

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

HIGHER EDUCATION COMMITTEE

Monday and Tuesday, March 4-5, 2002
Mayville State University, Mayville, North Dakota
Lake Region State College, Devils Lake, North Dakota

Senator Dave Nething, Chairman, called the meeting to order at 9:00 a.m. on Monday, March 4, 2002, at the Campus Center, Mayville State University, Mayville.

Members present: Senators Dave Nething, Tim Flakoll, Ray Holmberg, Ed Kringstad, Ken Solberg, Rich Wardner; Representatives Ole Aarsvold, Rachael Disrud, Eliot Glassheim, Nancy Johnson, Myron Koppang, Bob Martinson, Ralph Metcalf, Janet Wentz, Lonny Winrich

Members absent: Senators Linda Christenson, Tony Grindberg, Elroy N. Lindaas; Representatives Michael Grosz, Pam Gulleson, Roxanne Jensen, Bill Pietsch

Others present: See attached appendix

Chairman Nething said without objection the minutes of the January 9-10, 2002, meeting are approved as distributed.

MAYVILLE STATE UNIVERSITY

Chairman Nething welcomed Senator Larry J. Robinson, Valley City, a member of the Legislative Council, to the meeting.

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

Mr. Steve Bensen, Vice President for Business Affairs, Mayville State University, reviewed information regarding the status of the university's budget and capital improvements for the 2001-03 biennium, the university's guaranteed energy-savings contract, and the university's future capital improvement needs. The information is included in the committee's tour packet. Mr. Bensen said the university's operations budget for the first year of the 2001-03 biennium is approximately \$5.6 million, which is approximately 49 percent of the university's 2001-03 legislative appropriation. He said the university received a \$510,000 general fund appropriation from the 2001 Legislative Assembly for the first phase of a campus steamline replacement project.

Mr. Bensen said the university has entered into a guaranteed energy-savings contract in which the university financed the implementation of select energy-saving improvements through a 10-year lease

agreement with GE Capital. The total amount of the lease agreement was \$1.3 million, of which the university made a downpayment of \$118,000. Future payments are guaranteed to be available from energy savings.

Mr. Bensen said the university's future capital improvement needs include:

- Steamline replacement - Phase 2 (\$500,000).
- West Hall renovation and elevator (\$500,000).
- Additions to the science area and the library (\$650,000).
- Lewy Lee Fieldhouse improvements (\$250,000).
- Main Building improvements (\$2.4 million).

In response to a question from Senator Solberg regarding the university's steamline replacement project, Mr. Bensen said the university intends to use the 2001-03 biennium \$510,000 general fund appropriation for a study of the university's steamlines and for a portion of steamline replacement.

Dr. Ray Gerszewski, Vice President for Student Affairs, Mayville State University, provided information regarding enrollment, tuition waivers, and alternative uses for residence halls. The information is included in the committee's tour packet. Dr. Gerszewski said the university's fall 2001 headcount enrollment was 755, a decrease of 21 from the fall 2000 headcount enrollment, and the university's fall 2001 full-time equivalent enrollment was 620, a decrease of 24 from the fall 2000 full-time equivalent enrollment. He said the university's strategic enrollment management goal is to reach a headcount enrollment of 900 and a full-time equivalent enrollment of 800 by the year 2006. He said the university intends to use tuition waivers to attract students from states with a surplus of high school graduates and few higher education institutions and students from other countries. He said the university's residence hall occupancy has decreased by 20 percent in the last six years, so the university has converted residence hall space for use by the Traill County Technology Center and the Head Start/Child Development Center. He said the university is reviewing the costs associated with remodeling the newest residence halls--Agassiz, Berg, and Birkelo--due to student requests.

In response to a question from Representative Winrich regarding the university's cultural diversity

efforts, Dr. Gerszewski said the university has ongoing recruiting efforts at all of North Dakota's tribal colleges.

