



HIGHER EDUCATION COMMITTEE

Tuesday, July 14, 2020
Roughrider Room, State Capitol
Bismarck, North Dakota

Representative Mark Sanford, Chairman, called the meeting to order at 10:00 a.m.

Members present: Representatives Mark Sanford, Rick Becker, Larry Bellew, Karla Rose Hanson, Richard G. Holman, Dennis Johnson, Donald W. Longmuir, Bob Martinson, David Monson, Gary Paur, Mike Schatz; Senators Brad Bekkedahl, Robert Erbele, Karen K. Krebsbach, Erin Oban, Larry J. Robinson, Jim P. Roers

Member absent: Representative Matt Eidson

Others present: Senator Ray Holmberg, Grand Forks, member of the Legislative Management
See [Appendix A](#) for additional persons present.

It was moved by Senator Robinson, seconded by Senator Erbele, and carried on a voice vote that the minutes of the February 19-20, 2020, meeting be approved as distributed.

Chairman Sanford said he plans to call one more meeting of the committee, to be held in late August.

Dr. Steven W. Shirley, President, Minot State University, presented information ([Appendix B](#)) regarding the institution, including the institution foundation, current and future capital spending, and academic program changes. He said Minot State University (MiSU) offers 56 undergraduate degrees and 8 graduate degrees. He said 72 percent of fall 2019 students were North Dakota residents, and enrollment of new freshman has increased from 341 students in 2014 to 399 students in 2019. He said the MiSU Development Foundation has grown its total assets from \$11.6 million in fiscal year 2010 to \$37.4 million as of May 31, 2020. He said MiSU opened a 10,000 square foot academic support center in September 2019 and is renovating the Dome. He said a \$25.2 million renovation of Hartnett Hall is the top priority for future capital projects at MiSU and the institution is working with Dakota College at Bottineau (DCB), the City of Minot, and Trinity Health to establish a career and technical education (CTE) center in Minot.

In response to a question from Chairman Sanford, Dr. Shirley said teacher education is a priority at MiSU.

In response to a question from Senator Robinson, Dr. Shirley said Canadian students are allowed to enter the country using student visas even if the border is closed for general travel.

In response to a question from Senator Bekkedahl, Dr. Shirley said approximately 430 students live in the residence halls on campus and an additional 170 students live in apartments off campus which are owned by MiSU or the MiSU Foundation. He said vacant housing space will allow the institution to quarantine students who may become ill. He said MiSU is not requiring students to live alone in student housing, as some campuses plan to do this fall.

In response to a question from Senator Robinson, Dr. Shirley said many embassies around the world have been closed in response to the Coronavirus (COVID-19) pandemic. He said this may result in lower enrollment of international students this year, because the potential students have not been able to apply for visas.

In response to a question from Senator Bekkedahl, Dr. Shirley said the value of the apartment buildings owned by the MiSU Development Foundation is included in the total assets amount in his presentation.

In response to a question from Representative Bellew, Dr. Shirley said a proposed student center renovation would add approximately \$78 per semester to the cost for a full-time student.

Dr. Jerry Migler, Dean, Dakota College at Bottineau, presented information ([Appendix C](#)) regarding the institution, including the institution foundation, current and future capital spending, and academic program changes. He said DCB has a community college mission, providing an education for students who will transfer to a 4-year institution and for students in CTE programs. He said headcount student enrollment has increased from under 700 in 2015 to over 1,000 in 2019. He said DCB began an agriculture program in the fall 2019 semester and a hemp production program in the spring 2020 semester. He said DCB was appropriated \$1 million for various capital projects and the institution purchased a backup boiler for approximately \$252,000, expects to complete Phase II of the Nelson Science Center renovation in August 2020 at a cost of approximately \$590,000, and will allocate the remaining \$158,000 to renovate the Knudson Student Center as part of the institution's relocation of its dining center. He said the DCB Foundation had assets totaling approximately \$4.8 million in 2019 and \$4.6 million in 2020. He said scholarships awarded have increased from under \$200,000 in 2017 to approximately \$325,000 in 2020.

