

NORTH DAKOTA LEGISLATIVE MANAGEMENT

Minutes of the

HIGHER EDUCATION FUNDING COMMITTEE

Wednesday, November 20, 2013

Skoal Room, Student Center, Valley City State University
Valley City, North Dakota

Representative Mark Sanford, Chairman, called the meeting to order at 8:30 a.m.

Members present: Representatives Mark Sanford, Thomas Beadle, Lois Delmore, Eliot Glassheim, Joe Heilman, Dennis Johnson, Andrew G. Maragos, Bob Martinson, Clark Williams; Senators Tim Flakoll, Ray Holmberg, Karen K. Krebsbach, Carolyn C. Nelson, Larry J. Robinson

Members absent: Representatives Mark A. Dosch, Kathy Hawken, Kylie Oversen, Robert J. Skarphol; Senator Tony Grindberg

Others present: Naomi Muscha, State Representative, Enderlin
Senator Joan Heckaman, member of the Legislative Management, was also in attendance.
See [Appendix A](#) for additional persons present.

It was moved by Senator Robinson, seconded by Senator Flakoll, and carried on a voice vote that the minutes of the September 26, 2013, meeting be approved as distributed.

Dr. Steven Shirley, President, Valley City State University, welcomed the committee to the campus and provided an update ([Appendix B](#)) on local campus issues. He said the institution is focused on teacher education but has recently started new programs in science and technology areas, such as fisheries and wildlife science. He said the institution has also established the Great Plains Science, Technology, Engineering, and Mathematics (STEM) Education Center and the Prairie Water Education and Research Center.

Dr. David DeMuth, Jr., Executive Director, Great Plains Science, Technology, Engineering, and Mathematics Education Center, Valley City State University, presented an overview of the center. He said the center provides professional development for teachers and administrators to improve STEM education for students. He said the center organizes several events to increase STEM interest in students.

HIGHER EDUCATION STUDY Common Core Standards for K-12 Education

Ms. Kirsten Baesler, Superintendent, Department of Public Instruction, presented an overview of the Common Core Standards for K-12 education and efforts to connect K-12 completion requirements with higher education admissions requirements. She said the state has always had standards in all core education subject areas. She said the Common Core Standards are new standards specifically for English language arts and mathematics. She said the purpose of the Common Core Standards is to detail the level of proficiency by grade level that a student needs to achieve in order to be prepared for college or a career.

Ms. Baesler said the Common Core Standards were implemented beginning with the 2013-14 academic year, and the North Dakota University System was a partner in developing the standards. She said the Common Core Standards will better prepare students to succeed in college and will work well with the University System's Pathways to Student Success Plan.

In response to a question from Representative Delmore, Ms. Baesler said there is confusion among several groups regarding the Common Core Standards. She said the Department of Public Instruction is developing literature to provide information on the standards. She said she will provide the committee with a copy of the informational documents when complete.

In response to a question from Representative Delmore, Ms. Baesler said it is important for the University System to work with K-12 education to inform students of the importance of state assessment tests. She said state assessment tests are an important part of the higher education admissions process.

In response to a question from Senator Heckaman, Ms. Baesler said the Department of Public Instruction created prekindergarten content standards for early learning programs. She said the standards were released in September 2013.

In response to a question from Senator Flakoll regarding student assessment test scores, Ms. Baesler said test scores are anticipated to decrease over the next few years while students adjust to the new standards and assessments.

In response to a question from Representative Glassheim, Ms. Baesler said the Common Core Standards only relate to English language arts and mathematics. She said the state has separate standards for other subject areas, such as social studies and art.

In response to a question from Representative Sanford, Ms. Baesler said state assessments taken during a student's junior year will be used to identify subject areas in which a student may be deficient. She said school counselors can work with students to address the deficient areas during the student's senior year of high school.

In response to a question from Representative Delmore, Ms. Baesler said a goal of the new standards is to decrease the number of students needing remedial education in college. However, she said, it will take time to determine the impact of the new standards on college remediation rates.

In response to a question from Representative Glassheim, Ms. Baesler said some local school districts originally had concerns with implementing the Common Core Standards. However, she said, the Department of Public Instruction has received positive feedback regarding the standards from teachers, administrators, and parents.

