HIGHER EDUCATION STUDY - BACKGROUND MEMORANDUM

STUDY RESPONSIBILITIES

The Legislative Management has assigned the following studies to the 2015-16 interim Higher Education Committee:

1. Section 45 of 2015 House Bill No. 1003 provides for a study of the delivery methods of higher education courses offered by institutions under the control of the State Board of Higher Education. The study must include a review of current methods of distance education offered by institutions, options to improve delivery methods, revenue generated by each type of delivery method, and how course delivery methods may affect future campus infrastructure needs and must include a study of the components of the higher education funding formula established in North Dakota Century Code Chapter 15-18.2, including the uses of funding provided through each of the components for costs-to-continue, salary adjustments, and other inflationary adjustments and tuition waivers.

2. Section 46 of 2015 House Bill No. 1003 provides for a study of the missions of all two-year institutions and the missions of any other institutions under the control of the State Board of Higher Education, as determined by the Legislative Management, including the feasibility and desirability of the institutions offering only workforce and career and technical education programs. The study must review the current missions of the institutions, current and projected course and program enrollments, projected workforce needs, including how the institutions can serve the needs, and options to increase operating efficiencies.

3. Section 47 of 2015 House Bill No. 1003 provides for a study of administrative costs at institutions under the control of the State Board of Higher Education. The study must include a review of the number of administrator positions at each institution, the number of new administrator positions added at each institution during the previous five academic years, the total salaries and benefits associated with the administrator positions, the average salaries and benefits for administrator positions at each institution for each of the previous five fiscal years, the percentage of overall institution operating costs attributable to administration, and options to provide future increased legislative appropriations to institutions specifically for instructional purposes.

4. House Concurrent Resolution No. 3046 (2015) provides for a study of public higher education in North Dakota for the purpose of developing and implementing a governance model that articulates: the role and function of the State Board of Higher Education and that of its Chairman and other members, including the board's objectives and the monitoring responsibilities necessary to ensure that its objectives are achieved; the role and function of the Commissioner of Higher Education, including the Commissioner's relationship with the board, the Commissioner's responsibility for implementing the board's objectives, and for meeting the board's expectations regarding organizational performance; and the role and function of each institution's president, including the authority and responsibility to supervise and direct the efficient operation of the institution, to execute all directives from the Commissioner of Higher Education, and to report directly to the Commissioner regarding the operation and management of the institution, and the execution of the directives.

A copy of Sections 45, 46, and 47 of House Bill No. 1003 (Appendix A) and House Concurrent Resolution No. 3046 (Appendix B) are attached.

BACKGROUND

The North Dakota University System consists of 11 higher education institutions under the control of the State Board of Higher Education. Of the 11 institutions, two are doctoral-granting institutions, two are master's-granting institutions, two are universities that offer baccalaureate degrees, and five are colleges that offer associate and technical degrees. Each institution is unique in its mission to serve the people of North Dakota.

Legislative appropriations for the 2015-17 biennium for higher education institutions and the University System office total $961,584,277, of which $896,574,867 is from the general fund. The following is a history of legislative appropriations for higher education since the 1997-99 biennium:

<table>
<thead>
<tr>
<th>Biennium</th>
<th>General Fund</th>
<th>Special Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997-99</td>
<td>$306,825,098</td>
<td>$323,595,863</td>
<td>$630,420,961</td>
</tr>
<tr>
<td>1999-2001</td>
<td>$334,449,287</td>
<td>$713,538,799</td>
<td>$1,047,988,086</td>
</tr>
<tr>
<td>2001-03</td>
<td>$366,953,836</td>
<td>$80,367,201</td>
<td>$447,321,037</td>
</tr>
<tr>
<td>2003-05</td>
<td>$364,029,938</td>
<td>$110,546,775</td>
<td>$474,576,713</td>
</tr>
<tr>
<td>2005-07</td>
<td>$387,157,893</td>
<td>$178,552,108</td>
<td>$565,710,001</td>
</tr>
<tr>
<td>2007-09</td>
<td>$472,036,237</td>
<td>$165,419,701</td>
<td>$637,455,938</td>
</tr>
<tr>
<td>2009-11</td>
<td>$593,355,047</td>
<td>$202,764,364</td>
<td>$796,119,411</td>
</tr>
</tbody>
</table>
The following is a summary of ongoing and one-time general fund appropriations for the University System since the 2007-09 biennium:

<table>
<thead>
<tr>
<th>Biennium</th>
<th>General Fund Appropriations</th>
<th>Special Funds Appropriations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-09</td>
<td>$443,654,169</td>
<td>$28,382,068</td>
<td>$472,036,237</td>
</tr>
<tr>
<td>2009-11</td>
<td>$534,062,895</td>
<td>$59,292,152</td>
<td>$593,355,047</td>
</tr>
<tr>
<td>2011-13</td>
<td>$606,525,437</td>
<td>$51,313,102</td>
<td>$657,838,539</td>
</tr>
<tr>
<td>2013-15</td>
<td>$679,271,846</td>
<td>$231,360,648</td>
<td>$910,632,494</td>
</tr>
<tr>
<td>2015-17</td>
<td>$737,027,599</td>
<td>$159,547,268</td>
<td>$896,574,867</td>
</tr>
</tbody>
</table>