In response to a question from Representative Disrud regarding the university's transfer students, Dr. Gerszewski said the university's transfer students are primarily students from North Dakota higher education institutions.

Dr. Gerszewski presented a videotape used by Mayville State University for recruiting students.

Mr. Mike Bitz, Superintendent, Hillsboro Public High School, presented information regarding the Heart-of-the-Valley ITV Consortium. The information is included in the committee's tour packet. Mr. Bitz said the Heart-of-the-Valley ITV Consortium is a consortium to provide distance learning opportunities to schools using telecommunications technology. The consortium encompasses a seven-county area and consists of Mayville State University, Valley City Area Vo-Tech Center, and the following school districts--North Central Barnes, Central Cass, Central Valley, Dakota Prairie, Enderlin, Hatton, Hillsboro, Hope-Page, Kindred, Larimore, Lisbon, Maple Valley, Mayville-Portland-Clifford-Galesburg, Northern Cass, Northwood, and Thompson.

In response to a question from Senator Nething regarding the Heart-of-the-Valley ITV Consortium, Mr. Bitz said principals from each of the school districts have met with their students to determine the classes to be offered through the consortium. At the present time, the principals are in the process of developing a class schedule for fall 2002.

In response to a question from Senator Flakoll, Mr. Bitz said the school district that hosts a class will receive a payment from the other school districts participating in the class. At the present time, the amount of the payment is being negotiated but it is estimated to be \$150 to \$300 per student.

Mr. Jay Hendrickson, Director, Traill County Technology Center, and Director of Cooperative Education, Mayville State University, provided comments regarding the Traill County Technology Center. Mr. Hendrickson said the Traill County Technology Center is a business incubator located on the Mayville State University campus that targets individuals and businesses that rely heavily on information technology.

Mr. Bruce Magidson and Mrs. Diane Magidson provided comments regarding relocating to North Dakota and being occupants of the Traill County Technology Center. Mr. and Mrs. Magidson worked in New York City and lived in Morristown, New Jersey, for 12 years prior to relocating to Mayville, North Dakota, in December 2001. Mrs. Magidson said the Traill County Technology Center facilities allowed them to telecommute and retain their positions with their New York employers. Mr. Magidson said the T-1 Internet capabilities at the technology center allow

them to send and receive information over the Internet dramatically faster than they could in New York.

Dr. Chaffee presented information regarding a Mayville State University and Valley City State University 2001-03 campus initiative--Success in the New Century. The information is included in the committee's tour packet. She said Mayville State University and Valley City State University recently received funding from the State Board of Higher Education for an initiative that involves the assessment of academic and administrative effectiveness, efficiency, and capability. The assessment is to recommend structural changes at Mayville State University and Valley City State University that will allow the institutions to maintain and enhance their contributions to the state.

Dr. Chaffee, Mr. Lee Kaldor, and Mr. Thomas Capouch provided information regarding the university's capital campaign for renovation of Lewy Lee Fieldhouse. Dr. Chaffee said the 2001 Legislative Assembly provided the university a \$4 million special funds appropriation for renovation of Lewy Lee Fieldhouse. She said the university has started a capital campaign to raise funds for the fieldhouse renovation and she presented a videotape used in the campaign entitled "Building the Comet Spirit."

Mr. Capouch said the Lewy Lee Fieldhouse renovation project consists of the following phases:

- Phase 1 - Renovation of existing gymnasium.
- Phase 2 - Renovation of locker rooms, offices, and fieldhouse entrance.
- Phase 3 - Construction of a fieldhouse addition for practice facilities.

The committee recessed for lunch at 12:00 noon.

MAYVILLE STATE UNIVERSITY BUDGET TOUR

After lunch the committee toured the campus of Mayville State University, including the Traill County Technology Center, the Head Start/Child Development Center, the power house, the Main Building, and Lewy Lee Fieldhouse.

In response to a question regarding the Traill County Technology Center, Mr. Hendrickson said at the present time 15 of the 22 rooms available at the technology center are being rented at a cost of \$100 per month plus related fees.

