

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

HIGHER EDUCATION COMMITTEE

Wednesday, August 1, 2007
Prairie Room, State Capitol
Bismarck, North Dakota

Representative Ken Svedjan, Chairman, called the meeting to order at 9:00 a.m.

Members present: Representatives Ken Svedjan, Lois Delmore, Kathy Hawken, Matthew M. Klein, Jasper Schneider, Bob Skarphol, John D. Wall, Clark Williams; Senators Ray Holmberg, Karen K. Krebsbach, Elroy N. Lindaas, Dave Nething, Dave Oehlke, Tracy Potter, Larry J. Robinson

Member absent: Representative Bob Martinson

Others present: See attached [appendix](#)

SUPPLEMENTARY RULES OF OPERATION AND PROCEDURE

Mr. Jim W. Smith, Legislative Budget Analyst and Auditor, Legislative Council, reviewed the [Supplementary Rules of Operation and Procedure of the North Dakota Legislative Council](#).

COMMENTS BY COMMITTEE CHAIRMAN

Chairman Svedjan said the Higher Education Committee has been assigned studies in two areas. He said Section 23 of House Bill No. 1003 directs a study of the means by which the North Dakota University System can further contribute to developing and attracting the human capital to meet North Dakota's economic and workforce needs, and Section 14 of Senate Bill No. 2013 directs a study of the provision of services to children and adults who are deaf or hearing-impaired.

Chairman Svedjan said he attended a National Conference of State Legislatures meeting in September 2006 in Denver, Colorado, focusing on higher education human capital and efficiency issues. He said he is working with representatives from the National Conference of State Legislatures to invite two of the presenters from the meeting--Mr. Dennis Jones, President, National Center for Higher Education Management Systems, and Dr. William Kirwan, Chancellor, University System of Maryland--to Bismarck for a Higher Education Committee meeting on September 26-27, 2007. He said the committee meeting may also include presentations from representatives of the National Conference of State Legislatures, Western Interstate Commission on Higher Education, Midwestern Higher Education Compact, and the National Governors Association. He said the purpose of the meeting will be to provide the committee with a good foundation for the committee's study of higher education. He said the

meeting will be organized in a seminar-type fashion, and representatives of the State Board of Higher Education, North Dakota University System office, North Dakota University System higher education institutions, private and tribal colleges, state government, and private sector will be invited to attend the meeting. He said a social event may be organized for the evening of September 26, 2007, to maximize the time of Dr. Kirwan. He said further details regarding the committee meeting will be provided at a later date.

HIGHER EDUCATION STUDY

The Legislative Council staff presented a background memorandum entitled [Higher Education Study - Background Memorandum](#) relating to the committee's assigned responsibility to study the means by which the North Dakota University System can further contribute to developing and attracting the human capital to meet North Dakota's economic and workforce needs as directed by Section 23 of House Bill No. 1003 and the responsibility to receive a report from the State Board of Higher Education on the status of the implementation of CCbenefits, Inc., services pursuant to Section 23 of House Bill No. 1018.

The Legislative Council staff reviewed previous legislative higher education studies and related legislation, related legislation from the 2007 Legislative Assembly, information regarding the long-term financing plan and resource allocation model adopted by the State Board of Higher Education, information regarding the annual higher education performance and accountability report required by North Dakota Century Code (NDCC) Section 15-10-14.2, and information regarding CCbenefits, Inc., services. The Legislative Council staff presented the following proposed study plan for the committee's consideration relating to its higher education study:

1. Receive and review information regarding measures that build a more cost-effective system, including a more appropriate mix of institutions, new types of providers, effective collaboration among institutions, and a more efficient use of existing resources.
2. Receive and review information regarding changes to the academic production function,

- including programs of cost-effective size and reengineering of curricula and course delivery.
3. Receive and review information regarding reducing the demand students place on the system, including accelerated learning, time-to-degree completion, and remediation.
 4. Review the University System long-term financing plan and the impact of the state's changing demographics on the plan.
 5. Recommend goals for each of the higher education cornerstones.
 6. Receive a report from the State Board of Higher Education before July 1, 2008, on the status of the implementation of CCbenefits, Inc., services and any recommendations relating to the use of CCbenefits, Inc., services.
 7. Receive testimony from other interested persons regarding the committee's study of higher education.
 8. Develop recommendations and any bill drafts necessary to implement the recommendations.
 9. Prepare a final report for submission to the Legislative Council.