Student Performance in College and Pathways to Student Success Plan

Dr. Kirsten Diederich, President, State Board of Higher Education, Fargo, presented information ([Appendix C](#)) regarding student performance in college and the Pathways to Student Success Plan. She said the goal of the plan is to ensure that students wanting to learn will succeed in college rather than failure being the first higher education experience. She said students that are prepared for college courses are more likely to graduate on time and have less debt. She said it is important for a student to be placed in the right course at the right institution. She said the State Board of Higher Education is committed to enhancing the quality of higher education and implementing the plan will improve quality.

Representative Maragos expressed concern that the Pathways to Student Success Plan may prevent North Dakota high school graduates from attending the University System institution of their choice. He said a high school graduate should be able to attend any institution and succeed or fail on the graduate's own merits.

Representative Maragos expressed concern regarding the use of certain measures to determine student and institution performance. He said measures, such as student graduation rates, are misleading because the measures do not include students who successfully transfer to another institution and complete a program.

Dr. Diederich said student retention and graduation rates are calculated based on federal Integrated Postsecondary Education Data System (IPEDS) reporting requirements. She said IPEDS data is reported by institutions across the country in a consistent fashion and can be used to compare institutions. However, she said, it may be appropriate to use adjusted data for specific purposes to determine student and institution success.

Senator Holmberg said some national organizations are reviewing the use of higher education data and are developing programs to better monitor student success.

Senator Flakoll said the state should use its own data and not rely entirely on IPEDS data to monitor student and institution success.

In response to a question from Senator Flakoll, Dr. Diederich said the State Board of Higher Education is reviewing options to modify the current Pathways to Student Success Plan. She said the plan needs to be data-driven and place students at the institutions in which they will be the most successful.

Representative Martinson expressed concern regarding the process used to develop the Pathways to Student Success Plan. He said the plan assumes students who are denied admission at a research institution in the state will go to a regional university or community college in the state. He said a student may choose to go to an institution in a different state if the student is denied admission to an institution in this state.

Dr. Diederich said the Pathways to Student Success Plan has a provision to allow community colleges to offer courses at research and regional universities. She said this will allow students to take college courses in their local community even if they are denied admission to a research or regional university.

In response to a question from Representative Maragos, Dr. Diederich said she will provide the committee with information regarding the percentage of students enrolled at each institution that are from the county in which the institution is located.

In response to a question from Representative Beadle, Dr. Diederich said the University System has held discussions with business leaders regarding the system meeting the needs of the state. She said the University System is in the process of developing a new strategic plan to guide the system.

Representative Sanford said the North Dakota Higher Education Partnership consists of individuals representing higher education and business in the state. He said the group will be holding meetings across the state to gather input from stakeholders to develop recommendations that address the workforce needs of the state.

Dr. Larry Skogen, Interim Chancellor, North Dakota University System, presented information ([Appendix D](#)) regarding student performance in college and the Pathways to Student Success Plan. He said during the fall 2013 semester, a total of 3,364 students were enrolled in remedial education courses at University System institutions. He said of this amount, 1,113 students were enrolled in more than one remedial education course.

Dr. Skogen said the Pathways to Student Success Plan uses an admissions index to guarantee a student automatic admission to a University System institution. He said the index calculates a weighted student admissions score as follows:

Student Admissions Score Calculation
ACT score x 3
+ High school grade point average x 20
+ High school core courses completed x 5
+ Resident student bonus (10 points)
= Student admissions score

Dr. Skogen said the maximum admissions score that may be received is 273. He said the student admissions score is used to determine which institutions a student is guaranteed admissions to as follows:

Institution Type	Minimum Score Needed for Automatic Admission
Research university	210
Regional master's university	190
Regional university	180
Community college	No minimum

Dr. Skogen presented the following information regarding the number of new students who would not have received automatic admission to the institution they enrolled in during the fall 2013 semester based on their admissions score:

Institution	Number of Fall 2013 Freshman Students Who Would Not Meet Minimum Admissions Score¹	Percentage of Fall 2013 Freshman Enrollment¹
North Dakota State University	1,039	41%
University of North Dakota	861	46%
Minot State University	25	7%
Dickinson State University	29	20%
Mayville State University	45	35%
Valley City State University	30	17%

¹Based on new freshman applicants who enrolled during the fall 2013 semester.

