

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

HIGHER EDUCATION COMMITTEE BUDGET TOUR

Monday, Tuesday, Wednesday, September 25-27, 2000
University of North Dakota, Grand Forks, North Dakota
Mayville State University, Mayville, North Dakota
North Dakota State University, Fargo, North Dakota
State College of Science, Wahpeton, North Dakota
Valley City State University, Valley City, North Dakota

Senator David E. Nething, Chairman, called the tour group to order at 8:00 a.m. on Monday, September 25, 2000, at the Student Union, University of North Dakota, Grand Forks. The following members listed as present attended all or a portion of the tour.

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

Members absent: Senators Tony Grindberg, Rich Wardner; Representative Bob Stefonowicz

UNIVERSITY OF NORTH DAKOTA

Others present: See Appendix A

John D. Olsrud, Director, Legislative Council, Bismarck

Dr. Charles Kupchella, President, University of North Dakota, Grand Forks, welcomed the committee to the university and reviewed the tour group packet contents. A copy of the packet is on file in the Legislative Council office.

Dr. Kupchella provided information regarding the university's 1999-2001 biennium budget. He said the headcount enrollment for the fall 2000 semester is 11,031, which is an increase of approximately 600 students from the previous fall semester. He said the university anticipates estimated income for the 1999-2001 biennium to be \$3.3 million more than appropriated. He said the increase is primarily due to an increase of \$3 million in tuition revenue collections caused by an increase in enrollment and an increase of \$300,000 in mill levy receipts for the UND School of Medicine and Health Sciences. He said the university has increased faculty and staff salaries an average of 8.9 percent, four percent through legislative appropriation and 4.9 percent through university reallocation, over the last two years. He said capital improvement projects being completed at the university during the 1999-2001 biennium include:

- Steamline replacements - \$26 million (\$2.6 million general fund appropriation and \$23.4 million other funds).
- Electrical distribution improvements - \$1.5 million (general fund appropriation).
- Storm sewer improvements - \$1 million (general fund appropriation).
- Biomedical research facility - \$6.7 million (\$3 million general fund appropriation and \$3.7 million other funds).
- University health facility - \$4 million (other funds).
- Barnes and Noble university bookstore - \$4.5 million (other funds).
- Engelstad Arena - \$70 million (other funds).

Dr. Kupchella reviewed the university's 2001-03 biennium budget request. He said in the 2001-03 "hold-even" budget request, the university has to internally fund the continuation of fiscal year 2001 salary increases and operating inflationary increases which total approximately \$4.3 million. He said the university anticipates funding a portion of the costs to continue with \$1.8 million from income related to the continuation of 2000-01 academic year tuition increases. He said the university has included the remaining \$2.5 million of costs to continue as an optional budget adjustment. He said also included in the university's "hold-even" budget request is \$3.5 million of funding for the renovation of the Ireland laboratory addition of O'Kelly Hall.

In response to a question from Representative Lloyd regarding how the university's fall 2000 semester enrollment compares with historic enrollment figures, Dr. Kupchella said the fall 2000 semester freshman class is the university's sixth largest freshman class in history.

In response to a question from Representative Sveen regarding the possibility of receiving donations targeted specifically for faculty and staff salaries, Dr. Kupchella said the university does inform potential donors of the possibility of donating money to the university to reward faculty and staff.

In response to a question from Representative Koppang regarding plans for increasing enrollment,

Dr. Kupchella said the university has short-term and long-term enrollment plans. He said the university's short-term plans include increased marketing and recruiting activities with an increased effort in states which do not have adequate higher education facilities to accommodate population growth. He said in the long term, the university hopes to increase the state's economic growth which would increase the state's population and the university's enrollment.

The tour group conducted a tour of the University of North Dakota including the Engelstad Arena, Barnes and Noble bookstore, the biomedical research facility, and O'Kelly Hall. After a lunch provided by the University of North Dakota, the tour group recessed at 12:30 p.m. and traveled to Mayville State University where it reconvened at 1:30 p.m.