In response to a question from Representative Svedjan, the legislative budget analyst and auditor said the preliminary plans for the Higher Education Committee meeting on September 26-27, 2007, appear to be consistent with the proposed study plan.

Senator Holmberg suggested Chairman Svedjan consider inviting the chairman of the Legislative Council's interim Workforce Committee, Senator Tony Grindberg, to the meeting on September 26-27, 2007.

Chairman Svedjan said the information presented at the National Conference of State Legislatures meeting in September 2006 focused on efficiency and effectiveness, including attracting and graduating students, utilizing capital assets, improving the provision of remedial education, containing costs, addressing faculty workload, and enhancing online learning.

In response to a question from Representative Skarphol, Chairman Svedjan said he believes the state of Maryland's higher education system is organized in a similar fashion to North Dakota's higher education system.

Senator Nething asked the Legislative Council staff to provide the committee with background information regarding Maryland's higher education system.

Representative Hawken suggested as part of the committee's study of higher education the committee should review past legislative accountability requests made of the North Dakota University System to ensure the Legislative Assembly is receiving the information needed to hold the University System accountable.

Senator Robinson said North Dakota's higher education organizational structure may not be similar to the state of Maryland. He said it may be more

appropriate to compare North Dakota to similar states in the Midwest region.

Chairman Svedjan said his intentions for the committee's study of higher education are not to duplicate the actions of the state of Maryland but to provide insight as to areas that could be improved upon in North Dakota. He said he also does not plan to change the previous work of the Higher Education Roundtable. He directed the Legislative Council staff work with representatives of the National Conference of State Legislatures and the Midwestern Higher Education Compact to provide the committee with information regarding higher education initiatives in similar states in the Midwest region.

Senator Holmberg said several states have reviewed and implemented a process similar to North Dakota's efforts with the Higher Education Roundtable. He said the committee may want to consider receiving information regarding states who implemented a similar process and any changes the states may have made to the process.

Senator Potter suggested the committee's proposed study plan be revised to remove the word "reducing" in regard to receiving and reviewing information relating to the demand students place on the system.

Chairman Svedjan said he has no objection to Senator Potter's suggestion.

It was moved by Senator Nething, seconded by Representative Delmore, and carried on a roll call vote that the Higher Education Committee approve the proposed study plan reflecting the suggested change.

Representatives Svedjan, Delmore, Hawken, Klein, Schneider, Skarphol, Wall, and Williams and Senators Holmberg, Krebsbach, Lindaas, Nething, Oehlke, Potter, and Robinson voted "aye." No negative votes were cast.

Mr. Larry Isaak, President, Midwestern Higher Education Compact, provided information regarding [North Dakota Higher Education Trends and Policy Implications](#). A copy of the information presented is on file in the Legislative Council office. He said increasing educational attainment, quality, and productivity are imperative issues for the United States. He said the United States ranks eighth out of the 30 countries in the Organization for Economic and Cooperative Development in the percentage of adults between the ages of 25 and 34 with postsecondary degrees. He said countries ahead of the United States include Canada, Japan, South Korea, Sweden, Finland, Norway, and Belgium. He said 7.3 million additional degrees are needed for the United States to have the highest rate of college degree attainment in the world. He said competition for workers in the United States will continue to intensify with 3 million more jobs than workers by the year 2012.

Mr. Isaak said the United States needs to address the following major policy issues:

- Ensuring every citizen has access to and ability to succeed in postsecondary education.

- Using higher education assets more effectively to address needs.
- Providing a major focus on public policy and less focus on fixing broken campuses.

In response to a question from Senator Nething, Mr. Isaak said he would provide the committee with the number of individuals available to fill the 7.3 million additional degrees needed to have the highest rate of college degree attainment in the world.

Mr. Isaak said two major reports have been issued recently regarding higher education--National Conference of State Legislatures Blue Ribbon Commission on Higher Education *Transforming Higher Education: National Imperative - State Responsibility* and National Governors Association *Innovation America, A Compact for Postsecondary Education*. He said recommendations from the reports include:

- Define clear state goals.
- Hold institutions accountable for performance.
- Encourage partnerships.
- Focus on productivity.
- Clearly articulate and coordinate missions among colleges and universities.
- Conduct an audit of state needs.