The University System reported a total degree credit headcount enrollment of 47,660 students and a total degree credit full-time equivalent (FTE) enrollment of 38,174 students in the fall 2014 enrollment report. The following is a summary of University System degree credit headcount and FTE fall enrollments for 2005 through 2014:

### Fall Headcount Enrollment<sup>1</sup>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Dickinson State University</td>
<td>2,516</td>
<td>2,572</td>
<td>2,670</td>
<td>2,730</td>
<td>2,767</td>
<td>2,485</td>
<td>2,346</td>
<td>1,837</td>
<td>1,449</td>
<td>1,479</td>
</tr>
<tr>
<td>Lake Region State College</td>
<td>1,471</td>
<td>1,508</td>
<td>1,520</td>
<td>1,657</td>
<td>1,702</td>
<td>1,913</td>
<td>2,056</td>
<td>1,974</td>
<td>1,898</td>
<td>1,988</td>
</tr>
<tr>
<td>Mayville State University</td>
<td>912</td>
<td>832</td>
<td>769</td>
<td>789</td>
<td>887</td>
<td>982</td>
<td>970</td>
<td>1,020</td>
<td>1,065</td>
<td>1,081</td>
</tr>
<tr>
<td>Dakota College at Bottineau</td>
<td>523</td>
<td>605</td>
<td>637</td>
<td>655</td>
<td>748</td>
<td>863</td>
<td>812</td>
<td>774</td>
<td>793</td>
<td>753</td>
</tr>
<tr>
<td>North Dakota State College of Science</td>
<td>2,457</td>
<td>2,490</td>
<td>2,417</td>
<td>2,545</td>
<td>2,651</td>
<td>2,833</td>
<td>3,127</td>
<td>3,066</td>
<td>3,168</td>
<td>3,033</td>
</tr>
<tr>
<td>North Dakota State University</td>
<td>12,099</td>
<td>12,258</td>
<td>12,527</td>
<td>13,229</td>
<td>14,189</td>
<td>14,407</td>
<td>14,499</td>
<td>14,443</td>
<td>14,629</td>
<td>14,747</td>
</tr>
<tr>
<td>University of North Dakota</td>
<td>12,954</td>
<td>12,834</td>
<td>12,559</td>
<td>12,748</td>
<td>13,172</td>
<td>14,194</td>
<td>14,697</td>
<td>15,250</td>
<td>15,143</td>
<td>14,906</td>
</tr>
<tr>
<td>Valley City State University</td>
<td>1,035</td>
<td>1,037</td>
<td>982</td>
<td>1,019</td>
<td>1,083</td>
<td>1,285</td>
<td>1,384</td>
<td>1,362</td>
<td>1,366</td>
<td>1,378</td>
</tr>
<tr>
<td>Williston State College</td>
<td>947</td>
<td>912</td>
<td>731</td>
<td>850</td>
<td>949</td>
<td>932</td>
<td>993</td>
<td>808</td>
<td>909</td>
<td>883</td>
</tr>
<tr>
<td>Total</td>
<td>42,082</td>
<td>42,237</td>
<td>41,827</td>
<td>43,442</td>
<td>45,817</td>
<td>47,937</td>
<td>48,833</td>
<td>48,203</td>
<td>48,015</td>
<td>47,660</td>
</tr>
</tbody>
</table>

<sup>1</sup>Headcount enrollment includes all students enrolled at an institution regardless of the number of credit-hours the student is enrolled in.

### Fall Full-Time Equivalent Enrollment<sup>1</sup>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bismarck State College</td>
<td>2,602</td>
<td>2,651</td>
<td>2,792</td>
<td>2,937</td>
<td>3,160</td>
<td>3,208</td>
<td>3,209</td>
<td>2,990</td>
<td>2,955</td>
<td>2,909</td>
</tr>
<tr>
<td>Dickinson State University</td>
<td>2,031</td>
<td>2,059</td>
<td>2,158</td>
<td>2,294</td>
<td>2,187</td>
<td>2,054</td>
<td>1,959</td>
<td>1,454</td>
<td>1,201</td>
<td>1,176</td>
</tr>
<tr>
<td>Lake Region State College</td>
<td>738</td>
<td>750</td>
<td>764</td>
<td>784</td>
<td>866</td>
<td>921</td>
<td>988</td>
<td>973</td>
<td>943</td>
<td>978</td>
</tr>
<tr>
<td>Mayville State University</td>
<td>722</td>
<td>652</td>
<td>586</td>
<td>563</td>
<td>662</td>
<td>704</td>
<td>704</td>
<td>759</td>
<td>749</td>
<td>798</td>
</tr>
<tr>
<td>Minot State University</td>
<td>3,063</td>
<td>2,928</td>
<td>2,730</td>
<td>2,720</td>
<td>2,832</td>
<td>3,002</td>
<td>2,795</td>
<td>2,731</td>
<td>2,710</td>
<td>2,600</td>
</tr>
<tr>
<td>Dakota College at Bottineau</td>
<td>386</td>
<td>399</td>
<td>402</td>
<td>440</td>
<td>490</td>
<td>540</td>
<td>524</td>
<td>474</td>
<td>502</td>
<td>518</td>
</tr>
<tr>
<td>North Dakota State College of Science</td>
<td>2,223</td>
<td>2,171</td>
<td>2,097</td>
<td>2,041</td>
<td>2,076</td>
<td>2,217</td>
<td>2,366</td>
<td>2,354</td>
<td>2,295</td>
<td>2,272</td>
</tr>
<tr>
<td>North Dakota State University</td>
<td>10,752</td>
<td>10,890</td>
<td>11,221</td>
<td>11,794</td>
<td>12,577</td>
<td>12,708</td>
<td>12,606</td>
<td>12,707</td>
<td>12,979</td>
<td>12,934</td>
</tr>
<tr>
<td>University of North Dakota</td>
<td>11,531</td>
<td>11,381</td>
<td>10,967</td>
<td>11,137</td>
<td>11,306</td>
<td>12,018</td>
<td>12,319</td>
<td>12,729</td>
<td>12,606</td>
<td>12,420</td>
</tr>
<tr>
<td>Valley City State University</td>
<td>899</td>
<td>844</td>
<td>807</td>
<td>824</td>
<td>833</td>
<td>957</td>
<td>1,011</td>
<td>995</td>
<td>975</td>
<td>990</td>
</tr>
<tr>
<td>Williston State College</td>
<td>702</td>
<td>648</td>
<td>551</td>
<td>562</td>
<td>573</td>
<td>570</td>
<td>608</td>
<td>537</td>
<td>593</td>
<td>579</td>
</tr>
<tr>
<td>Total</td>
<td>35,649</td>
<td>35,373</td>
<td>35,075</td>
<td>36,096</td>
<td>37,564</td>
<td>38,899</td>
<td>39,089</td>
<td>38,703</td>
<td>38,326</td>
<td>38,174</td>
</tr>
</tbody>
</table>