In response to a question from Senator Bekkedahl, Dr. Migler said DCB is working to increase enrollment in its nursing program.

In response to a question from Representative Johnson, Dr. Migler said DCB is researching different varieties of hemp and also is studying methods to process hemp.

In response to a question from Chairman Sanford, Dr. Migler said any CTE programs offered in conjunction with Minot High School would include dual-credit CTE courses.

In response to a question from Representative Monson, Dr. Migler said he estimates a renovation of Old Main would cost approximately \$4 million.

Chairman Sanford commended DCB for working to secure a local share of funding for its capital projects.

In response to a question from Representative Bellew, Dr. Migler said bonds issued for the dining hall relocation project will be repaid with revenue from dining fees.

Dr. Douglas Jensen, President, Bismarck State College, presented information ([Appendix D](#)) regarding the institution, including current and future capital spending and academic program changes. He said Bismarck State College (BSC) is transitioning into a polytechnic institution, including an expansion of its mission to include certain 4-year technical degree programs. He said this change is being made in response to increasing demands from the community and private sector. He said BSC has purchased the Health Sciences Building from the BSC Foundation for \$8.9 million, appropriated by the 2019 Legislative Assembly, to combine all health sciences programs in one building on campus. He said BSC would like to enhance its cybersecurity program with a \$3.2 million capital investment in the BSC Technical Center.

Ms. Kari Knudson, Vice President for College Advancement and Executive Director, Bismarck State College Foundation, presented information ([Appendix E](#)) regarding the foundation. She said the BSC Foundation is providing approximately \$1 million per year in student scholarships and grants to BSC faculty, staff, and students.

In response to a question from Chairman Sanford, Ms. Knudson said dormitories owned by the BSC Foundation are leased and managed by BSC.

In response to a question from Representative Bellew, Ms. Knudson said an endowed scholarship involves money donated to the BSC Foundation and invested. She said the investment earnings are used to provide scholarships each year.

Dr. Dan Leingang, Vice President for Academic Affairs, Bismarck State College, presented information ([Appendix F](#)) regarding academic programs at BSC designed to meet workforce needs. He said BSC has offered energy programs since 1970, cybersecurity programs since 1998, and health care programs since 1939.

Dr. Mark R. Hagerott, Chancellor, North Dakota University System, presented information ([Appendix G](#)) regarding the University System's response to the COVID-19 pandemic. He said the University System moved more than 11,000 courses online in less than 3 weeks during the initial outbreak of COVID-19. He said on-campus room and board fees were refunded to students and many admission, registration, and grading requirements and deadlines have been adjusted or waived.

Dr. Joshua Wynne, Vice President for Health Affairs and Dean, University of North Dakota School of Medicine and Health Sciences, presented information ([Appendix H](#)) regarding the University System's fall 2020 plans. He said the University System has established the North Dakota University System Smart Restart Task Force to coordinate and provide resources for institutions to develop their fall 2020 strategies. He said institutions will incorporate guidance and best practices identified by the federal Centers for Disease Control and Prevention and may also incorporate flexible, adaptable academic course delivery options, including hybrid, face-to-face, and online combinations.

In response to a question from Senator Robinson, Dr. Wynne said the University System will plan to provide COVID-19 tests for students, faculty, and staff. He said the tests will be paid for using federal funds appropriated in the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act.

Mr. Vern Dosch, Contact Tracing Administrator, State Department of Health, commented regarding statewide testing, including testing of students, for COVID-19. He said free testing events will be offered, but not required, for University System institution faculty, staff, and students. He said locations for the mass testing events are being reviewed and selected. He said ongoing testing also will be made available throughout the semester for faculty, staff, and students.

In response to a question from Senator Bekkedahl, Mr. Dosch said staffing the mass testing events will be a challenge for the state. He said the assistance of the National Guard has been necessary to staff the events and the State Department of Health is working to ensure necessary staff are available for the testing events once the National Guard members are no longer available.