Mr. Isaak provided data and trends for the state of North Dakota compared to other Midwestern Higher Education Compact states and the national average in the areas of demographics; financial indicators; postsecondary preparation, persistence, and completion; benefits of higher education; affordability; and higher education funding. The following is a summary of significant facts relating to North Dakota:

- High school credentialing rate among highest in the nation.
- Percentage of adults with a bachelor's degree near the regional average.
- Individuals aged 18 to 24 enrolled in college at one of the highest rates in the nation.
- Individuals aged 25 to 49 enrolled in postsecondary programs at one of the lowest rates in the region.
- Student retention from first to second year at public colleges lowest in the region.
- Six-year college graduation rate lowest in the region.
- A low to moderate tuition state.
- Second highest appropriations per capita but second lowest in region in appropriations per full-time equivalent students.

Representative Skarphol said there may be a large number of individuals in the 25- to 49-year-old category who have not started work on their postsecondary degree.

In response to a question from Senator Robinson, Mr. Isaak said there does not appear to be a decrease in higher education enrollment due to the increasing higher education tuition rates; however, there does appear to be an increase in student debt.

In response to a question from Representative Svedjan, Mr. Isaak said the state's low persistence rates may be the result of the students not receiving the services needed to keep them in school or the students not being matched with the appropriate higher education institution.

In response to a question from Senator Potter, Mr. Isaak said persistence rates are typically lower for two-year institutions than four-year institutions because of students transferring to four-year institutions.

Mr. Isaak said a major issue for North Dakota's continued economic success is to increase the proportion of its population with college degrees and to simultaneously grow its population. He said this will require adequate high school preparation, maintaining or growing college enrollment, improving college retention and completion rates, matching degree opportunities with jobs, and making higher education affordable.

In response to a question from Representative Skarphol, Mr. Isaak said specific industries will not require employees to have a college degree. He said there will be a push for higher education to combine work experience with academics in certificate, associate, or bachelor's degree programs.

In response to a question from Senator Nething, Mr. Isaak said the accreditation process should be changed to allow higher education institutions to respond more quickly to business and industry; however, changes to the accreditation process are slow and difficult.

In response to a question from Senator Robinson, Mr. Isaak said there is not a significant difference in the quality of education between traditional classroom learning and online learning.

Representative Svedjan said the committee may receive and review information on how North Dakota is specifically addressing the suggested policy implications at a future committee meeting.

In response to a question from Senator Nething, Mr. Isaak said remedial education is a concern of many states. He said the states of Michigan, Indiana, and Iowa have undertaken aggressive steps in this area.

Senator Nething requested the Legislative Council staff provide the committee with information regarding what other states are doing in the area of remedial education.

Mr. William G. Goetz, Chancellor, North Dakota University System, and representatives of the North Dakota University System provided information regarding:

- Higher education's 2007-09 biennium legislative appropriation and related legislation.
- A review of the most recent performance and accountability report required by NDCC Section 15-10-14.2 and planned changes, if any.
- A review of the status of the higher education system and expectations of the study of higher education.

A copy of the information presented is on file in the Legislative Council office.

In regard to higher education's 2007-09 biennium legislative appropriation, Mr. Goetz said higher education's general fund appropriation for the 2007-09 biennium is \$471,649,624, including \$3.35 million for workforce training. He said this level of funding represents an increase of approximately \$81.9 million from the 2005-07 adjusted general fund appropriation of \$389.8 million. He said higher education's general fund appropriation for the 2007-09 biennium includes approximately \$11.6 million of funding for student grant programs, such as the state grant program, scholars program, professional student exchange program, Indian scholarship program, and education incentive programs. He said this level of funding represents an increase of \$3.25 million from the 2005-07 adjusted legislative appropriation of \$8.4 million.

In response to a question from Senator Holmberg, Mr. Goetz said higher education's 2007-09 biennium legislative appropriation does not include \$20 million of special funds, \$15 million from the permanent oil tax trust fund and \$5 million from Bank of North Dakota profits, appropriated to the Office of Management and Budget for centers of excellence grants to the institutions for the 2007-09 biennium.