<sup>1</sup>In order to be more consistent with common practice in enrollment reporting, the State Board of Higher Education changed the definition of undergraduate FTE to 15 credit-hours from 16 credit-hours in August 2006. In order to provide a consistent basis for comparing 2006 enrollments to prior years, the prior year FTE enrollments have been recalculated based on the new definition. The FTE enrollment of an institution is calculated by dividing undergraduate student credit-hours by 15 and by dividing graduate student credit-hours by 12. Full-time professional students are counted as one FTE enrollment.
PREVIOUS AND CURRENT HIGHER EDUCATION FUNDING METHODS
Long-Term Financing Plan and Resource Allocation Model
(2001-03 Biennium Through 2011-13 Biennium)

The 1999-2000 Higher Education Roundtable recommended the State Board of Higher Education and the Chancellor develop a long-term financing plan and resource allocation model. As a result, the board contracted with the National Center for Higher Education Management Systems for assistance with the development of the plan and model. The board reviewed the recommendations of the National Center for Higher Education Management Systems and adopted a long-term financing plan consisting of base operating funding, incentive funding, and capital asset funding components. The following is a description of the long-term financing plan and resource allocation model that was used prior to the 2013-15 biennium appropriation.

Base operating funding component - The base operating funding component of the long-term financing plan provided funding to each higher education institution to support core campus functions, such as instruction, research, and public service. The funding for each institution was based on the institution's current state general fund appropriation with general fund appropriation increases to address parity and equity. Parity funding was to be used to continue current programs and services, including salaries, benefits, and inflationary increases. Equity funding was to be distributed to institutions based on a funding comparison to peer institutions.

Incentive funding component - The incentive funding component of the long-term financing plan included funding for the State Board of Higher Education to support state and system priorities consistent with the goals of the Higher Education Roundtable.

Capital asset funding component - The capital asset funding component of the long-term financing plan provided funding to each of the higher education institutions for maintenance and replacement of facilities and infrastructure. The funding provided to each of the institutions was left to the discretion of the institution with appropriate approvals by the State Board of Higher Education for projects greater than $250,000. Institutions were given the authority to allocate funds for repair and replacement priorities for both deferred maintenance and regular repair and replacement projects as determined by the institution. Institutions were allowed to continue unspent capital asset funding from one biennium to the next in order to complete the projects started in one biennium but not completed until the next and to accumulate funds to complete large projects that require multiyear funding. The capital asset funding component was applied to new state buildings built on campuses; however, no new operating funds were added to the base operating budget for operating costs if the operating base was already at the benchmark target.

Adjusted Student Credit-Hour Funding Method (2013-15 and 2015-17 Bienniums)

The Legislative Assembly, through 2013 Senate Bill No. 2200, adopted a new higher education funding method beginning with the 2013-15 biennium based on an adjusted student credit-hour calculation. The calculation involves multiplying a base amount per student credit-hour by an adjusted student credit-hour calculation for each institution. The resulting equalized base budget is then adjusted for inflation to determine total funding for an institution.

The adjusted student credit-hour amount for an institution is determined as follows:

1. Completed student credit-hours are determined for each institution. A completed credit-hour is one for which a student met all institutional requirements and obtained a passing grade.

2. A weighted completed student credit-hour calculation is determined by multiplying each institution's completed student credit-hours by an instructional program classification factor. The factor amount for each program classification is based upon historical costs of instruction in each program.