MAYVILLE STATE UNIVERSITY

Others present: See Appendix B

Dr. Ellen Chaffee, President, Mayville State University, welcomed the tour group to the campus of Mayville State University and reviewed the tour group packet contents. A copy of the tour group packet is on file in the Legislative Council office.

Dr. Raymond Gerszewski, Vice President, Student Affairs, Mayville State University, said the headcount enrollment for the fall 2000 semester is 776, a decrease of approximately 75 from the previous fall semester. Dr. Gerszewski said the university plans on increasing future enrollment by establishing a program to enhance student retention and by expanding programs and courses to attract new students and new markets.

Mr. Steve Bensen, Vice President, Business Affairs, Mayville State University, provided information regarding the university's 1999-2001 biennium budget and the 2001-03 biennium budget request. Mr. Bensen said the university has approximately 53 percent of its 1999-2001 biennial appropriation remaining for the second year of the biennium. He said the university is nearing completion of its boiler and steamline replacement major capital improvement project. He said the 2001-03 "hold-even" budget requires the university to identify reductions of approximately \$320,000 in order to fund fiscal year 2001 salary increases and operating inflation costs. He said the "hold-even" budget request includes \$718,950 in funding for a steamline replacement major capital improvement project.

Dr. Gary Hagen, Vice President, Academic Affairs, Mayville State University, provided information regarding initiatives which the university has requested funding for in the 2001-03 biennium budget optional adjustment package. Dr. Hagen said the university is requesting funding of \$148,831 in the area of instructional innovation to implement an assessment and program review function which would improve academic programs and a student success program which would improve student retention

through career development, mentoring, and academic support. He said the university is also requesting funding of \$98,043 in the area of technology applications and access to implement a program which would guarantee information technology skills for all university students. He said the university would integrate information technology skills and competencies stated in national standards for business and education into the curriculum for all majors and would guarantee that all graduates are competent in those information technology skills and competencies.

In response to a question from Senator Solberg regarding the number of computer information systems graduates per year, Dr. Chaffee said the university graduates approximately six individuals per year with a computer information systems degree and has approximately 32 individuals who have declared a computer information systems major.

In response to a question from Senator Solberg regarding the 1999-2001 biennium boiler and steamline replacement project, Mr. Bensen said the 1999 Legislative Assembly appropriated \$760,000 for the boiler replacement project. He said the university was forced to use \$220,000 of the appropriation to repair steamlines which ruptured unexpectedly in the spring of 2000. In order for the university to continue with the boiler replacement project, he said, the university received \$300,000 of contingency funding from the State Board of Higher Education.

In response to a question from Senator Nething regarding removal of full-time equivalent (FTE) positions in order to meet the "hold-even" budget request, Mr. Bensen said the responsibilities of the individuals whose positions would be removed would be distributed to other individuals.

In response to a question from Representative Lloyd regarding the guaranteed information technology skills program, Dr. Hagen said the university would list industry standards that it certifies a graduate is competent in, and if an employer feels the individual is not competent, the university would pay for remedial training.

The tour group conducted a tour of Mayville State University including Berg Hall, the university's power house, Old Main, Lewy Lee fieldhouse. Upon completion of the tour, the tour group recessed at 4:00 p.m.

NORTH DAKOTA STATE UNIVERSITY INCLUDING MAIN RESEARCH STATION AND DIVISION OF INDEPENDENT STUDY

Others present: See Appendix C

John D. Olsrud, Director, Legislative Council, Bismarck

The tour group reconvened at 8:00 a.m. on Tuesday, September 26, 2000, on the North Dakota State University campus. Dr. Joseph Chapman, President,

North Dakota State University, Fargo, welcomed the tour group to the campus of North Dakota State University. Dr. Chapman distributed copies of a report entitled *State of the University Address*, a copy of which is included in the tour group packet and is on file in the Legislative Council office. He said the following are five issues emphasized in the report:

1. It is about people.
2. Students are paramount.
3. Leveraging support.
4. New programs.
5. Status and reputation.

Dr. Chapman said the headcount enrollment for the fall 2000 semester is over 10,000, which is an increase of approximately 400 from the previous fall semester. He said the increase is primarily due to an increase in the number of graduate students.

