

NORTH DAKOTA LEGISLATIVE MANAGEMENT

Minutes of the

HIGHER EDUCATION COMMITTEE

Monday and Tuesday, August 20-21, 2018
Skoal Room, Memorial Student Center, Valley City State University
Valley City, North Dakota

Representative Mark Sanford, Chairman, called the meeting to order at 1:05 p.m.

Members present: Representatives Mark Sanford, Rich S. Becker, Lois Delmore, Richard G. Holman, Dennis Johnson, Andrew G. Maragos, Bob Martinson, Lisa Meier, Gary Paur, Mike Schatz; Senators Robert Erbele, Ray Holmberg, Carolyn C. Nelson, Larry J. Robinson

Members absent: Representative Thomas Beadle; Senators David Hogue, Karen K. Krebsbach, Jim P. Roers

Others present: 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 June 4-5, 2018, meeting be approved as distributed.

Dr. Margaret Dahlberg, Interim President, Valley City State University, presented information ([Appendix B](#)) regarding an overview of the institution and its strategic plan. She said headcount enrollment at Valley City State University (VCSU) has grown from 1,019 in 2008 to 1,522 in 2017. She said VCSU is ranked as the number one public regional college in the Midwest by *U.S. News and World Report*. She said VCSU is in need of a new Communication and Fine Arts Building to replace Foss Hall and McCarthy Hall. She said another capital project need is deferred maintenance at McFarland Hall. She said VCSU's strategic plan directs its work on growth, quality, student experience, and optimization.

In response to a question from Chairman Sanford, Dr. Dahlberg said between 57 and 65 percent of VCSU students are North Dakota residents.

In response to a question from Chairman Sanford, Dr. Dahlberg said deferred maintenance costs may include necessary upgrades to bring older buildings to code or to current technological standards.

In response to a question from Chairman Sanford, Dr. Dahlberg said state appropriations for dual-credit courses in Minnesota are included in the K-12 education budget.

In response to a question from Representative Martinson, Dr. Dahlberg said approximately 30 junior students at Valley City High School were not taking dual-credit courses due to the cost. She said dual-credit students are not eligible for federal financial aid.

Representative Martinson suggested consideration be given to combining K-12 education and higher education systems to make education more seamless for students.

Chairman Sanford commented on the credit completion factor in the higher education funding formula and how it may penalize an institution for increasing the number of completed credits.

Representative Martinson said the increase in tuition revenue could make up for the reduction in funding through the formula.

Senator Robinson said there also are increased costs associated with the increase in credits completed.

Dr. Julee Russell, Assistant Vice President for Academic Affairs, Valley City State University, presented information ([Appendix C](#)) regarding open educational resources (OER) at VCSU. She said VCSU has been using OER for 3 years and has expanded OER to use additional free and low-cost resources. She said low-cost resources are defined as books or resources with a cost of less than \$50. She said OER are estimated to have saved students over \$1 million in 6 semesters at VCSU.

Chairman Sanford expressed support of the use of OER at VCSU.

Dr. Sheri Okland, Dean, School of Education and Graduate Studies, Valley City State University, presented information ([Appendix D](#)) regarding the VCSU teacher education program. She said VCSU has partnered with the West Fargo Public School District and the Fargo Public School District for a substitute teacher program.

In response to a question from Representative Delmore, Dr. Okland said VCSU students in the education program are licensed to substitute teach anywhere in North Dakota.

Ms. Joan M. Klein, Dr. Joan Oigawa Aus, Mr. Dave Bass, Mr. David Hanson, Ms. Heather Anderson, Dr. James Boe, and Ms. Laurel Westby, faculty members, Valley City State University, provided information regarding the VCSU teacher education innovation plan.

Mr. Wesley Wintch, Vice President of Finance and Administration, Valley City State University, led the committee on a brief tour of the campus, including Foss Hall and the new steam plant.

Ms. Michelle Kommer, Executive Director, Job Service North Dakota, was scheduled to present regarding workforce issues in North Dakota; however, she was unable to attend the meeting.

Mr. Rick Tonder, Director of Facility Planning, North Dakota University System, presented information ([Appendix E](#)) regarding campus space utilization. He said classroom utilization in the fall 2017 semester ranged from 34 percent at Lake Region State College to 80 percent at Mayville State University.

