

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

HIGHER EDUCATION COMMITTEE

Wednesday, April 19, 2000
North Dakota Room, Econo Lodge
Highway 2 East
Rugby, North Dakota

Senator David E. Nething, Chairman, called the meeting to order at 9:00 a.m.

Members present: Senators David E. Nething, Tim Flakoll, Ray Holmberg, Ed Kringstad, Elroy N. Lindaas, Ken Solberg, Rod St. Aubyn, Steve Tomac, Rich Wardner; Representatives Ole Aarsvold, Al Carlson, Eliot Glassheim, Nancy Johnson, Myron Koppang, Andrew G. Maragos, Bob Stefanowicz, Gerald O. Sveen, Janet Wentz

Members absent: Senator Tony Grindberg; Representatives Jack Dalrymple, Ed Lloyd

Roundtable members present: Hardin Aasand, Bethany Andreasen, Ryan Bernstein, Craig Caspers, Joseph Chapman, Beverly Clayburgh, Maggie Clemmens, Jennifer Feist, Bruce Furness, Red Geurts, Bill Goetz, Gary Hagen, Dennis Hill, John Hoeven, William Isaacson, Larry Isaak (ex officio nonvoting), Jim Jensen, Dennis Johnson, Dave Kemnitz, Dale Knutson, John Korsmo, Richard Kunkel, Charles Kupchella, Max Laird, Melvin Olson, Joe Peltier, Ryn Pitts, Wayne Sanstead, Jeanette Satrom, H. Erik Shaar, Charles Stroup, Donna Thigpen, Sister Thomas Welder

Roundtable members absent: Vern Dosch, Don Hedger, Bruce Henke, Marlowe Johnson, Carty Monette, Ken Quamme, Roger Reiersen, Jodi Uecker-Rust

Others present: See attached appendix

HIGHER EDUCATION ROUNDTABLE

Chairman Nething thanked all committee and roundtable members for their attendance to participate in the presentation of the Higher Education Task Force reports. He said the purpose of the meeting is to have a full explanation of what each task force has completed.

Chairman Nething introduced Mr. Dewayne Matthews, Director, Student Exchange and State Relations, Western Interstate Commission for Higher Education, Boulder, Colorado. Chairman Nething said Mr. Matthews is in attendance on behalf of the Western Interstate Commission for Higher Education which provided funding support for the roundtable consultants.

A copy of the Higher Education roundtable task force reports was distributed to committee and

roundtable members prior to the meeting. Chairman Nething said all committee and roundtable members should have a copy of the report entitled *Recommendations by Proposed Responsibility*. The report contains eight tables which summarize the task force recommendations by the entity who is designated as responsible for the recommendation. A copy of each report is on file in the Legislative Council office.

Chairman Nething said he was contacted by Senator Grindberg, who was unable to attend the committee meeting, and Senator Grindberg expressed concern about the word "equitable" being omitted from the goal statement for the roundtable. Currently, the goal statement for the roundtable reads: To enhance the economic vitality of North Dakota and the quality of life of its citizens through a high-quality, more responsive, flexible, accessible, entrepreneurial, and accountable University System. Senator Grindberg suggested adding the word "equitable" to the goal statement because it is important to have a University System that is equitable.

With no further discussion, Chairman Nething declared a consensus for the addition of the word "equitable" to the goal statement of the roundtable. The revised goal statement reads: To enhance the economic vitality of North Dakota and the quality of life of its citizens to a high-quality, more responsive, equitable, flexible, accessible, entrepreneurial, and accountable University System.

Chairman Nething called on Dr. Charles Schwahn, Consultant, Custer, South Dakota, and Mr. Dennis Jones, President, National Center for Higher Education Management Systems, Boulder, Colorado, to summarize the roundtable and task force process.

Dr. Schwahn said the roundtable process started by looking at the future conditions and realities of North Dakota. From there, visions and expectations were created along with associated success indicators.

Dr. Schwahn discussed the following planning assumptions which were determined in an earlier meeting of the roundtable:

1. Bold and significant steps must be taken to reverse North Dakota's economy and demographic trends.

2. The commitment to address the issues must be on a statewide basis.
3. The North Dakota University System must be a proactive participant in shaping the future.

