

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

HIGHER EDUCATION COMMITTEE

Monday and Tuesday, September 10-11, 2001
Valley City State University, Valley City, North Dakota
State College of Science, Wahpeton, North Dakota

Senator Dave Nething, Chairman, called the meeting to order at 8:30 a.m. on Monday, September 10, 2001, at the Student Center, Valley City State University, Valley City.

Members present: Senators Dave Nething, Linda Christenson, Ed Kringstad, Elroy N. Lindaas, Rich Wardner; Representatives Ole Aarsvold, Rachael Disrud, Eliot Glassheim, Pam Gulleon, Nancy Johnson, Myron Koppang, Bob Martinson, Ralph Metcalf, Bill Pietsch, Lonny Winrich

Members absent: Senators Tim Flakoll, Tony Grindberg, Ray Holmberg, Ken Solberg; Representatives Michael Grosz, Roxanne Jensen, Janet Wentz

VALLEY CITY STATE UNIVERSITY MEETING AND BUDGET TOUR

Others present: See Appendix A

Senator Larry J. Robinson, Legislative Council member, was also in attendance.

Dr. Ellen Chaffee, President, Valley City 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. Steven Bensen, Vice President for Business Affairs, Valley City 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. Mr. Bensen said the university's operations budget for the first year of the 2001-03 biennium is approximately \$7.6 million, which is approximately 50 percent of the university's 2001-03 legislative appropriation. He said the university received an \$850,000 general fund appropriation from the 2001 Legislative Assembly for replacing an existing coal boiler with a boiler that uses natural gas or fuel oil, but instead the university has decided because of coal costs to use the appropriation for operational enhancements to the existing coal boiler. He said in regard to the university's guaranteed energy-savings contract, an outside vendor was selected to conduct a comprehensive facilities analysis to identify energy-saving improvements. After completion of the analysis, the university entered into a 10-year master lease agreement with GE Capital to finance the implementation of select energy-saving improvements. The total amount of the

master lease agreement was \$2,255,396, of which the university made a downpayment of \$867,000. Future payments are guaranteed to be available from energy savings.

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

- Graichen Gymnasium elevator and exit (\$500,000).
- Steamline replacement (\$1,500,000).
- Vangstad Auditorium renovation (\$400,000).
- Foss Music Hall elevator (\$225,000).
- Osmon Fieldhouse bleachers (\$250,000).

In response to a question from Representative Koppang regarding the university's capital improvements, Mr. Bensen said originally the university planned to remove the existing coal boiler and replace it with a new boiler which would use natural gas or fuel oil, but due to last winter's high natural gas prices, the university has decided to complete operational enhancements to the existing coal boiler.

In response to a question from Representative Winrich regarding the guaranteed energy-savings contract, Mr. Bensen said the total cost of the energy-saving improvements, which were financed through GE Capital, was \$2,255,396. He said the university made a downpayment on the lease in the amount of \$867,000 and will repay the remaining \$1,388,396 over 10 years using energy and operational savings.

In response to a question from Representative Pietsch regarding the guaranteed savings contract lease payment, Mr. Bensen said the annual lease payment is approximately \$165,000, and the projected annual energy and operational savings is \$175,758.

Mr. Dan Klein, Director, Enrollment Services, Valley City State University, provided information regarding the university's enrollment. Mr. Klein said the university's official enrollment for the fall 2001 semester will not be known until the third week of classes; however, the university is expecting head-count and full-time equivalent enrollment figures to be close to last year's enrollment of 1,090 and 910, respectively. He said the university plans to use a tuition waiver program to recruit students from states which are not currently offered any discounts from the university's out-of-state tuition rate.

In response to a question from Senator Nething regarding the tuition waiver program, Mr. Klein said at

the present time the university does not have a limit on the number of students allowed to access the program, but if the university reaches student capacity, the use of the tuition waiver program would have to be reviewed.

Dr. Chaffee provided information regarding the university's progress toward implementation of the recommendations from the 1999-2000 Higher Education Roundtable report and the university's strategic plan. A copy of the information is attached as Appendix B. She said the university has endorsed the Higher Education Roundtable report and has adopted the report's cornerstones as strategic goals for the university. The following are examples of actions taken by the university in an effort to accomplish its strategic goals.

Economic Development

- The university is actively working with local development groups to capitalize on the university's notebook initiative for attracting and establishing businesses.
- The university has partnered with private industry in Fargo to provide for-credit advanced information technology skills.

Education Excellence

- The faculty is identifying required competencies for graduation and methods of tracking student achievement on those competencies.
- All candidates for a degree must successfully demonstrate specific abilities using a digital portfolio.

Flexible and Responsive System

- The university has developed 25 web-based courses for delivery both on campus and off campus.

