

NORTH DAKOTA LEGISLATIVE MANAGEMENT

Minutes of the

HIGHER EDUCATION COMMITTEE

Tuesday and Wednesday, January 30-31, 2018
Conference Center, Student Center, Minot State University
Minot, North Dakota

Representative Mark Sanford, Chairman, called the meeting to order at 1:00 p.m.

Members present: Representatives Mark Sanford, Thomas Beadle, Lois Delmore, Dennis Johnson, Andrew G. Maragos, Bob Martinson, Lisa Meier, Gary Paur, Mike Schatz; Senators Robert Erbele, David Hogue, Karen K. Krebsbach, Carolyn C. Nelson, Larry J. Robinson, Jim P. Roers

Members absent: Representatives Rich S. Becker, Richard G. Holman; Senator Ray Holmberg

Others present: Representative Larry Bellew, Minot, member of the Legislative Management
Representative Roscoe Streytle, Minot
See [Appendix A](#) for additional persons present.

It was moved by Senator Robinson, seconded by Representative Maragos, and carried on a voice vote that the minutes of the November 1-2, 2017, meeting be approved as distributed.

Chairman Sanford thanked Dr. Steven W. Shirley, President, Minot State University, for hosting the committee meeting.

Dr. Shirley welcomed the committee members to Minot State University (MiSU). He presented information ([Appendix B](#)) regarding MiSU and its strategic plan. He said goals of the strategic plan include:

- Meet the educational needs of the local, regional, national, and global communities;
- Recruit, retain, and value well-qualified students, faculty, and staff;
- Create an institutional environment that supports student, faculty, and staff success;
- Promote and support the well-being of students, faculty, and staff, enabling them to address challenges across generations;
- Foster and grow collaborative partnerships locally, regionally, nationally, and globally; and
- Promote and recognize commitment to public service.

Dr. Shirley said MiSU offers 60 undergraduate programs and 8 graduate programs. He said enrollment has decreased from its highest enrollment of 3,866 students in fall 2010 to 3,216 students in fall 2017. He said 66 percent of MiSU students are North Dakota residents.

In response to a question from Chairman Sanford, Dr. Shirley said MiSU has conducted a survey of students who leave MiSU without graduating. He said there are varying reasons a student may leave MiSU and the data from the survey is still being reviewed.

In response to a question from Chairman Sanford, Dr. Shirley said MiSU has reduced the number of employee positions by 50 compared to 2 years ago. He said MiSU accomplished the employee position reductions through early retirements, not filling vacant positions, and reductions in force.

Dr. Vicki J. Michels, Director, Addiction Studies, Minot State University, presented information ([Appendix C](#)) regarding the MiSU addiction studies program. She said MiSU offers the only undergraduate addiction studies degree in North Dakota and the program is nationally accredited. She said MiSU began providing addiction studies education in 1987. She said there are 40 students in the addiction studies program and 93 percent of addiction studies students remain in North Dakota after graduation. She said approximately 20 percent of addiction studies students pursue a graduate degree.

In response to a question from Senator Robinson, Dr. Michels said there are approximately 300 addiction counselors in North Dakota, but she is unsure how many are MiSU graduates. She said certain courses within the addiction studies program are available online, but not all.

Ms. Sydney Houlton, addiction studies student, Minot State University, presented information regarding addiction research at MiSU. She commented on the chemistry of certain drugs, their similarities to chemicals naturally produced in the human brain, and the effects of genetic predisposition on addiction.

In response to a question from Senator Robinson, Dr. Michels said MiSU typically uses Interactive Video Network to reach addiction studies students outside of Minot. Senator Robinson expressed support for MiSU's leadership in an area of study that addresses a crisis occurring across the state.

Dr. Brent A. Askvig, Executive Director, North Dakota Center for Persons with Disabilities, presented information ([Appendix D](#)) regarding the center. He said the center has 101 staff members and had funding of \$7.5 million in the 2016-17 fiscal year. He said the mission of the center is to provide service, education, and research which empowers communities to welcome, value, and support the well-being and quality of life for people of all ages and abilities.