In response to a question from Chairman Sanford, Mr. Tonder said a 100 percent classroom utilization target equates to a scheduled use of 30 hours per week with 80 percent occupancy of the maximum seating capacity of the room. He said a 100 percent classroom laboratory utilization target equates to a scheduled use of 20 hours per week with 75 percent occupancy of the maximum seating capacity of the room.

Chairman Sanford said the standards appear low to be considered 100 percent utilization.

In response to a question from Chairman Sanford, Mr. Tonder said dining services typically are self-funding. He said campuses often have more dining services revenue than expenditures in order to save money for capital improvements.

In response to a question from Representative Becker, Mr. Tonder said the space utilization data is self-reported by the campuses.

In response to a question from Representative Paur, Mr. Tonder said enrollment is not linked directly to the revenues and expenses of dining services. He said meal plans may vary between campuses, and students without board contracts may purchase meals.

Dr. Mark R. Hagerott, Chancellor, North Dakota University System, presented information ([Appendix F](#)) regarding Envision 2030. He said the Envision 2030 process began in May 2016. He said goals of the University System strategic plan include:

- Affordability for working families;
- Access to rural areas in a big state;
- Excellence for student success;
- System efficiencies; and
- Research excellence.

Dr. Hagerott said access to key programs is a major consideration of the University System. He said the University System campuses offering major "one of a kind" academic programs will study and provide options for providing the programs online. He said this includes agriculture, energy, and law programs. He said the University System also is working to address emerging technologies, including cybersecurity, unmanned systems and robotics, data analytics, and artificial intelligence.

In response to a question from Chairman Sanford, Dr. Hagerott said University System campus collaboration includes the University of North Dakota (UND) and North Dakota State University (NDSU) working together on unmanned aerial systems and Bismarck State College and Williston State College working together on energy workforce issues. He said Dickinson State University (DSU) and Lake Region State College also are working together on law enforcement training.

In response to a question from Representative Martinson, Dr. Hagerott said he would provide the committee with additional information regarding the number of qualified prospective nursing students who are not accepted into a University System institution nursing program.

In response to a question from Representative Martinson, Dr. Hagerott said he would provide additional information regarding the cost of UND's partnership with Pearson for online education.

Representative Becker commented on enrollment changes at UND and NDSU and suggested UND's focus on online education may be resulting in lower enrollment.

Dr. Hagerott said it may be too early to know how successful UND's online education program will be.

Chairman Sanford expressed support for allowing innovative practices time to mature.

In response to a question from Chairman Sanford, Dr. Hagerott said University System institutions have worked to partner with private higher education institutions for certain programs.

In response to a question from Representative Martinson, Dr. Hagerott provided the committee members with a copy of the State Board of Higher Education (SBHE) study of 2-year colleges.

Mr. James P. Wisecup, Vice Chancellor for Strategy and Strategic Engagement, North Dakota University System office, commented regarding the Lumina Foundation grant received by the University System to study higher education attainment. He said North Dakota has approximately 90,000 residents who have completed some college but do not have a degree or quality certification. He said the Lumina Foundation is encouraging states to increase collegiate degree and certifications attainment.

The committee recessed at 4:35 p.m. and reconvened at 8:30 a.m. on Tuesday, August 21, 2018.

Dr. Thomas Mitzel, President, Dickinson State University, presented information ([Appendix G](#)) regarding an overview of the institution and its strategic plan. He said DSU is seeking to develop, strengthen, and unify the campus. He said DSU has taken actions to address a decrease in enrollment and funding, including:

- Developing new programs and supports to increase enrollment;
- Closing buildings;
- Eliminating certain positions; and
- Eliminating or reducing certain programs.

In response to a question from Chairman Sanford, Dr. Mitzel said DSU is working with local health care facilities to encourage retention of DSU-educated nurses in the Dickinson area.

In response to a question from Chairman Sanford, Dr. Mitzel said at this time, an ideal on-campus enrollment for DSU is approximately 1,800.

According to the University System fall 2017 enrollment report DSU's fall 2017 on-campus enrollment was 1,104.

In response to a question from Chairman Sanford, Dr. Mitzel said DSU does not have any debt.

In response to a question from Senator Robinson, Dr. Mitzel said approximately 67 percent of DSU students are North Dakota residents. He said DSU is working to improve the campus experience to increase on-campus residency and the number of students who stay on campus over the weekend.

In response to a question from Senator Robinson, Dr. Mitzel said DSU is employing a higher percentage of adjunct professors than he believes is appropriate. He said faculty pay is an issue for recruitment of full-time, tenure-track professors.

