

## NORTH DAKOTA LEGISLATIVE MANAGEMENT

Minutes of the

### HIGHER EDUCATION COMMITTEE

Wednesday, November 1, 2017

Red River Valley Room, Hektner Student Center,  
North Dakota State College of Science, Wahpeton, North Dakota

Thursday, November 2, 2017

Prairie Rose Room, Memorial Union, North Dakota State University, Fargo, North Dakota

Representative Mark Sanford, Chairman, called the meeting to order at 1:00 p.m.

**Members present:** Representatives Mark Sanford, Thomas Beadle, Rich S. Becker, Richard G. Holman, Dennis Johnson, Andrew G. Maragos, Bob Martinson, Lisa Meier, Gary Paur, Mike Schatz; Senators Robert Erbele, David Hogue, Karen K. Krebsbach, Carolyn C. Nelson, Larry J. Robinson, Jim P. Roers

**Members absent:** Representative Lois Delmore; Senator Ray Holmberg

**Others present:** Representative Al Carlson, Fargo, and Senator Ronald Sorvaag, Fargo, members of the Legislative Management

Representatives Alisa Mitskog, Wahpeton; Shannon M. Roers Jones, Fargo; and Cynthia Schreiber-Beck, Wahpeton

Brady A. Larson, Legislative Council, Bismarck

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

**It was moved by Senator Robinson, seconded by Senator Nelson, and carried on a voice vote that the minutes of the August 22-23, 2017, meeting be approved as distributed.**

Chairman Sanford said the committee would be reviewing certain institutional strategic plans and the North Dakota higher education funding model.

Dr. John Richman, President, North Dakota State College of Science, presented information ([Appendix B](#)) regarding the North Dakota State College of Science (NDSCS) and the NDSCS strategic plan. He said NDSCS uses innovative delivery strategies to respond to statewide and regional needs by providing access to occupational and technical programs, transfer programs, and workforce training. He said NDSCS has a fall 2017 enrollment of 2,985 students, of whom 68.7 percent are North Dakota residents. He said 77 percent of students who started at NDSCS in fall 2010 have graduated or successfully transferred to another institution. He said strategic goals of the college include:

1. Improve the student learning experience;
2. Strategically meet business and industry needs in North Dakota and the region;
3. Commit to the continuous development of NDSCS employees; and
4. Strengthen relationships with internal and external stakeholders.

Chairman Sanford commented on funding for higher education, including his expectation that future funding may not increase at as great of a rate as it has in the past.

In response to a question from Chairman Sanford, Dr. Richman said NDSCS enrolls 22 dental hygiene and 24 dental assisting students. He said NDSCS is working to find dental clinic space in western North Dakota in order to allow for clinical training of dental hygienists and dental assistants in western North Dakota.

In response to a question from Chairman Sanford, Dr. Richman said NDSCS offers 14 programs that are unique in the North Dakota University System. He said dental hygiene and dental assisting are two of those programs.

In response to a question from Senator Robinson, Dr. Richman said there are multiple colleges in Minnesota competing with NDSCS for students in various technical programs. He said NDSCS does not have difficulties

finding jobs for its graduates, but recruiting students is a challenge. He said retention of instructors has not been a significant challenge recently.

In response to a question from Chairman Sanford, Dr. Richman said TrainND at NDSCS is an effective program.

In response to a question from Representative Johnson, Dr. Richman said NDSCS industry partners often provide training and professional development for NDSCS instructors.

The committee members conducted a tour of either:

- The mechanical systems laboratory in the Robotics, Automation and Mechatronics Technology program;
- Mayme Green Allied Health Center; or
- Old Main and the Student Success Center.

Mr. Larry A. Isaak, President, Midwestern Higher Education Compact, presented information ([Appendix C](#)) regarding Midwestern Higher Education Compact (MHEC) services, the North Dakota higher education funding formula, and funding models in other states. He said the state fee to be a member of MHEC is \$115,000 per year, which is lower than other compacts. He said MHEC creates solutions that build higher education's capacity to better serve individuals, institutions, and states by leveraging the region's expertise, ideas, and experiences through multistate convening, programs research, and contracts. He said there are enrollment-based and performance-based approaches to funding higher education. He identified the following path for designing performance funding models:

1. Identify key stakeholders;
2. Establish broad consensus on a public agenda;
3. Assess viability of performance funding;
4. Identify appropriate measures;
5. Define adequate institutional progress;
6. Allocate sufficient funds;
7. Link with state appropriations;
8. Foster favorable conditions for compliance;
9. Prevent gaming the system; and
10. Evaluate and adjust.

