

SENATE
APPROPRIATIONS
COMMITTEE HEARINGS

SB 2003



[LAKE REGION STATE COLLEGE]
[JANUARY 19, 2021]

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LAKE REGION STATE COLLEGE
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Good afternoon, I am Dr. Doug Darling, President of Lake Region State College

THE COLLEGE

For 80 years, Lake Region State College has fulfilled a mission to enhance lives and community vitality through quality education. It is a mission we live every day. We are always looking forward to tomorrow's opportunities, LRSC embraces its past and simultaneously creates tomorrow's workforce. Helping students reach their educational goals is what Lake Region State College in Devils Lake does best.

According to the National Center for Education Statistics (NCES), the average graduation rate for public, two-year institutions is 29.9 percent for the cohort year 2016. Lake Region State College reported a 49 percent graduation rate. The cohort year that is reported above is 2016 and is the graduation rate within 150% of normal time (Fall 2016 through Summer 2019). This is the most recent cohort as cohort year 2017 (Fall 2017 through Summer 2020) is currently being reported by institutions.

Thanks to state appropriations and private dollars, Lake Region State College now has a state-of-the-art center for its Precision Agriculture program. Likewise, from past appropriations and fundraising, LRSC nursing, electronics, and automotive technology students study in a high-tech facility, the Bergstrom Technical Center. Our wind turbine continues to be a winning combination, providing power and serving as a live learning lab for students. In 2020, Lake Region State College partnered with private industry to create a wind energy academy to train those previously employed in the oil industry. The summer academy was held in Tioga and made possible through a strong private sector/college partnership.

Since the last session, the campus has constructed the Curt and Annette Hofstad Precision Agriculture Center. This new building on our campus houses our Precision Agriculture students, faculty, and Farm Management faculty. A few pieces need to be unpacked and polished off, but the project has become a reality. Thank you for making the project a reality. Since we last presented, LRSC also had an opportunity to update the wing that houses our business-related programs and Fitness Trainer Technician program. Classrooms were given a modern update and accommodates several learning styles.

For those who don't know, Lake Region State College has a large footprint for the small campus we appear to be. We serve students keeping the core mission of community colleges – access to all – always top of mind. Because of the community college mission, we provide access to education on our campus; online; for military personnel at Grand Forks Air Force Base; for future police officers with academies throughout North Dakota; through nursing programs in Devils Lake, Grand Forks, and Mayville; through dual credit in more than fifty high schools; and for those who pursue a university education but aren't quite ready to take that leap with the LAUNCH! Program at UND.

We do all of this with a budget of just under \$13 million in state appropriations each biennium. Lake Region State College already runs a tight ship, which makes additional cuts extremely hard to make. Unlike other states, where optimal community college funding is 75% state and 25% tuition, we are at 60% state and 40% tuition.

With many unknowns of the pandemic, Lake Region State College cautiously reviews any positions that become vacant from resignation or retirement. In many cases we've requested current employees or departments to absorb work instead of filling a vacancy. Although this is palatable in a short-term situation, Lake Region State College already pushes many employees with a substantial amount of duties. The employees at Lake Region State College are dedicated and invested in the mission of the college. Many individuals wear multiple hats because of that dedication. Since we already operate a lean machine, additional budget cuts would be devastating to the college and likely result in the loss of additional talented employees.

The pandemic created a whole new way to conduct business. Lake Region State College quickly adapted and through the bumps of such change, the college experienced many successes. The COVID-19 pandemic challenges LRSC operations on a daily basis but direct federal funding and CRF funding through the state have contributed much toward revision of delivery systems across campus.

The college undergoes a comprehensive self-study and on-site visit. The college compiled and prepared its report over the past few years and a group of evaluators visited campus in October. Due to the pandemic, the majority of meetings took place over technology, but a member of the evaluation team also visited campus. Following the Comprehensive Evaluation conducted in 2020, HLC continued the accreditation of LRSC for another ten-year cycle, with the next Reaffirmation of Accreditation in 2030-2031. Likewise, our Associate Degree Nursing program received a similar visit and result from its national accrediting body in Fall 2020.

In summer 2019 LRSC and the Department of Labor entered into an agreement giving LRSC the ability to host apprenticeships. With this agreement, the Department of Labor recognizes LRSC's ability to provide apprenticeships in four areas. Those areas are IT Specialist, IT Cyber Support Technician, Electronics Technician, and Electromechanical Assembly.