3. The weighted completed student credit-hour amount for each institution is then adjusted for:
   a. A credit completion factor which is based on total credits completed at an institution. Institutions that have a lower credit-hour output receive a greater weighting factor.
   b. An institutional size factor based on the square footage of facilities at an institution. Institutions that have a large amount of infrastructure may receive an additional factor adjustment.

The adjusted student credit-hours are then multiplied by a base per credit amount which varies based on institution type. The following is a summary of the base rates for each institution:
<table>
<thead>
<tr>
<th>Institutions</th>
<th>Biennial Base Rate Per Credit-Hour</th>
</tr>
</thead>
<tbody>
<tr>
<td>North Dakota State University, University of North Dakota</td>
<td>$66.35 $72.63</td>
</tr>
<tr>
<td>Dickinson State University, Mayville State University, Valley City State University</td>
<td>$95.57 $107.33</td>
</tr>
<tr>
<td>Minot State University</td>
<td>$98.75 $107.33</td>
</tr>
<tr>
<td>Bismarck State College, Dakota College at Bottineau, Lake Region State College, North Dakota</td>
<td>$101.73 $114.88</td>
</tr>
<tr>
<td>State College of Science</td>
<td>$101.73 $114.88</td>
</tr>
<tr>
<td>Williston State College</td>
<td>$104.88 $114.88</td>
</tr>
</tbody>
</table>

Through June 30, 2017, an institution may not receive less than 96 percent of the state funding to which the institution was entitled during the previous fiscal year. Under the adjusted student credit-hour funding method funding for major capital projects is appropriated separately from the formula.

**HIGHER EDUCATION ADMINISTRATIVE COSTS**

There are several definitions that can be used to identify higher education institution administrative costs which also may be referred to as "institutional support." The Integrated Postsecondary Data System (IPEDS) defines "institutional support" as:

"A functional expense category that includes expenses for the day-to-day operational support of the institution. Includes expenses for general administrative services, central executive-level activities concerned with management and long range planning, legal and fiscal operations, space management, employee personnel and records, logistical services such as purchasing and printing, and public relations and development. Also includes information technology expenses related to institutional support activities. If an institution does not separately budget and expense information technology resources, the IT costs associated with student services and operation and maintenance of plant will also be applied to this function."

The definition for administrative staff positions also varies based by reporting type. In previous IPEDS surveys, administrative staff positions were categorized as follows:

- Executive, administrative, and managerial - Occupational positions directly related to management policies or general operations of the institution. Examples include presidents, vice presidents, managers, provosts, and deans whose principal occupational activity is administration rather than instruction.
- Professional - Occupational positions providing services and support, such as accountants, human resources professionals, and attorneys.

**HIGHER EDUCATION DELIVERY METHODS**

Higher education institutions offer course delivery through several different methods. The following is a summary of various delivery methods:

<table>
<thead>
<tr>
<th>Delivery Method</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Face-to-face on campus</td>
<td>A traditional classroom environment where both the instructor and students are physically located in the same classroom.</td>
</tr>
<tr>
<td>Face-to-face off campus</td>
<td>Both the instructor and students are physically located in the same classroom in an off-campus facility.</td>
</tr>
<tr>
<td>Correspondence</td>
<td>Instruction is provided through mail, email, or fax.</td>
</tr>
<tr>
<td>One-way video</td>
<td>A video connection that allows for the faculty member to be heard and seen by students.</td>
</tr>
<tr>
<td>Two-way video</td>
<td>A video and audio connection among two or more sites that allows for communication between faculty members and students.</td>
</tr>
<tr>
<td>Synchronous Internet</td>
<td>Online classes that require faculty members and students to be online at the same time for interactive learning.</td>
</tr>
<tr>
<td>Asynchronous Internet</td>
<td>Online classes in which faculty members and students are not required to be online at the same time. Faculty members provide learning materials and assignments that may be completed by a student anytime during a specified time period.</td>
</tr>
<tr>
<td>Hybrid/blended</td>
<td>Classes in which multiple delivery methods are utilized.</td>
</tr>
</tbody>
</table>

During the Fall 2014 semester, the total degree credit headcount enrollment of the University System was 47,660 students. Of the total enrollment, 35,594, or 74.7 percent of students, were enrolled in at least one traditional classroom course while 12,066, or 25.3 percent of students, did not have an on-campus presence. The following schedule details the number of students at each institution that had an on-campus presence.
Electronic Course Enrollment

During the Fall 2014 semester, 17,083 students enrolled in at least one degree-credit course with an electronic delivery method. The following table summarizes the enrollment in each type of distance delivery method.

<table>
<thead>
<tr>
<th>Institution</th>
<th>Interactive Synchronous Asynchronous Hybrid Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bismarck State College</td>
<td>127 23 1,873 2,023</td>
</tr>
<tr>
<td>Dakota College at Bottineau</td>
<td>145 173</td>
</tr>
<tr>
<td>Lake Region State College</td>
<td>75 537</td>
</tr>
<tr>
<td>North Dakota State College of Science</td>
<td>112 666 41 819</td>
</tr>
<tr>
<td>Williston State College</td>
<td>90 446</td>
</tr>
<tr>
<td>Dickinson State University</td>
<td>72 487</td>
</tr>
<tr>
<td>Mayville State University</td>
<td>139 418</td>
</tr>
<tr>
<td>Minot State University</td>
<td>41 1,068</td>
</tr>
<tr>
<td>Valley City State University</td>
<td>108 816 9 933</td>
</tr>
<tr>
<td>North Dakota State University</td>
<td>26 52 3,829 4,158</td>
</tr>
<tr>
<td>University of North Dakota</td>
<td>44 759 4,087 4,890</td>
</tr>
<tr>
<td>Total</td>
<td>979 892 14,400 1,631 17,902</td>
</tr>
</tbody>
</table>

Duplicated total in which students taking courses through multiple delivery methods are counted more than once.

