix B](#)) regarding the number of North Dakota academic scholarships and career and technical education scholarships provided to students and demographic information pertaining to the recipients. She said the scholarship programs were authorized by the 2009 Legislative Assembly, and eligible recipients may receive a \$1,500 scholarship each year for up to four years. She said the scholarships are available only to North Dakota students and require an American College Test (ACT) examination score of at least 24 or three WorkKeys assessment examination scores of at least five.

Ms. Padilla said 7,621 North Dakota high school students graduated in 2010 and 1,609 of those students applied for a scholarship. Of the 1,609 students that applied for a scholarship, 1,589 applicants met the eligibility requirements. Of the total qualified applicants, 1,421 students indicated they would be attending a North Dakota higher education institution which is required to receive the scholarship. She presented the following schedule detailing the enrollment of students receiving an academic scholarship or a career and technical education scholarship:

	Academic Scholarship Recipients	Career and Technical Education Scholarship Recipients	Total
Public two-year institution	117	146	263
Public baccalaureate institution	157	66	223
Public research institution	659	128	787
Private institution	122	24	146
Tribal institution	1	1	2
Total	1,056	365	1,421

Ms. Padilla said the 2009 Legislative Assembly provided \$3 million from the general fund for the scholarship programs during the 2009-11 biennium. She said a total of \$2,131,500 of scholarship funding is estimated to be disbursed during the 2010-11 academic year. She anticipates \$7 million of additional funding will be needed in the 2011-13 biennium to continue the scholarship programs.

In response to a question from Representative Nottestad, Ms. Padilla said the number of students eligible for the scholarships in each county ranged from less than 3 percent to 48 percent.

Representative Kelsch said some counties traditionally do not have many students take the ACT test or a WorkKeys assessment examination. She said the scholarship programs may encourage more students to enroll at a higher education institution in the state rather than enroll at an out-of-state institution.

In response to a question from Senator Flakoll, Ms. Padilla said scholarship funding is distributed directly to each higher education institution. She said the funding is distributed to each institution to coincide with the receipt of funding from other financial aid programs.

In response to a question from Representative Skarphol, Ms. Padilla said some students were eligible to receive a scholarship but chose to attend an out-of-state institution. She said the students could still receive the scholarship if in the future they transfer to a North Dakota institution and if they maintained at least a 2.5 grade point average at the out-of-state institution.

In response to a question from Representative Dosch, Ms. Padilla said the amount of scholarship funding that can be awarded to each student is included in statute. She said legislative action is required to change the scholarship award amounts.

Mr. David Molmen, Chairman, University of North Dakota School of Medicine and Health Sciences Advisory Council, Grand Forks, presented an update on the status of the development of a report regarding the strategic plan, programs, and facilities of the School of Medicine and Health Sciences ([Appendix C](#)). He said the report will be completed by December 2010 and will address the projected future shortage of physicians and the future health care needs of the state.

Mr. Molmen said the following key recommendations will be included in the report and have been used in developing the 2011-13 biennium budget request of the School of Medicine and Health Sciences:

- Increase the number of available medical student openings by 16 per year.
- Increase the number of health science student openings by 30 per year.
- Add 17 residency positions per year.
- Construct a new School of Medicine and Health Sciences building.
- Implement a geriatrics training program.
- Develop a masters of public health degree program.

In response to a question from Representative Skarphol, Dr. Joshua Wynne, Dean, University of North Dakota School of Medicine and Health Sciences, Grand Forks, said the cost of the recommended building project is \$28.9 million. He said it is anticipated that additional funding of \$5.8 million will be needed for the other recommended initiatives for the 2011-13 biennium as well as additional funding of \$12 million for the 2013-15 biennium and \$7 million for the 2015-17 biennium.

In response to a question from Representative Kroeber, Dr. Wynne said the recommended building project is ranked fifth on the State Board of Higher Education prioritized capital project budget request for the 2011-13 biennium.