Dr. Andrew Armacost, President, University of North Dakota, commented regarding the institution's plan for opening the campus for the fall 2020 semester. He said sanitization and social distancing will be ensured and physical changes are being made on campus, including the addition of barriers in certain rooms. He said students staying in University of North Dakota (UND) dormitories will not share rooms to help ensure social distancing.

In response to a question from Chairman Sanford, Dr. Armacost said UND is expecting a reduction in student enrollment for the fall 2020 semester.

In response to a question from Representative Becker, Dr. Hagerott said mass testing will help identify and isolate many individuals with positive COVID-19 cases and make the others who become ill fewer and more manageable.

Dr. Wynne said recurring testing will be necessary to help control the spread of COVID-19. He said mass testing will make the communities safer; however, some cases, including cases subsequent to the mass testing, will be missed.

Ms. Gracie Lian, President, North Dakota Student Association, presented information ([Appendix I](#)) regarding the association's priorities for the 2021-23 biennium. She said the North Dakota Student Association's priorities include continuation of the challenge grant program, support for student mental and behavioral health, and support for paid internships for students. She expressed support for the planning being undertaken by the University System for the fall 2020 semester and said students are excited to return to campus.

Ms. Tammy Dolan, Vice Chancellor for Administrative Affairs and Chief Financial Officer, North Dakota University System, presented information ([Appendix J](#)) regarding University System human resources, including personnel levels, position changes, and separation agreements. She said the University System employs 8,667.25 full-time equivalent (FTE) employees, or 12,397 headcount employees, with a median annual pay of \$52,502. She said staff turnover in fiscal year 2020 ranged from 6.5 percent at Valley City State University to 43.6 percent at Williston State College (WSC) and faculty turnover ranged from 6.8 percent at BSC to 25.5 percent at DCB. She said the University System utilized 212 voluntary separation or early retirement agreements between January 1, 2018, and June 30, 2020. She said payments related to the agreements totaled \$11.3 million, with an average agreement cost of about \$53,000.

In response to a question from Senator Bekkedahl, Ms. Dolan said most administrative personnel would be identified as staff rather than faculty.

In response to a question from Representative Schatz, Ms. Jane Grinde, Human Resources Director, North Dakota University System, said University System employees being identified as broadband or nonbroadband is similar to state employees being identified as classified or nonclassified.

In response to a question from Senator Robinson, Ms. Dolan said employees furloughed in response to the COVID-19 pandemic continued receiving health insurance, but they did not receive salaries and wages. She said the employees were eligible for unemployment benefits.

In response to a question from Representative Paur, Ms. Dolan said each institution made its own decisions on whether to furlough employees.

In response to a question from Representative Schatz, Ms. Dolan said most furloughed positions would be service positions, including housing, dining, and facilities.

Dr. Jennifer Weber, Director of Institutional Research, North Dakota University System, presented information ([Appendix K](#)) regarding student enrollment. She said FTE student enrollment has increased from under 30,000 students in 2000 to over 35,000 students in 2019; however, enrollment peaked in 2011. She said 81 percent of students are enrolled in face-to-face or blended classes, which include face-to-face and distance lessons. She said of the 19 percent of students enrolled exclusively in distance education courses, over half are from North Dakota.

Ms. Brenda Zastoupil, Director of Financial Aid, North Dakota University System, presented information ([Appendix L](#)) regarding tribally controlled community college grants. She said North Dakota Century Code Chapter 15-70 creates an assistance program for tribally controlled community colleges in the state. She said funding is to be distributed to the tribally controlled community colleges to defray the costs of education associated with the enrollment of nonbeneficiary students. To qualify for a grant, she said, a qualified institution must submit an application to the University System office which documents the enrollment status of each student for whom financial assistance is sought. She said if an application is approved, the amount of payment is to be equal to the per student payment provided to institutions under the federal Tribally Controlled Colleges and Universities Assistance Act of 1978 or a prorated amount. She said historical funding for the grants is as follows:

Biennium	General Fund	Permanent Oil Tax Trust Fund	Student Loan Trust Fund
2007-09		\$700,000	
2009-11		\$700,000	
2011-13	\$1,000,000		
2013-15	\$1,000,000		
2015-17	\$500,000		\$500,000
2017-19	\$100,000		\$500,000
2019-21	\$1,000,000		