Ms. Paula Thovson, Director of Budget, North Dakota State University, provided information regarding the status of the 1999-2001 biennium budget and the university's 2001-03 biennium needs-based budget. Ms. Thovson said the university is estimating a revenue shortfall of approximately \$870,000 for the 1999-2001 biennium primarily due to a decrease in the amount of Minnesota reciprocity payments received of \$1,385,197. Tuition collections are anticipated to be \$511,267 more than appropriated.

Mr. Bruce Frantz, Director, Physical Plant, North Dakota State University, provided information regarding the flood damage experienced by the university during the summer of 2000 and extraordinary repair funding included in the 2001-03 biennium budget request. Mr. Frantz said 39 buildings on campus were damaged by the flood. In regard to extraordinary repair funding, he said, the university is requesting \$1.2 million as a 2001-03 biennium budget optional adjustment to repair a main steamline on campus.

Mr. Dick Rayl, Vice President, Business and Finance, North Dakota State University, provided information regarding the university's 1999-2001 biennium deficiency appropriation request for expenses relating to the flood. Mr. Rayl said the university will be requesting a deficiency appropriation in the amount of \$4.75 million for the 25 percent state matching requirement of the federal disaster grants received from the Federal Emergency Management Agency (FEMA). He said there is a possibility that the state matching requirement could be reduced to 10 percent due to the extensive dollar amount of statewide flooding damage. He said if the state matching rate is reduced, the university's deficiency appropriation request would be reduced to \$1.9 million.

Dr. Tom Riley, Dean, College of Arts, North Dakota State University, provided information regarding the university's proposed Minard Hall renovation project. Dr. Riley said Minard Hall is one of the

historic buildings on campus, but the building does not meet current code standards. He said the university has proposed a phased-renovation project. In Phase 1 of the project, an addition would be constructed on the west side of the building at an estimated cost of \$4.3 million. Phase 2 of the project would be renovation of the current structure at an estimated cost of \$9 million. He said the project would span two bienniums with the request for Phase 1 of the project being included in the 2001-03 biennium budget request.

Dr. Jay Leitch, Dean, College of Business Administration, North Dakota State University, provided information regarding the university's proposed college of business administration building. Dr. Leitch said the College of Business Administration has outgrown its current space in Putnam Hall and will be requesting permission from the 2001 Legislative Assembly to construct a \$20 million building financed by private funds.

Mr. Prakash Mathew, Dean, Student Life, North Dakota State University, provided information regarding the university's plans for constructing a new residence hall. Mr. Mathew said an increased demand for on-campus housing has caused the university to request authority to build a new residence hall at an estimated cost of \$5 to \$10 million.

Mr. Gary Narum, Associate Vice President, Student Affairs, North Dakota State University, provided information regarding the university's proposed renovation of Ceres Hall. Mr. Narum said the university would like to renovate Ceres Hall by enclosing the building's central courtyard area to create a new space for a one-stop service center for students. He said the estimated cost for the project is \$3 million.

Ms. Patricia Jensen, Vice President, Dean, and Director for Agricultural Affairs, North Dakota State University, provided information regarding 1999-2001 biennium agricultural research activities and progress towards implementation of legislative-approved initiatives.

Dr. Cole Gustafson, Associate Dean of Research, North Dakota Agricultural Experiment Station, provided comments regarding the Agricultural Experiment Station's implementation of the themes and recommendations in the Higher Education Roundtable report.

