

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

LEGISLATIVE COUNCIL

Thursday, November 13, 1997
Roughrider Room, State Capitol
Bismarck, North Dakota

Senator Gary J. Nelson, Chairman, called the meeting to order at 9:00 a.m.

Members present: Senators Gary J. Nelson, Layton Freborg, Karen K. Krebsbach, Tim Mathern, Larry J. Robinson, Wayne Stenehjem, Jim Yockim; Representatives Wesley R. Belter, Merle Boucher, Pam Gulleason, Bill Oban, Mike Timm, Francis J. Wald

Members absent: Representatives John Dorso, Eliot Glassheim

Members of the State Board of Higher Education present: Paul Ebeltoft, Joe Peltier, John Hoeven, Beverly Clayburgh, Craig Caspers, Shane Waslaski

Members of the State Board of Higher Education absent: Cynthia Kaldor, Jeanette Satrom, Kay Fulp

Others present: See Appendix A

OPENING COMMENTS

Chairman Nelson acknowledged the presence of Governor Edward T. Schafer. He said North Dakota Century Code Section 15-10-14.2 requires the State Board of Higher Education to meet with the Legislative Council and the Governor to solicit ideas and issues the Council members and the Governor believe are priority issues regarding the future of the system of higher education in the state. Regardless of any statutory requirements, he said, it is important to meet to keep communications open among these entities.

Chairman Nelson called on Governor Schafer for remarks. Governor Schafer commended the members of the State Board of Higher Education and all others who worked on developing the strategic plan for the University System. Last year, he said, the board took the lead in reviewing priorities and the six-year plan reflects changes and reforms the University System needs. He said the seven goals are on target and most encouraging to him is the recognition of the areas that need to be addressed to secure a vibrant and growing future for North Dakota. He said surveys by executive branch agencies have identified

higher education as a major component of economic development in the state.

Chairman Nelson called on Mr. Paul Ebeltoft, President, State Board of Higher Education, for remarks. Mr. Ebeltoft said the purpose of the joint meeting is not just to meet the requirements of the statute, but also to share the board's vision of higher education in the state. He said the current six-year plan is an effort to bring everyone to the same windowsill to see the future. He said an unprecedented effort has been made to bring all involved groups together to share the board's vision that the University System should be high quality, high access.

Chairman Nelson called on Mr. Larry Isaak, Chancellor, North Dakota University System. In 1986, Mr. Isaak said, the Bush Foundation funded a study of higher education in this state. He said one recommendation of the study was that a single system of higher education be established. He said the State Board of Higher Education established the University System in 1990. In 1996, he said, the board approached the Bush Foundation for a grant for another self-assessment, and the resulting report produced a number of recommendations to address the challenges and opportunities identified by the self-assessment. He said the report was the springboard for the six-year plan.

NORTH DAKOTA UNIVERSITY SYSTEM STRATEGIC PLAN 1998-2004

Chairman Nelson requested Chancellor Isaak to present the *North Dakota University System Strategic Plan 1998-2004, Fourth Draft*. Mr. Isaak distributed copies of the plan, and a copy is on file in the Legislative Council office. The plan consists of 12 sections--(1) introduction, (2) Bush panel report, (3) purpose of plan, (4) campus uniqueness and system strength, (5) shared vision, (6) planning assumptions and parameters, (7) vision statement for the North Dakota University System, (8) mission, (9) statement of beliefs, (10) goals of the North Dakota University System,

(11) strategies, and (12) resource requirements for goals and strategies. Mr. Isaak reviewed the plan on a section-by-section basis.

Discussion Regarding Various Sections of the Strategic Plan

Campus Uniqueness and System Strength

Mr. Isaak said the board's intent is to recognize, build upon, and take maximum advantage of the uniqueness and specific strength each institution has to offer. He said it is not the board's intent to move toward having institutions that are all similar in purpose and functions.