Ms. Zastoupil said \$7,356 of grant funding was awarded per FTE nonbeneficiary student during the 2019-20 academic year. She said awards per FTE nonbeneficiary student provided for a total allocation of \$425,912 and the remaining \$74,088 was allocated pursuant to Section 15-70-04(3), providing for the following allocations by institution:

Tribal College Assistance Grants - 2019-20 Academic Year			
Institution	Headcount of Nonbeneficiary Students	FTE Enrollment of Nonbeneficiary Students	Grant Funds Provided
Cankdeska Cikana Community College	19	14.1	\$121,762
Fort Berthold Community College	17	13.7	118,307
Sitting Bull College	7	3.2	27,634
Turtle Mountain Community College	17	11.7	101,036
United Tribes Technical College	20	15.2	131,261
Total	80	57.9	\$500,000

In response to a question from Senator Bekkedahl, Ms. Zastoupil said the funding provided to tribal colleges historically has been less than the amount provided under the federal Tribally Controlled Colleges and Universities Assistance Act of 1978, but this year the tribal colleges received in excess of the full amount per nonbeneficiary student.

Senator Robinson suggested the full tribal college assistance grant report be provided to committee members. Chairman Sanford asked Mr. Alex J. Cronquist, Senior Fiscal Analyst, Legislative Council, to distribute the report to the committee members.

Ms. Laurie Weber, Director of Financial Aid, Minot State University, presented information ([Appendix M](#)) regarding the Free Application for Federal Student Aid (FAFSA) process. She said FAFSA is free to complete and is the single application for all forms of federal student financial aid as well as the North Dakota state grant program. She said students must complete the application every year and the application may be completed online. She said

the FAFSA application requires users to enter information such as student income, parent or guardian income, asset levels, and family size. She said the information is used to determine an expected family contribution for the student. She said the expected family contribution is subtracted from the estimated cost of attendance to determine student financial need. She said federal student financial assistance programs include federal Pell grants, subsidized and unsubsidized student loans, and campus-based aid, such as work study.

In response to a question from Chairman Sanford, Ms. Weber said the Pell eligibility limitation was 9 years prior to the current 6-year limit. She said students impacted by the 6-year eligibility limit often are students who transferred between institutions or changed degree paths.

Ms. Zastoupil presented information ([Appendix N](#)) regarding student financial assistance. She said University System students have received \$205 million in Pell grant, federal supplemental education opportunity grant, and work study money since the 2014-15 academic year. She provided the following detail regarding University System student financial assistance programs:

Program	Description	Award Amount	2019-21 Biennium General Fund Appropriations
Student financial assistance grants	Needs-based grants awarded to students based on FAFSA information	Maximum grant of \$1,100 per semester	\$23,917,306
Scholars program	Scholarships awarded to the top-ranked high school graduates based on ACT Aspire scores	Full amount of tuition	\$1,807,115
Academic and career and technical education scholarship program	Scholarships awarded to resident students who achieve certain academic standards in high school	\$750 per semester	\$12,016,749
Indian scholarship program	Merit or needs-based scholarships awarded to students who are enrolled members of a federally recognized Indian tribe	Up to \$2,000 per academic year	\$555,323
Professional student exchange program	Secures admission opportunities and reduces tuition costs for North Dakota students who enroll in veterinary medicine, dentistry, and optometry programs at certain out-of-state institutions	The amount of tuition reduced varies by program	\$3,699,342

Ms. Zastoupil said in addition to the state financial assistance programs, there are several institutional scholarship programs, private scholarship programs, and alternative loan programs that provide student financial assistance. She said most of the scholarships are provided by foundations or donors for various purposes, such as athletics or fine arts scholarships. She said approximately \$32.6 million of institutional scholarships and \$11.1 million of private scholarships were awarded to University System students in the 2018-19 academic year.

In response to a question from Senator Robinson, Ms. Zastoupil said any income earned by a student should be identified on the student's FAFSA.

