

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

HIGHER EDUCATION COMMITTEE

Monday and Tuesday, September 13-14, 2004

Minot State University - Bottineau and Forest Service, Bottineau, North Dakota
Minot State University and North Central Research Extension Center, Minot, North Dakota

Senator Ray Holmberg, Chairman, called the meeting to order at 9:30 a.m. on Monday, September 13, 2004, at the Nelson Science Center, Minot State University - Bottineau, Bottineau.

Members present: Senators Ray Holmberg, Tim Flakoll, Tony S. Grindberg, Ed Kringstad, Elroy N. Lindaas, Dave Nething; Representatives Ole Aarsvold, Bette B. Grande, Kathy Hawken, Nancy Johnson, Frank Klein, Bob Martinson, Darrell D. Nottestad, Steven L. Zaiser

Members absent: Representatives Thomas Brusegaard, Eugene Nicholas

Others present: See Appendix A

It was moved by Senator Flakoll, seconded by Representative Klein, and carried on a voice vote that the minutes of the June 14-15, 2004, meeting be approved as distributed.

MINOT STATE UNIVERSITY - BOTTINEAU

Chairman Holmberg welcomed Senator David P. O'Connell, Lansford, a member of the Legislative Council, Representative Glen Froseth, Kenmare, and Representative Bob Hunskor, Newburg, to the meeting.

Dr. Ken Grosz, Dean, Minot State University - Bottineau, welcomed the committee to the campus and recognized Dr. David Fuller, President, Minot State University, who provided comments on Minot State University - Bottineau.

Dr. Grosz provided information regarding the university's enrollment, program offerings, and accomplishments relating to the Higher Education Roundtable cornerstones. The information is included in the committee's tour packet, a copy of which is on file in the Legislative Council office. He said the university's fall 2003 headcount enrollment and full-time equivalent enrollment was 620 and 443, respectively, and approximately 45 percent of the university's students are enrolled in liberal arts, undecided, or transfer programs. He said the university has expanded its distance delivery alternatives and, at the present time, the university offers 38 online courses and 41 courses through the Interactive Video Network (IVN). The university also offers dual credit courses through the IVN to nine area high schools. He said the university has added several program options, including information technology network security,

information technology operating systems technician, natural resource management, and golf course grounds technician. He said the university is considering potential centers of excellence, including an institute of outdoor life, a center for entrepreneurial tourism and recreation, and an entrepreneurial center for horticulture.

In response to a question from Senator Nething regarding dual credit students, Dr. Grosz said the university needs to do a better job tracking dual credit students and giving those students more exposure to the university.

In response to a question from Senator Flakoll regarding the transfer of credits, Dr. Grosz said the number of complaints relating to the transfer of credits has decreased significantly in the last few years.

Mr. Larry Brooks, Associate Dean for Instruction, Minot State University - Bottineau, provided information regarding the Dakota Nursing Consortium. He said Minot State University - Bottineau, Lake Region State College, Bismarck State College, and Williston State College have formed the Dakota Nursing Consortium for the purpose of offering one-year licensed practical nursing (LPN) and two-year associate degree nursing (ADN) programs. He said the consortium's one-year LPN program was approved by the State Board of Nursing in July 2004 and Minot State University - Bottineau has 16 students enrolled in the program for the fall 2004 semester. He said the consortium's two-year ADN program is anticipated to be approved by the State Board of Nursing in September 2004.

In response to a question from Senator Flakoll, Mr. Brooks said each higher education institution in the consortium is allowed to enroll 16 students in the one-year LPN program for the 2004-05 academic year.

In response to a question from Senator Flakoll, Mr. Brooks said the students in the university's practical nursing program range in age from 18 to 50.