Planning Assumptions and Parameters

Mr. Isaak said the vision, mission, goals, and strategies embodied in the plan are based upon certain facts and resource assumptions. He said the assumed facts include the value placed on education in the state as demonstrated by the percentage of high school graduates and the percentage of those that proceed to postsecondary education; state funding per student is below average compared to other states, while per capita funding is generally in the top 10; the share of the state general fund budget allocated to the University System has declined in the past 18 years, primarily as the state has adjusted spending for health and human service functions; the state's population continues to move to urban areas; the market demand for individuals with technical and professional skills is increasing rapidly; and welfare reform will increase the number of underprepared adults looking to higher education for the knowledge, skills, and abilities they will need to make a successful transition from welfare to self-sufficiency.

Mr. Isaak reviewed various assumptions with respect to demands and resources--the increased competition from informational sources accessible through telecommunications; the increased emphasis on institutional accountability and relevance; the need for students to have education, training, or both, beyond high school as they move to a more skilled-based market; rewarding employment can be obtained without a four-year degree; lifelong learning is necessary for individuals to improve their careers or personal lives; state general fund support and student tuition and fees will continue to be the major source of revenue for instruction purposes, fixed costs, and ongoing capital maintenance; and increased investment and technologic infrastructure will be required.

Mr. Isaak reviewed the conclusions and board policy positions that state general fund

appropriations will need to increase at least five to six percent per year during the next three bienniums which is equivalent to \$15 to \$20 million per year. He said the board will strive to maintain tuition and fee rates that are reasonable and affordable. If state resources increase at least five to six percent per year, he said, student tuition increases will be no greater than five to six percent per year. He said campuses must continue to pursue external resources, including grants and contracts, partnerships with business, and contributions from private groups.

In response to a question from Senator Stenehjem, Mr. Isaak said tuition is always a difficult issue. He said North Dakota tuition and total costs of college, including room and board, are competitive with other states. He said tuition is below the regional and national average except for the two-year campuses, where tuition is above the average.

In response to a question from Representative Gulleason, Mr. Isaak said the University System is underutilized as a whole. He said some campuses have more capacity than others. He said primary reasons for underutilization include the impact of the floods in the Red River Valley and the low unemployment rate (as reflected in the reduction of the number of part-time students).

In response to a question from Representative Wald, Mr. Isaak said it is difficult to predict enrollments into the future. He said the plan does not say what will happen if enrollment goes down due to demographics. He said the plan does address spreading costs around to fewer students and thus notes the need for additional students to come from out of state.

In response to a question from Senator Yockim, Mr. Isaak said the board is a member of the Western Interstate Higher Education Compact and North Dakota students can go to member states at tuition levels somewhat higher than resident levels but lower than nonresident levels. He said the strategic plan includes strategies to attract students from out of state. He said it is important that the state attract out-of-state people. He said studies show that 30 percent of nonresident students remain in the state after graduation. He said higher education should be a part of any plan to increase the state's population.

In response to a question from Senator Mathern, Mr. Isaak said the board's position on Senate Concurrent Resolution No. 4010, which would amend the constitution to eliminate references to the names, locations, and missions of the institutions of the higher education and which will be

Measure No. 1 on the 1998 general election ballot, is to let the people decide. Mr. Ebeltoft said the board will not set goals based on speculation on the outcome of the general election vote. Governor Schafer said Senate Concurrent Resolution No. 4010 merely removes references to the institutions in the constitution--it will not close any campus. He said the strategic plan identifies the strengths and needs of the campuses in the future and thus indirectly recognizes the effect of the proposed constitutional amendment.

Goals of the North Dakota University System

Mr. Isaak reviewed the seven goals of the University System:

1. To strive for excellence and improve quality learning for students which ensures knowledge and competency in their chosen discipline and emphasizes strong communication skills, analytical thinking, use of technology, and interpersonal skills.
2. To emphasize enhanced use of technology to improve access to programs and services and as a regular component for instructional services and research.
3. To align programs and services with student interests and current and future needs of business, communities, and the state, including cultural, social, and citizenry components.
4. To provide leadership in addressing the high priority research and development needs and opportunities of the state.
5. To provide an up-to-date and innovative environment for students, employees, and the public and an environment that supports learning, research, and public service.
6. To document the performance and effectiveness of the North Dakota University System.
7. To improve educational opportunities and services among the campuses, K-12, and other entities through cooperation and collaboration.