INSTITUTION MISSIONS

The constitution provides for the State Board of Higher Education to control and administer certain higher education institutions in the state. The following is a summary of the references for each University System institution as found in Article VIII, Section 6, of the Constitution of North Dakota:

<table>
<thead>
<tr>
<th>Institution</th>
<th>Constitutional Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of North Dakota</td>
<td>&quot;The state university and school of mines, at Grand Forks, with their substations.&quot;</td>
</tr>
<tr>
<td>North Dakota State University</td>
<td>&quot;The state agricultural college and experiment station, at Fargo, with their substations.&quot;</td>
</tr>
<tr>
<td>North Dakota State College of Science</td>
<td>&quot;The school of science, at Wahpeton.&quot;</td>
</tr>
<tr>
<td>Dickinson State University, Mayville State University, Minot State University, and Valley City State University</td>
<td>&quot;The state normal schools and teachers colleges, at Valley City, Mayville, Minot, and Dickinson.&quot;</td>
</tr>
<tr>
<td>Dakota College at Bottineau</td>
<td>&quot;The school of forestry, at Bottineau.&quot;</td>
</tr>
<tr>
<td>Bismarck State College, Lake Region State College, Williston State College</td>
<td>There are no specific references in the constitution to these institutions. The constitution provides for the State Board of Higher Education to control and administer &quot;other state institutions of higher education as may hereafter be established.&quot;</td>
</tr>
</tbody>
</table>

State Board of Higher Education policy 100.7 provides for the State Board of Higher Education to approve institution missions and roles and any changes to institution missions and roles. The following schedule provides information regarding the mission statement of each institution:

<table>
<thead>
<tr>
<th>Institution</th>
<th>Mission Statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bismarck State College</td>
<td>Bismarck State College, an innovative community college, offers high quality education, workforce training, and enrichment programs reaching local and global communities.</td>
</tr>
</tbody>
</table>
Dakota College at Bottineau
Dakota College at Bottineau provides students with a quality education in a caring environment. The institution values diversity and personal enrichment by promoting engaged learning for employment and university transfer. With the help of a supportive community, Dakota College at Bottineau emphasizes nature and technology to accomplish its mission through an array of curricula, programs, and services.

Dickinson State University
To provide high-quality accessible programs, promote excellence in teaching and learning, support scholarly and creative activities, and to provide services relevant to the economy, health and quality of life for North Dakota citizens.

Lake Region State College
We enhance lives and community vitality through quality education.

Mayville State University
The mission of Mayville State University is to educate and guide students, as individuals, so that they may realize their full career potential and enhance their lives. We do this in an environment that reflects our tradition of personal service, commitment to innovative technology-enriched education and dynamic learning relationships with community, employers and society.

Minot State University
Minot State University is a regional, public institution located in the northwest region of North Dakota. Committed to high academic standards and professional support for students, the university is dedicated to student success, engaged and life-long learning, advancement of knowledge, effective student service and development of students of character. These commitments are grounded in effective and motivated teaching and learning, scholarship and service. The university values critical and creative thinking, vitality of communities and cultures, stewardship of place and the multicultural and global environment. The university honors and supports the dignity and rights of diverse individuals, freedom of expression, academic freedom, ethical and moral behavior, integrity, fairness and honesty.

North Dakota State University
With energy and momentum, North Dakota State University addresses the needs and aspirations of people in a changing world by building on our land-grant foundation.

North Dakota State College of Science
The North Dakota State College of Science is a comprehensive, associate degree-granting college founded on a tradition of quality and integrity. We deliver learner-focused education through a unique and evolving collegiate experience. Using innovative delivery strategies, NDSCS anticipates and responds to statewide and regional workforce needs by providing access to occupational/technical programs, transfer programs, and workforce training.

University of North Dakota
A national research university that engages in the creation of new knowledge and which fosters scholarship and creative activity, the University of North Dakota maintains its original mission in liberal arts, business, education, law, medicine, engineering and mines; and has also developed special missions in nursing, fine arts, aerospace, energy, and international studies. UND provides a wide range of challenging academic programs for undergraduate, professional and graduate students through the doctoral level. The University encourages students to make informed choices, to communicate effectively, to be intellectually curious and creative, to commit themselves to lifelong learning and the service of others, and to share responsibility both for their own communities and the world.

Valley City State University
Valley City State University is a public, regional university offering exceptional programs in an active, learner-centered community that promotes meaningful scholarship, ethical service, and the skilled use of technology. As an important knowledge resource, the University offers programs and outreach that enrich the quality of life in North Dakota and beyond. Through flexible, accessible, and innovative baccalaureate and master's programs, VCSU prepares students to succeed as educators, leaders, and engaged citizens in an increasingly complex and diverse society.