Mr. Goetz distributed a copy of the North Dakota University System's *2006 Accountability Measures Report* as required by NDCC Section 15-10-14.2. A copy of the report is on file in the Legislative Council office. Mr. Goetz, Mr. Michel Hillman, Vice Chancellor for Academic and Student Affairs, North Dakota University System, and Ms. Marsha Krotseng, Vice Chancellor for Strategic Planning, North Dakota University System, reviewed the accountability measures and relating status as follows:

Accountability Measures	Status - Findings
<p>Economic Development Connection</p> <p>Enrollment in entrepreneurship courses and the number of graduates of entrepreneurship programs</p> <p>Percentage of University System graduates obtaining employment appropriate to their education in the state</p> <p>Number of businesses and employees in the region receiving training</p> <p>Research expenditures in proportion to the amount of revenue generated by research activity and funding received for research activity</p> <p>Levels of satisfaction with workforce training events as reflected in information systematically gathered from employers and employees receiving training</p>	<p>University System institutions offer 44 entrepreneurship courses and 3 entrepreneurship programs. In the past year, 890 students enrolled in entrepreneurship courses and 9 students graduated from entrepreneurship programs. An additional 830 participants attended workshops that had an entrepreneurial focus.</p> <p>Approximately 70 percent of the graduates who remain in North Dakota and are employed full time find employment related to their education or training.</p> <p>The number of businesses using North Dakota's workforce training system to provide training for their employees increased 250 percent between fiscal years 2000 and 2005. The number decreased between fiscal years 2005 and 2006 as a result of completing a major training contract involving several hundred businesses in fiscal year 2005. The number of employees trained increased in the past year.</p> <p>Research grew by 48 percent during the past four years with \$110.6 million in research expenditures in fiscal year 2006. Research expenditures comprised 15.1 percent of total University System expenditures in fiscal year 2006 compared to 13 percent in fiscal year 2002.</p> <p>Businesses reported a 99.2 percent average workforce training satisfaction level for fiscal year 2006. Employees reported a satisfaction level of 98.7 percent during the same period.</p>
<p>Education Excellence</p> <p>Student graduation and retention rates</p> <p>Student performance on nationally recognized exams in their fields compared to the national averages</p> <p>First-time licensure pass rates compared to other states</p>	<p>Based on Integrated Postsecondary Education Data System (IPEDS)-reported graduation rates, 34.8 percent of students who attended University System two-year institutions completed degrees within three years and 49.1 percent of four-year students completed degrees within six years compared to the national rates of 29.3 percent and 55.8 percent, respectively.</p> <p>University System students met or exceeded the national average on most nationally recognized exams for fiscal year 2006.</p> <p>University System graduates exceeded the national first-time licensure pass rates for most professions measured for fiscal year 2006.</p>

Accountability Measures	Status - Findings
Alumni-reported and student-reported satisfaction with preparation in selected major, acquisition of specific skills, and technology knowledge and abilities	<p>For alumni who graduated between July 2001 and June 2003, 71.7 percent reported their current jobs were highly related to or moderately related to the most recent degrees they earned, and 80.4 percent reported the institution they attended prepared them at least adequately for their current jobs.</p> <p>Based on the results of a student satisfaction inventory conducted in the spring of 2006, University System students are generally satisfied with their college experience.</p>
Employer-reported satisfaction with preparation of recently hired graduates	<p>Based on the results of an employer satisfaction survey conducted in the summer of 2006, employers are on average "very satisfied" with employees' skills and knowledge.</p>
Levels of satisfaction and reasons for noncompletion as reflected in a survey of individuals who have not completed their program or degree	<p>Based on surveys of students who left University System institutions during the fall 2005, spring 2006, and fall 2006 semesters, it was determined that most students left because they wanted to attend a different college or university. Other students left because they wanted to move to a new location or because they believed the majors they wanted were not offered at the institution they were attending.</p>
Levels and trends in the number of students achieving goals and the institution meeting the defined needs and goals as expressed by students	<p>At two-year institutions, 58.7 percent of students indicated the intent to earn a two-year degree and 34.8 percent completed two-year degrees within three years.</p> <p>At four-year institutions, 61.6 percent indicated the intent to earn four-year degrees while 49.2 percent completed four-year degrees within six years.</p>
<p>Flexible and Responsive System</p> <p>Levels of satisfaction with responsiveness as reflected through responses to evaluations of companies receiving training</p> <p>Biennial report on employee satisfaction relating to the University System and local institutions</p>	<p>In fiscal year 2006, companies reported a 99.7 percent satisfaction level with responsiveness of the workforce training system in North Dakota.</p> <p>Based on an employee survey conducted in 2006, 76 percent of University System employees said they are "satisfied" or "very satisfied" with their employment.</p>
<p>Accessible System</p> <p>Number and proportion of enrollments in courses offered by nontraditional methods</p>	<p>During the fall of 2006, the University System served 13,200 students who enrolled in courses for credit through nontraditional delivery methods. These students comprise 31 percent of the system's total headcount enrollment. Enrollment by students who take courses in a variety of non-traditional delivery methods has increased 217 percent since the fall of 2001.</p>
Tuition and fees on a per student basis compared to the regional average	<p>Tuition and fees at the University of North Dakota, North Dakota State University, and Minot State University were less than their regional counterparts. The average rates at the other University System four-year institutions were about the same as their regional counterparts, and the average two-year college rate was more than the regional average.</p>
Tuition and fees as a percentage of median North Dakota household income	<p>Tuition and fees at University System institutions for the 2005-06 school year, as a proportion of median household income, were slightly higher than the regional average with the greatest difference occurring at two-year colleges.</p>
<p>Student enrollment information, including:</p> <ul style="list-style-type: none"> • Total number and trends in full-time, part-time, degree-seeking, and non-degree-seeking students being served • The number and trends of individuals, organizations, and agencies served through noncredit activities 	<p>University System part-time and full-time degree credit headcount enrollment was 42,237 for the fall of 2006.</p>
<p>Levels and trends in rates of participation of:</p> <ul style="list-style-type: none"> • Recent high school graduates and nontraditional students • Individuals pursuing graduate degrees 	<p>An increasing number of beginning freshmen and students aged 25 and older are enrolling at University System institutions. The number of students who are enrolled in graduate and professional programs has increased 23.7 percent since the fall of 2002.</p>