Dr. Richard Rothaus, Vice Chancellor of Academic and Student Affairs, North Dakota University System, presented information ([Appendix E](#)) regarding a workforce and education overview. He said the presentation focuses on the career and technical education programs offered by the North Dakota University System to meet the needs of North Dakota employers and prospective students. He said employer demand for mechanics, including automobile, industrial, diesel, and small engine mechanics, is greater than the current supply in North Dakota. He said although 268 students taking the 2017 ACT Aspire reported they wished to study mechanic-related programs at a 2-year college, there are only 195 annual degrees or certificates awarded by the University System. He said one area of concern for employers and the economy of North Dakota is only 26 students taking the 2017 ACT Aspire reported they wished to study computer science-related programs at a 2-year college.

In response to a question from Senator Nelson, Dr. Rothaus said he believes more people begin working directly in construction trade jobs in North Dakota than attend a 2-year college for a construction trade degree or certificate.

In response to a question from Representative Delmore, Dr. Rothaus said he did not review data regarding the number of North Dakota residents taking courses at Minnesota technical schools rather than North Dakota colleges.

In response to a question from Representative Delmore, Dr. Rothaus said people who have taken some college courses but did not finish are a target market for the University System going forward.

In response to a question from Representative Meier, Dr. Rothaus said the University System is currently developing a method to distribute the workforce and education overview information to North Dakota high schools. He said the University System will work with the Department of Public Instruction to encourage students to take certain educational and career paths.

Chairman Sanford commented on the State of Indiana's efforts to recruit students who had previously enrolled at a higher education institution but did not complete a degree program.

Ms. Tammy Dolan, Vice Chancellor for Administrative Affairs and Chief Financial Officer, North Dakota University System, presented information ([Appendix F](#)) regarding systemwide personnel changes. She said the University System has eliminated 669.5 full-time equivalent (FTE) positions since January 1, 2016, resulting in a cost savings of \$92.9 million for the 2017-19 biennium. She said buyout costs relating to the employee position reductions totaled approximately \$8.5 million.

In response to a question from Chairman Sanford, Ms. Dolan said there were "buyouts" for early retirement, voluntary separation, and reduction in force personnel decreases.

In response to a question from Senator Robinson, Ms. Dolan said the University System has 8,547 FTE positions as of January 1, 2018. She said that number includes 2,050 faculty, 485 temporary instructors, 602 nonbroadband support staff, 4,350 broadband support staff, and 1,060 temporary support staff.

In response to a question from Representative Paur regarding the number of personnel added by the University System since 2011, Chairman Sanford said he believed the University System added approximately 1,000 employees between 2011 and 2016.

Ms. Dolan presented information ([Appendix G](#)) regarding student enrollment by campus. She said the FTE enrollment in fall 2017 was 37,397, a decrease from the highest enrollment of 39,089 in fall 2011.

The committee recessed at 4:50 p.m. and reconvened at 8:35 a.m. on Wednesday, January 31, 2018.

Ms. Dolan presented information ([Appendix H](#)) regarding campus tuition rates, student fees, and potential future adjustments to tuition and fee models. She said tuition and mandatory fees at University System research and 4-year campuses are lower than regional and contiguous states' averages. She said University System 2-year campus tuition and mandatory fee rates are higher than the regional average but lower than the contiguous states' average. She said the State Board of Higher Education is currently working with University System institutions to revise the campus tuition models. She said statewide tuition model principles provide for the blending of tuition and nonmandatory fees, consistent on-campus and online tuition rates, a flat tuition rate if a student enrolls in more than 12 or 13 credits, and increased tuition rates for Minnesota resident students, other nonresident students, and international students.

In response to a question from Chairman Sanford regarding how North Dakota tuition rates compare to each contiguous state, rather than the average of the contiguous states, Ms. Dolan said she would provide the committee with additional information for each contiguous state.

In response to a question from Chairman Sanford regarding tuition increases prior to 2011, Ms. Dolan said tuition increase percentages prior to 2011 were greater than they have been since 2011.

In response to a question from Representative Martinson, Ms. Dolan said the adjusted credit-hour numbers for the higher education funding model are not yet finalized for the 2019-21 biennium calculation, but it appears MiSU may decrease to below the 96 percent funding mark required by North Dakota Century Code Section 15-18.2-06.