Mr. Isaak said potential performance measures to reward through the funding formula include:

- Advancing the success of students who are academically or financially at risk, first generation students, low-income students, and students traditionally underrepresented in higher education;
- Improving graduation rates and the time it takes to graduate in order to produce more students ready to enter the workforce;
- Improving test scores of entering students; and
- Institution mission-specific goals.

In response to a question from Chairman Sanford, Mr. Isaak said there is a lot of conversation occurring regarding accreditation reform. He said under current accreditation standards, quality is assessed based on inputs rather than outputs in the education process. He said he believes the process should change to assess quality more on outputs.

In response to a question from Chairman Sanford regarding the need to identify and assist unsuccessful students, Mr. Isaak said the goal of providing an educated workforce requires institutions to compete for students and ensure those students are successful.

In response to a question from Representative Paur, Mr. Isaak said there are significant differences in ACT Aspire test scores among various socioeconomic groups. He said certain states are providing incentives to institutions to encourage completion of remedial education in order to assist those students who have lower ACT Aspire scores upon entering college.

In response to a question from Representative Johnson, Mr. Isaak said North Dakota is a net importer of students from other states. He said North Dakota will likely need to continue to import people in order to have a successful economy.

The Legislative Council staff distributed a memorandum entitled [Tuition and State Appropriations Data](#). He said the memorandum provides information regarding higher education revenues per full-time equivalent (FTE) student. He said the information in the memorandum is derived from State Higher Education Executive Officers Association data. He said North Dakota tuition per FTE student, adjusted for inflation and other factors, increased from \$2,950 to \$6,624 from the year 2000 to 2016. He said North Dakota state appropriations per FTE student, adjusted for inflation and other factors increased from \$6,077 to \$7,189 from the year 2000 to 2016.

Chairman Sanford said the 2017 numbers will better reflect the decreases in state appropriations for higher education.

Chairman Sanford invited Dr. Mark R. Hagerott, Chancellor, North Dakota University System, to comment regarding the study of 2-year colleges being conducted by the State Board of Higher Education. Dr. Hagerott said the board has met and established five task forces relating to the study.

The committee recessed at 4:20 p.m. and reconvened at 8:30 a.m. on Thursday, November 2, 2017, in the Prairie Rose Room, Memorial Union, North Dakota State University, Fargo.

Governor Doug Burgum commented ([Appendix D](#)) regarding higher education in North Dakota, including the role education plays in society and how technology will affect the delivery of education in the future. He said new technologies will drive change throughout society, including changes to the current structure of the education system. He commented on the need to congregate in a certain place in the past in order to conduct knowledge transfer, but said online learning is eliminating that need. He also said the future of online learning will likely change significantly from current online education models. He said the societal pressure to attend a 4-year university after high school is declining as people realize good jobs are available to those with skills gained at technical colleges or through certificate programs.

Governor Burgum said the University System currently plays a vital role in the North Dakota economy, both providing jobs and workforce. He said North Dakota has workforce issues throughout the state that need to be addressed.

In response to a question from Senator Roers, Governor Burgum said there is economic value in bringing students from out of state to North Dakota higher education institutions.

In response to a question from Representative Schatz regarding technical education programs, Governor Burgum said the state should consider increasing its emphasis on technical education, including computer coding.

Representative Becker commented on the potential for technology to allow people to work from home, including those in small communities.

In response to a question from Representative Beadle, Governor Burgum said private-public partnerships are positive for North Dakota higher education institutions and the North Dakota economy. He said he believes opportunities exist for future philanthropic growth for higher education institutions from businesses, as businesses realize the value in the workforce training provided by the higher education system.

In response to a question from Representative Martinson, Governor Burgum said he vetoed certain legislation approved by the 2017 Legislative Assembly in order to maintain a separation of powers among various branches of government.

In response to a question from Chairman Sanford regarding accreditation, Governor Burgum said accreditation models and measures are also facing pressures from changing technologies.