In response to a question from Chairman Sanford, Dr. Mitzel said the City of Dickinson rescinded its matching funds for the Theodore Roosevelt Presidential Library project when the library foundation decided to move the project to Medora. He said DSU discontinued making payments toward the project when the matching funds were removed. He said approximately \$9 million of state funds have not been spent.

Dr. Joshua Wynne, Dean, University of North Dakota School of Medicine and Health Sciences, presented information ([Appendix H](#)) regarding the strategic plan, programs, and facilities of the UND School of Medicine and

Health Sciences (SMHS). He said the primary purpose of SMHS is to educate physicians and other health professionals and to enhance the quality of life in North Dakota. He said other purposes include the discovery of knowledge that benefits the people of this state and enhances the quality of their lives. He said SMHS has implemented the health care workforce initiative to train more health care providers, improve efficiency of the delivery system, reduce disease burden, and retain more health care provider graduates for the state.

Dr. Wynne said SMHS is unique in that it provides an education for both medical doctors and other health sciences and related programs, including physical and occupational therapy, medical laboratory science, public health, physician assistant, sports medicine, and biomedical sciences. He said SMHS is 1 of 28 community-based medical schools--those that do not own or operate a hospital--in the country.

Dr. Wynne said SMHS plans to request \$10 million from the 2019 Legislative Assembly for its grand research challenge to address health challenges through basic, clinical, and translational discovery. He said the research would focus on opioid abuse, virtual care delivery, and artificial intelligence analysis of health data.

In response to a question from Chairman Sanford, Dr. Wynne said the majority of SMHS grants and contracts income is federal funding for research.

In response to a question from Senator Robinson, Dr. Wynne said the average student debt for a SMHS medical student graduate is approximately \$150,000. He said the average medical school student debt across the country is approximately \$200,000.

In response to a question from Representative Schatz, Dr. Wynne said approximately 30 percent of Indians into Medicine Program students are from North Dakota. He said approximately 80 percent of the overall enrollment at SMHS is from North Dakota or Minnesota.

In response to a question from Senator Holmberg, Dr. Wynne said the SMHS residency program requires permanent funding. He said UND and the University System office are supportive of permanent funding for the residency program.

In response to a question from Representative Holman, Dr. Wynne said SMHS prioritizes primary care physician training.

In response to a question from Representative Becker regarding the potential loss of specialized medical treatment around the state to Sanford Hospital's Fargo location, Dr. Wynne said there is increased consolidation of services occurring in health systems nationally.

Ms. Tammy Dolan, Vice Chancellor for Administration and Chief Financial Officer, North Dakota University System, presented information ([Appendix I](#)) regarding the status of University System inconsistencies. She said University System inconsistencies include:

- Employee classifications and human resources reporting;
- Employee leave policies;
- Tuition waiver awarding; and
- Charging of student fees.

Ms. Dolan said the University System Human Resource Council formed a taskforce in the spring of 2017 to study human resource inconsistencies. She said SBHE approved maintaining the University System employee broadband policy for employee classifications in May 2018. She said SBHE also approved the creation of standard systemwide human resource reports by the Human Resource Council.

In response to a question from Chairman Sanford, Ms. Dolan said she would provide the committee with additional information regarding employees who reclassify to lower-level positions, including how benefits and compensation are affected.

Ms. Dolan said SBHE did not approve a systemwide employee leave policy and existing institutional policies will continue.

Ms. Dolan said SBHE modified its policy relating to tuition waivers in April 2018 and required the development of an institutional data waiver form. She said new tuition models being implemented by University System campuses in 2018 and 2019 will decrease the volume of tuition waivers.

Ms. Dolan said the new tuition models being implemented by University System campuses in 2018 and 2019 also are reducing significantly the number of student fees. She said the fees are being merged into the tuition rate. She said SBHE Policy 805.3 requires SBHE approval before any new course or program fees may be established.

In response to a question from Representative Delmore, Ms. Dolan said fees for certain high-cost courses may be continued.

Ms. Dolan presented information ([Appendix J](#)) regarding tribal college grants. She said of the \$300,000 available for the 2017-18 academic year, \$37,206 was awarded to Cankdeska Cikana Community College; \$51,697 was awarded to Nueta Hidatsa Sahnish College; \$27,024 was awarded to Sitting Bull College; \$92,428 was awarded to Turtle Mountain Community College; and \$91,645 was awarded to United Tribes Technical College.