In response to a question from Representative Martinson, Dr. Skogen said he will provide the committee with information regarding the success of students who take remedial education courses.

In response to a question from Representative Maragos, Dr. Skogen said higher education institutions have traditionally been responsible for providing remedial education courses to students rather than high schools providing the courses.

Senator Nelson said most students taking a remedial education course are required to pay for the course but do not receive college credit for completing the course.

In response to a question from Representative Maragos, Dr. Skogen said a higher education institution's admissions standards generally affect the institution's graduation rates. He said institutions that have strict admissions criteria generally have better student graduation rates.

In response to a question from Representative Martinson, Dr. Skogen said the University System will be determining the estimated financial impact to institutions due to potential enrollment changes under the Pathways to Student Success Plan.

In response to a question from Senator Robinson, Dr. Skogen said the Pathways to Student Success Plan includes an allowance for conditional admissions for students who do not automatically qualify for admission at an institution.

Senator Robinson suggested the committee receive information regarding the Pathways to Student Success Plan's impact at each institution when including the allowance for conditional admissions.

Senator Flakoll suggested the committee receive information regarding where current students would have attended college if they were not eligible to attend their preferred institution under the Pathways to Student Success Plan.

In response to a question from Senator Holmberg, Dr. Skogen said any revised index score would be based on characteristics of students who are successful. He said the purpose of the Pathways to Student Success Plan is to ensure students are successful at the institution they are admitted to.

Representative Martinson said most entry-level courses are the same at each institution regardless of institution type. He said the Pathways to Student Success Plan makes it appear that it is easier to pass a course at one institution rather than another.

Dr. Skogen said the purpose of the Pathways to Student Success Plan is to place students at the institution where they will be the most successful. He said the level of student support services varies by institution type.

Senator Holmberg said the University System does not currently have an open enrollment policy that allows any student to attend any institution in the state. He said there are already admissions standards at the research institutions.

In response to a question from Representative Glassheim, Dr. Skogen said institutions will be involved in any revisions to the Pathways to Student Success Plan.

The committee recessed for lunch at 11:30 a.m. and reconvened at 12:05 p.m.

Statewide Longitudinal Data System

Dr. Lisa Feldner, Vice Chancellor for Information Technology and Institutional Research, North Dakota University System, provided comments on the statewide longitudinal data system. She said the data in the system is being used to determine measures that may indicate student success in college. She said core high school courses are major factors in student success in college.

Mr. Tracy A. Korsmo, Statewide Longitudinal Data System Program Manager, Information Technology Department, and Mr. Sam Unruh, Research Analyst, Information Technology Department, provided an update ([Appendix E](#)) on the statewide longitudinal data system. Mr. Korsmo said the statewide longitudinal data system is a data warehouse comprised of K-12 education data, postsecondary education data, and workforce data. He said the system will publicly report statistics on high school graduates enrolling at a postsecondary education institution, high school graduates completing college credits after high school, and information on high school graduates that require remedial education in college.

Mr. Korsmo provided an overview of the various components of the statewide longitudinal data system. He said methods are being developed to identify students, while still in high school, that may need remedial education in college.

Mr. Unruh said the statewide longitudinal data system can use high school data to determine the probability of student success in college. He presented an example comparing student progress measures for high school freshmen for the 2007-08 academic year to the success those students are achieving in their second year of college.

In response to a question from Representative Sanford, Mr. Korsmo said most high school teachers and administrators have a favorable opinion of the statewide longitudinal data system. He said more schools have begun to use the system as the benefits of the system are realized.

Student Tuition and Fees

Ms. Laura Glatt, Vice Chancellor for Administrative Affairs, North Dakota University System, presented information ([Appendix F](#)) regarding the process used to set student tuition and fee rates and tuition models currently used by institutions. She said the University System uses a budget model that provides for institution costs to be paid from state general fund appropriations and student tuition collections. She said the model calculates a state share of expenses and a student share of expenses based on institution type. For example, she said, at research institution the state is expected to pay for 60 percent of instructional costs and students are expected to pay the remaining 40 percent of costs. She said at community colleges where student access is a priority, the state is expected to pay 75 percent of instructional costs while students are expected to pay 25 percent of costs.