Dr. Schwahn discussed the intended outcomes of today's meeting as follows:

1. Gain a consensus agreement for the task force reports.
2. Gain a thorough knowledge of the roundtable vision.
3. Commit to being ambassadors for the North Dakota University System vision.
4. Understand the required "next steps" and take responsibility for your role.

Mr. Jones discussed the following common themes included in the task force reports:

1. There is a statewide common agenda to expand and diversify the economy of North Dakota to make the state a better place.
2. There is a mutual dependence between the University System and the state of North Dakota. Neither entity can prosper without the other.
3. There is a broad expectation that the University System should function as an enterprise which is engaged with the state, works on behalf of the state, and is connected to society.
4. The University System must change the way it operates by using technology to do business, acting entrepreneurially, creating partnerships with the private sector and other governmental entities, and working for the good of the state.

Chairman Nething called on Roundtable Member Furness for comments regarding the Economic Development Connection Task Force report.

Mr. Furness discussed the recommendations in the Economic Development Connection Task Force report as follows:

1. High-potential primary sector business alliances and partnerships should be actively pursued.
2. Planning and working relationships with local development organizations should be strengthened.
3. Program offerings and delivery capabilities should be developed to close the gap between the demand for individuals with technical educational knowledge and skills and the number of such graduates available within the state and nation.
4. Educational programs on the topic of entrepreneurship should be offered at every institution within the University System.
5. Institutions should utilize partnering entities to ensure the software programs being used remain current.

6. Partnerships with the tribal colleges should be established to deliver training to the reservations.
7. Opportunities should be developed which take advantage of the underemployed and unemployed work force on the reservations.
8. The development and operation of the technology infrastructure should be viewed as a public utility.
9. Support for the work force training delivery system which was enacted by the 1999 legislature should be continued.
10. Entrepreneurial behavior should be encouraged at each level of the University System.
11. The budget process, appropriation process, and audit function should be modified so they are consistent with the direction of the roundtable.
12. Accountability measures must be agreed upon.
13. Technology must be viewed as a key component of the new economy and added to the "four-part economy" proposed in the Vision 2000 report.
14. High-potential research and development opportunities should be identified.
15. Campuses should be encouraged to maximize the potential of the "global" marketplace to the institution, the students, and to North Dakota.

Mr. Furness suggested the following changes to the task force report:

1. Modify the statement in the major themes portion of the task force report which states, "These needs are real, not only for the eastern portion of North Dakota but throughout the state" to "The needs are real for all of North Dakota."
2. Revise recommendation number 5 to include the statement "state-of-the-art technology in educational programs" instead of only referring to software programs.
3. Revise recommendation number 15 to suggest the global economy is a two-way street, not only coming into North Dakota but also leaving North Dakota.

Roundtable Member Aasand suggested recommendation number 10 reflect that campuses should be encouraged rather than be required to be a source of spinoff companies.

Chairman Nething called on Mr. Jones to provide comments regarding the Economic Development Connection Task Force report.

Mr. Jones emphasized the definition of the North Dakota University System's role in economic development is a very broad definition with a wide range of involvement with the state. He said all institutions have a role to play to help the state to grow, and that role is not the same for all institutions.

In response to a question raised by Roundtable Member Chapman, Mr. Jones said an executive summary may be necessary to tie together all of the task force reports.

Chairman Nething declared a consensus for the Economic Development Connection Task Force report with all suggested changes.

Chairman Nething called on Senator Tomac for comments regarding the Accessible System Task Force report.

Senator Tomac said the task force focused primarily on accessibility to a campus or a program and accessibility in the form of affordability.

Senator Tomac discussed the following areas in the major themes section of the Accessible System Task Force report:

1. Accessibility is defined to mean access within reasonable driving distance (45 minutes) to a facility.
2. Funding must be provided so that costs for education remain affordable to all North Dakota citizens.
3. There must be affordable statewide broadband high-speed Internet access throughout North Dakota.
4. The University System must permit programmatic duplication where it is necessary.