In response to a question from Representative Kelsch, Dr. Wynne said there are seven medical student openings for the Indians into Medicine Program. He said the openings are available only to eligible Indian students.

In response to a question from Senator Flakoll, Dr. Wynne said there is an average of five applications received for every medical student opening.

## HIGHER EDUCATION STUDY

Dr. Wynne presented information ([Appendix D](#)) regarding the demographics of medical school students and medical student residency positions. He said the medical school class of 2014 includes 66 students, and its average age is 24.8 years. He

presented the following schedule detailing the state of residence for the students, including students enrolled through an agreement with the Western Interstate Commission for Higher Education:

Residency Type	Number	Percentage of Total Students
North Dakota resident	46	78%
Minnesota resident	6	10%
Enrolled through Western Interstate Commission for Higher Education exchange program	7	12%
Total	59 <sup>1</sup>	100%

<sup>1</sup> Does not include seven students enrolled in the Indians into Medicine Program.

In response to a question from Representative Skarphol, Dr. Wynne said a future shortage of physicians is a national concern. He said the School of Medicine and Health Sciences has developed programs to encourage elementary and secondary students to pursue health care occupations.

Dr. Wynne presented the following information comparing medical student residencies in North Dakota to national averages:

	North Dakota	National Average
Number of residencies per 100,000 residents	17.8	35.7
Ratio of medical residents to medical students	0.42	1.11
Percentage change in the number of medical residents from 1999 to 2008	(3.4%)	12.6%

Dr. Wynne said there were 44 first-year residencies available in North Dakota in 2010. He said of this amount, 17 were related to family medicine. Dr. Wynne presented the following schedule detailing the number of physicians that remain in the state after attending medical school in the state or completing a residency in the state:

	North Dakota	National Average
Retention of students that attend medical school in the state	31%	37%
Retention of students that complete a medical residency in the state	43%	45%
Retention of students that attend medical school in the state and complete a medical residency in the state	63%	66%

In response to a question from Representative Onstad, Dr. Wynne said an adequate patient base and the participation of physicians are needed to establish a new residency position.

In response to a question from Representative Skarphol, Dr. Wynne said the cost of establishing a new residency position is in excess of \$100,000 per year. He said the primary cost of a residency position

relates to the salary and fringe benefits of the resident student.

In response to a question from Representative Dosch, Dr. Wynne said he would provide the committee with information regarding the cost of educating a medical school student, including the source of funds.

Mr. Bruce Levi, Executive Director, North Dakota Medical Association, presented information ([Appendix E](#)) regarding the demographics of physicians practicing in the state. He said 1,489 physicians are actively practicing in the state. Of these physicians, he said, approximately 51 percent are age 50 or younger and 17 percent have their primary office in a rural area. He said 461 of the actively practicing physicians in the state are graduates of the University of North Dakota School of Medicine and Health Sciences.

In response to a question from Senator Seymour, Mr. Levi said he would provide information to the committee regarding the number of physicians practicing in the state that attended medical school in Canada or other countries.

The Legislative Council staff presented a memorandum entitled [Higher Education - Major Capital Construction Projects Authorized by the Legislative Assembly Since 2001](#). He said the memorandum details projects authorized by the Legislative Assembly at each campus, including project funding information.

Mr. William G. Goetz, Chancellor, North Dakota University System, provided an overview of the *2009 Accountability Measures Report* ([Appendix F](#)) prepared by the University System. He said the report provides information regarding the performance of the University System in several different areas. The following are selected measures from the report:

Measure	Status/Result
What percentage of University System college and university graduates who stay in the state find employment appropriate to their education?	About 72 percent of the 2004-05 graduates who remained in North Dakota in 2006 were employed in occupations related to their education or training.
What is the level of North Dakota's research investment in education?	Research grew by 24 percent during the past five years with \$186.2 million in research expenditures in fiscal year 2009.
Are graduates of North Dakota colleges and universities finding employment in the state?	Approximately 60.1 percent of University System graduates are employed in North Dakota one year after graduation.
Are University System students completing their degrees?	Based on University System adjusted graduation rates from all institutions, 39.3 percent of two-year college students completed degrees within three years and 63.6 percent of four-year university students completed degrees within six years.