Accountability Measures	Status - Findings
<p>Funding and Rewards</p> <p>Ratio measuring the amount of expendable net assets as compared to the amount of long-term debt</p> <p>Cost per student in terms of general fund appropriations and total University System funding</p> <p>Cost per student and percentage distribution by major function</p> <p>Per capita general fund appropriations for higher education</p> <p>State general fund appropriation levels for University System institutions compared to peer institutions general fund appropriation levels</p> <p>Ratio measuring the funding derived from operating and contributed income compared to total University System funding</p> <p>Ratio measuring the amount of expendable fund balances divided by total expenditures and mandatory transfers</p> <p>Ratio measuring net total revenues divided by total current revenues</p> <p>A status report on higher education funding as compared to the long-term financing plan</p> <p>Ratio of incentive funding to total University System state general fund appropriations</p> <p>Ratio of University System state general fund appropriations to total state general fund appropriations</p>	<p>The University System had a ratio of net assets available for debt service to long-term debt of 0.5-to-1 as of the end of fiscal year 2006. A ratio of 1-to-1 or greater is desired.</p> <p>In fiscal year 2002, funding from the general fund comprised approximately 32 percent of the total revenues for the University System. In fiscal year 2006, funding from the general fund comprised approximately 26 percent of the total revenues for the University System.</p> <p>In fiscal year 2006, the University System spent \$17,320 per student from all funding sources, an increase of 17.6 percent since fiscal year 2002.</p> <p>In the 2003-05 biennium, per capita state general fund revenue for higher education was \$590.</p> <p>Based on 2005-07 state funding levels, all University System institutions are funded at less than 100 percent of their peer institution benchmarks and most are funded at less than 85 percent of their peer benchmarks. The institutions, as a whole, are funded at an average of 51 percent of their peer institution benchmarks.</p> <p>In fiscal year 2006, the University System generated 74 percent of its total revenues either internally for services or externally from gifts, grants, and contracts.</p> <p>The University System had a primary reserve ratio of 0.3-to-1 as of the end of fiscal year 2006, which indicates it could continue operations for about 14 weeks.</p> <p>The University System had a net income margin of 3.7 percent as of the end of fiscal year 2006 indicating the system was not spending more than it was taking in.</p> <p>Based on data for fiscal year 2006, all institutions are funded at less than their operating benchmarks per full-time equivalent student. All institutions exceed their student-share target. University System institutions are funded at an average of 13.4 percent of the Office of Management and Budget capital assets formula and at 4.2 percent of total capital funding needs, including outstanding deferred maintenance.</p> <p>The state funded .49 percent of the total University System appropriation for incentive funding for the 2005-07 biennium compared to the long-term financing plan goal of 2 percent.</p> <p>Higher education's share of the 2005-07 total state appropriation is 19.5 percent, a decrease from 21 percent in the 2001-03 biennium.</p>

In response to a question from Representative Svedjan, Mr. Hillman said University System institutions are required each year to report graduation rates to the National Center for Educational Statistics using the IPEDS graduation rate survey. He said the survey does not take into account students who transfer and then graduate from another institution. He said these students are counted as noncompleters in the graduation rate survey.

