

NORTH DAKOTA LEGISLATIVE MANAGEMENT

Minutes of the

HIGHER EDUCATION FUNDING COMMITTEE

Thursday, January 23, 2014

Rose Room, Memorial Union, North Dakota State University
Fargo, 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, Kylie Oversen, Clark Williams; Senators Tim Flakoll, Tony Grindberg, Karen K. Krebsbach, Carolyn C. Nelson, Larry J. Robinson

Members absent: Representatives Mark A. Dosch, Kathy Hawken, Robert J. Skarphol; Senator Ray Holmberg

Others present: See [Appendix A](#)

**HIGHER EDUCATION STUDY
Research North Dakota Program**

Dr. Jolynne Tschetter, Commercialization Manager, Department of Commerce, presented an overview ([Appendix B](#)) of the Research North Dakota program. She said the 2013 Legislative Assembly appropriated \$12 million for Research North Dakota program grants to be used as follows:

- Up to \$2 million is to be used for venture grants to research institutions for pursuing further commercialization of technology developed by the institution or jointly with a startup or spinoff business operating in the state.
- A total of \$10 million is to be used to provide grants to research institutions for research, development, and commercialization activities with private sector partners. Of this amount, \$4 million is to be used for biotechnology grants to develop and commercialize vaccines and antibodies.

Dr. Tschetter said grant applications for the first grant round were due on November 22, 2013. She said three project applications were received and are being reviewed. She said the Centers of Excellence Commission will make the final determination on which projects are approved.

In response to a question from Senator Nelson, Dr. Tschetter said the Centers of Excellence Commission consists of three members of the State Board of Higher Education and three members of the North Dakota Economic Development Foundation.

Senator Grindberg said the purpose of the Centers of Excellence and Research North Dakota programs are to seed knowledge, ideas, and research at institutions. He said there is a significant value to private sector entities that partner with research institutions.

Dr. Tschetter said the state is relatively new to the areas of information technology and sciences. She said the Centers of Excellence and Research North Dakota programs provide companies with access to needed knowledge.

Succeed 2020 Program

Ms. Louise Dardis, Program Manager, Succeed 2020, West Fargo, and Mr. Kyle Davison, Director, South East Education Cooperative, Fargo, presented information ([Appendix C](#)) regarding the Succeed 2020 program. Ms. Dardis said the Succeed 2020 program received funding from a grant from the Hess Corporation and is focused on efforts to better prepare high school students for college and careers. She said the program provides funding to regional education associations for local initiatives to improve student preparedness.

Ms. Dardis said the following three progress indicators are important to determine the success of students:

1. ACT test scores;
2. On time completion of high school and postsecondary programs; and
3. Need for remedial education at the postsecondary level.

Ms. Dardis said strategies for improving performance on the indicators include providing students with ongoing college and career counseling, providing students with access to and success in rigorous academic and career and technical education programs, and providing students with access to support, such as tutoring and work-based learning opportunities.

In response to a question from Senator Nelson, Ms. Dardis said each local school district makes the determination whether to join a regional education association. She said 174 of the 181 school districts in the state belong to a regional education association.

In response to a question from Representative Delmore, Ms. Dardis said a regional education association needs to have a well-defined plan in order to receive Succeed 2020 grant funds. She said some associations are still developing plans and did not submit an application during the first round of grant distributions.

Senator Flakoll said the intent of the program is to reserve funding for all regional education associations, and funding should be available in the future for the associations that did not submit an application during the first grant round.

Mr. Davison said the goals of the South East Education Cooperative include having students that are prepared for college or a career, having educators supported by effective professional development, having students continuously improve in core content areas, and having increased capacity and engagement with key stakeholders to improve systems and processes. He said the cooperative is focusing on standards-based instruction, college and career counseling, student support services, and data integration.

Mr. Davison presented examples of data that may be used to measure college readiness for students. He said student ACT test scores may be used as a measure to predict student success in college.

In response to a question from Representative Martinson, Mr. Davison said 23 percent of North Dakota students taking the ACT test in 2012 met the college readiness benchmark in all subject areas. He said this percentage is comparable to the national average. He said comparisons to some states may be somewhat misleading due to the fact that North Dakota requires all students to take the ACT test while the test is optional in some states.

Representative Martinson expressed concern regarding the low percentage of high school students that are prepared for college based on the ACT test score benchmark. He suggested the committee receive additional information and suggestions regarding how to improve elementary and secondary education to better prepare students for college.

In response to a question from Representative Maragos, Mr. Davison said other states may use the SAT test or another assessment examination to determine student readiness for college and careers.

Senator Grindberg said using comparisons with other states may not always be appropriate. He said the state can also measure success by reviewing student progress on assessment examinations like the ACT test.

Senator Flakoll said increased curriculum standards and other student incentives, like the merit-based scholarship program, have had a significant impact on student preparedness and success.

Representative Beadle said comparisons with other states can vary significantly based on test type. He said North Dakota currently has the second highest average SAT test score. However, he said, very few students in the state take the SAT test which may affect the comparison.