In response to a question from Senator Bekkedahl, Ms. Zastoupil said the scholars program is based 100 percent on merit.

In response to a question from Senator Roers, Ms. Zastoupil said the University System has requested an extension for ACT Aspire testing to determine eligibility for the scholars program.

In response to a question from Senator Bekkedahl, Ms. Zastoupil said University System student debt decreased for the 2019-20 cohort. She said the University System student debt level is slightly below the national average.

Mr. David Krebsbach, Director of Finance, North Dakota University System, presented information ([Appendix O](#)) regarding the challenge grant program. He said of the \$9.65 million appropriated for the challenge grant program for the 2019-21 biennium, approximately \$6.9 million has been awarded as of June 30, 2020. He said 88 percent of challenge grant awards during the 2019-20 fiscal year were for student scholarships, with the remainder awarded for endowed chairs, educational infrastructure, research, and technology.

At the request of Chairman Sanford, Mr. Cronquist distributed bill drafts relating to the professional student exchange program repayment requirement [[21.0143.01000](#)], the higher education challenge grant program

[[21.0144.01000](#)], the capital building fund program [[21.0021.01000](#)], and the higher education funding formula [[21.0044.02000](#)] and [[21.0145.01000](#)].

Chairman Sanford said the bill draft [[21.0143.01000](#)] to repeal the repayment provision for the professional student exchange program will be discussed further at the committee's next meeting.

Mr. Cronquist said bill draft [21.0144.01000](#) would provide an appropriation of \$9.65 million from the general fund to continue the higher education challenge grant program at its current funding level, including \$250,000 for UND School of Law challenge grants.

Representative Becker expressed concern regarding the amount of funding appropriated in the bill draft. He said budget constraints could make funding reductions necessary. Senator Bekkedahl said this bill draft is a recommendation from the committee, but the amount would be reviewed and could be modified by the 67th Legislative Assembly.

It was moved by Senator Robinson, seconded by Senator Krebsbach, and carried on a roll call vote that the bill draft relating to the higher education challenge grant program be recommended to the Legislative Management. Representatives Sanford, Hanson, Holman, Johnson, Longmuir, and Monson and Senators Bekkedahl, Erbele, Krebsbach, Oban, Robinson, and Roers voted "aye." Representatives Becker, Paur, and Schatz voted "nay."

Mr. Cronquist said the Higher Education Funding Formula Review Committee received testimony from representatives of the University System regarding the capital building fund program. He said the University System representatives suggested the committee consider:

- Providing specific carryover authority for capital building fund appropriations;
- Combining Tier II and Tier III capital building fund appropriations into a single capital building fund tier with a \$1 to \$1 match requirement; and
- Eliminating the \$700,000 limit on deferred maintenance and extraordinary repairs projects.

Mr. Cronquist said bill draft [21.0021.01000](#) was recommended by the Higher Education Funding Formula Review Committee to statutorily establish the capital building fund program with no funding limitation on deferred maintenance and extraordinary repairs projects. He said the bill draft also provides specific carryover authority for capital building fund appropriations and authorizes North Dakota State University and UND to use capital building funds for certain capital projects, including Dunbar Hall, the agriculture products development center, and Gamble Hall.

Senator Bekkedahl expressed support for reducing the matching funds requirements by combining Tier II and Tier III of the capital building fund program into a single tier with a \$1 to \$1 match requirement.

It was moved by Senator Robinson, seconded by Senator Erbele, and carried on a roll call vote that the bill draft relating to the capital building fund program be recommended to the Legislative Management. Representatives Sanford, Becker, Hanson, Holman, Johnson, Longmuir, Martinson, Monson, Paur, and Schatz and Senators Bekkedahl, Erbele, Krebsbach, Oban, Robinson, and Roers voted "aye." No negative votes were cast.