Ms. Dolan presented information ([Appendix K](#)) regarding the higher education challenge grant program. She said \$1.2 million of the \$2 million available for higher education challenge grants has been awarded through July 2018. She said 99 percent of the 2017-19 biennium funding awarded is for student scholarships.

Ms. Dolan presented information ([Appendix L](#)) regarding the transfer of appropriation authority from the operations line item to the capital assets line item by University System institutions. She said the North Dakota State College of Science, Bismarck State College, and Lake Region State College each transferred appropriation authority from the operations line item to the capital assets line item for extraordinary repairs matching funds, pursuant to Section 28 of 2017 Senate Bill No. 2003.

In response to a question from Chairman Sanford, Ms. Dolan said University System institutions are hoping to use all appropriated extraordinary repairs funding and the required match this biennium.

In response to a question from Representative Martinson, Ms. Dolan said information regarding the cost of UND's partnership with Pearson for online education is not yet available.

At the request of Chairman Sanford, the Legislative Council staff distributed a document entitled [Higher Education Committee - Committee Work Topics](#), and four bill drafts relating to creating a higher education funding formula review committee [[19.0258.01000](#)]; continuing the hold-harmless provision of the higher education funding formula [[19.0259.01000](#)]; establishing a dentistry, optometry, and veterinary medicine student loan repayment program [[19.0260.01000](#)]; and increasing funding for student financial assistance grants [[19.0261.01000](#)].

Chairman Sanford commented on the potential for the University System to implement a direct admissions program similar to Idaho. He said a direct admissions program would provide for every resident high school senior to automatically be notified if they meet the admissions requirements of state higher education institutions.

It was moved by Representative Maragos, seconded by Representative Becker, and carried on a roll call vote to recommend SBHE consider implementation of a direct admissions program. Representatives Sanford, Becker, Delmore, Holman, Johnson, Maragos, Martinson, Meier, Paur, and Schatz and Senators Erbele, Holmberg, and Robinson voted "aye." No negative votes were cast.

Chairman Sanford said the integrated postsecondary education data system (IPEDS) data reported by the University System does not accurately reflect the success of students who transfer to another academic institution. He said student achievement measure (SAM) data appears to monitor transfer students through graduation.

Representative Delmore expressed support for the use of data that does not appear to penalize institutions from which students transfer.

It was moved by Representative Paur, seconded by Representative Meier, and carried on a roll call vote to recommend SBHE study and determine whether the use of SAM retention and completion data is more appropriate for University System institutions than using IPEDS data. Representatives Sanford, Becker, Delmore, Holman, Johnson, Maragos, Martinson, Meier, Paur, and Schatz and Senators Erbele, Holmberg, and Robinson voted "aye." No negative votes were cast.

Chairman Sanford commented on University System distance education programs, including the lack of available information regarding the cost of providing distance education.

Representative Paur said the State Auditor's office is conducting a performance audit of University System distance education.

In response to a question from Chairman Sanford, Ms. Dolan said the State Auditor's office recently started the performance audit relating to distance education.

It was moved by Representative Becker, seconded by Representative Holman, and carried on a roll call vote to recommend SBHE review distance education programs offered by the institutions from a systemwide perspective. Representatives Sanford, Becker, Delmore, Holman, Johnson, Maragos, Martinson, Meier, Paur, and Schatz and Senators Erbele, Holmberg, and Robinson voted "aye." No negative votes were cast.

Chairman Sanford commented on whether the potential exists for TrainND and other non-degree seeking classes to become self-funded.

Representative Paur suggested the committee consider a bill draft directing TrainND to become self-funded. The Legislative Council staff said any new bill draft not already drafted for the committee would require an additional meeting of the committee to approve.

Senator Holmberg said self-funding of TrainND could be addressed by the appropriations committees during the 2019 legislative session.

Chairman Sanford commented on the professional student exchange program for dentists, optometrists, and veterinarians. He suggested the committee consider a bill draft [[19.0260.01000](#)] to establish a dentistry, optometry, and veterinary medicine student loan repayment program. He said the bill draft would require students in professional programs in other states to return to North Dakota to receive student loan repayment funding. He said the state could use funds used to buy down tuition rates for students under the professional student exchange program to pay for the student loan repayment program.

Senator Erbele expressed opposition to changing the professional student exchange program. He said states that have attempted to mandate students return after graduation have been unsuccessful at retaining veterinarians. He also questioned whether the state would be willing to guarantee a job for the professionals who return to the state after graduation.

