

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

HIGHER EDUCATION COMMITTEE

Friday, October 29, 1999
Carrington Research Extension Center
Carrington, North Dakota

Senator David E. Nething, Chairman, called the meeting to order at 9:30 a.m.

Members present: Senators David E. Nething, Tim Flakoll, Tony Grindberg, Ray Holmberg, Ed Kringstad, Elroy N. Lindaas, Steve Tomac, Rich Wardner; Representatives Ole Aarsvold, Eliot Glassheim, Nancy Johnson, Myron Koppang, Bob Stefanowicz, Gerald O. Sveen, Janet Wentz

Members absent: Senators Ken Solberg, Rod St. Aubyn; Representatives Al Carlson, Jack Dalrymple, Ed Lloyd, Andrew G. Maragos

Roundtable members present: Hardin Aasand, Bethany Andreasen, Ryan Bernstein, Joseph Chapman, Beverly Clayburgh, Maggie Clemmens, Jennifer Feist, Bruce Furness, Gary Hagen, Dennis Hill, William Isaacson, Larry Isaak (ex officio nonvoting), Jim Jensen, Dennis Johnson, Marlowe Johnson, Dave Kemnitz, Dale Knutson, John Korsmo, Richard Kunkel, Charles Kupchella, Max Laird, Carty Monette, Melvin Olson, Joe Peltier, Ryn Pitts, Ken Quamme, Roger Reiersen, Jeanette Satrom, H. Erik Shaar, Donna Thigpen

Roundtable members absent: Craig Caspers, Vern Dosch, Red Geurts, Bill Goetz, Don Hedger, Bruce Henke, John Hoeven, Wayne Sanstead, Charles Stroup, Jodi Uecker-Rust, Sister Thomas Welder

Others present: See attached appendix

Also in attendance was Senator Larry J. Robinson, member of the Legislative Council.

Chairman Nething said the minutes of the June 30 and September 28-29, 1999, meetings would be accepted as distributed.

HIGHER EDUCATION ROUNDTABLE

Chairman Nething introduced Dr. David Longanecker, Executive Director, Western Interstate Commission on Higher Education (WICHE), Boulder, Colorado.

Chairman Nething discussed the procedures for the work of the Higher Education Roundtable. He said the roundtable would review the preliminary report of the consultants, including the planning assumptions, the stated goal, and the task force "cornerstones." He said after a consensus has been reached on those issues, task force assignments will be developed with the task forces meeting during

January 2000. He said two task forces may meet at the same time in Bismarck to make use of the two consultants and second round task forces meetings, if necessary, may be held by teleconference.

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 present the preliminary report to the North Dakota Legislative Council's Higher Education Roundtable dated October 29, 1999, which was mailed in advance to Higher Education Roundtable members, a copy of which is on file in the Legislative Council office.

Dr. Schwahn said the goal of the meeting was to reach an understanding, a consensus, and a commitment to the Higher Education Roundtable planning assumptions, goal, and task force cornerstones. He said in order to have a consensus, individuals should be able to state the issue, have had an opportunity to be heard in the discussion of the issue, and agree not to sabotage the recommendations.

Mr. Jones discussed the conclusions in the report as follows:

1. Steps must and will be taken to ensure that the future of North Dakota is not an extension of the trends in the past. A priority agenda item for North Dakota will be an economy that is growing more rapidly, more diversified, less geographically concentrated, more consciously focused on creation and growth of small business and entrepreneurship, and reflective of an explicit attempt to grow the population to 700,000 by the year 2020.
2. The commitment will be to address these issues on a statewide basis; all of North Dakota must benefit, not just the urban areas.
3. The North Dakota University System absolutely must be a proactive participant in shaping this desired future.

Dr. Schwahn facilitated a discussion regarding the proposed goal statement "To create a responsive, flexible, accessible, and entrepreneurial university system for the 21st Century, that is directly connected to the economic viability of North Dakota."

Senator Grindberg suggested the word "equitable" be considered in the goal statement.

Dr. Kupchella said the term "directly connected" could indicate the system would experience "up and down" periods related to the economic conditions in North Dakota.

Roundtable Member Korsmo suggested the phrase "that shares responsibility for enhancing economic vitality" be considered in the goal statement.

Roundtable Member Johnson said in lieu of "economic vitality" perhaps "creation of wealth" should be included.

Roundtable Member Monette suggested the liberal arts responsibility be reflected in the goal statement.

Roundtable Member Hill suggested the statement be reversed to indicate the connection to the economic viability of North Dakota in the beginning of the goal statement.