In response to a question regarding the Head Start/Child Development Center, Mr. Bensen said at the present time the facility employs 35 individuals and plans to hire an additional seven individuals in the next few months.

NORTH DAKOTA UNIVERSITY SYSTEM LONG-TERM FINANCING PLAN AND RESOURCE ALLOCATION MODEL

After the tour, Dr. Chaffee commented regarding the North Dakota University System long-term financing plan and the resource allocation model.

She said she is satisfied with the underlying principles of the long-term financing plan and the resource allocation model, but she is concerned with the implementation of the plan and model. She said she is also concerned with the budget preparation process for the 2003-05 biennium.

Senator Nething said the North Dakota University System long-term financing plan and resource allocation model are works in progress that will be refined over time. He said the State Board of Higher Education may have to establish a special funding pool to assist institutions suffering from enrollment declines.

In response to a question regarding the higher education budget preparation process for the 2003-05 biennium, Mr. Jim W. Smith, Legislative Budget Analyst and Auditor, said higher education is in a transition period in regard to funding methodologies and, therefore, there is a question as to the information to be provided in support of the 2003-05 biennium budget request. He said the committee may wish to provide input regarding the information to be provided in the budget request.

OTHER INFORMATION

In regard to a question from Senator Solberg regarding the state's proposed enterprise resource planning (ERP) system, Dr. Chaffee said the university is preparing for the implementation process of the state's proposed ERP system and is looking forward to being a pilot institution for the implementation.

The committee recessed at 3:20 p.m.

LAKE REGION STATE COLLEGE

The committee reconvened at 9:00 a.m. on Tuesday, March 5, 2002, at the Main Building, Lake Region State College. Dr. Sharon Etemad, President, Lake Region State College, welcomed the committee to the campus and reviewed the committee's tour packet contents. A copy of the packet is on file in the Legislative Council office.

Dr. Etemad said Lake Region State College was founded in the fall of 1941 as an extension of the public school program of Devils Lake and has grown into a community college that responds to the educational and economic development needs of the area. She reviewed the college's strategic plan, *A Vision for the Future*, a copy of which is included in the committee's tour packet. She said the plan has been aligned with the cornerstones included in the *1999-2000 Higher Education Roundtable Report*.

Mr. Dan Johnson, Registrar, Lake Region State College, provided information regarding enrollment. The information is included in the committee's tour packet. Mr. Johnson said the college's headcount enrollment for the fall 2001 semester was 1,308, an increase of 406 from the fall 2000 semester, and the college's full-time equivalency enrollment for the fall 2001 semester was 624, an increase of 276 from the fall 2000 semester. He said the large increases are

due in part to the University System's new method of student counting that includes students served through distance delivery and outreach education programs.

Dr. Etemad provided comments regarding the status of the 2001-03 biennium budget and the North Dakota University System long-term financing plan and the resource allocation model. The information is included in the committee's tour packet. She said the college's tuition revenue for the first year of the biennium is close to estimates and the college anticipates using utility savings of approximately \$50,000 from the first year of the biennium for addressing ongoing maintenance concerns.

Dr. Etemad said in regard to the North Dakota University System long-term financing plan and the resource allocation model, the peer comparator institutions selected for Lake Region State College are:

- Brunswick Community College.
- Carteret Community College.
- Cecil Community College.
- Clatsop Community College.
- Kirtland Community College.
- Paul D. Camp Community College.
- Sampson Community College.
- West Shore Community College.

Dr. Etemad said at the present time the college is funded at approximately 68 percent of its peer comparator institutions. She said the college derives approximately 55 percent of its funding from state appropriations and approximately 45 percent from tuition revenue. The recommended funding share for the college is 75 percent from state appropriations and 25 percent from tuition revenue. She said the State Board of Higher Education has allocated \$150,000 to the college for equity during the 2001-03 biennium from the University System's equity and special needs pool based on the long-term financing plan and the resource allocation model.