Accessible System

- The university offers elementary education in Fargo in collaboration with North Dakota State University.
- The university is collaborating with the State College of Science for workforce training.

Funding and Rewards

- The university's 2001-03 budget request was consistent with the recommendations of the roundtable.

Sustaining the Vision

- The university provides documentation of institutional effectiveness through annual *Reports to Investors*.

Dr. Don Mugan, Chair, Technology Department, Valley City State University, provided information regarding the university's technology education program. Dr. Mugan said technology education is a new discipline that seeks to provide the United States with technologically literate citizens for a productive life in the new information age. He said the university's technology teacher education program is

expected to meet the immediate needs of schools and the future needs of the North Dakota workforce.

Dr. Terry Corwin, Director, Instructional Technology, Valley City State University, provided information regarding the university's digital portfolio requirement. Dr. Corwin said the portfolio process began in 1995, and a senior digital portfolio is required of all students who have entered the university under the 1998-2000 catalog or later. She said the portfolios are to demonstrate a student's skills and abilities.

Mr. Joseph Munowenyu, Valley City State University student, provided comments regarding his experience attending the university and majoring in computer information systems.

Ms. Jennifer Feist, Director, Valley City - Barnes County Area Economic Development Corporation, provided information regarding the area's new Regional Technology Center. Ms. Feist said the Valley City - Barnes County Area Economic Development Corporation recently completed the construction of a regional technology center located on the campus of Valley City State University. She said the center houses the university's technology education program and the Center for Innovation in Instruction and provides space for business incubation.

After lunch the committee conducted a tour of the campus of Valley City State University, including Foss Music Hall, Graichen Gymnasium, the university's powerhouse, Osmon Fieldhouse, the Regional Technology Center, and the Kathryn Center for Lifelong Learning.

In response to a question regarding the coal boiler enhancement project, Mr. Ron Pommerer, Director, Facilities Services, Valley City State University, said the enhancements to the existing coal boiler will take approximately 18 months to complete.

In response to a question regarding the Osmon Fieldhouse, Mr. Pommerer said the cost for replacing the fieldhouse bleachers is approximately \$250,000.

Upon completion of the tour, the committee recessed at 4:00 p.m.

STATE COLLEGE OF SCIENCE MEETING AND BUDGET TOUR

Others present: See Appendix C

Representative Bruce Eckre and Senators Joel C. Heitkamp, Larry J. Robinson, Legislative Council member, and Russell T. Thane were also in attendance.

The committee reconvened at 8:30 a.m. on Tuesday, September 11, 2001, on the State College of Science campus.

Chairman Nething recognized Mr. Craig Caspers, Vice President, State Board of Higher Education, who welcomed the committee to the State College of Science and the city of Wahpeton.

Chairman Nething reviewed a tentative schedule for budget tours and meetings of the Higher Education Committee as follows:

Tentative Tour or Meeting Date	Institution or Location
October 16, 2001 (Tuesday)	Bismarck - Capitol
November 7-8, 2001 (Wednesday-Thursday)	North Dakota State University Main Research Center
January 10-11, 2002 (Thursday-Friday)	University of North Dakota
March 4-5, 2002 (Monday-Tuesday)	Lake Region State College Mayville State University
March 25, 2002 (Monday)	Bismarck State College
April 8-9, 2002 (Monday-Tuesday)	Minot State University - Bottineau Forest Service Minot State University North Central Research Extension Center
May 6-7, 2002 (Monday-Tuesday)	Williston State College Williston Research Extension Center Dickinson State University Dickinson Research Extension Center

Dr. Sharon Hart, President, State College of Science, Wahpeton, welcomed the committee to the campus of the State College of Science and provided comments regarding the college, a copy of which is included in the tour packet distributed and on file in the Legislative Council office. Dr. Hart said the State College of Science is the nation's second oldest two-year college. She said 60 percent of the students are enrolled in technical and health-related programs. She said the college is the first in North Dakota to guarantee the success of its graduates by providing at least six additional credits of retraining if a student or employer is not satisfied.

Mr. Bob Gette, Vice President, Institutional Affairs, State College of Science, provided information regarding enrollment and job placement. Mr. Gette said the official enrollment for the fall 2001 semester will be taken on September 18, 2001. He said the college is expecting headcount and full-time equivalent enrollment to be similar to fall 2000 enrollment numbers of 2,425 and 2,276, respectively. He said approximately 55 percent of the students are enrolled in technology areas and 24 percent are enrolled in the liberal arts area. He said the college placed approximately 95 percent of 1999-2000 graduates in employment, with approximately 65 percent placed in North Dakota.