Do University System graduates believe they are prepared for the workforce?	73.2 percent of University System alumni said their current jobs were highly related or moderately related to the most recent degrees they earned, and 81.8 percent said the college or university they attended prepared them at least adequately for their current jobs.
How does the average student loan debt of North Dakota students compare to the national average and the state with the lowest debt per student?	In 2006-07 undergraduate students in North Dakota borrowed an average of \$5,122 compared to the national average of \$4,608. Vermont has the lowest average amount at \$4,122.
To what extent do North Dakota taxpayers provide financial support for University System students?	The average per capita state general fund appropriation for the 2007-09 biennium was \$730, an increase of 31 percent since the 1999-2001 biennium.

Mr. Wayne Kutzer, Director, Department of Career and Technical Education, presented information ([Appendix G](#)) regarding postsecondary consumer protection. He said the State Board for Career and Technical Education has the responsibility to authorize private postsecondary education institutions to operate in the state. He said there has been an increase in the number of requests from private online institutions to offer courses in the state.

Mr. Kutzer said the State Board for Career and Technical Education is reviewing two options for changing the responsibilities of private postsecondary education oversight. He said the first option would divide the duties and responsibilities for private school oversight between the Department of Career and Technical Education and the University System. He said the second option would establish a separate commission that would be responsible for authorizing private postsecondary schools.

In response to a question from Representative Delmore, Mr. Kutzer said a separate commission to oversee private schools could devote more time and resources to oversight efforts.

Dr. Michel Hillman, Vice Chancellor of Academic and Student Affairs, North Dakota University System, said it may be beneficial to have a separate commission to oversee private higher education institutions. He said the appearance of a conflict of interest may be present if the University System participates in oversight duties of private higher education institutions.

Dr. Hillman presented an update ([Appendix H](#)) on the activities of the State Board of Higher Education Mission Review Task Force. He said the task force held several meetings to review the expectations of institutions and receive comments from institution representatives regarding potential mission changes. He said initial approval has been granted to Dickinson

State University and Mayville State University to offer limited graduate level courses.

Ms. Laura Glatt, Vice Chancellor for Administrative Affairs, North Dakota University System, presented information ([Appendix I](#)) regarding grants received through the American Recovery and Reinvestment Act of 2009. She said \$11,607,819 of competitive grants have been awarded to University System institutions. In addition, she said, \$11.7 million received by the Governor's office through the American Recovery and Reinvestment Act of 2009 was distributed to the University of North Dakota for a capital project and a nursing simulation program.

In response to a question from Senator Nething, Dr. Robert Kelley, President, University of North Dakota, Grand Forks, said some institutions have applied for more American Recovery and Reinvestment Act of 2009 grants than other campuses. He said the mission and programs offered at an institution affect the number of grants that an institution may apply for.

Ms. Glatt presented information ([Appendix J](#)) regarding potential deficiency appropriations to be requested by University System institutions from the 2011 Legislative Assembly. She said Valley City State University is requesting a \$58,904 deficiency appropriation relating to 2009 flood expenditures. She said Bismarck State College is requesting a \$195,000 deficiency appropriation relating to the flooding of the Jack Science Center in September 2008. She said a deficiency appropriation may also be requested by North Dakota State University relating to the December 2009 Minard Hall collapse.

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

Ms. Glatt presented information ([Appendix K](#)) regarding internal auditing changes for the University System. She said an internal audit position is being added at the University System office to coordinate internal auditing for the University System. She said internal audit staff at the University of North Dakota and North Dakota State University will report to the State Board of Higher Education Budget, Audit and Finance Committee in addition to their institution president.

In response to a question from Representative Skarphol, Mr. Randall Thursby, Chief Information Officer, North Dakota University System, Fargo, said bonds issued to provide funding for the ConnectND project will be repaid in December 2014. He said funding will continue to be needed for operating and maintenance costs.