Mr. Cronquist presented a report ([Appendix P](#)) from the Higher Education Funding Formula Review Committee, which was assigned to study the higher education funding formula pursuant to House Bill No. 1029 (2019). He said the adjusted student credit-hour funding formula has been in place since 2013 and is expected to provide for a reduction in funding of 0.2 percent for the 2021-23 biennium, based on 2017-19 biennium completed credits. He said the University System office conducted a survey of institutions and determined concerns with the formula include:

- The instructional program factor uses the national classification of instructional programs (CIP) code to differentiate between academic programs, which may not adequately reflect differences in costs between certain courses;
- The credit completion factor may penalize institutions with increasing enrollment; and
- The minimum amount payable factor was allowed to expire.

Mr. Cronquist said bill draft [21.0044.02000](#) recommended by the Higher Education Funding Formula Review Committee to amend the higher education funding formula was recommended to:

- Increase funding for credits completed in CTE;
- Modify the credit completion factor to protect institutions with increasing enrollment from a reduction in funding caused by a decrease in the credit completion factor;
- Restore the minimum amount payable clause at 96 percent;
- Eliminate the funding formula reduction attributable to the law enforcement tuition waiver;
- Eliminate the institutional size factor;
- Direct the State Board of Higher Education to conduct an instructional program cost analysis during the 2021-22 interim using 2019-21 biennium financial data; and
- Provide legislative intent that the State Board of Higher Education not recognize the change in the CIP code to move certain veterinary-related courses from the health sciences cluster to the agriculture cluster.

In response to a question from Senator Roers, Mr. Cronquist said computer science courses are more expensive than most core disciplines courses. He said moving the computer science credits to the engineering discipline cluster will result in increased funding for the institutions.

In response to a question from Representative Monson, Mr. Cronquist said the removal of the institutional size factor would reduce funding for the North Dakota State College of Science (NDSCS). He said the committee increased the weighting factor for CTE credits and restored the hold harmless clause to reduce the negative impact from removing the institutional size factor. He said the committee also recommended the University System continue reviewing the effect of the institutional size factor on the formula. He said a new bill draft has been prepared to further address the impact of removing the institutional size factor on NDSCS.

In response to a question from Representative Monson, Chairman Sanford said increasing the CTE weighting factor would result in increased funding for the technical colleges. He said CTE programs provide skilled employees for high-need occupations in the state.

Representative Monson suggested the committee receive additional information regarding the impact of each change to the formula.

Mr. Cronquist said bill draft [21.0145.01000](#) amends the higher education funding formula ([Appendix Q](#)) and makes most of the same changes made in the bill draft recommended by the Higher Education Funding Formula Review Committee. He said the new bill draft also would create an upper division for CTE credits completed in lineworker; plumbing; powersports technology; heating, ventilation, and air conditioning; diesel technology; mechanical maintenance; and machine tooling programs.

Representative Paur expressed concern regarding the use of the term "upper division" for CTE credits in the new bill draft.

Chairman Sanford suggested Representative Paur work with Mr. Cronquist to prepare alternative terminology for the bill draft.

Representative Becker expressed concern regarding the increase in the weighting factor for CTE credits and its effect on funding for BSC and WSC.

Representative Martinson said the changes being proposed, including the elimination of the institutional size factor, make the funding formula more fair.

In response to a question from Senator Roers, Chairman Sanford said Dr. John Richman, President, North Dakota State College of Science, was involved in the discussions of the Higher Education Funding Formula Review Committee.

It was moved by Representative Martinson, seconded by Senator Bekkedahl, and carried on a roll call vote that the bill draft relating to the higher education funding formula, including an upper division for certain CTE credits, be recommended to the Legislative Management. Representatives Sanford, Becker, Hanson, Johnson, Longmuir, Martinson, Monson, Paur, and Schatz and Senators Bekkedahl, Erbele, Krebsbach, Oban, and Robinson voted "aye." Representative Holman and Senator Roers voted "nay."

At the request of Representative Becker, Chairman Sanford asked Mr. Cronquist to request additional information from Mr. Dosch and Dr. Wynne regarding testing of nonresident students for COVID-19.

No further business appearing, Chairman Sanford adjourned the meeting at 5:30 p.m.

Alex J. Cronquist
Senior Fiscal Analyst

ATTACH:17