Roundtable Member Reierson said a reference should be made to "high-quality" education.

Roundtable Member Chapman suggested a reference of "accessibility to all areas of the state."

The consultants said they will consider the committee's input and redraft the proposed goal statement.

The consultants then discussed the six "cornerstones" or areas to be addressed by the task forces:

1. **Economic Development Connection** - Direct connections and contributions of the University System to the economic growth and viability of North Dakota.
2. **High-Quality Education** - High-quality education and skill development opportunities which prepare students to be personally and professionally successful, readily able to advance and change careers, be lifelong learners, good citizens, leaders, and productive, contributing members of society.
3. **Flexible and Responsive** - A University System environment that is responsive, flexible, empowering, competitive, entrepreneurial, and rewarding.
4. **Accessible** - A University System that is accessible to all areas of the state--provides students, business, industry, communities, and citizens with access to educational programs, work force training opportunities, and technology access and transfer--and does so with the same performance characteristics as described in the Flexible and Responsive cornerstone.
5. **Funding and Rewards System** - A system of funding, resource allocation, and rewards that assures quality and is linked to the expressed high-priority needs and expectations of the University System-- assures achievement of the expectations envisioned.

6. **Sustaining the Vision** - A structure and process which assures the University System for the 21st century, as described by these cornerstones, remains connected, understood, relevant, and accountable to the present and future knowledge-development, education, and public service needs of the state and its citizens--sustain the vision.

The consultants lead a discussion regarding each cornerstone and said each task force will have core questions to be addressed as well as identified individual questions relating to the task force responsibilities.

Regarding the Economic Development Connection cornerstone the comments included:

- Roundtable Member Furness said a viable North Dakota includes an enriched life, considering the economic and social aspects.
- Roundtable Member Kupchella said the liberal arts education is an underpinning of economic development and the colleges are providing assistance and any barriers to doing more should be identified.

Chairman Nething declared a consensus for an economic development connection task force.

Regarding the High-Quality Education cornerstone Roundtable Member Hill said reference could be to "excellence" in education rather than "quality."

Chairman Nething declared a consensus for a high-quality education task force.

Regarding the Flexible and Responsive cornerstone the comments included:

- Representative Koppang said a large segment of North Dakota's economy is service-based and not directly related to information technology which should be considered in the task force study.
- Representative Stefonowicz suggested the reference be to customer-based rather than flexible and responsive.
- Chairman Nething said some of the details will be addressed in the individual questions to be addressed by the task forces.

Chairman Nething declared a consensus for a flexible and responsive task force.

Regarding the Accessible cornerstone the comments included:

- Roundtable Member Reierson said the North Dakota University System is key to population growth in North Dakota and the reference to accessible to all areas of the state should perhaps be expanded to include a more global access area.

Chairman Nething declared a consensus for an accessible task force.

The roundtable discussed the Funding and Rewards System cornerstone. Chairman Nething declared a consensus for a funding and rewards system task force.

The roundtable discussed the Sustaining the Vision cornerstone. Roundtable Member Shaar said the global concept should be a stated part of sustaining the vision as well as cultural diversity. Senator Tomac questioned whether the Sustaining the Vision cornerstone would result in building a bureaucracy. Dr. Schwahn said a good organization empowers its people and allows them to make the correct decisions, and a bureaucratic system will only result if people are not empowered. Mr. Jones said a bureaucracy is built around an entity's failure to let go of "how" things are to be done. He said implementation should occur at the entity's operating level.

In response to a question from Roundtable Member Korsmo, Mr. Jones said the kindergarten through grade 12 education issues fit within the High-Quality Education and Flexible and Responsive cornerstones.

Chairman Nething declared a consensus for the Sustaining the Vision cornerstone. He said core questions will be assigned to and answered by each task force and other questions will be developed specific to each task force's responsibilities. He said the other questions developed will only be a starting point for task force work and other questions may also be addressed as the task force determines appropriate. Chairman Nething said task force membership will be determined in November and will not be based on individual requests. He said all task force meetings will be open meetings and any roundtable member may attend other task forces.

Roundtable Member Isaak commented on the Higher Education Roundtable process saying that the timing was good for the study of the higher education system and for the development of a common vision for the North Dakota University System.

Roundtable Member Knutson suggested that a web site could be used as a clearinghouse for information made available to the individual task forces to allow others to access the same information.