Dr. Hillman presented information ([Appendix L](#)) regarding professions that require competency in mathematics. He said several occupations require competency in arithmetic, practical mathematics, applied mathematics, or advanced mathematics.

Ms. Glatt presented information ([Appendix M](#)) regarding revised State Board of Higher Education policies for requiring funds for infrastructure maintenance. She said the 2011-13 biennium

University System budget request includes the following components relating to capital projects and infrastructure maintenance:

- A base funding request for infrastructure renewal or replacement equal to 15 percent of the Office of Management and Budget building and infrastructure replacement formula.
- A prioritized list of major capital projects.
- A prioritized list of individual campus small- to medium-sized projects.
- A funding pool to be used to address capital project emergency needs.

In response to a question from Representative Nottestad, Ms. Glatt said the University System budget request includes one-time funding to pay special assessments charged to institutions.

In response to a question from Senator Nething, Ms. Glatt said capital project rankings consider several criteria, including how the projects may address the needs of the state.

In response to a question from Representative Skarphol, Representative Williams said capital projects that address health and safety issues receive a higher priority than other capital projects.

## COMMITTEE DISCUSSION

Chairman Skarphol called on Mr. Jon Backes, President, State Board of Higher Education, Minot, to provide comments regarding the committee's study. Mr. Backes thanked the committee for its work and said it is important for the University System to be open and transparent. He said the State Board of Higher Education and Legislative Assembly need to work together to develop initiatives to address the needs of the state.

The Legislative Council staff presented a bill draft [\[10231.0100\]](#) to provide for a 2011-12 interim Legislative Management study. He said the bill draft specifically provides for a study of developmental education issues.

Senator Nething suggested the bill draft be amended to include a review of which elementary and secondary school districts have graduates that require developmental education in college. He said he is primarily concerned with students that need developmental education in science, technology, engineering, and mathematics courses.

In response to a question from Representative Kelsch, Mr. Thursby said information from the University System data warehouse may be used to determine which high schools produce graduates that need developmental education.

Representative Kelsch suggested the bill draft be amended to provide for a review of the alignment of high school and college standards rather than a review of curriculum and textbooks.

Senator Nething said the study should include a review of curriculum and textbooks. He said it is important to understand the alignment of secondary and postsecondary courses, including whether instructional materials are properly aligned.

Representative Dosch suggested the bill draft be amended to include a review of the reason why students need developmental education.

Senator Flakoll asked representatives of the University System to provide information regarding the estimated cost of providing developmental education to students.

Representative Skarphol suggested the bill draft be amended to provide for a review of the best practices of alleviating developmental education rather than a review of the best practices of providing developmental education.

**It was moved by Senator Nething, seconded by Representative Nottestad, and carried on a roll call vote that the bill draft relating to a Legislative Management study be amended to replace references to "remedial education" with "developmental education", to provide the study include a review with the Department of Public Instruction and the University System of the schools attended by students requiring remedial education, a review of the cause of students needing remedial education, the alignment of elementary and secondary education standards to University System standards, and the best practices for alleviating remedial education rather than providing remedial education, and to approve and recommend the bill draft, as amended, to the Legislative Management. Representatives**

Skarphol, Delmore, Dosch, Hawken, Heller, N. Johnson, Kelsch, Martinson, Nottestad, Onstad, and Williams and Senators Flakoll, Holmberg, Nething, O'Connell, and Seymour voted "aye." No negative votes were cast.

**It was moved by Representative Nottestad, seconded by Senator Seymour, and carried on a voice vote that the chairman and the staff of the Legislative Council be requested to prepare a report and the bill drafts recommended by the committee and to present the report and recommended bill drafts to the Legislative Management.**

Chairman Skarphol thanked the members of the committee for their work during the interim.

The meeting was adjourned at 2:30 p.m. subject to the call of the chair.

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Brady A. Larson  
Fiscal Analyst

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Allen H. Knudson  
Legislative Budget Analyst and Auditor

ATTACH:13