Senator Tomac discussed the following recommendations in the Accessible System Task Force report:

1. The State Board of Higher Education should designate or establish learner centers throughout the state to provide educational access to underserved areas.
2. Campuses must develop alternative delivery opportunities that are responsive to the needs of all students.
3. The North Dakota University System must develop and offer programs that are responsive to the needs of the state and are consistent with market trends of the future.
4. Tribal and private colleges should be partners with the North Dakota University System in meeting educational access needs for the state.
5. Communities and the private sector should partner with the North Dakota University System to meet local training and educational needs.
6. State government should be responsible for ensuring an affordable broadband high-speed Internet access is available to all citizens throughout North Dakota.
7. The North Dakota University System should partner with kindergarten through grade 12 to ensure that students leave school systems with knowledge and skills necessary to function effectively as college students.
8. The funding practices should be modified to encourage multicampus collaboration, to

recognize the constituents served, to encourage new delivery methods, and to balance funding so student costs remain affordable to North Dakota citizens.

9. The State Board of Higher Education should review and modify tuition rates to remain competitive in the global marketplace and expand the client base.
10. The North Dakota University System should modify its administrative information systems and fiscal practices to support the expanding client base and alternative education delivery methods.
11. The State Board of Higher Education and the campuses should modify their procedures to support the values of the roundtable.
12. The State Board of Higher Education should recommend a fiscal accountability report that is consistent with the new funding model and the values of the roundtable.
13. The North Dakota University System should take a leadership role in creating an easily accessible directory of education, research, and other higher education services.

Chairman Nething called on Mr. Jones to provide comments regarding the Accessible System Task Force report.

Mr. Jones said all education is increasingly going to be lifelong learning, and the North Dakota University System will have to continue to identify ways to bring education to people rather than people to education.

Roundtable Member Hill suggested revising major theme statement number 9 to underscore the responsibility of the North Dakota University System to increase population.

Chairman Nething declared a consensus for the Accessible System Task Force report with suggested modifications.

Chairman Nething called on Senator Solberg for comments regarding the Education Excellence Task Force report.

Senator Solberg said the most important theme for the Education Excellence Task Force report is the need for a clear tie between learner outcomes, workplace needs, and the values and attitudes required for living a full and rewarding life.

Senator Solberg discussed the following recommendations in the Education Excellence Task Force report.

Students and learning:

1. Institutions must be assertive in attracting, recruiting, registering, and retaining quality students.
2. There should be a clear tie between learner outcomes, workplace needs, and the values and attitudes required for living a full and rewarding life.
3. Students should experience the workplace as part of their quality education.

4. Colleges and universities clearly identify course and program learner outcomes; instructors teach those outcomes; and students should be required to demonstrate the outcomes.
5. Students exit programs with skills and attitudes to be lifelong learners.

Faculty and teaching:

1. The North Dakota University System make teaching in the University System attractive so campuses can employ and retain a faculty of highest quality.
2. Faculty regularly involve employers in determining learner outcomes.
3. Skills, attitudes, and strategies of the entrepreneur be infused into courses and programs.
4. There be indicators of quality/excellence for all learning experiences.
5. Faculty members and institutions move from an accountability system focused on process and input to one focused on ends or outcomes.
6. Faculty members continue to update their knowledge, skills, and teaching strategies.
7. Institutions and their faculties be provided with state-of-the-art equipment and technology.
8. Colleges and universities create a culture of continuous improvement.
9. Continuous improvement strategies not be limited to instructional programs but include all aspects of university operations.
10. Courses and degree programs focus on the economic and social needs of North Dakota as well as individual needs.
11. Utilize information technology to provide easy access for rural populations, nontraditional students, out-of-state learners, and for life-long Information Age learners.
12. The University System and its campuses maximize opportunities of technology to improve instruction.