Williston State College
Williston State College, "Where the People Make the Difference", is an open admission learned-center, comprehensive community college of the North Dakota University System providing academic transfer and occupational education, workforce training, and cultural activities to residents of North Dakota, the Upper Plains, and beyond. Williston State is committed to providing educational opportunities that are accessible, affordable, life changing, and life-long.

Degrees Offered
The following is summary of degrees offered at each institution:

<table>
<thead>
<tr>
<th>Institution</th>
<th>Degrees Offered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bismarck State College</td>
<td>Certificates, diplomas, associate's degrees, bachelor's degrees (limited)</td>
</tr>
<tr>
<td>Dakota College at Bottineau</td>
<td>Certificates, diplomas, associate's degrees</td>
</tr>
<tr>
<td>Dickinson State University</td>
<td>Certificates (limited), associate's degrees (limited), bachelor's degrees</td>
</tr>
<tr>
<td>Lake Region State College</td>
<td>Certificates, diplomas, associate's degrees</td>
</tr>
<tr>
<td>Institution</td>
<td>Degrees Offered</td>
</tr>
<tr>
<td>-------------------------------------</td>
<td>------------------------------------------------------</td>
</tr>
<tr>
<td>Mayville State University</td>
<td>Associate's degrees (limited), bachelor's degrees</td>
</tr>
<tr>
<td>Minot State University</td>
<td>Associate's degrees (limited), bachelor's degrees, master's degrees</td>
</tr>
<tr>
<td>North Dakota State University</td>
<td>Bachelor's degrees, master's degrees, doctoral degrees</td>
</tr>
<tr>
<td>North Dakota State College of Science</td>
<td>Certificates, diplomas, associate's degrees</td>
</tr>
<tr>
<td>University of North Dakota</td>
<td>Bachelor's degrees, master's degrees, doctoral degrees</td>
</tr>
<tr>
<td>Valley City State University</td>
<td>Bachelor's degrees, master's degrees (limited)</td>
</tr>
<tr>
<td>Williston State College</td>
<td>Certificates, diplomas, associate's degrees</td>
</tr>
</tbody>
</table>

**TrainND**

In addition to offering degree programs, the TrainND program offers workforce training at certain institutions. The TrainND program is divided into the following four regions to serve local business and industry:

<table>
<thead>
<tr>
<th>TrainND Region</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northwest</td>
<td>Williston State College</td>
</tr>
<tr>
<td>Northeast</td>
<td>Lake Region State College</td>
</tr>
<tr>
<td>Southeast</td>
<td>North Dakota State College of Science</td>
</tr>
<tr>
<td>Southwest</td>
<td>Bismarck State College</td>
</tr>
</tbody>
</table>

**UNIVERSITY SYSTEM GOVERNANCE**

**History of Higher Education Governance in the State**

**Constitution of North Dakota 1889**

When the Constitution of North Dakota was adopted on October 1, 1889, it required that certain institutions be permanently located "at the places hereinafter named." The institutions identified included the State University and School of Mines at the city of Grand Forks; the Agricultural College at the city of Fargo; a State Normal School at the city of Valley City; a State Normal School at the city of Mayville; an Industrial School and School for Manual Training, or such other educational or charitable institution as the Legislative Assembly may provide, at the town of Ellendale; a School of Forestry, or such other institution as the Legislative Assembly may determine, at such place in one of the counties of McHenry, Ward, Bottineau, or Rolette, as the electors of said counties may determine by an election for that purpose, to be held as provided by the Legislative Assembly; and a Scientific School, or such other educational or charitable institution as the Legislative Assembly may prescribe, at the city of Wahpeton.

The 1889 constitution also provided that "no other institution of a character similar to any one of those located by this article shall be established or maintained without a revision of this constitution." The Political Code addressed the governance structures for the University of North Dakota, the Normal schools at Valley City and Mayville, the North Dakota Academy of Science at Wahpeton, the Agricultural College at Fargo, and the Industrial School at Ellendale. The governance structure for the School of Forestry at Bottineau was enacted in 1897. Each institution had its own governing board, which was charged with, among other things, budget preparation.

A constitutional amendment to add a state normal school at the city of Minot was passed in 1910, and a constitutional amendment to add a state normal school at the city of Dickinson was passed in 1916. Bismarck Junior College, Lake Region Community College, and the University of North Dakota - Williston center came under the jurisdiction of the State Board of Higher Education on July 1, 1984, in accordance with 1983 Senate Bill No. 2073.

**State Board of Education**

The Legislative Assembly's effort to consolidate educational governance began in 1913, with the enactment of Senate Bill No. 236, which created the State Board of Education. It consisted of the President of the University of North Dakota, the president of the Agricultural College, the State Superintendent of Public Instruction, the State Inspector of Graded and Rural Schools, the State High School Inspector, and a state normal school president, an industrial school president, a county superintendent, and a male citizen who is not connected with the educational system, all appointed by the Governor. The role of this body was to administer a teacher certification program and to secure uniformity and best results among the schools receiving state aid as rural, graded, or consolidated schools. The State Board of Education was also placed in charge of classifying schools and apportioning state aid.