Mr. Jim Borkowski, Director of Financial Affairs, Minot State University - Bottineau, provided information regarding the university's 2003-05 biennium budget, salary adjustments, tuition rates, and future capital improvement needs. A copy of the information is included in the committee's tour packet. He said the university's expenditures and tuition collections for

the 2003-05 biennium are on track. He said the university provided employees a 1 percent across-the-board salary increase in fiscal year 2004 and a 3.5 percent average salary increase in fiscal year 2005. He said the university increased tuition by 14.6 percent for the 2003-04 school year and 15.7 percent for the 2004-05 school year.

Mr. Borkowski said in regard to 2003-05 biennium major capital projects and future capital improvement needs, the university received a \$113,706 general fund appropriation from the 2003 Legislative Assembly for a heating, ventilation, and air-conditioning project in Thatcher Hall. He said the university and the Forest Service have agreed to develop a biomass heating demonstration project using woodchips to heat the Molberg Center and greenhouse complex. He said the estimated cost of the demonstration project is \$227,882 and the sources of funding for the project are grants from the United States Department of Agriculture Forest Service and the North Dakota Department of Commerce and in-kind contributions from Minot State University - Bottineau. He said the university's future capital improvement needs include:

- Old Main replacement - Thatcher Hall addition (\$2,500,000).
- Steamline replacement (\$235,000).
- Extraordinary repairs (\$116,393).

In response to a question from Senator Flakoll regarding the biomass heating demonstration project, Mr. Borkowski said the project would change the heating fuel source for the Molberg Center and attached greenhouse from No. 2 fuel oil to woodchips. He said the project is estimated to result in an annual savings of approximately \$20,000.

In response to a question from Senator Holmberg regarding Old Main, Mr. Borkowski said after a series of public meetings, the university determined that an addition to Thatcher Hall as a replacement of Old Main would provide students with the best possible learning environment. He said a group of local citizens is reviewing alternative uses for Old Main.

FOREST SERVICE

Mr. Larry Kotchman, State Forester, North Dakota Forest Service, provided information regarding Forest Service programs, the status of the 2003-05 biennium budget, and anticipated budget needs for the 2005-07 biennium. A copy of the information is on file in the Legislative Council office. He said the mission of the Forest Service is to care for, protect, and improve forest and natural resources to enhance the quality of life for future generations. He said the Forest Service is organized under the State Board of Higher Education and administered by the State Forester who reports to the president of North Dakota State University. He said the Forest Service is authorized 17.97 full-time equivalent positions and is comprised of the following seven program coordination teams:

- Community forestry.
- Fire management.
- Forest resource management.
- Information and education.
- State forests.
- Sustainable forestry.
- Tree production.

Mr. Kotchman said the Forest Service legislative appropriation for the 2003-05 biennium of \$2,861,077 includes funding of \$1,771,076 from the general fund, \$727,515 of estimated income from tree sale collections, \$247,486 from the Trees for North Dakota program, and \$115,000 from the State Forester reserve account. He said the Forest Service received authorization from the 2003 Legislative Assembly for construction of an equipment and supply storage building at the Towner nursery (\$90,000) and construction of an equipment and supply storage building at the Bottineau facility (\$25,000).

Mr. Kotchman said the Forest Service capital assets budget request for the 2005-07 biennium includes funding for the construction of a seed processing facility at the Towner nursery for an estimated cost of \$65,000. He said the agency's optional budget requests for the 2005-07 biennium include:

- An increase in capital asset funding (\$71,031).
- An additional 1.2 percent salary adjustment (\$33,577).
- Funding for the agency's building sustainable communities through forestry initiative (\$141,238).

Information regarding the Forest Service land and building utilization is attached as Appendix B.

The committee toured Minot State University - Bottineau and Forest Service facilities, including Old Main, Thatcher Hall, Molberg Center, and the university's greenhouse.

In response to a question regarding Thatcher Hall, Mr. Borkowski said the heating, ventilation, and air-conditioning project in Thatcher Hall, approved by the 2003 Legislative Assembly, was completed in September 2004.

In response to a question regarding Old Main, Mr. Borkowski said the estimated cost of renovating Old Main, including addressing accessibility issues, is approximately \$2.2 million.