Lake Region State College students thrived in co-curricular and extracurricular activity with students nominated to participate in a regional theater, marketing students qualifying for the International Career & Development Conference

For years, Lake Region State College has increased its footprint in delivering education to the northeast part of North Dakota, and statewide with high-demand programs. The demand for nurses continues throughout healthcare facilities in North Dakota. Successful sites operate at the LRSC campus, Grand Forks and Mayville. Lake Region State College also continues to partner with Mayville State University to deliver nursing education in Mayville. Students can earn practical nurse and associate degree nurse degrees from LRSC in Grand Forks and Mayville and continue their nursing education through the Bachelor of Science in Nursing at Mayville State University. LRSC has the only Paramedic-to-Nurse bridge program in North Dakota. Upon successful completion of the Paramedic-to-Nurse bridge program, students can obtain a practical nurse degree and are eligible to test for practical nurse licensure.

Since 1987, Lake Region State College has offered its Peace Officer Training program in Devils Lake. A summer academy operated in Fargo from 2002-2019. Another summer academy started in Grand Forks in 2009 and continues to be successful. A spring semester academy was launched in Minot in 2012. Since then, the Devils Lake-based academy has been offered only in the fall. This spring semester, the Minot academy moved to Devils

Lake due to COVID. All of these outreach sites are the results of partnerships with numerous law enforcement agencies and local governments to meet the need for peace officers. With these academies, new licensable peace officers enter the workforce each year. Lake Region State College graduated 65 peace officer students in calendar year 2019 and another 53 in 2020.

Lake Region State College continues increase student retention with targeted services. One way we've served at-risk students is through the TRiO program. In Summer 2020, Lake Region State College submitted a successful application and received continued funding for this program for another five years. This program, funded through a federal TRiO Student Support Services grant, has been in place for over a decade and has been a successful tool to reach around 200 students who may be at risk because:

- they are the first generation in their family to attend college,
- they are older students, or
- they are of lower income status.

The North Dakota Higher Education Challenge Grant Fund has benefitted Lake Region State College in many ways. The college's named endowment program has grown substantially with more than seventy new endowed funds providing funding for scholarships and instructional programming. In addition, many donors were inspired to boost the size of endowments they had already established. In 2020, funding from these endowments and other sources provided scholarships totaling \$384,026 for 329 students. Endowments providing program support enabled our faculty to continuously improve student learning outcomes. In addition to new funding for the named endowment program, the match opportunity increased other private-sector support for scholarships and programs and helped provide instructional technology for the new Bergstrom Technical Center. Programs such as the Dakota Nursing Program, Automotive Technology, Wind Energy Technician, Simulator Technology, American Sign Language and Interpreting Studies, and Precision Agriculture are utilizing new and improved technology, and the newly completed learning commons and the auditorium/lecture bowl have both received technology updates.

Lake Region State College took the opportunity to match donations through the Higher Ed Challenge Grant. Our Community College Foundation staff and board worked efficiently to increase endowment funds and other gifts eligible for the criteria of the fund. During this 4th campaign, I'm proud to say that LRSC has submitted applications for a total of \$667,088.43. This generates \$333,544.20 of matching funds from the state. These funds will help ensure student success and support vital program needs

The college has had a great year, and we continue to seek resources to benefit our students and community into the future. Lake Region was awarded more than \$400,000 in grant funds to support the LRSC Nursing Access project which will provide both classroom access which will employ active-learning modalities and hands-on, experiential learning opportunities without concern for COVID-19 or similar disruptions for those with nursing as a career choice. to provide and improve access through distance learning opportunities for both nursing theory and experiential learning. The nursing students in all three LRSC locations will have distance-learning access to the classroom curriculum. Simulated experiential learning, via the sim truck, will be available between the LRSC nursing locations on a scheduled basis. LRSC Nursing Access project funds will:

1. Provide temporary nursing faculty to develop and place all mandatory nursing courses online for the PN Certificate and AAS – Nursing degree and develop and place online modules for virtual simulation and virtual lab experiences.