Research function:

1. The University System and its faculties accept the charge to be a critical force in the economic well-being of North Dakota.
2. Research be allowed to have the potential to create business opportunities for researchers and entrepreneurs.
3. Research grants be focused on the economic and social needs of North Dakota.
4. Faculty be strongly encouraged, supported, and rewarded in their pursuit of research grants.
5. Students gain practical research skills.
6. College and university faculty serve as life-long learning role models.

Service obligation:

1. Faculty and institutions apply their knowledge and expertise to meet the real-world economic and social needs of North Dakota and its people.
2. Institutions continue to provide high-quality cultural activities to the community.
3. The University System be attractive and available to nontraditional students and learner outcomes be based on practical employment needs of the student.
4. The University System and campuses take responsibility to keep academic programs current and to discontinue those programs that are no longer meeting a need.
5. Citizens of North Dakota be able to view tangible forms of faculty and institution services provided to communities and to the state.
6. Institutions serve the state by expanding their work force training services to business and industry.

Chairman Nething called on Dr. Schwahn to provide comments regarding the Education Excellence Task Force report.

Dr. Schwahn commented on the move from an accountability system focused on process and input to an accountability system focused on learner outcomes.

Roundtable Member Laird commented on a possible connection between the Education Excellence Task Force report recommendation regarding a partnership with kindergarten through grade 12 institutions and preparing students for entrance into higher education institutions included in the Accessible System Task Force report.

Representative Glassheim suggested revising recommendation numbers 3 and 4 under the research function and number 1 under the service obligation of colleges and universities to broaden the definition of research prospects.

Roundtable Members Satrom and Kupchella suggested revising the last two paragraphs under the major themes section to reflect that the knowledge should be shared with the world.

Roundtable Member Thigpen suggested adding the Legislative Assembly to the entities listed as responsible for the first recommendation under the faculty and teaching section.

Chairman Nething declared a consensus for the Education Excellence Task Force report with all suggested changes.

Chairman Nething called on Senator Wardner for comments regarding the Funding and Rewards Task Force report.

Senator Wardner emphasized that the vision and expectation of the task force was there be a comprehensive and coherent system of funding, resource allocation, and rewards that provides a clear, driving

force for the creation of a University System designed for the 21st century.

Senator Wardner discussed the major themes and the general solution contained in the Funding and Rewards Task Force report.

Senator Wardner discussed the following recommendations contained in the Funding and Rewards Task Force report:

1. The State Board of Higher Education and the Chancellor should develop and recommend to the legislature a financing plan to address the gap between current funding levels and resources needed to implement the recommendations of the roundtable, a resource allocation model, and mechanisms to demonstrate both performance and fiscal accountability.
2. The resource allocation model should be comprised of a base-funding component, an incentive/performance component, and an asset-funding component.
3. The Legislative Assembly work with the North Dakota University System to reach agreement on the proposed funding mechanism.
4. The Office of Management and Budget and the Legislative Assembly revise the budget request process.
5. The executive and legislative branches modify the budget and appropriation process.
6. The State Board of Higher Education should establish revenue structures and rates so that affordability of access to the University System is maintained, the campus abilities to serve students are enhanced, and the utilization of the state's investment is maximized.
7. The Legislative Assembly provide lump sum base and strategic appropriations to the State Board of Higher Education and the institutions.
8. The executive and legislative branches remove all income that is in addition to the state general fund appropriation from the specific appropriation process and modify processes to provide campuses budgetary flexibility.
9. The State Board of Higher Education adopt the recommendations outlined in the Sustaining the Vision cornerstone.
10. The State Board of Higher Education develop a consistent set of limited financial reporting measurements that will be used to measure the financial accountability of the campuses.
11. The Legislative Assembly and the State Auditor's office revise the audit process.
12. The State Board of Higher Education develop procedures which grant flexibility in the use of resources as long as an institution meets or exceeds expectations established by the board.

13. The State Board of Higher Education and campuses revise board and institution policies and procedures to reflect the vision of the roundtable.

14. Campuses allocate funds for maintenance of physical assets based on priorities established by individual campuses.

Roundtable Member Sanstead suggested changing the word "legitimate" contained in the first statement under the major themes section to "necessary."