The committee recessed for lunch at 12:30 p.m. After lunch, the committee traveled to the North Central Research Extension Center, Minot.

NORTH CENTRAL RESEARCH EXTENSION CENTER

The committee reconvened at 2:55 p.m. at the North Central Research Extension Center, Minot. Chairman Holmberg welcomed Senator Karen K. Krebsbach, Minot, a member of the Legislative Council, and Representative Matthew M. Klein, Minot, to the meeting.

Mr. Jay Fisher, Director, North Central Research Extension Center, welcomed the committee to the center and provided information regarding the mission, major accomplishments, status of the 2003-05 biennium budget, and future critical needs of the North Central Research Extension Center. A copy of the information is on file in the Legislative Council office. He said the mission of the center is to conduct research to increase agricultural productivity in north central North Dakota and to serve area agricultural producers through crop research, foundation seed production, and dissemination of education programs. He said the center's general fund appropriation for the 2003-05 biennium is \$882,341 and the center's general fund budget for the second year of the biennium is \$400,568, including \$362,308 for salaries and wages and \$38,260 for operating expenses. He said future critical issues facing the center are:

- Construction of a new agronomy laboratory and greenhouse.
- Construction of a machine storage building.
- Increases in operating and equipment funding.
- Establishment of centers of excellence in bio-based products, pulse crop production, invasive weed species, and other issues.
- Construction of an addition to the office and technology transfer building.

In response to a question from Senator Nething regarding the proposed new agronomy laboratory and greenhouse facility, Mr. Fisher said the proposed facility is necessary to increase available working area for crop production research and the estimated cost of the project is \$600,000 to \$700,000.

The committee conducted a tour of North Central Research Extension Center facilities, including the old seedhouse and the old office building.

In response to a question from Senator Kringstad, Mr. Fisher said the old seedhouse was constructed in 1949 and the old office building was constructed in 1909.

In response to a question from Senator Nething, Mr. Fisher said the old seedhouse and the old office building could be removed after construction of the new agronomy laboratory and greenhouse and the addition to the office and technology transfer building.

The committee recessed at 4:20 p.m.

HIGHER EDUCATION LONG-TERM FINANCING PLAN AND BILL DRAFTS

The committee reconvened at 8:30 a.m. on Tuesday, September 14, 2004, at the Student Union, Minot State University. Chairman Holmberg welcomed Senator Karen K. Krebsbach, Minot, and Senator David P. O'Connell, Lansford, members of the Legislative Council, Senator Tom Seymour, Minot, Representative Matthew M. Klein, Minot, and Representative Andrew Maragos, Minot, to the meeting.

The Legislative Council staff presented a memorandum entitled *Information Regarding the North Dakota University System Long-Term Financing Plan and Related Peer Institutions*. The memorandum provides a summary of the base funding component of the State Board of Higher Education's long-term financing plan and a summary of fiscal year 2002 state appropriations for the peer comparator institutions for the North Dakota University System.

In response to a question from Representative Hawken, the Legislative Council staff said the amounts reported for the University of North Dakota include amounts for the UND School of Medicine and Health Sciences.

The Legislative Council staff presented a bill draft [50093.0100] relating to the appropriation of higher education institutions' special revenue funds. The bill draft amends North Dakota Century Code (NDCC) Section 15-10-12 to continue the continuing appropriation authority for higher education institutions' special funds, including tuition, through the 2005-07 biennium. The emergency clause allows for the continuation of the provisions without disruption.

The Legislative Council staff presented a bill draft [50094.0100] relating to budget requests and block grant appropriations for the North Dakota University System. The bill draft amends NDCC Section 54-44.1-04 to continue the requirement that higher education budget requests include estimates for a base funding component and for an initiative funding component for specific strategies or initiatives and a budget estimate for an asset funding component for renewal and replacement of physical plant assets. The bill draft also amends Section 54-44.1-06 to continue the requirement that higher education appropriations include block grants for a base funding appropriation and for an initiative funding appropriation for specific strategies or initiatives and an appropriation for asset funding for renewal and replacement of physical plant assets. The emergency clause allows for the continuation of the provisions without disruption.