In response to a question from Senator Nething regarding the North Dakota University System long-term financing plan and the resource allocation model, Dr. Etemad said the college's large percentage of funding from tuition revenue results from the college's entrepreneurial efforts. She said she is pleased that the long-term financing plan recognizes those entrepreneurial efforts of the college.

Mr. Jay Olson, Lake Region State College instructor, provided information regarding the college's adult farm management program. The information is included in the committee's tour packet. Mr. Olson said the college's adult farm management program serves approximately 85 farm families through individual and classroom instruction. He said the college is in the process of implementing an expansion of the adult farm management program in the Langdon area to serve approximately 40 farm families beginning in the fall of 2002.

Ms. Theresa K. Leiphon, Director of Student Support Services TRIO Program, Lake Region State College, provided information regarding the college's North Central Association of Colleges and Schools reaccreditation process. The information is included in the committee's tour packet. Ms. Leiphon said in 1999-2000 the college completed an internal self-study report. In March 2001 representatives of the North Central Association of Colleges and Schools conducted an onsite evaluation at the college, and it was a unanimous recommendation that Lake Region State College be granted reaccreditation for 10 years.

Dr. Randall R. Fixen, Director of Counseling and Housing, Lake Region State College, provided information regarding student retention. The information is included in the committee's tour packet. Dr. Fixen said the college is in the process of establishing a student support services TRIO program that serves low-income students, first generation college students, and qualified disability students by providing tutoring, counseling, scholarship search assistance, and other support and guidance. He said the college's student retention rate for 2001 was 70 percent and the college's retention rate from the fall 2001 semester to the spring 2002 semester was 91 percent.

Mr. Richard Peterson, Education Outreach Officer, Lake Region State College, provided information regarding the college's outreach education provided at the Grand Forks Air Force Base. The information is included in the committee's tour packet. Mr. Peterson said the college offers complete degree programs at the Grand Forks Air Force Base through accelerated term evening and weekend classes.

In response to a question from Senator Wardner regarding outreach education provided at the Grand Forks Air Force Base, Mr. Peterson said approximately 25 to 35 percent of students educated at the Grand Forks Air Force Base are nonmilitary individuals not residing on the military base.

Ms. Grace A. Bruno, Director of Continuing Education, Lake Region State College, provided information regarding the college's outreach services. Ms. Bruno said the college's outreach services include noncredit courses, short-term career training, the dual credit program, the hometown university program, extended degree programs, and on-line courses. She said at the present time 45 local school districts partner with the college to offer dual credit courses. The dual credit program headcount for fall 2001 was 450. She said the college offered six on-line courses for the spring 2002 semester and had 80 registrations from 62 students.

In response to a question from Senator Holmberg regarding the college's dual credit program, Ms. Bruno said a large majority of the dual credit instructors are employed by local school districts. Each school district with an instructor teaching a dual credit

class receives a stipend from the college as payment for the service.

In response to a question from Representative Martinson regarding the college's dual credit program, Ms. Bruno said the dual credit program is available to high school juniors and seniors who meet academic requirements.

Ms. Laurel Goulding, Vice President for Student Services, Lake Region State College, provided information regarding the college's enrollment management plan. The information is included in the committee's tour packet. Ms. Goulding said the college's enrollment management plan centers on the building of prospect listings, the qualifying of prospects, and the converting of prospects to enrolled students. She said one of the challenges faced by the college is overcoming access barriers to the lists of North Dakota high school graduates.

In response to a question from Senator Nething regarding the college's planned uses for the tuition waiver option, Dr. Etemad said the college is in the process of developing a plan for using the tuition waiver option.

The committee recessed for lunch at 12:10 p.m. and reconvened at 12:50 p.m.