**State Board of Regents**

In 1915, the Legislative Assembly enacted House Bill No. 361, which created the State Board of Regents. This five-member board was created for the general control and administration of the State University and School
of Mines at Grand Forks; the State Agricultural College and Experiment Station at Fargo; the School of Science at Wahpeton; the State Normal Schools at Valley City, Mayville, and Minot; the Normal and Industrial School at Ellendale; the School of Forestry at Bottineau; and such other state educational institutions as may be established.

Each of the members of the State Board of Regents was to be a qualified elector and taxpayer of the state and was to be appointed for their fitness and ability to efficiently serve the people of the state. Not more than one member could be appointed from any one county, and not more than one alumnus from a particular institution could serve at the same time. Upon nomination by the Governor, each nominee had to be confirmed by the Senate and could be removed for incompetency, neglect of duty, immorality, malfeasance in office, or other good cause.

The State Board of Regents was to assume all the powers and perform all the duties of the existing institutional boards and it was to make all necessary rules and regulations for its own official procedure and for the efficient management and control of the educational institutions and of their various departments. It was also directed to engage a competent expert from outside the state to survey the various institutions for the purpose of ascertaining their efficiencies and economies. Thereafter, the board was to appoint a commissioner of education from outside the state. This individual was to be a graduate of a reputable college or university, was to have made a special study of educational problems, and was to have had at least three years' experience in educational administration.

In addition, the State Board of Regents was directed to coordinate and correlate the work in the different institutions so as to prevent wasteful duplication, to develop cooperation among the institutions in the exchange of instructors and students, and to fix tuition if not otherwise provided by law. Its other listed duties were recommending necessary legislation and preparing a budget for the institutions. The legislation specifically states that the State Board of Regents must submit with its budgets all plans for bettersments and improvements or buildings costing more than $5,000, which for a point of comparison was also the maximum annual salary of the commissioner of education. The legislation specifically states that in "no event shall the board direct or permit an expenditure for any purpose in excess of the amount appropriated by law, or contemplated by the statute. . . ."

Board of Administration

In 1919 Senate Bill No. 134, the functions of the State Board of Education and the State Board of Regents were transferred to a new entity known as the Board of Administration. This board was made responsible for the general supervision and administration of all "Penal, Charitable and Educational Institutions of the State, and the general supervision of the public and common schools of the State." The statute provides that the "presidents or heads of the several State institutions and [the] Superintendent of Public Instruction shall be responsible to the Board." The board consisted of:

1. The State Superintendent of Public Instruction (ex officio);
2. The Commissioner of Agriculture and Labor (ex officio); and
3. Three individuals appointed by the Governor.

The term of office was for six years, and the Governor was given the authority to remove any appointed member for cause.

The Board of Administration assumed all the power and duties of the State Board of Regents, as well as that of the State Board of Education and the State Board of Control. With respect to higher education, the State Board of Regents was authorized to make all necessary rules and regulations for the general administration, supervision, and management of the various educational institutions.

The legislation that created the Board of Administration was referred to the voters at a special election on June 26, 1919. The legislation was supported by a vote of 59,749 to 51,894.