The Legislative Council staff presented a bill draft [50095.0100] relating to the cancellation of unexpended appropriations for the North Dakota University System. The bill draft amends NDCC Section 54-44.1-11 to provide for the continuation of higher education's authority to carry over unspent general fund appropriations as provided by the Legislative Assembly. The emergency clause allows for the continuation of the provisions without disruption.

The Legislative Council staff presented a concurrent resolution draft [53001.0100] directing the Legislative Council to study the State Board of Higher Education's performance and accountability measures included in the report required by NDCC Section 15-10-14.2.

Dr. Robert L. Potts, Chancellor, North Dakota University System, provided comments regarding the

bill drafts relating to the continuation of legislation passed by the 2003 Legislative Assembly. A copy of his comments is on file in the Legislative Council office. He said the committee may want to consider making permanent the proposed legislation instead of extending it for two more years. He said a permanent statutory change would further demonstrate that the new trusting relationship has become a permanent part of our culture in the state. He said the North Dakota University System has started an internal review of the performance and accountability measures and the system anticipates providing meaningful recommendations regarding changes to the performance and accountability measures to the 2005 Legislative Assembly.

Senator Nething said the continuation of the legislation passed by the 2003 Legislative Assembly for two more years allows the Legislative Assembly to review its relationship with higher education every two years. He said he has heard that some institutions would like to lobby the legislature individually rather than as a university system, which would be unfortunate.

In response to a question from Representative Grande, Dr. Potts said the North Dakota University System would be comfortable with a two-year continuation of the legislation passed by the 2003 Legislative Assembly.

It was moved by Representative Nottestad, seconded by Senator Flakoll, and carried on a roll call vote that the bill draft relating to the appropriation of higher education institutions' special revenue funds be approved and recommended to the Legislative Council. Senators Holmberg, Flakoll, Grindberg, Kringstad, Lindaas, and Nething and Representatives Aarsvold, Grande, Hawken, Johnson, Klein, Martinson, Nottestad, and Zaiser voted "aye." No negative votes were cast.

It was moved by Senator Nething, seconded by Representative Johnson, and carried on a roll call vote that the bill draft relating to the budget requests and block grant appropriations for the North Dakota University System be approved and recommended to the Legislative Council. Senators Holmberg, Flakoll, Grindberg, Kringstad, Lindaas, and Nething and Representatives Aarsvold, Grande, Hawken, Johnson, Klein, Martinson, Nottestad, and Zaiser voted "aye." No negative votes were cast.

It was moved by Senator Flakoll, seconded by Representative Klein, and carried on a roll call vote that the bill draft relating to the cancellation of unexpended appropriations for the North Dakota University System be approved and recommended to the Legislative Council. Senators Holmberg, Flakoll, Grindberg, Kringstad, Lindaas, and Nething and Representatives Aarsvold, Grande, Hawken, Johnson, Klein, Martinson, Nottestad, and Zaiser voted "aye." No negative votes were cast.

It was moved by Representative Nottestad, seconded by Senator Kringstad, and carried on a roll call vote that the concurrent resolution draft directing the Legislative Council to study the State Board of Higher Education's performance and accountability measures included in the report required by NDCC Section 15-10-14.2 be approved and recommended to the Legislative Council. Senators Holmberg, Flakoll, Grindberg, Kringstad, Lindaas, and Nething and Representatives Aarsvold, Grande, Hawken, Johnson, Klein, Martinson, Nottestad, and Zaiser voted "aye." No negative votes were cast.

MINOT STATE UNIVERSITY

Dr. Fuller welcomed the committee to the campus of Minot State University.