2. Purchase a set (5) simulation mannequins to be shared between the LRSC Nursing locations. A fully furnished and licensed, mobile simulation unit with customized packing and storage and campus identification (vinyl-wrapped), will be used for storing and transporting the equipment and supplies.
3. Provide temporary faculty for site instruction for simulation labs. This person will also schedule and transport the equipment to serve as a regional access point for experiential learning after obtaining clinical and nursing theory accessible through distance learning/ online.

Other private sources such as the Bush Foundation are providing key educational resources to add apprenticeships in the Information Technology program. Apprenticeship programs also are in place with students in our Simulation Technology program with partners like CAE, Northrop Grumman, and ND ITD. Lake Region State College also is looking at apprenticeships in the field of Nursing. Such an arrangement has been recommended by the North Dakota Board of Nursing education board and will be considered by the full board this month. It is the second innovative project that the LRSC nursing program has applied for and there have only ever been two in the state.

A declining population base in the surrounding communities continues to concern Lake Region State College as we strive to address the demographic issues facing the state as a whole. The college continues to be entrepreneurial in its outreach efforts to ensure adequate enrollment to sustain the college infrastructure and basic services.

Strategic planning is a high priority and a key component to our plan is to expand LRSC's presence in Grand Forks. LRSC began to offer dual credit courses in the Grand Forks Public School System in the fall of FY 2011 and has continued to expand. LRSC rented space across the street from the Altru Hospital and offered its Nursing program for the first time in Grand Forks in Fall 2014. LRSC established its Launch program on the campus of UND in the fall of FY 2010 and continues to prepare underprepared students who wish to transfer to UND. LRSC's Launch program has been a successful component for increased student retention.

Our ultimate goal is to provide vocational and technical training opportunities in Grand Forks and stem the tide of ND residents attending MN institutions for training.

Lake Region State College already works closely with the Lake Area Career and Technology Center and there is potential to create additional opportunities in high-demand career and tech programs. Funds to expand career academies here in Devils Lake and in Grand Forks similar to the Career Academy in Bismarck would create more options for students.

We have been able to build some positive relationships with community leaders, businesses and economic development organizations, the school systems in our service area, our local and regional legislators, and we have strengthened relationships with North Dakota University System colleges and universities. We work closely with regional economic developers when new businesses are being recruited to locate in the area and directly with established businesses looking to expand.

Our graduates are successful. Nursing and Peace Officer graduates pass their licensure exams at rates that are equal to or higher than national averages. The national average first-time pass rate on the practical nurse exam in 2019-2020 was 85.50 percent. Lake Region State College's first-time pass rate was 100 percent for the past two years. The national pass rate average on the registered nurse exam averaged 88% over the past three years and Lake Region State College's first-time pass rate over the past three years was also 88%.

As we build partnerships, we also build efficiencies.

- Our Peace Officer Training program is a great example of efficiency. Lake Region State College works with law enforcement agencies throughout the state to deliver a quality product in the four major cities in North Dakota as well as at LRSC. Students then have the option of saving the cost of room and board if they can commute to one of these locations.
- The Dakota Nursing Program is a joint program with one director and shared faculty at BSC, LRSC, DCB, and WSC. Instruction is delivered to Mayville, Grand Forks, Minot, Valley City, Rugby, Harvey, Hazen, New Town, and other communities. Thanks to a donation from CHI/St. Alexius, the DNP launched a social media campaign this fall to enhance awareness of the nursing education opportunities available throughout North Dakota.
- The Northern IT Consortium – comprising IT departments at LRSC, WSC, DCB, TMCC, and soon MiSU – jointly delivers common IT courses and specialty IT courses using North Dakota IVN and online delivery methods.

The personnel needed to respond to programmatic and administrative needs of North Dakota continues to be a challenge because of funding limitations. Much of the institution's growth in programmatic opportunities provided to North Dakota citizens has been the result of LRSC's innovation and effective use of non-appropriated funding to explore new venues and modes of delivery. Maintaining enrollments will require additional staffing focused on educating the general public on the unique educational opportunities available at LRSC. Increased state appropriations through the higher education funding formula have been greatly appreciated.

Much of rural North Dakota is threatened by demographic changes including population decline. Northeast North Dakota is still seeing declining enrollment in K-12 schools. Lake Region State College has seen steady enrollment despite the declining population of seniors in high schools in northeast North Dakota, indicating LRSC offers programs that are meeting the educational needs of students and industry in the area.