In response to a question from Representative Delmore, Ms. Dolan said Bismarck State College expects the changes to its tuition model to result in increased tuition rates for certain higher cost programs.

In response to a question from Chairman Sanford, Mr. Dave Clark, Executive Vice President, Bismarck State College, said there will still be course fees for nursing, commercial driver's license, and electrical lineman courses. He said mandatory fees, including those approved by the students, will still be separately identified from tuition on student bills.

In response to a question from Representative Martinson, Ms. Dolan said there are no guarantees campuses will not reinstitute certain course fees outside of tuition in the future, but the board will need to approve any new course fees.

In response to a question from Senator Nelson, Ms. Dolan said the state-mandated military waivers will not be affected by the tuition model changes at Bismarck State College and North Dakota State University (NDSU).

In response to a question from Senator Nelson, Dr. Dean L. Bresciani, President, North Dakota State University, said students taking more than 12 credits at NDSU are able to enroll in those additional credits at no additional charge.

Ms. Laurie Weber, Director, Financial Aid Office, Minot State University, presented information ([Appendix I](#)) regarding the Free Application for Federal Student Aid (FAFSA) process. She said FAFSA is free to complete and is the single application for all forms of federal student financial aid as well as the North Dakota state grant program. She said students must complete the application every year and the application may be completed online.

Ms. Weber said the FAFSA application requires users to enter information such as student income, parent or guardian income, asset levels, and family size. She said the information is used to determine an expected family contribution for the student. She said the expected family contribution is subtracted from the estimated cost of attendance to determine student financial need. She said federal student financial assistance programs include federal Pell grants, subsidized and unsubsidized student loans, and campus-based aid, such as work study.

In response to a question from Chairman Sanford, Ms. Weber said FAFSA uses 2 year old data, but families can appeal to use more recent data if there has been a change in financial circumstances for the family.

In response to a question from Senator Robinson, Ms. Weber said priority application status is dependent upon when the application is received.

In response to a question from Representative Paur, Ms. Weber said previously, students could obtain their federal loans through the Bank of North Dakota. She said now students must access the federal direct loan

program. She said the Bank has transferred its portfolio of existing federal student loans to another service agent. She said the Bank also has the DEAL One loan program to consolidate student loans at a more affordable interest rate.

Ms. Brenda Zastoupil, Director of Financial Aid, North Dakota University System, presented information ([Appendix J](#)) regarding student financial assistance. She said University System students received \$210.1 million in Pell grant, federal supplemental education opportunity grant, and work study money. She provided the following detail regarding University System student financial assistance programs:

Program	Description	Award Amount	2017-19 Biennium General Fund Appropriations
Student financial assistance grants	Needs-based grants awarded to students based on FAFSA information	Maximum grant of \$975 per semester	\$21,917,306
Scholars program	Scholarships awarded to the top-ranked high school graduates based on ACT Aspire scores	Full amount of tuition	\$1,807,115
Academic and career and technical education scholarship program	Scholarships awarded to resident students who achieve certain academic standards in high school	\$750 per semester	\$12,016,749
Indian scholarship program	Merit or needs-based scholarships awarded to students who are enrolled members of a federally recognized Indian tribe	Up to \$2,000 per academic year	\$555,323
Professional student exchange program	Secures admission opportunities and reduces tuition costs for North Dakota students who enroll in veterinary medicine, dentistry, and optometry programs at certain out-of-state institutions	The amount of tuition reduced varies by program	\$3,699,342
Education incentive programs	Provides student loan forgiveness through the teacher shortage loan forgiveness program and science, technology, engineering, and mathematics occupations loan forgiveness program	Provides \$1,500 of student loan repayment per year, up to a maximum of 4 years	\$2,863,393

Ms. Zastoupil said that in addition to the state financial assistance programs, there are several institutional scholarship programs, private scholarship programs, and alternative loan programs that provide student financial assistance. She said most of the scholarships are provided by foundations or donors for various purposes, such as athletics or fine arts scholarships. She said approximately \$29.4 million of institutional scholarships and \$10.1 million of private scholarships were awarded to University System students in the 2016-17 academic year.