Mr. Mike Renk, Vice President, Administrative Affairs, State College of Science, provided information regarding the college's state and nonstate funding for the 2001-03 biennium, 2001-02 salary increases, 2001-03 capital improvements, the college's laptop initiative, and future needs of the college. Mr. Renk said the average 2001-02 salary increase for appropriated positions was 3.2 percent.

Mr. Renk said the college's 2001-03 capital improvement projects include:

- Steamline replacement (\$1,100,000 - Completed summer 2001).

- Roof replacement (\$250,000 - To be completed in spring 2002).
- Electrical distribution system improvements (\$760,000 - To be completed in summer 2002).
- Parking lot improvements (\$1,000,000 - In progress).

Mr. Renk said the college will also remodel the Student Center and the Blikre Activities Center during the 2001-03 biennium if sufficient local funds are collected. He said the college has designated \$390,000 in the 2001-03 budget for a laptop initiative. The funds will be used to purchase laptop computers for the faculty, to pay faculty to convert their curriculum to the new environment, and to convert the college into a wireless campus. He said the future needs of the college include salary increases, energy management, and remodeling of Horton Hall, Old Main, Hektner Hall, and Mildred Johnson Library.

In response to a question from Senator Lindaas regarding the laptop initiative, Mr. Renk said the college will only purchase laptops for faculty. Students will be required to either lease or buy their own laptops.

In response to a question from Representative Guleson regarding the parking lot improvements, Mr. Renk said the college issued 10-year revenue bonds to be repaid with parking fee revenue to finance the improvements.

Dr. Hart provided information regarding the college's goals and objectives. She said the goals of the college follow the cornerstones included in the Higher Education Roundtable report, and the college has identified several objectives for each goal. The following are examples of objectives identified for each goal:

Economic Development

- Expand the number and percentages of businesses and employees in the southeast region receiving workforce training.
- Focus course and degree programs on the economic, social, and educational needs of North Dakota.

Education Excellence

- Provide students with the knowledge, attitudes, and skills to be successful in their professional and personal lives.
- Provide a working environment to attract, employ, and retain faculty and staff of the highest quality.

Flexible and Responsive System

- Foster an environment of empowerment and trust to enhance creativity and flexibility at all levels.

Accessible System

- Expand course offerings in other population centers.

Funding and Rewards

- Develop salary compensation strategies to meet or exceed market levels.
- Identify cost-saving strategies for the effective management of the institution.

Sustaining the Vision

- Periodically review campus progress toward meeting the campus's strategic initiatives.

Mr. Jerry Migler, Dean, and Mr. Dale Knutson, Marketing Director, Outreach and Customize Training, State College of Science, provided information regarding the college's implementation of the workforce training system. A copy of the information is on file in the Legislative Council office.

Mr. Migler said workforce training is training oriented toward serving the training needs of business and industry, and workforce development is the education and training of individuals provided by kindergarten through grade 12, higher education, and state and federal government. He said the southeast workforce training region provided training to 2,403 employees during fiscal year 2001 compared to 2,576 employees in fiscal year 2000. He said the region received revenue of \$1,104,304 and had expenditures of \$932,375 in fiscal year 2001. He said the region's future initiatives include plans to create a more visible public relations effort, develop strategic partnerships with businesses, industries, and agencies, review the Skills and Technology Training Center financial history and business model to determine if it is maintaining its focus, and provide additional workforce training marketing support to the western area of the region.

In response to a question from Representative Pietsch regarding workforce revenues, Mr. Migler said the fiscal year 2001 total revenue of \$1,104,304 consisted of \$706,592 from direct training revenues, \$150,000 from business and industry donations, \$68,840 from the State College of Science, and \$178,872 from the state general fund appropriation for workforce training.

Mr. Cristofer Somerville, Posi Lock Puller, Inc., manager and part owner, Cooperstown, provided information regarding training received through the southeast workforce training region. Mr. Somerville said Posi Lock Puller, Inc., employees receive specialized machining training onsite.

Ms. Marilee Tischer, Imation employee and member of the local workforce training board, provided information regarding the workforce training her employer receives through the southeast workforce training region. Ms. Tischer said her employer receives data management, machining, and manufacturing training from the college.

After lunch the committee conducted a tour of the State College of Science campus, including Horton Hall, Mayme Green Allied Health Center, the Skills and Technology Training Center, and the university's heating plant.

In response to a question regarding the college's steamline replacement, Mr. Renk said the new steamline installed is expected to have a life of 30 years.

In response to a question regarding the college's energy management, Mr. Renk said the college is in the process of completing a feasibility study that will determine at which point it would be more feasible for the college to use coal instead of natural gas or fuel oil.

Upon completion of the tour, the committee adjourned subject to the call of the chair at 3:55 p.m.

Roxanne Woeste
Fiscal Analyst

Jim W. Smith
Legislative Budget Analyst and Auditor

ATTACH:3