In response to a question from Representative Skarphol, Mr. Hillman said the IPEDS graduation rate survey tracks students who attend two-year institutions who graduate within three years and students who attend four-year institutions who graduate within four years. He said the University System will attempt to provide the committee with

information regarding the number of students who complete their four-year degree in four, five, or six years.

In response to a question from Senator Robinson, Mr. Hillman said he will review the IPEDS graduation rate survey definition for two-year institutions, but he believes the graduation rates for two-year institutions do not include graduates of certificate programs.

In response to a question from Representative Klein, Mr. Hillman said students who left University System institutions during the fall 2005, spring 2006, and fall 2006 semesters were asked to complete a survey. As part of the survey, he said, students were asked why they were leaving. He said "decided to attend a different college" was the No. 1 reason students left at 33.9 percent. He said 7.4 percent of

students left because they believed academic advising was inadequate.

The committee recessed for lunch at 12:15 p.m. and reconvened at 1:15 p.m.

In response to a question from Representative Svedjan, Mr. Goetz said University System staff will be discussing how the accountability measures can be better utilized as management tools.

Senator Nething said the University System staff should discuss the similarities of collecting information for accountability measures and for the accreditation process.

Representative Skarphol said the University System staff should include the Higher Education Committee in discussions regarding the accountability measures.

Senator Nething said the University System should compare the level of tuition waiver activity for University System institutions and related peer institutions. He requested the University System provide the committee with information regarding the number of tuition waivers granted by University System institutions, the amount of tuition waived, and the reasons for the tuition waivers.

In regard to a review of the status of the higher education system and expectations of the study of higher education, Mr. Goetz said the North Dakota University System is experiencing a period of evolving leadership. He said the State Board of Higher Education has four new board members, three institutions have new presidents, and three institutions are searching for new presidents. He said higher education issues include:

- Student preparation and transition.
- Student retention, including the student advising process.
- Affordability, including ensuring that financial assistance is available to lifelong learners.
- Proprietary schools, including their role for providing postsecondary education.
- Establishment of a statewide longitudinal data system.
- Strategies and opportunities for the future, including sustaining the Higher Education Roundtable.

Mr. Goetz said he looks forward to working with the committee on its study of higher education.

Senator Holmberg distributed a letter from Mr. Andrew J. Lutz, student, University of North Dakota. A copy of the letter is on file in the Legislative Council office. He said Mr. Lutz was unable to be in attendance at the meeting and wished to provide comments regarding the increasing costs to students at the University of North Dakota. He said a copy of the letter has been provided to the North Dakota University System office.

STUDY OF THE PROVISION OF SERVICES TO CHILDREN AND ADULTS WHO ARE DEAF OR HEARING-IMPAIRED

The Legislative Council staff presented a background memorandum entitled [Study of the Provision of Services to Children and Adults Who Are Deaf or Hearing-Impaired - Background Memorandum](#). Section 14 of Senate Bill No. 2013 directs a study of the provision of services to children and adults who are deaf or hearing-impaired, including the role of the North Dakota School for the Deaf in the provision of educational and rehabilitative services, the short-term and long-term viability of existing state facilities, and alternative approaches that might enhance the scope and breadth of service availability. The study is to include the feasibility of combining the administration and delivery of services of the School for the Deaf with other area school districts, education associations governed by joint powers agreements, special education units, and North Dakota Vision Services - School for the Blind. The study is also to examine alternative uses for the buildings on the School for the Deaf campus beyond the scope of the school's present mission.

The Legislative Council staff reviewed related statutory provisions, previous studies, and related legislation from the 2007 Legislative Assembly. The Legislative Council staff presented the following proposed study plan for the committee's consideration relating to its study of the provision of services to children and adults who are deaf or hearing-impaired:

1. Receive information from the School for the Deaf regarding:
 - a. The school's mission and goals.
 - b. Programs and services, including outreach services and related staffing.
 - c. Current enrollment and enrollment projections.
 - d. Facilities, including the short-term and long-term viability of the facilities.
 - e. Collaborative efforts with the city of Devils Lake, Ramsey County, Devils Lake Public Schools, Lake Region State College, and other entities.
 - f. Status of the blue ribbon task force recommendations.
2. Receive testimony from the School for the Deaf and other entities as appropriate regarding alternative approaches that might enhance the scope and breadth of service availability.
3. Receive testimony regarding the feasibility of combining the administration and delivery of services of the School for the Deaf with area school districts, regional education associations, special education units, and North Dakota Vision Services - School for the Blind.