Representative Glassheim said standardized tests may not be the best indicator for student success in college. He said a student may perform poorly on a standardized test but be successful in college.

Senator Flakoll said many attributes of student success cannot be measured, such as student dedication. He said the ACT test score is currently one of the best indicators for student success in college.

Representative Sanford said one of the most reliable predictors of future student success is grade point average in core high school courses. He said the statewide longitudinal data system will be useful to identify which data is the best for predicting student success.

Representative Glassheim said additional resources may need to be focused on ensuring success for disadvantaged students.

In response to a question from Representative Martinson, Mr. Davison said some higher education institutions are reviewing methods to determine the effectiveness of teacher education programs. He said teacher preparation is important to student success.

Senator Flakoll said there needs to be communication between elementary, secondary, and higher education to understand that student success is a collaborative effort. He said the state should be aggressive in increasing the education attainment of residents and meeting the workforce needs of the state.

Unmanned Aerial Systems

Dr. Bruce Smith, Dean, John D. Odegard School of Aerospace Sciences, University of North Dakota, Grand Forks, presented information ([Appendix D](#)) regarding unmanned aerial systems. He said the University of North Dakota established an unmanned aerial system program in 2005 and has been continually developing the program. He said the program has received nearly \$60 million of cash and in-kind funding since program inception. He provided examples of unmanned aerial system applications, including precision agriculture, disaster management, law enforcement, border security, and range management.

Dr. Smith said the Federal Aviation Administration recently selected Grand Forks as one of six test sites for unmanned aerial systems. He said the test site designation will provide several opportunities, including the ability to test new technologies relating to unmanned aerial systems.

In response to a question from Senator Flakoll, Dr. Smith said unmanned aerial system students generally take courses on campus or at other training facilities. He said it would be difficult to offer the training online because unmanned aerial vehicle operators must also be trained to fly traditional aircraft and have a commercial pilot certificate with specific ratings.

OTHER BUSINESS

Update on North Dakota University System Issues

Dr. Larry Skogen, Interim Chancellor, North Dakota University System, provided an update on various University System issues. He said the University System is in the process of completing a campus master plan and space utilization study for each institution. He said the State Board of Higher Education is also continuing to review the Pathways to Student Success Plan. He said task forces have been created to address issues with the plan.

Potential Committee Considerations

Chairman Sanford distributed a document ([Appendix E](#)) detailing potential areas for consideration by the committee. He reviewed several areas for potential consideration, including workforce needs, student affordability, and accountability.

Senator Grindberg suggested the committee review student affordability issues, including current tuition levels compared to historic tuition levels. He also suggested the committee receive updates from the North Dakota Chamber of Commerce regarding the actions of the Higher Education Partnership and the future of higher education.

Representative Sanford said tuition levels at the four-year institutions are generally lower than similar institutions in the region. However, he said, tuition levels at two-year institutions are significantly higher than similar institutions in the region.

Senator Nelson said it is important to consider other factors that affect tuition levels, such as program quality.

Representative Oversen said tuition levels are generally affordable in the state, but there are still many students that experience financial difficulties to attend college. She suggested the committee review options to expand scholarship and loan forgiveness programs as well as options to provide assistance to college graduates that take jobs in high-demand workforce areas but have low salary levels.

Senator Robinson said student affordability is important, and the committee should continue to monitor tuition levels, including any impact to the levels caused by legislative actions.

Representative Glassheim suggested the committee receive information regarding student loan debt rates.

Senator Flakoll suggested the committee review the needs-based scholarship program and whether the current program is adequately addressing student needs.

Representative Glassheim suggested the committee receive information regarding the return on investment for state funding contributed to research activities and commercialization.

Senator Grindberg suggested the committee receive information regarding the future plans for research in the state, including how to improve the sustainability of research activities at higher education institutions.

Representative Sanford said the University System Performance and Accountability report provides good information but expressed concern the report is not being reviewed by enough people.

Senator Flakoll suggested the committee review potential accountability measures at a future meeting.

Senator Robinson suggested the committee receive updates from the University System on the allocation of funding from the performance funding pool and on the status of the University System campus master plan and space utilization study.

Senator Flakoll suggested the committee review options to use an established endowment for higher education purposes, including potential sources for funding.

The committee recessed for lunch at 12:30 p.m. and reconvened at 1:00 p.m.

COMMITTEE TOUR

The committee conducted a tour of Minard Hall on the campus of North Dakota State University. During the 2007-09 and 2009-11 bienniums, the Legislative Assembly provided funding to renovate the building, and renovations were completed in August 2013. The Legislative Assembly appropriated \$4.5 million from the general fund for Phase 1 of the project and appropriated \$13 million from the general fund for Phase 2 of the project.

Chairman Sanford announced the committee is tentatively scheduled to meet in Wahpeton on Thursday, February 20, 2014. He said committee meetings are also tentatively scheduled for April 2014 and June 2014.

No further business appearing, Chairman Sanford adjourned the meeting at 1:30 p.m.

Brady A. Larson
Assistant Legislative Budget Analyst and Auditor

Allen H. Knudson
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ATTACH:5