Representative Martinson suggested the committee take no action on the bill draft to establish a dentistry, optometry, and veterinary medicine student loan repayment program.

Chairman Sanford commented regarding the benefits of the higher education challenge matching grant program.

It was moved by Representative Martinson, seconded by Senator Robinson, and carried on a roll call vote to recommend the 2019 Legislative Assembly continue the higher education challenge matching grant program. Representatives Sanford, Becker, Delmore, Holman, Johnson, Maragos, Martinson, Meier, Paur, and Schatz and Senators Erbele, Holmberg, and Robinson voted "aye." No negative votes were cast.

Chairman Sanford commented regarding systemwide deferred maintenance and the benefits of requiring \$2 of matching funds from operations or other sources for each \$1 of extraordinary repairs funding used for a project.

It was moved by Representative Maragos, seconded by Representative Delmore, and carried on a roll call vote to recommend that the 2019 Legislative Assembly continue the requirement for \$2 of matching funds from operations or other sources for each \$1 of extraordinary repairs funding used for a project. Representatives Sanford, Becker, Delmore, Holman, Johnson, Maragos, Martinson, Meier, Paur, and Schatz and Senators Erbele, Holmberg, and Robinson voted "aye." No negative votes were cast.

Chairman Sanford commented on the needs-based scholarships provided through the student financial assistance grant program. He said bill draft [[19.0261.01000](#)] would increase needs-based scholarships from \$1,950 to \$3,000 per year. He said needs-based scholarships are important to enroll students who are otherwise unable to attend a higher education institution.

It was moved by Representative Martinson, seconded by Representative Maragos, and carried on a roll call vote that the bill draft relating to increased funding for student financial assistance grants be approved and recommended to the Legislative Management. Representatives Sanford, Becker, Delmore, Holman, Johnson, Maragos, Martinson, Meier, Paur, and Schatz and Senators Erbele, Holmberg, and Robinson voted "aye." No negative votes were cast.

Chairman Sanford commented on the pros and cons of the higher education funding formula. He said bill draft [[19.0258.01000](#)] would provide for a committee to conduct a thorough review of the formula's merits and potential improvements.

It was moved by Representative Maragos, seconded by Representative Delmore, and carried on a roll call vote that the bill draft relating to the creation of a higher education funding formula review committee be approved and recommended to the Legislative Management. Representatives Sanford, Becker, Delmore, Holman, Johnson, Maragos, Martinson, Meier, Paur, and Schatz and Senators Erbele and Robinson voted "aye." Senator Holmberg voted "nay."

Chairman Sanford commented on the hold-harmless provision of the higher education funding formula, which limits funding reductions through the formula to 4 percent as a result of a decrease in adjusted completed credit hours. He said bill draft [[19.0259.01000](#)] would extend the hold-harmless provision through the 2019-21 biennium, allowing it to be reviewed by the proposed higher education funding formula review committee.

Ms. Dolan said if the hold-harmless provision is not extended, the formula would reduce the appropriation for Minot State University by more than 4 percent for the 2019-21 biennium. She said the Minot State University appropriation would be reduced 5.8 percent, or an additional \$700,000 without the hold-harmless clause.

It was moved by Representative Maragos, seconded by Representative Holman, and carried on a roll call vote that the bill draft relating to continuing the hold-harmless provision of the higher education funding formula be approved and recommended to the Legislative Management. Representatives Sanford, Becker, Delmore, Holman, Johnson, Maragos, Meier, Paur, and Schatz and Senators Erbele, Holmberg, and Robinson voted "aye." Representative Martinson voted "nay."

Chairman Sanford commented on the potential to add targeted performance funding components to the higher education funding formula. He said potential components could be reviewed and recommended by the proposed higher education funding formula review committee.

Ms. Caitlin McDonald, Western North Dakota Organizer, North Dakota United, distributed testimony ([Appendix M](#)) on behalf of Mr. Lee Kruger, Professor, Valley City State University, regarding the potential impact of additional budget reductions.

Mr. Jace Beehler, Policy Advisor, Governor's office, informed the committee he will be working with the higher education portfolio and expressed support for working together on higher education issues.

It was moved by Senator Robinson, seconded by Senator Holmberg, and carried on a voice vote that the Chairman and the Legislative Council staff 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.

It was moved by Senator Robinson, seconded by Senator Holmberg, and carried on a voice vote that the committee be adjourned sine die.

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

Alex J. Cronquist
Senior Fiscal Analyst

ATTACH:13