

NORTH DAKOTA LEGISLATIVE MANAGEMENT

Minutes of the

HIGHER EDUCATION FUNDING FORMULA REVIEW COMMITTEE

Thursday, July 18, 2019

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

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

Members present: Representatives Mark Sanford, Tracy Boe, Bob Martinson; Senators Ray Holmberg, Karen K. Krebsbach, Larry J. Robinson; Citizen Members Bruce A. Bollinger, Rebecca Collins, Tammy Dolan, Jed Shivers, Brent Winiger

Members absent: None

Others present: Brady A. Larson, Legislative Council, Bismarck
See [Appendix A](#) for additional persons present.

Dr. Alan D. LaFave, President, Valley City State University, welcomed the committee to the campus.

Dr. Margaret Dahlberg, Vice President for Academic Affairs, Valley City State University, presented information ([Appendix B](#)) regarding Valley City State University (VCSU) academic programs and practices. She said the VCSU vision statement includes being innovative, distinctive, and learner-centered. She said VCSU has approximately 300 students majoring in elementary education, including about 130 students on campus, 40 students online, and 130 students on the campus of North Dakota State University. She said VCSU also has developed an Introduction to Education dual-credit course to increase high school student interest in pursuing a career in teaching.

In response to a question from Chairman Sanford regarding the substitute teacher program at VCSU, Dr. Dahlberg said all students in the program obtain their substitute teaching license in their junior year. She said the program is beneficial for both the students and the participating schools.

Dr. Jamie Wirth, Director, Great Plains STEM Education Center, Valley City State University, presented information ([Appendix C](#)) regarding science, technology, engineering, and mathematics (STEM) education. He also presented a video regarding the Middle School STEM Academy at VCSU, which has hosted the New Town Public School District and the Eight Mile (Trenton) School District in the summers of 2018 and 2019. He said the Great Plains STEM Education Center provides professional development in STEM education for K-12 teachers and administrators, STEM experiences for K-12 students, and STEM education endorsements for teacher licensing.

Dr. LaFave presented information ([Appendix D](#)) regarding enrollment, scholarships, capital projects, and other campus highlights. He said enrollment at VCSU has increased from less than 1,100 students to over 1,500 students since 2009. He said students also have a greater academic profile, as incoming students are averaging a 3.28 grade point average and a score of 20.9 on the ACT Aspire. He said the VCSU Foundation has aided the institution in improving enrollment and the academic profile of students by allocating a record \$1.7 million for student scholarships for the 2019-20 academic year. He said VCSU has allocated \$1.125 million for the 2019-21 biennium to match state funding provided in Tier 1 and Tier 2 of the capital building fund program for extraordinary repairs and campus improvements. He said the institution is still working on finalizing the activated carbon plant project.

Dr. LaFave said a concern with the funding formula with regard to VCSU is the enrollment growth has moved the institution from one credit completion factor to the next, resulting in a future state funding reduction for the university.

The Legislative Council staff presented a memorandum entitled [Higher Education Funding Formula Study - Background Memorandum](#). He said the Legislative Assembly adopted the adjusted student credit-hour funding method beginning with the 2013-15 biennium. He said potential adjustments to the funding formula reported to the 2017-18 interim Higher Education Committee include removing the expiration date of the minimum amount payable

clause, 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 targeted areas.

Chairman Sanford said his plan for the committee and its study of the higher education funding formula includes having the North Dakota University System work on identifying potential updates to the formula, including national classification of instructional programs (CIP) code changes, and reporting its findings to the committee in September. He said he also would like the University System to report to the committee regarding campus expectations and plans relating to the new capital building fund program established by the Legislative Assembly in House Bill No. 1003 (2019). He said the committee would determine recommended changes to be reported to the interim Higher Education Committee. He said he hopes the Higher Education Funding Formula Review Committee can make its conclusions in October 2019 and report them to the Higher Education Committee in November 2019.