State Board of Higher Education

On June 28, 1938, the people of North Dakota, by a vote of 93,156 to 71,448, approved an initiated measure to create a State Board of Higher Education. The measure became Article 54 of the Constitution of North Dakota. The following table highlights the principal provisions of Article 54 and changes to those provisions as currently contained in Article VIII, Section 6, of the Constitution of North Dakota.
<table>
<thead>
<tr>
<th>Original Article 54 of the Constitution of North Dakota</th>
<th>Current Article VIII, Section 6, of the Constitution of North Dakota</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Board of Higher Education is created for the &quot;control and administration&quot; of the listed institutions.</td>
<td>No change</td>
</tr>
<tr>
<td>Seven members appointed by Governor</td>
<td>No change</td>
</tr>
<tr>
<td>• Must be qualified electors and taxpayers</td>
<td></td>
</tr>
<tr>
<td>• Must have resided in the state for at least five years</td>
<td></td>
</tr>
<tr>
<td>Governor shall appoint as the 8th member a full-time resident student at an institution under the board's control (1994).</td>
<td></td>
</tr>
<tr>
<td>Appointee must be confirmed by Senate</td>
<td>No change</td>
</tr>
<tr>
<td>Members are removable by impeachment</td>
<td>No change</td>
</tr>
<tr>
<td>Term of office is seven years</td>
<td>Term of office is four years (1996)</td>
</tr>
<tr>
<td>Legislature shall provide adequate funds for the proper carrying out of the functions and duties of the State Board of Higher Education.</td>
<td>No change</td>
</tr>
<tr>
<td>Board shall elect a competent person to serve as secretary.</td>
<td>No change</td>
</tr>
<tr>
<td>Board has &quot;full authority over the institutions under its control with the right, among its other powers, to prescribe, limit, or modify the courses offered at the several institutions.&quot;</td>
<td>No change</td>
</tr>
<tr>
<td>Board has the &quot;power to delegate to its employees details of the administration of the institutions under its control.&quot;</td>
<td>No change</td>
</tr>
<tr>
<td>Board has &quot;full authority to organize or re-organize within constitutional and statutory limitations, the work of each institution under its control, and do each and everything necessary and proper for the efficient and economic administration&quot; of the institutions.</td>
<td>No change</td>
</tr>
<tr>
<td>Board shall prescribe &quot;standard systems of accounts and records.&quot;</td>
<td>No change</td>
</tr>
<tr>
<td>Board shall biennially and within six months of a regular legislative session provide &quot;a report to the Governor, covering in detail the operations of the educational institutions under its control.&quot;</td>
<td>No change</td>
</tr>
<tr>
<td>Heads of the institutions are to submit budget requests for the biennial appropriations to the board</td>
<td>No change</td>
</tr>
<tr>
<td>• Board shall consider and revise the budgets &quot;as in its judgment shall be for the best interests of the educational system of the State.&quot;</td>
<td></td>
</tr>
<tr>
<td>• Board shall prepare and present a single unified budget to the legislature.</td>
<td></td>
</tr>
<tr>
<td>• Appropriations for all of the institutions must be contained in one legislative measure.</td>
<td></td>
</tr>
<tr>
<td>Budgets and appropriation measures for the agricultural experiment stations and their substations and the extension division of the North Dakota State University of Agriculture and Applied Science may be separate from those of state educational institutions (1964).</td>
<td></td>
</tr>
<tr>
<td>Board shall have &quot;control of the expenditure of the funds belonging to and allocated to such institutions and also those appropriated by the legislature, for the institutions of higher education in this State.&quot;</td>
<td>No change</td>
</tr>
<tr>
<td>Original Article 54 of the Constitution of North Dakota</td>
<td>Current Article VIII, Section 6, of the Constitution of North Dakota</td>
</tr>
<tr>
<td>-------------------------------------------------------</td>
<td>---------------------------------------------------------------</td>
</tr>
<tr>
<td>Board shall appoint a state commissioner of higher education:</td>
<td>No change</td>
</tr>
<tr>
<td>• Three-year term</td>
<td></td>
</tr>
<tr>
<td>• Removable by board for cause</td>
<td></td>
</tr>
<tr>
<td>• Graduate of a reputable college or university</td>
<td></td>
</tr>
<tr>
<td>• By training and experience must be familiar with the problems peculiar to higher education</td>
<td></td>
</tr>
</tbody>
</table>

### Types of Higher Education Governing and Coordinating Boards

#### Governing Boards

A consolidated higher education governing board manages and controls certain public institutions of higher education. Some governing boards are constitutionally mandated while others are established statutorily. The duties of governing boards can vary and may include preparing budgets, allocating resources, establishing personnel policies, managing assets, approving programs, and hiring chief executives for institutions.

The following table prepared by the Ohio Board of Regents staff lists potential strengths and weaknesses of consolidated governing boards:

<table>
<thead>
<tr>
<th>Higher Education Governing Board Model</th>
<th>Potential Strengths</th>
<th>Potential Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engaged in statewide strategic planning</td>
<td>Central planning can cause a slow response to workforce and business needs</td>
<td></td>
</tr>
<tr>
<td>Responsive to state priorities</td>
<td>Can evolve into large and inefficient bureaucracies</td>
<td></td>
</tr>
<tr>
<td>Guards against duplication</td>
<td>Can have political influence on micro issues at the institution level</td>
<td></td>
</tr>
<tr>
<td>Ensures program quality through program approval methods</td>
<td>Often lacks necessary data to assess institutional performance</td>
<td></td>
</tr>
<tr>
<td>Is able to address articulation and transfer issues</td>
<td>Tense relationships can develop between professional leaders and state government</td>
<td></td>
</tr>
<tr>
<td>Build consensus to make change, particularly with budgeting, program review, and articulation</td>
<td>May become weighed down with internal concerns</td>
<td></td>
</tr>
</tbody>
</table>

#### Coordinating Boards

A higher education coordinating board is a single agency other than a governing board that has the responsibility for the statewide coordination of certain higher education policy areas. Coordinating boards generally do not manage institutions and are not responsible for hiring or setting the compensation of institution chief executives. Coordinating boards typically focus more on the needs of the state rather than the needs of the institutions. Some coordinating boards do have the authority to regulate certain areas, such as approving new programs at institutions.

The following table prepared by the Ohio Board of Regents staff lists potential strengths and weaknesses of higher education coordinating boards:

<table>
<thead>
<tr>
<th>Higher Education Coordinating Board Model</th>
<th>Potential Strengths</th>
<th>Potential Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quick to respond to market needs</td>
<td>State priorities can be hindered by local lobbying efforts</td>
<td></td>
</tr>
<tr>
<td>Engaged in statewide strategic planning</td>
<td>May be perceived as powerless if consensus is not achieved</td>
<td></td>
</tr>
<tr>
<td>Generally responsive to state priorities</td>
<td>Statewide initiatives can be hindered without the voluntary cooperation of all institutions</td>
<td></td>
</tr>
<tr>
<td>Private sector usually a direct partner</td>
<td>Difficult to reverse enacted policies or make policy changes</td>
<td></td>
</tr>
<tr>
<td>Sensitive to consumer needs</td>
<td>Institutional decisions at the local level may be in direct conflict with views at the state level</td>
<td></td>
</tr>
<tr>
<td>Builds consensus to make change, particularly with budgeting, program review, and articulation</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

ATTACH:2