Ms. Glatt said the tuition model structure varies by institution. She presented the following schedule detailing current tuition model structures at each institution:

Institution	Current Tuition Model Structure
Bismarck State College, State College of Science, Valley City State University, Williston State College	Students charged per credit-hour for all credits taken
Dakota College at Bottineau, Dickinson State University, Lake Region State College, University of North Dakota	Students charged per credit-hour if taking less than 12 credits and charged the same flat rate if taking 12 or more credits
North Dakota State University	Students charged per credit-hour if taking less than 12 credits and charged the same flat rate if taking 12 or more credits. Tuition charges vary by student based on the program enrolled in.
Mayville State University, Minot State University	Students charged per credit-hour if taking less than 12 credits, charged the same flat rate if taking 12 to 18 credits, and charged per credit-hour if taking more than 18 credits

Ms. Glatt said tuition charges for nonresident students also vary by institution. She said some institutions charge the resident tuition rate for selected categories of nonresident students.

In response to a question from Representative Delmore, Ms. Glatt said the State Board of Higher Education sets final tuition rates at institutions based on the level of state general fund appropriations provided to an institution. She said if general fund appropriations are sufficient to provide for the estimated state share of institution expenses, only a small tuition increase may be needed. However, she said, large tuition rate increases may be needed at an institution if general fund appropriations do not provide for the estimated state share of expenses.

In response to a question from Representative Williams, Ms. Glatt said the Higher Education Roundtable gave institutions greater flexibility to set student tuition rates. She said prior to the roundtable, the same tuition rates were charged at each institution within a tier. She said many institutions have adjusted nonresident tuition rates due to the institution being located near another state or province.

Senator Holmberg said the Legislative Assembly should be aware of estimated tuition rate increases at institutions when determining the level of general fund appropriations for an institution. However, he said, the State Board of Higher Education currently sets tuition rates after the Legislative Assembly adjourns from its regular legislative session.

In response to a question from Senator Flakoll, Ms. Glatt said North Dakota and Minnesota have entered into a tuition reciprocity agreement, which sets the tuition rate for Minnesota students attending a University System institution. She said tuition rate increases for Minnesota students may be more or less than tuition rate increases for resident students due to the agreement.

In response to a question from Senator Robinson, Ms. Glatt said more Minnesota students are attending North Dakota institutions than North Dakota students attending Minnesota institutions. She said the reciprocity agreement provides for a reimbursement payment if there is a difference in the number of students in each state attending an institution in the other state. She said for the 2011-12 academic year, Minnesota provided a reimbursement payment of \$7.2 million to North Dakota, which was distributed to institutions.

In response to a question from Senator Robinson, Ms. Glatt said all University System institutions are currently in good financial standing. She said the University System uses different ratios to determine the financial stability of institutions.

Student Affordability

Ms. Glatt presented information ([Appendix G](#)) regarding student affordability. She said tuition and fee charges at four-year University System institutions are generally less than tuition and fee charges at similar institutions in nearby states. However, she said, tuition and fee charges at two-year University System institutions are generally higher than tuition and fee charges at similar institutions in the region.

Ms. Glatt said there are several programs to provide financial assistance to students. She said students may be eligible to receive federal grants and loans for educational costs. She said the state also has several student financial assistance programs, including the state grant program, academic and career and technical education scholarship program, Indian scholarship program, and specific occupation loan forgiveness programs.

Ms. Glatt said the average student loan debt in North Dakota is \$27,425, which is higher than the national average of \$26,600. However, she said, North Dakota students have a student loan default rate of 5.6 percent, which is less than the national average of 10 percent.

In response to a question from Representative Delmore, Ms. Glatt said student loan debt rates do not include any personal debt, such as credit cards.

Senator Holmberg said student loan debt is also affected by personal choices made by students.

In response to a question from Senator Heckaman, Ms. Glatt said fees charged to dual-credit and distance education students vary by institution, but the University System is working to develop a common dual-credit course tuition rate for all University System institutions.