In response to a question from Representative Oban, Mr. Isaak said the goals are not numbered in order of priority.

Strategies

Mr. Isaak reviewed the strategies of the plan to implement the goals. He said each campus is also developing strategies to fit the system's strategies.

Mr. Isaak said a strategy to implement the goal of education excellence is a special effort to retain

and attract excellent faculty by providing competitive salaries and professional development opportunities. By 2004, he said, faculty and staff salaries will increase a total of five percent from internal reallocation on every campus, provided the Legislative Assembly continues to fund higher education at a reasonable level. In the next three bienniums, he said, the board will seek legislative appropriations from state general fund and tuition income moneys to fund cost-of-living salary increases plus additional increases for performance and equity purposes.

Mr. Isaak said a strategy to implement the goal of technology and access is to develop mechanisms to permit campuses to update equipment and technology to provide education and training that is current with business and research standards. He said the system will institute a new student records and administrative system that is fully operational and will request funding to implement these systems from the 1999 and subsequent legislative sessions. He said the system will also consider seeking funding in 1999 to join the Midwest Higher Education Compact as another means of sharing services and resources with other states.

Mr. Isaak said a strategy to implement the goal of relevant programs is to work with the Department of Economic Development and Finance and state and local chambers of commerce and economic development organizations and intensify efforts to more effectively connect the University System with economic development and work force training needs of the state. He said the board will also review its policies on prohibiting or limiting the offering of associate degrees on four-year campuses, graduate degrees on baccalaureate campuses, and baccalaureate degrees on two-year campuses.

Governor Schafer inquired whether there was a program to document the needs of North Dakota with relevant programs, e.g., comparing the needs for teachers in the state to the number of teachers graduating from the University System. Mr. Isaak said there is not a method to identify those needs and determine program relevancy. He said a goal is to be able to do this. He said this also fits with the program to find out where the students are now and track those students from high school into their careers.

In response to a question from Representative Timm, Mr. Isaak said another strategy to implement the goal of relevant programs is work force development. He said there is a need to develop a plan to provide vocational training on a short-term basis. He said what the northwestern part of the state needs is technology to get access to this

training from Wahpeton or other areas. He said the training center in Fargo is intended to be self-sufficient within five years. He said the problem faced by the board is determining what the need is. He suggested that the Greater North Dakota Association and business representatives could meet with University System officials to talk about the needs in certain areas.

Mr. Isaak said strategies to improve the learning environment include maintaining the current campus facility master planning process, designating major repair and renovation projects as the highest priority for state capital funding requests rather than new facilities, conducting a study in 1999-2000 to address consolidation of administrative functions across campuses, and assessing all duplicate degree programs during 1998-2003. Since 1990, he said, the board has eliminated 85 programs and added 62 programs. He said it is important to note that the number of programs has gone down.

In response to a question from Senator Mathern, Mr. Isaak said a study of consolidation of administrative functions is intended to be more than a study of personnel requirements. He said there has been a \$350,000 savings as a result of consolidating administration of Valley City State University and Mayville State University, but it also has taken a toll on the people performing the services. If you do not have the right people working with the consolidation, he said, it will not work. He said the key to the success of the current consolidation is the people in place. He said North Dakota State University and the State College of Science have found other ways to collaborate, e.g., agricultural services. He emphasized that a "cookie cutter" approach will not work because every campus is different and the success of any consolidation effort depends on the unique circumstances of each school.

Mr. Isaak said a strategy to document performance is to request consistently that the Governor and the Legislative Assembly provide maximum flexibility to allocate resources, increase the focus on results, and relieve the system of regulatory, approval, and reporting provisions that incur added administrative costs and inhibit responsive actions of the board and campuses.

Mr. Isaak said a strategy to improve collaboration among educational entities is to improve ties with the state's elementary and secondary schools by implementing the teacher education report adopted by the board in May 1997. He said the University System Teacher Education Council has been created to implement the recommendations in the report. He said another strategy is to complete common course

numbering for 100-200 level courses through the University System by 1998.