Roundtable Member Sister Welder said the report refers to "expectations established by the roundtable" and "the state's agenda" in the major themes section. She suggested changing the language if in fact the phrases were attempting to refer to the same expectations.

Senator St. Aubyn said a key to recommendation number 7 in regard to providing lump sum appropriations to the State Board of Higher Education and higher education institutions is for the higher education institutions to be considered as a system instead of individual campuses.

Roundtable Member Isaacson suggested adding the State Board of Higher Education to the entities responsibility for recommendation number 3.

In response to questions from roundtable members, Chairman Nething stated the task force reports cannot simply be passed to the Legislative Assembly. The legislative and executive branches, the State Board of Higher Education, and the private sector each share in the responsibility for the implementation of the Higher Education Task Force recommendations.

The committee recessed at 12:00 noon for lunch and reconvened at 12:45 p.m.

Chairman Nething called on Mr. Jones to provide comments regarding the Funding and Rewards Task Force report.

Mr. Jones stated the funding and rewards area is a key to moving the roundtable agenda forward.

Chairman Nething declared a consensus for the Funding and Rewards Task Force report with all suggested changes.

Chairman Nething called on Senator Flakoll for comments regarding the Flexible and Responsive System Task Force report.

Senator Flakoll emphasized the aspect of trust which is a significant part of the major themes section of the task force report. Senator Flakoll also emphasized that the customer is king even in the world of higher education.

Senator Flakoll discussed the following recommendations contained in the Flexible and Responsive System Task Force report:

Culture, policies, and practices of the University System:

1. The State Board of Higher Education, the executive branch, the legislative branch, the business community, and campuses make

conscious efforts to build trusting relationships.

2. The University System and individual campuses create policies, practices, and a culture that encourages and rewards entrepreneurial thinking.
3. Campus leaders be given more control over and responsibility for their budgets.
4. Campuses move from a seat time-based credentialing system to a results-based system of credentialing.
5. The University System provide training necessary to improve the staff's ability to deliver up-to-date learning.
6. The formula for budget allocation be changed to a system that encourages and rewards the meeting of the needs for the nontraditional students, businesses, and industries.
7. The University System not lose focus on the traditional college student.
8. The University System ensure that any movement toward flexibility and responsiveness be met with an equally strong commitment to quality.

Customer/client/learner focus:

1. The University System through the use of technology allow individuals to "learn anything, from anywhere, in anyway, at anytime."
2. The University System create a "seamless" organization from the perspective of the student.
3. On-campus programs should be customer/learner focused, flexible, and responsive.

University System relationship to the business community:

1. Colleges and universities identify their customers, customer needs, and delivery systems available to meet the needs.
2. Faculty and staff of the University System continually update their knowledge, skills, and strategies to meet the needs of their customers/clients.

Chairman Nething called on Dr. Schwahn to provide comments regarding the Flexible and Responsive System Task Force report.

Dr. Schwahn stated that a flexible and responsive system has to be about mass customerization, and this cornerstone involves moving from Industrial Age bureaucracy to Information Age mass customerization.

Chairman Nething declared a consensus for the Flexible and Responsive System Task Force report.

Chairman Nething called on Representative Janet Wentz for comments regarding the Sustaining the Vision Task Force report.

Representative Wentz said the Sustaining the Vision cornerstone is essential and crucial to the

roundtable process and a commitment must be received from across the state in order for the roundtable process and report to be successful.

Representative Wentz discussed the following recommendations contained in the Sustaining the Vision Task Force report:

1. There should be a mechanism established for sustaining the work of the roundtable through an annual roundtable meeting.
2. The University System take the initiative in arranging roundtable meetings with state agencies and other organizations.
3. The University System develop or modify communication feedback systems to obtain essential information for monitoring and measuring progress on accountability measures.
4. The State Board of Higher Education review the University System's current strategic plan (six-year plan) and redefine as necessary to incorporate the recommendations of the roundtable.
5. The University System provide an annual performance and accountability report.
6. The State Board of Higher Education provide a status report on higher education in North Dakota to the Legislative Assembly.
7. The State Board of Higher Education and the Chancellor's office develop and implement a plan for communicating the results and recommendations of the roundtable.