Senator Heckaman expressed concern that dual-credit students may be assessed fees for campus facilities even if they do not take the course at the campus.

Ms. Glatt said institutions charge students fees for several different facilities and services and not all students utilize the facilities and services.

In response to a question from Representative Sanford, Ms. Glatt said the professional student exchange program provides access for North Dakota students to enroll in a professional program not offered in the state, such as a dental or veterinary medicine program. She said the state pays a support fee to certain out-of-state institutions to guarantee a position in a professional program for a North Dakota student. She said there is some concern that the state pays a support fee for students to attend a professional program, but there is no requirement for the student to return to the state after completing the program.

OTHER COMMITTEE RESPONSIBILITIES

Academic and Career and Technical Education Scholarships

Ms. Brenda Zastoupil, Director of Financial Aid, North Dakota University System, presented an annual report ([Appendix H](#)) to the committee pursuant to North Dakota Century Code Section 15-62.2-05 regarding the academic and career and technical education (CTE) scholarship program. She said of the 8,398 high school seniors in the state that graduated in 2013, a total of 1,498 qualified to receive an academic or CTE scholarship. She said of the 1,498 qualified students, 931 students were eligible to receive an academic scholarship and 567 students were eligible to receive a CTE scholarship.

Ms. Zastoupil said a total of 3,687 students received an academic or CTE scholarship during the fall 2013 semester. She presented the following schedule detailing the types of institutions attended by students receiving a scholarship during the fall 2013 semester:

	Type of Institution Attended by Scholarship Recipients (Fall 2013 Semester)				
	Two-Year Public or Tribal Institution	Four-Year Public Institution	Public Research Institution	Private Institution	Total
Academic scholarship recipients	142	267	1,767	336	2,512
CTE scholarship recipients	273	205	561	136	1,175
Total	415	472	2,328	472	3,687

In response to a question from Senator Holmberg, Ms. Zastoupil said the percentage of students eligible to receive a scholarship varies significantly by county. She said counties that contain Indian reservations generally have fewer students eligible to receive a scholarship. However, she said, the state does have other programs that specifically provide Indian students with financial assistance to attend college.

OTHER BUSINESS

Update on University System Issues

Dr. Skogen provided the committee with an update on various University System issues. He said the University System office has reorganized and added a Chief of Staff position. He distributed an organization chart ([Appendix I](#)) which he reviewed with the committee.

Comments by Interested Persons

Dr. Douglas C. Munski, Faculty Advisor to the State Board of Higher Education, Grand Forks, provided comments to the committee. He thanked the Legislative Assembly for recognizing the importance of faculty and staff input by creating faculty and staff advisory positions for the State Board of Higher Education.

Mr. Nicholas Creamer, Student Body President, University of North Dakota, Grand Forks, provided comments to the committee regarding campus budgeting processes and student tuition rates. He suggested the committee further review the budgeting process as it relates to student tuition increases. He said the Legislative Assembly should be provided with additional information regarding the effect of legislative appropriations on tuition rate increases.

Mr. Creamer said additional comparisons may need to be made when reviewing tuition affordability. He said North Dakota institutions may have favorable tuition rates when compared to similar institutions in regional states. However, he said, it may be more appropriate to compare tuition rate increases to other factors, such as inflation rates.

Committee Tour

Dr. Joe Stickler, Professor Emeritus, Valley City State University, provided the committee with a tour of the Rhoades Science Center building. The committee toured areas of the building that were recently renovated. The committee also toured a new addition that was recently constructed to the building. The Rhoades Science Center building project was paid for from a \$10.5 million appropriation from the 2011 Legislative Assembly.

Other Business

Chairman Sanford announced the committee's next meeting is tentatively scheduled for Wednesday and Thursday, January 22-23, 2014, at North Dakota State University. He said the portion of the meeting on Wednesday, January 22, will be a joint meeting with the Judiciary Committee to receive information regarding intellectual property policies and procedures at University System institutions.

No further business appearing, Chairman Sanford adjourned the meeting at 3:00 p.m.

Brady A. Larson
Assistant Legislative Budget Analyst and Auditor

Allen H. Knudson
Legislative Budget Analyst and Auditor

ATTACH:9