In response to a question from Representative Oban, Mr. Mike Hillman, Vice Chancellor for Academic Affairs, said the main reason for the Teacher Education Council is that North Dakota has the lowest percentage of teachers with graduate degrees. He said some school districts have policies that discourage teachers from obtaining graduate degrees, e.g., a teacher who receives a graduate degree is bumped to a higher salary rank and becomes the first teacher to be terminated when budgets are cut.

Resource Requirements for Goals and Strategies

Mr. Isaak said state general fund appropriations will need to increase at least five to six percent per year during the next three bienniums to support a high-quality, high-access University System. He said the board's budget requests will rely less on enrollment formulas and more on funding a base plus targeted initiatives to meet the goals for high quality and high access reflected in the plan. He reviewed two budget request options that were based on a six percent budget growth scenario. The only difference between the options is the salary increase assumptions for the six-year period covered in the plan.

In response to a question from Representative Oban, Mr. Isaak said the question of whether to convert Bismarck State College to a four-year school depends on whether the mission of Bismarck State College should be changed. Mr. Ebeltoft said the board now focuses on students and needs rather than on institutions.

In response to a question from Representative Belter, Mr. Isaak said the board is not emphasizing or encouraging a four-year education over a two-year education in order to maintain higher enrollments at the four-year schools. He said what needs to be ensured is that one- and two-year students have a good base education to allow them to continue their learning in the future as their careers change.

Governor Schafer requested that a section be added to the plan with respect to the responsibilities of the State Board of Higher Education. He said appointment to the board is one of the most prestigious and demanding appointments that he makes as Governor. He requested that the board consider two areas--(1) the direction of the board, e.g., will board members get involved in details of each campus versus long-term strategic direction; and (2) the need to increase public awareness of the board. He said these two areas would assist him in obtaining qualified candidates and in

interviewing candidates for nomination to the board.

COMMENTS BY INTERESTED PERSONS

Chairman Nelson recognized Mr. Jon J. Olafson, President, North Dakota Student Association. Mr. Olafson distributed a prepared statement, a copy of which is attached as Appendix B. In his statement, Mr. Olafson said students have taken an interest in higher education and in the development of the North Dakota University System strategic plan. He expressed a concern that the state needs to take a greater share of the fiscal responsibility for the system of higher education rather than rely on students to pay a larger share of the total cost of higher education. He presented the position of the North Dakota Student Association that student tuition should increase no more than four percent per year and in order to reach the six percent goal as outlined by the strategic plan, state funding should increase by 7.5 percent per year.

Governor Schafer said he appreciated the comments and commended the students in attendance for taking leadership roles. He pointed out, however, that any reference to decreased state funding is not accurate because total dollars have increased. He encouraged the students to note that, when describing funding of the University System, the decrease has been in the rate of increased funding rather than in the amount of funding.

Representative Belter called attention to other priorities that have required increased appropriations to meet the needs of the people of this state, especially in the areas of human services and health programs. He said students will have to make a larger contribution to keep a quality system of higher education, and he asked the students to monitor the quality of higher education.

Chairman Nelson noted that this concluded the formal agenda. He asked if anyone else in attendance wished to address this meeting, to which no one responded.

CONCLUDING REMARKS

Chairman Nelson called on Governor Schafer, who noted that the planning process is dynamic and must keep changing. He said an ongoing piece of the strategy will be the debate concerning funding. He cautioned the State Board of Higher Education to be wary of proposals to automatically increase budgets based upon a percentage of the total state budget. He said it would be bad public policy to automatically increase all budgets because a federal requirement might require a particularly large increase in one area of the human services budget, as an example.

Chairman Nelson thanked Chancellor Isaak for the completeness of his presentation. He said he agrees with Governor Schafer that flexibility is required, and that things will change within six years. He thanked the members of the State Board of Higher Education and said he looks forward to future cooperation with the board.

Representative Boucher said he commends the efforts that he believes represent the beginning of work concerning higher education and economic development. He noted the importance of cooperation between higher education and K-12 education.

Senator Mathern said he appreciated having the opportunity to work with the State Board of Higher Education on this matter of great importance to the state.

Chairman Nelson adjourned the meeting at 12:00 noon.

Jay E. Buringrud
Assistant Director

John D. Olsrud
Director

ATTACH:2