In response to a question from Representative Holman regarding liberal arts, Governor Burgum said there is value in a liberal arts education. He commented on the desire of certain students to have the 4-year on-campus college experience. He said these students will likely continue to seek these experiences.

Dr. Dean L. Bresciani, President, North Dakota State University, presented information ([Appendix E](#)) regarding North Dakota State University (NDSU) and the NDSU strategic plan. He said NDSU has been purposeful in shaping and marketing itself specifically for full-time, residential students who intend to complete their degrees in a

timely manner. He said a key component of NDSU's strategic plan is to improve retention and graduation rates for undergraduates. He said strategies to support this component include:

- Listening to student input;
- Empowering students to achieve academic success;
- Ensuring all students receive effective advising services;
- Improving teaching methods; and
- Looking to the future.

In response to a question from Representative Beadle regarding online education, Dr. Bresciani said he believes it is important to avoid duplication within the University System. He said the University of North Dakota (UND) offers more online education opportunities.

In response to a question from Chairman Sanford regarding duplication within the University System, Dr. Bresciani said overlapping and blurring of missions is a nationwide problem. He said it would be difficult to eliminate programs already in existence, but in the future the University System will need to avoid the creation of duplicate programs.

In response to a question from Senator Robinson, Dr. Bresciani said unmanned aerial systems is an area where NDSU and UND are collaborating for research.

Ms. Tammy Dolan, Chief Financial Officer, North Dakota University System, presented information ([Appendix F](#)) regarding the North Dakota higher education funding formula and other institutional funds. She said institution funding sources include state appropriations, tuition and fees, grants and contracts, sales and services, and auxiliary enterprises. She said total fiscal year 2016 revenue ranged from \$9.3 million at Dakota College at Bottineau to \$451.7 million at UND.

Ms. Dolan said the base appropriation level for each institution is determined using a formula. She said the formula pays campuses for actual student credit hours successfully completed, so institutions are not paid for courses that students drop or fail. She said the formula adjusts the credits completed to account for an instructional program factor and then multiplies the adjusted credit hours by a credit completion factor or institutional size factor and by a base funding amount. She said potential adjustments to the funding formula may include:

- Removing the expiration date on North Dakota Century Code Section 15-18.2-06, to provide a minimum amount payable of 96 percent of the previous biennium formula funding;
- Providing equalization payments to adjust for funding received by certain campuses from permanent land trust funds; and
- Providing performance funding to reward institutions that improve in various areas, including job placement, professional licensure examination pass rates, certificates or degrees awarded for high-demand jobs, research, graduation and retention rates, and enrollment and completion by various at-risk demographic groups.

In response to a question from Representative Becker, Mr. Bruce A. Bollinger, Vice President for Finance and Administration, North Dakota State University, said the NDSU agricultural research and extension centers receive state appropriations separate from the higher education funding formula.

In response to a question from Senator Roers, Chairman Sanford said the distributions relating to permanent land trust funds have been an item of discussion among the Appropriations Committee members for several legislative sessions.

In response to a question from Representative Beadle, Ms. Dolan said there are not currently adjustments made in the higher education funding formula to reflect online versus in-person courses. Chairman Sanford added that current online education models are not much less expensive to operate than in-person courses.

In response to a question from Senator Hogue regarding the effectiveness of the funding formula when the legislature adjusts funding outside the formula, Chairman Sanford said the funding formula will be further discussed at a future meeting.

In response to a question from Senator Roers regarding potential equity funding relating to the permanent land trust funds, Chairman Sanford said three institutions do not receive any trust land funding.

Representative Beadle expressed support for the funding formula and the planning it allows the campuses to perform.

Chairman Sanford said current higher education funding is not equitable to all institutions because of the permanent land trust fund distributions outside of the formula.

Mr. Kaleb Dschaak, President, North Dakota Student Association, commented in support of North Dakota higher education, including open education resources and challenge grant funding.

Dr. Birgit Pruess, Professor, North Dakota State University, commented in support of face-to-face education.

Chairman Sanford said the next meeting will be scheduled after January 1, 2018. He said the funding model will be further discussed, in addition to updates on certain areas reviewed by the 2015-16 interim Higher Education Committee.

No further business appearing, Chairman Sanford adjourned the meeting at 12:30 p.m.

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Alex J. Cronquist  
Fiscal Analyst

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