In response to a question from Chairman Sanford, Ms. Zastoupil said federal loan volume has decreased in North Dakota over the last 5 years. She said much of the decrease is due to increased financial aid availability and an effort by campus financial aid offices to better counsel students on borrowing.

In response to a question from Representative Schatz, Ms. Zastoupil said she would provide the committee with additional information on South Dakota's average annual student loan volume. She added that North Dakota has the lowest federal student loan default rates in the country.

In response to a question from Chairman Sanford regarding prioritization of state funding for financial aid programs, Ms. Zastoupil said the student financial assistance grant program serves the neediest students.

In response to a question from Chairman Sanford, Ms. Zastoupil said she would provide the committee with additional data regarding graduation rates of students receiving a state grant.

In response to a question from Representative Beadle, Ms. Zastoupil said Williston State College has a significant amount of institutional scholarship funding available for students who are from certain counties in northwest North Dakota.

Mr. Rick Hedberg, Vice President for Advancement, Minot State University, presented information ([Appendix K](#)) regarding the higher education challenge grant program. He said the challenge grant program has provided over \$160 million of awards to higher education institutions or foundations. He said challenge grant awards since the 2013-15 biennium are as follows:

Biennium	General Fund	Student Loan Trust Fund	Private Donations	Total
2013-15	\$29.0 million		\$58.3 million	\$87.3 million
2015-17	\$19.6 million	\$2.5 million	\$45.3 million	\$67.4 million
2017-19	\$2.0 million		\$4.1 million	\$6.1 million

Ms. Dolan presented information ([Appendix L](#)) regarding tuition waivers. She said tuition waivers totaled \$31.8 million in the 2016-17 academic year, an increase from the \$31.5 million of tuition waivers provided in the 2015-16 academic year. She said there was an increase in State Board of Higher Education policy required waivers and a corresponding decrease in campus discretionary waivers because the board adopted a systemwide policy regarding employee dependent waivers, which were previously awarded at the discretion of the individual campuses. She said tuition waivers by campus ranged from \$85,182 at Dakota College at Bottineau to \$19 million at NDSU in the 2016-17 academic year. She said most campus discretionary waivers were for graduate assistants.

Ms. Dolan presented information ([Appendix M](#)) regarding campus room and board rates. She said room and board rates at University System research and 4-year campuses are lower than regional and contiguous states' averages. She said room and board rates at University System 2-year campuses are higher than the regional and contiguous states' averages.

Ms. Dolan presented information ([Appendix N](#)) regarding campus debt levels. She said the bonds payable amounts represent revenue bonds, notes payable often represent energy improvement performance contracts, capital leases represent buildings, furniture, equipment, and other similar leases, and special assessments represent money owed to cities for infrastructure improvements. She said campus long-term debt ranged from approximately \$26,000 at Dickinson State University to \$115.76 million at NDSU.

Ms. Dolan presented information ([Appendix O](#)) regarding campus financial ratios. She said higher education institutions use a composite financial index (CFI) to evaluate institution financial health. She said the CFI creates one overall measurement of financial health based on four core ratios, including the primary reserve ratio, net income ratio, viability ratio, and return on net assets ratio. She said the CFI ratio results must be viewed together over time, not individually, to evaluate institution financial health.

In response to a question from Representative Martinson, Ms. Dolan said the University of North Dakota's undesignated appropriated reserves are currently below the level considered acceptable by the State Board of Higher Education.

Dr. Mark R. Hagerott, Chancellor, North Dakota University System, presented information ([Appendix P](#)) regarding emerging technologies. He said North Dakota has the second fewest technology related startup companies of the 50 states. He said an emerging technology research and workforce working group has been established, with legislators, the Governor's office, the Bank of North Dakota, the State Board of Higher Education, the University System, and the Department of Commerce all represented in the working group.

In response to a question from Representative Beadle, Dr. Hagerott said the State Board of Higher Education recently approved between 8 and 10 new certificate programs in emerging technology areas.

Chairman Sanford said the next committee meeting will likely be in Bismarck in late March or mid-April. He said the fifth meeting will likely be held in early June in Mayville and Grand Forks and the sixth meeting will likely be held in August.

No further business appearing, Chairman Sanford adjourned the meeting at 11:45 a.m.

Alex J. Cronquist
Fiscal Analyst

ATTACH:16