Dr. Nancy Hall, Vice President for Academic Affairs, Minot State University, provided information regarding accomplishments relating to the Higher Education Roundtable cornerstones. The information is included in the committee tour packet, a copy of which is on file in the Legislative Council office. She said representatives of the university meet annually to discuss and set goals relating to the Higher Education Roundtable cornerstones. She said in regard to economic development, the university served over 300 clients and provided over 35 training symposiums through its small business development center. In regard to education excellence, the university is preparing to sponsor the biennial North Dakota University System Arts and Humanities Summit in fall 2004. She said the university is in the process of developing two new centers of excellence--an applied business center for focusing on rural development and a center for supplemental services relating to student performance under the No Child Left Behind Act. In regard to funding and rewards, the university has secured \$2.6 million in federal research funding.

In response to a question from Senator Holmberg, Dr. Hall said the university collaboratively delivers a criminal justice doctoral program with the University of North Dakota and the university collaborates with Williston State College and Lake Region State College to offer a four-year nursing degree program at those institutions.

Ms. Lisa Johnson, Director of Records, Minot State University, provided information regarding enrollment. A copy of the information is included in the committee's tour packet. She said the university's preliminary headcount enrollment for the fall 2004 semester is 3,857. She said approximately 49 percent of the university's students come from Ward County and approximately 81.5 percent of the university's students are from North Dakota. She said the highest enrollments of out-of-state students are from Montana, California, Washington, and Minnesota. She said the university's preliminary headcount for distance education for the fall 2004 semester is 1,008

in online courses--354 at the Minot Air Force Base and 134 through correspondence.

In response to a question from Senator Flakoll, Ms. Johnson said students who require remedial classes are often enrolled through Minot State University - Bottineau on the Minot State University campus.

Mr. Bruce Haskins, Vice President for Administration and Finance, Minot State University, provided information regarding the university's 2003-05 biennium budget, tuition, tuition waivers, and future capital improvement needs. A copy of the information is included in the committee's tour packet. He said the university's expenditures and tuition collections for the 2003-05 biennium are on track. He said the university increased tuition by 14.5 percent for the 2003-04 school year and 15.8 percent for the 2004-05 school year. The additional revenue generated from the rate increases is being used to fund salary increases, an inflationary increase in operating expenses, and health insurance premium increases. He said the university implemented an awards program in fall 2002 consisting of five tuition waiver options to attract new and transfer students from out of state and to attract and retain students who have demonstrated academic excellence. He said the university's major capital improvement needs for the 2005-07 biennium include the renovation and construction of an addition to Swain Hall at an estimated cost of \$5,815,000 and the renovation of Crane Hall at an estimated cost of \$3,535,000. Information regarding the Minot State University land and building utilization is attached as Appendix C.

In response to a question from Representative Nottestad regarding Crane Hall, Mr. Haskins said Crane Hall is a three-story residence hall that was built in 1960. The building has not been used since fall 2000 due to low occupancy and poor living conditions.

The committee toured the campus of Minot State University, including the Student Union ballroom,

Dome, Swain Hall, Gordon B. Olson Library, Crane Hall, and Old Main.

In response to a question regarding the Student Union ballroom, Mr. Jared Edwards, Director of Facility Services, Minot State University, said the university anticipates completing asbestos abatement in the Student Union ballroom in December 2004 for an estimated cost of \$60,000.

In response to a question regarding Swain Hall, Mr. Edwards said the construction of an addition to Swain Hall would meet the needs of the physical education department and other users of the facility and the renovation of the facility would include the upgrade and replacement of the electrical, heating, ventilating, air-conditioning, and fire alarm systems.

It was moved by Representative Grande, seconded by Representative Aarsvold, and carried that the chairman and the staff of the Legislative Council be requested to prepare a report and the bill and resolution drafts recommended by the committee and to present the report and recommended bill and resolution drafts to the Legislative Council.

It was moved by Representative Martinson, seconded by Senator Flakoll, and carried that the meeting be adjourned sine die.

Chairman Holmberg adjourned the meeting sine die at 12:30 p.m.

Roxanne Woeste
Senior Fiscal Analyst

Jim W. Smith
Legislative Budget Analyst and Auditor

ATTACH:3