Ms. Holly Mawby and Mr. Galen Cariveau, Directors, Northeast Workforce Training Partnership, provided information regarding Lake Region State College's implementation of the workforce training system. The information is included in the committee's tour packet. Ms. Mawby said in July 1999 the Legislative Assembly assigned Lake Region State College the primary responsibility for workforce training in the northeast quadrant of the state. She said the college entered into an agreement with the Workforce Development Office of the University of North Dakota to form a partnership known as the Northeast Workforce Training Partnership. She said the oversight and administration of workforce training belongs with the higher education institutions because higher education institutions have the infrastructure to provide educational services and the flexibility to customize training.

Ms. Mawby said the Northeast Workforce Training Partnership provided training to 2,324 employees during fiscal year 2001, an increase of 1,144 employees compared to the number of employees trained in fiscal year 2000. She said the partnership conducted 11,492 hours of training in fiscal year 2001, an increase of 3,010 hours compared to the number of training hours conducted in fiscal year 2000.

Mr. Cariveau said the Northeast Workforce Training Partnership's budget for fiscal year 2002 is approximately \$450,000, including \$140,000 of direct training revenues, \$135,940 from the state general fund, and \$124,060 of financial contributions from Lake Region State College, University of North Dakota, and business and industry. He said the

partnership received direct training revenue of \$113,199 and had expenditures of \$270,737 in fiscal year 2001.

Dr. Etemad said North Dakota Century Code Section 52-08-12, which becomes effective July 1, 2003, requires that prior to the distribution of workforce training funds for the second year of a biennium, each workforce training region must certify that at least 50 percent of the regional funds estimated to be raised during the biennium have been received or are pledged to be received. She said workforce training regions have difficulties raising the regional funds, and she would like the restrictions regarding the distribution of workforce training funds removed.

In response to a question from Representative Martinson regarding the college's workforce training implementation, Dr. Etemad said the workforce training support from the state general fund is needed by the workforce training regions for infrastructure. She said the support from the state general fund was not intended to be strictly for costs associated with the startup of the workforce training regions.

Ms. JoAnne Rodenbiker, Northern Plains Electric employee and member of the local workforce training board, provided information regarding workforce training provided in the region. Ms. Rodenbiker said the Northeast Workforce Training Partnership is an important source of technology training for small employers located in the region.

Mr. Jim Dahlen, Executive Director, FORWARD Devils Lake Development Corporation, provided information regarding the workforce training provided in the region. Mr. Dahlen said the workforce training provided by the Northeast Workforce Training Partnership is essential to marketing and recruiting companies to the Devils Lake region.

OTHER INFORMATION

Mr. Larry Isaak, Chancellor, North Dakota University System, said the North Dakota University System received the 2002 National Bellwether Award sponsored by the Futures Assembly of the Community College in the category of policy and governance in recognition of the work of the Higher Education Roundtable.

LAKE REGION STATE COLLEGE BUDGET TOUR

Dr. Etemad provided information regarding the status of the college's capital improvements during the 2001-03 biennium and the college's future capital improvement needs. She said the college received a grant in the amount of \$22,000 from the preliminary planning revolving fund for preplanning associated with the science laboratory and associated area renovation. She said the 2001 Legislative Assembly provided the college a \$325,000 special funds appropriation for renovation of the front entrance of the college's Main Building. She said at the present time, the college is in the process of raising funds for the project.

The committee toured Lake Region State College facilities, including Robert Fawcett Auditorium, Heritage Hall, the basement of the Student Union, Paul Hoghaug Library, the science laboratory area, and the Erlandson Building.

In response to a question from Senator Nething regarding the college's future capital improvement needs, Dr. Etemad said the renovation of the science laboratory area is the college's first priority for the 2003-05 biennium capital improvement needs.

Chairman Nething said the committee's next scheduled meeting is at Bismarck State College on Monday, March 25, 2002.

The committee adjourned subject to the call of the chair at 3:10 p.m.

Roxanne Woeste
Fiscal Analyst

Jim W. Smith
Legislative Budget Analyst and Auditor

ATTACH:1