Dr. Sharon Anderson, Director, North Dakota State University Extension Service, provided comments regarding the Higher Education Roundtable report and the Extension Service's 2001-03 biennium budget request. Dr. Anderson said the Extension Service's 2001-03 biennium budget request includes an optional adjustment in the amount of \$613,457 to continue legislative-approved initiatives.

Ms. Patricia Berglund, Director, Northern Crops Institute, provided comments regarding the mission and services provided by Northern Crops Institute.

Ms. Berglund said the institute supports North Dakota agriculture through expanding and maintaining domestic and international markets. She said the institute is in the process of providing training to 32 buyers from 17 different countries.

In response to a question from Representative Carlson regarding sewer and sanitary system changes to prevent future flooding, Mr. Frantz said the university will be meeting with officials from the city of Fargo to discuss possible changes which can be made to prevent flooding. He also said the university will be considering possible flood prevention plans for specific buildings on campus.

In response to a question from Senator Tomac regarding the decrease of Minnesota reciprocity payments, Ms. Thovson said the number of North Dakota students attending Minnesota institutions has increased at a greater rate than the number of Minnesota students attending North Dakota institutions. She said the decrease in Minnesota reciprocity payments is also due to a correction made by Minnesota to count North Dakota students who fail a course or take a course on a pass/fail basis.

In response to a question from Representative Maragos regarding the Minnesota reciprocity agreement, Mr. Larry Isaak, Chancellor, North Dakota University System, said Minnesota discovered through an audit that North Dakota students who had received a failing grade or who were on the pass/fail grading system were not included in their reciprocity enrollment figures. He said with the correction made by Minnesota, both of the states are counting students in a similar fashion.

The tour group conducted a tour of North Dakota State University campus including Minard Hall, Ceres Hall, Putnam Hall, Robinson Hall, and the university's library. As part of the tour, the tour group toured the Division of Independent Study.

Mr. Neil Howe, Director, Division of Independent Study, welcomed the tour group to the Division of Independent Study. Mr. Howe provided information regarding the division's 1999-2001 biennium appropriation and activities and the division's 2001-03 biennium budget request. He said through June 30, 2000, the division has spent 43 percent of its total appropriation. He said for the 1999-2000 academic year, the division had 9,592 student enrollments, a 3.2 percent increase from the prior school year, and the division established 53 on-line courses. He said the 2001-03 biennium budget request includes funding of \$55,000 for a capital improvement project to resurface the roof of the division's building structure. He said approximately 87 percent of the division's budget request will be generated from sources other than the general fund.

In response to a question from Senator Nething regarding home schooling, Mr. Howe said the increase in home schooling is a factor for the increased use of the Division of Independent Study,

but he said it is a small factor because the majority of parents home schooling children prefer to use religiously based material.

In response to a question from Representative Aarsvold regarding resident and nonresident rates, Mr. Howe said nonresident students are charged a rate slightly higher than North Dakota students, but the division is careful to keep nonresident rates competitive with other states.

The tour group conducted a tour of the Division of Independent Study facilities. During the tour, representatives of the Division of Independent Study noted water damage caused by the building's leaking roof.

After a lunch provided by the North Dakota State University, the tour group recessed at 1:30 p.m. and traveled to the State College of Science where it reconvened at 2:30 p.m.

STATE COLLEGE OF SCIENCE

Others present: See Appendix D

Dr. Sharon Hart, President, State College of Science, Wahpeton, reviewed the contents of the tour group packet. A copy of the packet is on file in the Legislative Council office. Dr. Hart reviewed State College of Science major themes and objectives which were developed reflecting the concerns expressed in the Higher Education Roundtable report. She said the headcount enrollment for the fall 2000 semester is 2,425, 80 more than the previous fall semester. She also said the college served 161 companies with work force training activities during the first year of the biennium.