4. Receive testimony regarding alternative uses for the buildings on the School for the Deaf campus beyond the scope of the school's present mission.
5. Receive testimony from other interested persons regarding the committee's study of the provision of services to children and adults who are deaf or hearing-impaired.
6. Develop recommendations and any bill drafts necessary to implement the recommendations.
7. Prepare a final report for submission to the Legislative Council.

In response to a question from Senator Nething, Chairman Svedjan said the committee will be conducting a site visit or budget tour of the School for the Deaf.

Representative Skarphol said NDCC Section 27-07-12 provides that the School for the Deaf may collaborate, not compete, with public and private entities for the provision of services to adult individuals who are deaf or hearing-impaired. He requested the School for the Deaf provide the committee with information regarding services being provided by other public and private entities.

Mr. Dennis Fogelson, Superintendent, School for the Deaf, and representatives of the School for the Deaf presented information regarding:

- The mission and goals of the School for the Deaf.
- An overview of programs and services offered, including information on enrollment and service trends.
- An overview of facilities.
- The school's 2007-09 biennium legislative appropriation.
- Expectations of the study of the provision of services to children and adults who are deaf or hearing-impaired.

A copy of the information presented is on file in the Legislative Council office.

Mr. Fogelson said the mission of the School for the Deaf is to provide optimum educational, social, emotional, and cultural experiences for deaf and hearing-impaired children between the ages of 0 and 21 and to serve as a resource center for outreach services for all North Dakota citizens.

Ms. Carol Lybeck, Director of Education and Outreach Services, School for the Deaf, provided an overview of programs and services. She said the School for the Deaf was established in 1890 by the North Dakota Constitution and is under the direction, control, and management of the Department of Public Instruction. She said the school provides comprehensive education programming that covers a broad range of disciplines, including traditional academics, vocational education, special studies, physical education, and art. She said the school requires specialized curriculum and teaching methods and a highly trained educational staff to deliver information directly to students using signed and oral

communication as required by the specific language needs of the children. She said students are mainstreamed when appropriate with their hearing peers in classes offered at the Devils Lake Public Schools and Lake Area Career and Technology Center. She said hearing students from the public schools are able to attend select classes at the school in a reverse mainstream program.

In response to a question from Representative Svedjan, Ms. Lybeck said the School for the Deaf provides residential dormitory services from Sunday night through Friday morning during the school year. She said students are transported home for weekends and school vacations.

In response to a question from Representative Delmore, Ms. Lybeck said the school can provide the committee with a map summarizing where the school's students are from and information regarding services the school is providing to other school districts.

In response to a question from Representative Svedjan, Ms. Lybeck said the school currently has one out-of-state student who pays for the cost of education.

Mr. Fogelson distributed an aerial photograph of the School for the Deaf campus and provided information regarding the school's facilities. A copy of the photograph is on file in the Legislative Council office. He said the school maintains a 27-acre campus and 18 buildings. He said at the present time the school is using 10 of the 18 buildings and the remaining 8 buildings are vacant.

In response to a question from Senator Robinson, Mr. Fogelson said the main floor of the vocational and trades building houses a woodworking shop which is no longer being utilized and an old print shop which has been converted into a museum. He said a portion of the building is being rented to a private entity. He said the school included a request for approximately \$1.6 million from the general fund in its 2007-09 biennium budget request for renovating the vocational and trades building, but the request was not funded by the Governor or the Legislative Assembly.

Representative Klein requested the School for the Deaf provide the committee with information regarding the amount of space in each of the 10 buildings that is being utilized by the school.

Chairman Svedjan said that during the committee's visit to the School for the Deaf the school should provide the committee with information regarding the school's facilities, including which buildings are specifically used by the school, how much space is being leased to other entities, and how much space is essential to the operation of the school.