Chairman Nething called on Dr. David Longanecker, who made comments regarding the committee's study. He said he appreciated the opportunity to be in North Dakota, stating that WICHE works with individual states on higher education issues. He said the process North Dakota is undergoing is unique in that 60 leaders are a part of the development process. He said bold discussions will be challenging as bold recommendations are more difficult to implement. He said the area of entrepreneurship will be a challenge as it requires risktaking and sometimes results in failure, which is not readily accepted in the public sector.

The Higher Education Roundtable adjourned at 11:45 a.m. The committee reconvened at 12:30 p.m.

STUDY OF THE DIVISION ON INDEPENDENT STUDY

Mr. Neal Howe, Interim Director, Division of Independent Study, Fargo, provided testimony relating to the committee's study of the division, a copy of which is on file in the Legislative Council office. Mr. Howe discussed division enrollments, courses provided, personnel and related responsibilities, physical facilities, and details of the 1999-2001 budget. Mr. Howe said for the 1998-99 fiscal year there were 5,563 students, of which 1,312 were residents of North Dakota. He said for the same period there were 9,293 course enrollments, of which 1,801 were North Dakotans. Mr. Howe said there are 38.7 FTE positions authorized, of which 37.7 are currently filled. He discussed the responsibilities of the division's personnel.

Mr. Howe said the division is located in a 10,120-square-foot building on the southwest portion of the North Dakota State University campus. He said the building is a state building and all utilities are provided by North Dakota State University. He said since the division's facility is nearly 40 years old, a number of capital improvements will need to be considered in the near future including roof repair, window replacement, and a major structural crack in the north section of the facility's basement wall.

Mr. Howe said the biennial budget for the 1999-2001 biennium is \$5,359,153, of which \$695,469 is from the general fund, \$4,061,796 is from other funds consisting of fees and material charges, and \$601,888 is federal funds. He said the division's general fund appropriation has been reduced since the 1991-93 biennium. He said revenue from nonresident fee collections and sale of materials has allowed the division to modernize and provide additional services to all students. He said the emerging potential for distance education, especially through Internet programs, has great potential in the education of North Dakota students. He said privatization of the Division of Independent Study is not feasible. He said without the credibility provided by a state institution, the programs would not have the same appeal to resident or nonresident students or schools. He said without this credibility a private enterprise could not sustain the current level of revenues. He said in addition, a private entity would need to assume all physical plant, utility, and maintenance expenses which would make such a venture unprofitable.

Mr. Howe said on September 1, 1999, Superintendent of Public Instruction Wayne Sanstead requested a review of the business operations of the division and the division's effectiveness. He said this review was conducted by a certified public accountant from Maplewood, Minnesota. The consultant reviewed resident and nonresident fees, division technology, alternatives for operation including privatization, and recommendations regarding the division's future. Mr. Howe said the report indicates the state should

recognize the significant contribution the division could make to the students of North Dakota if its education capabilities were used more effectively and if the division were organizationally placed within the mainstream of the education process. He said the division could serve the dispersed students of the state effectively and efficiently. The consultant said the division is in a unique position to provide distance education to school districts which would have far-reaching benefits to the state, including broader course availability to students of smaller school districts and reducing costs of education in North Dakota. Mr. Howe said he would appreciate the opportunity to present the report of the consultant to the committee at a future date.

In response to a question from Senator Holmberg, Mr. Howe said in 1998 nonresident fees were increased significantly, resulting in a three percent enrollment decline. He said for the current school year there was no fee increase, and enrollments are up slightly from the previous year.

In response to questions from Senator Flakoll, Mr. Howe said the average instructor at the Division of Independent Study is paid between \$31,000 to \$32,000 for a 12-month period.

In response to a question from Senator Wardner, Mr. Howe said the Division of Independent Study can serve smaller schools but cannot compete with school districts. He said the division could enhance its small school offerings, but the Legislative Assembly would need to encourage the provision of these services.

In response to a question from Representative Aarsvold regarding space requirements for instructors, Mr. Howe said teachers could provide the instruction on-line and be located at sites away from the current Division of Independent Study facilities.

In response to a question from Senator Grindberg, Mr. Howe said the division has very limited funds specifically for the cost of accreditation, including \$450 per year for accreditation membership.

Chairman Nething asked Mr. Howe to provide a summary of the consultant's operational review of the Division of Independent Study at the next committee meeting and any suggested changes to the Division of Independent Study, including related statutory changes, costs, and timelines for implementation.

Chairman Nething adjourned the committee subject to the call of the chair at 1:25 p.m.

Jim W. Smith
Assistant Legislative Budget Analyst and Auditor

Chester E. Nelson, Jr.
Legislative Budget Analyst and Auditor

ATTACH:1