Lake Region State College stresses collaboration with its sister institutions and economic development partners. Both are needed to have an impact on the growth and retention of population in the northeast region of North Dakota. Earlier stated examples show the variety of partnerships we have with other institutions. The link between economic development and access to education is especially important, because in rural areas, low levels of educational attainment and high poverty are barriers to development that must be addressed simultaneously if the local economy is to thrive.

Here in Devils Lake, a group of businesses has just agreed to a tuition reimbursement program for high school graduates who promise to return and work. It's called 20 by 2020. A business would partner with a young adult who is interested in a one- or two-year technical degree. The business would pay 60 percent of his or her college costs, and Forward Devils Lake, the area's economic development corporation, would kick in another 20 percent. In exchange, the student would agree to work for the sponsoring company for three years.

Lake Region State College is the educational hub of the central region of northeast North Dakota and is vital to addressing the needs for workforce development, to collaboration with economic development for retention of employers, and for developing entrepreneurs and strengthening the sharing of resources with our P16 partners for student educational success. LRSC played a key role in development of the Northeast Educational Services

Cooperative Regional Education Association and continues to be an active partner with 23 K-12 school members.

BUDGET REQUEST FOR 2021-2023 BIENNIUM

Our mission for Lake Region State College is to provide quality academic education, vocational/technical training, workforce training, outreach opportunities, and lifelong learning.

As we look ahead to the next biennium, we have many challenges to our mission. Similar to other colleges in the North Dakota University System, we have the continuing challenge of adjusting to the state's demographic shifts while also developing programming and services to meet the state's emerging needs.

We recognize the budget challenges you are facing. The current funding model for higher education is the most equitable model we have ever used.



COMPARISON OF GENERAL & SPECIAL FUNDS BUDGET REQUEST TO EXECUTIVE RECOMMENDATION

LAKE REGION STATE COLLEGE						
Comparison of General and Special Funds Budget Request to Executive Recommendation						
	LRSC 2019-21 General Fund Appropriation	LRSC 2021-23 General Fund Needs Based Budget Request	SB2003 2021-23 Executive Recommendation	2021-23 Executive Recommendation Over (Under) Needs Based Budget Request	2021-23 Executive Recommendation Over (Under) 2019-21 Base Budget	
2019-21 General Fund Operating Appropriation	\$ 12,582,613					
Base Funding of Equipment > \$5,000	207,300					
Base Funding of Deferred Maintenance (Tier I)	155,367					
Subtotal Base Funding	12,945,280					
Hofstad Ag Center (direct one-time appropriation)	1,000,000					
Deferred Maintenance (Tier I carryover from 2017-19)	18,815					
2019-21 Total General Fund Appropriation	\$ 13,964,095	\$ 13,964,095	\$ 13,964,095	-		
Needs Based Budget Adjustments:						
3%/3% Salary Increases		343,140	-	(343,140)		
Base Adjustments - Funding Formula		497,336	497,336	-		
Remove one-time and carryover appropriations		(1,018,815)	(1,018,815)	-		
Needs Based Budget (Adjusted General Fund Appropriation, Net of Base Adjustments)		13,785,756	13,442,616	(343,140)		
Governor's Budget Adjustments:						
2%/2% salary/benefit increase		-	257,988	257,988		
2021-23 Health insurance increases		-	2,453	2,453		
Funding formula 7.5% reduction		-	(1,008,196)	(1,008,196)		
Base General Funds	\$ 13,964,095	\$ 13,785,756	\$ 12,694,861	\$ (1,090,895)	\$ (1,269,234)	
2019-21 Original Special Fund Appropriation	\$ 27,331,264	\$ 27,331,264	\$ 27,331,264	-		
Base Payroll adjustments						
Capital Projects (Hofstad Ag Center and Tier II Def Maint. authority)		(2,354,750)	(2,354,750)	-		
3%/3% Salary Increase in needs based budget request		397,092	-	(397,092)		
Other changes in estimated income						
2%/2% salary increase			297,385	297,385		
2021-23 Health insurance increases			3,416	3,416		
Net change in base funding equipment over 5000						
Base Special Funds	\$ 27,331,264	\$ 25,373,606	\$ 25,277,315	\$ (96,291)		
Total All funds	41,295,359	39,159,362	37,972,176	(1,187,186)		
FTE Level	115.76	115.76	115.76	-	-	

OPTIONAL BUDGET AND CAPITAL IMPROVEMENT REQUEST
2021-23 BIENNIUM

\$238,414 general fund request, which represents the student share of the proposed 2021-23 salary increases. Funds would replace a **1.6 %** annual tuition increase for the 2021-23 biennium.