In response to a question from Representative Martinson, the Legislative Council staff said any discussion of the formula involving six or more members of the committee would be considered a committee meeting.

In response to a question from Senator Robinson, Chairman Sanford said it would be permissible for legislators to discuss formula concerns with Ms. Tammy Dolan, Vice Chancellor for Administration and Chief Financial Officer, North Dakota University System.

Mr. Bruce A. Bollinger, Vice President for Finance and Administration, North Dakota State University, commented regarding the effort to establish the higher education funding formula prior to the 2013 legislative session. He said the campus representatives did not hold formal meetings, but worked on numbers and issues requested by Governor Jack Dalrymple and reported findings to him.

Ms. Dolan said she could email updates to the committee members regarding the progress of the University System's review of the funding formula.

Representative Martinson said he would like a funding formula to apply equally to each 2-year college, equally to each 4-year university, and equally to each research university. He also suggested the University of North Dakota School of Medicine and Health Sciences be separated from the University of North Dakota in the funding formula.

Representative Boe expressed concern regarding University System representatives developing proposed formula changes without legislative input. Representative Martinson expressed similar concerns.

Mr. Bollinger suggested the committee members provide guidance regarding changes to the funding formula.

Ms. Dolan presented information ([Appendix E](#)) regarding the higher education funding formula. She said the formula was developed as part of an initiative by Governor Dalrymple during the 2011-12 interim. She said the goals of the formula were to improve transparency and equity of funding, equalize funding within tiers, and to establish a cost-based funding model. She said the formula considers only successfully completed student credit-hours. She said the credits are multiplied by an instructional program factor to account for cost differences between programs and levels of instruction. She said those weighted credits are then multiplied by either a credit completion factor or an institutional size factor to account for efficiencies of scale. She said that product is then multiplied by a base funding amount to determine the state aid payment to which each institution is entitled.

In response to a question from Mr. Jed Shivers, Vice President for Finance and Operations, University of North Dakota, Ms. Dolan said a new CIP code is being released by the United States Department of Education's National Center for Education Statistics. Mr. Shivers said the committee should consider using the new CIP code as it updates instructional program factors in the funding formula.

In response to a question from Ms. Rebecca Collins, Vice President for Operations and Chief Financial Officer, Bismarck State College, regarding the instructional program factor for geographic information systems and cybersecurity courses, Ms. Dolan said the classification of courses will need to be included in the committee's review.

Chairman Sanford asked the University System to review these detailed items and report its findings to the committee.

Representative Martinson suggested the committee meet more often to ensure the University System has sufficient guidance for its review.

Chairman Sanford suggested the University System review:

- The need for a minimum amount payable;
- The base funding rates, including the institutional groups receiving the same base funding per weighted credit;
- The credit completion factor; and
- The use of the CIP code for weighting credits.

In response to a question from Representative Martinson, Ms. Dolan said credits completed by students receiving a law enforcement tuition waiver receive only 75 percent of the state aid the credits would generate if completed by other students. She suggested that part of the formula be included in the committee's review. She also suggested the committee consider returning the minimum amount payable provision to the funding formula.

Senator Krebsbach suggested the University System office consider surveying the institutions to determine institutional concerns relating to the formula. Ms. Dolan said a survey would be conducted.

Mr. Shivers suggested the University System review changes from the current CIP code to the new CIP code and quantify any significant changes for a report to the committee.

Mr. Brent Winiger, Vice President for Administration and Finance, Minot State University, said there is benchmarking cost data available regarding the average national cost of various academic programs. He suggested the University System consider purchasing the data for use by the committee.

Chairman Sanford asked Ms. Dolan to inform him if an additional meeting needs to be called prior to September to provide further guidance regarding the direction of the University System's review.

No further business appearing, Chairman Sanford adjourned the meeting at 3:40 p.m.

Alex J. Cronquist
Senior Fiscal Analyst

ATTACH:5