In response to a question from Senator St. Aubyn, Mr. Jones stated the annual performance and accountability requirement mentioned in recommendation number 5 will serve as a conversation piece and should not be considered a self-evaluation.

Roundtable Member Pitts said she believes wording should be added to the report to emphasize the sense of urgency in accomplishing roundtable recommendations.

Roundtable Member Hill said comments regarding the sense of urgency could be included in the executive summary to the report.

Roundtable Member Shaar said statements regarding common themes could also be included in the executive summary of the report.

Chairman Nething said the Legislative Council staff, North Dakota University System staff, consultants, and himself will incorporate all suggestions mentioned in the task force reports. After the reports have been modified, the task forces chairmen will be notified and the changes to the reports reviewed. The reports will then be forwarded to the interim Higher Education Committee. The interim Higher Education Committee will refine the reports, if necessary, and will focus on the recommendations identified to be the responsibility of the Legislative Assembly. Once the report is finalized by the interim committee, the Legislative Council will consider the committee's report,

and if accepted, the report will become the official record of the committee's study.

In response to a question from Roundtable Member Isaak, Chairman Nething said the University System, the State Board of Higher Education, and the institutions can begin work on any of the recommendations that do not require legislative input and directive.

It was moved by Senator St. Aubyn, and seconded by Senator Kringstad, and carried on a voice vote that the Higher Education roundtable accept the Higher Education Task Force reports as amended and forward the recommendations contained in the task force reports to the interim Higher Education Committee for its consideration.

Chairman Nething provided the following comments regarding the higher education roundtable process:

- State leaders must rethink the role higher education plays in the state's economic and social needs and reexamine policies, structures, and operating principles in light of the new vision.
- State leaders must help diverse constituencies recognize changing needs for higher education, build support and consensus to address these needs, and change existing policies or develop new approaches to ensure these needs will be effectively addressed in the future.
- State leaders must build consensus around the need to realize the new vision with institutional leaders, business leaders, and the public.
- State leaders must maintain the focus to use every opportunity to call attention to the issue and ensure progress is monitored and reported.
- Policy leadership requires individual leaders and leadership groups to identify key problems, develop and articulate a vision for dealing effectively with the problems, and continuously build and broaden understanding, commitment, and support for that vision. Little progress or social benefit is likely to result from the transformation of higher education unless state leaders are able to establish and maintain the new directions that our community, state, and nation will require.

Chairman Nething said the roundtable has reached accord on identifying the cornerstones of a plan for higher education in North Dakota and has made proposals for implementing the plan. The roundtable has also determined who has the responsibility for integral parts of the plan. However, the plan is fragile because much of it is built on trust.

Trust that all the parties will do their part and only their part of the proposal.

Chairman Nething said the roundtable efforts will succeed if:

- Legislators fulfill their role by setting policy and in conjunction with the executive branch provide funding within the state's means for the system.
- The Chancellor and his staff fulfill their role by implementing the policy set by the State Board of Higher Education and working closely with each campus, serving as the link between the campuses and the State Board of Higher Education.
- The higher education institution presidents fulfill their roles by unleashing all the talent available on the campuses to deliver the components of higher education to their students and the private sector within the framework set by the State Board of Higher Education and with appropriate responses to the agreed-upon accountability standards.
- The private sector fulfills its role by supporting and utilizing the higher education system in providing economic growth for North Dakota and expanding the state's economy and fiscal resources.
- The State Board of Higher Education fulfills its role by functioning as a board developing policies to implement the proposal. The State Board of Higher Education should not attempt to function as individual members, college and university presidents, or as Chancellor or Chancellor staff in implementing their policies. Others in the higher education system are responsible for implementing policies.

Chairman Nething said roundtable members should go forward in each assigned role to develop and enhance the University System to meet the mission the roundtable has determined.

The committee adjourned at 1:50 p.m. subject to the call of the chair.

Roxanne Hobza
Fiscal Analyst

Jim W. Smith
Legislative Budget Analyst and Auditor

ATTACH:1