Mr. Mike Renk, Vice President, Finance, State College of Science, provided information regarding the college's 1999-2001 biennium appropriation and the 2001-03 biennium budget request. Mr. Renk said the college originally projected a revenue shortfall of \$980,328 for the 1999-2001 biennium. He said the shortfall will be offset by \$384,000 of additional tuition revenue, but the college will have to make \$596,328 in cost reductions. He said the college entered into a performance contract with private industry to replace \$1.9 million in lighting and temperature control equipment on campus. He said the new equipment allows the college to control lighting and temperatures in all of its buildings. He said the energy savings which are guaranteed by the contractor will be used to pay for the \$1.9 million in lighting and temperature control equipment. He said the 2001-03 biennium budget request includes funding for the following capital improvement projects:

- Electrical distribution system, steamlines, and roof replacements - \$2,345,200 (general fund).
- Parking lot repair - \$1 million (other funds).
- Student Union addition and remodeling - \$3.3 million (other funds).
- Blikre Activity Center addition and remodeling - \$531,720 (other funds).

In response to a question from Representative Koppang regarding the performance contract, Mr. Renk said the initial study for the project was funded with a grant from the Division of Community Services.

The tour group conducted a tour of the State College of Science campus including Ballweber Hall, Mayme Green Allied Health Center, Technology Center, and the university's heating plant. Upon completion of the tour, the tour group recessed at 4:00 p.m.

VALLEY CITY STATE UNIVERSITY

Others present: See Appendix E

The tour group reconvened at 8:30 a.m. on Wednesday, September 27, 2000, on the campus of Valley City State University.

Dr. Ellen Chaffee, President, Valley City State University, reviewed the contents of the tour group packet. A copy of the packet is on file in the Legislative Council office.

Mr. Dan Klein, Director, Enrollment Services, Valley City State University, provided information regarding Valley City State University enrollment. Mr. Klein said the headcount enrollment for the fall 2000 semester is 1,090. He said Valley City State University consistently has about 80 percent of its student body come from North Dakota. He also said of the university's 1999 graduates, 62 percent of the nonteaching students obtained employment in North Dakota and 52 percent of the teaching degree students stayed in North Dakota.

Mr. Steve Bensen, Vice President, Business Affairs, Valley City State University, provided information regarding the university's 1999-2001 biennium budget and the 2001-03 biennium budget request. Mr. Bensen said the university has approximately 53 percent of its appropriation remaining for the second year of the 1999-2001 biennium. He said in order to continue fiscal year 2001 salary increases and account for inflationary costs in the 2001-03 biennium "hold-even" budget request, the university would have to make reductions of \$363,931. He said the 2001-03 biennium budget request contains \$850,000 of funding for a boiler replacement capital improvement project.

Dr. Les Wong, Vice President, Academic Affairs, Valley City State University, reviewed proposed

initiatives for the 2001-03 biennium. Dr. Wong said the university requires all graduating students to complete a CD-Rom portfolio demonstrating necessary abilities and skills. He said one of the university's 2001-03 biennium budget request optional adjustments is additional operating and equipment funding to assist with the completion of these portfolios. He said the university's 2001-03 biennium budget request optional adjustments include approximately \$205,000 in startup funds for a Viking eLearning Institute which would assist with faculty and staff technology development, curriculum design, and on-line student services. He said the institute would also provide the university with grant writing services and private sector training opportunities.

In response to a question from Senator Solberg regarding the 1999-2001 capital improvement appropriation, Mr. Bensen said the university is slightly behind spending in this area due to a delay with the Life Safety Project. He said the university does expect to expend all dollars appropriated in this area.

In response to a question from Senator Nething regarding the assessment and accountability position associated with the Viking eLearning Institute, Dr. Wong said the position would teach the education assessment process to students on campus and help start the campus's own assessment process.

The tour group conducted a tour of the campus of Valley City State University including Graichen Gymnasium, McFarland Hall, Vangstad Hall, and the university's power house.

The tour group adjourned at 11:10 a.m.

Roxanne Hobza
Fiscal Analyst

Jim W. Smith
Legislative Budget Analyst and Auditor

ATTACH:5