Mr. Eric Lysne, Director of Business Administration, School for the Deaf, provided information regarding the school's funding for the 2001-03 through 2007-09 bienniums. He provided the following summary of the school's funding and full-time equivalent (FTE) positions:

	2001-03 Biennium Expenditures	2003-05 Biennium Expenditures	2005-07 Biennium Appropriation	2007-09 Biennium Appropriation
Salaries and wages	\$4,585,615	\$4,501,198	\$5,035,602	\$4,765,173
Operating expenses	1,100,663	1,096,825	1,377,265	1,514,283
Capital assets	74,683	61,911	279,495	150,000
Capital construction carryover	8,210			
Total	\$5,769,171	\$5,659,934	\$6,692,362	\$6,429,456
General fund	\$5,001,133	\$4,992,628	\$5,365,097	\$5,390,438
Federal funds	269,035	199,650	274,786	271,425
Special funds	499,003	467,656	1,052,479	767,593
Total	\$5,769,171	\$5,659,934	\$6,692,362	\$6,429,456
FTE positions	53.10	51.82	49.19	43.94

Mr. Lysne said the school's legislative appropriation for the 2007-09 biennium includes funding of \$396,000 for the school's weekend transportation program, which is an increase of \$99,000 from the \$297,000 of funding for the transportation program in the 2005-07 biennium. He said the 2007-09 legislative appropriation includes \$150,000 from the general fund for capital assets, including \$40,000 for roof repair, \$10,000 for repairs of roads and parking lots, and \$100,000 for other one-time deferred maintenance issues.

In response to a question from Representative Wall, Mr. Lysne said the school carried over approximately \$500,000 of special funds from the 2005-07 biennium to the 2007-09 biennium.

In response to a question from Representative Svedjan, Mr. Lysne said the school's special funds include tuition received from students, distributions from the Land Department, and revenue from leases.

In response to a question from Senator Robinson, Mr. Lysne said the school has eliminated one of its two air transportation routes and has made changes to ground transportation routes to lower transportation costs for the 2007-08 school year.

Representative Skarphol requested the school provide the committee with information on the school's cost per student and the school's outreach services.

In response to a question from Senator Lindaas, Ms. Lybeck said several students being served by the school have more than one disability.

Chairman Svedjan requested the school provide the committee with information regarding the status of recommendations from the followup report to the organizational status study and the blue ribbon task force and information regarding an appraisal or value of the school's property and assets.

Mr. Jerry Balzer, Bismarck, provided comments regarding the committee's study of the provision of services to children and adults who are deaf or hearing-impaired. He said his son received a quality education from the School for the Deaf. He said the study will be a difficult task for the committee.

Dr. Gary Gronberg, Assistant Superintendent, Department of Public Instruction, provided comments regarding the committee's study of the provision of services to children and adults who are deaf or hearing-impaired. He said the School for the Deaf is under the direction, control, and management of the Department of Public Instruction. He said the Department of Public Instruction will be available to provide assistance with the study as directed by the committee.

Senator Robinson suggested a visit of the School for the Deaf be included in the proposed study plan for the committee's study of the provision of services to children and adults who are deaf or hearing-impaired.

Chairman Svedjan said he has no objection to the suggestion.

It was moved by Senator Robinson, seconded by Representative Skarphol, and carried on a roll call vote that the Higher Education Committee approve the proposed study plan for the study of the provision of services to children and adults who are deaf or hearing-impaired reflecting the suggested change. Representatives Svedjan, Delmore, Hawken, Klein, Schneider, Skarphol, and Wall and Senators Holmberg, Krebsbach, Lindaas, Nething, Oehlke, Potter, and Robinson voted "aye." No negative votes were cast.

COMMITTEE DISCUSSION AND STAFF DIRECTIVES

In response to a question from Senator Nething, Chairman Svedjan said the Higher Education Committee will not be conducting budget tours of all the higher education institutions. He said Senator Holmberg as chairman of the Budget Section is working on a budget tour schedule and at the present time it appears as though the Higher Education Committee will be responsible for conducting budget tours of the School for the Deaf and Lake Region State College. He said if committee members feel it is imperative that the committee visit a particular higher education institution they should notify the chairman.

It was moved by Senator Holmberg, seconded by Senator Robinson, and carried on a voice vote that the committee adjourn subject to the call of the chair. The meeting was adjourned at 3:30 p.m.

Roxanne Woeste
Senior Fiscal Analyst

Jim W. Smith
Legislative Budget Analyst and Auditor

ATTACH:1