\$336,065 general fund request, which represents a **2.5%** funding formula increase. Dollars would be directed toward programmatic needs including increased student retention and completion support including tutoring, advising and counseling, and faculty development to meet the Higher Learning Commission requirements for dual-credit faculty in core disciplines.

\$250,000 general fund request to repair areas of parking lot, curb and gutter and roadways. The parking lot and adjacent campus street maintenance project entails the milling of approximately 9,445 square yards of asphalt, application of 1,238 tons of asphalt overlay and 20 tons of asphalt leveling, minor patching and the removal and replacement of 480 linear feet of curb and gutter.



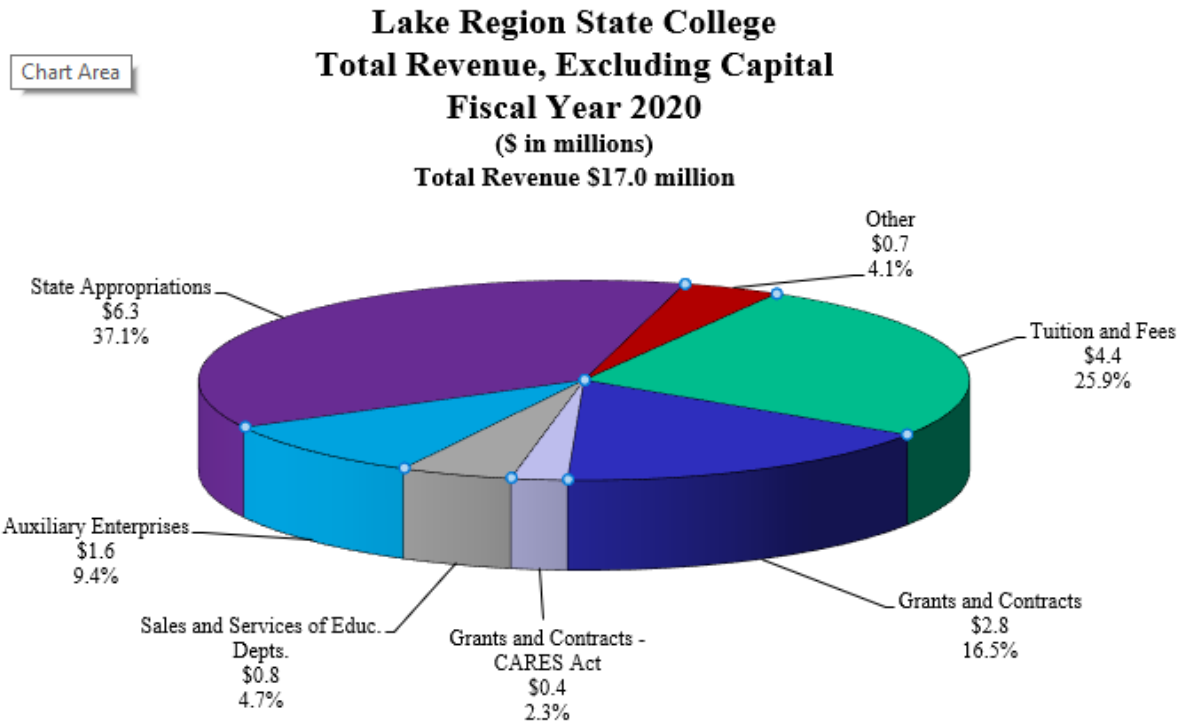
FEDERAL AWARDS TO ADDRESS COVID-19
LAKE REGION STATE COLLEGE

Part	Source of Grant Aid	CFDA#	Student Portion	College Portion	Expenditure Description	Unobligated Balance as of 12-31-20
Part A	CARES Act 18004 (A)(1) Student Portion	84.425E	\$ 55,439.00		Student Grants	\$ (559.00)
Part A	CARES Act 18004 (A)(1) College Portion	84.425F		\$ 55,439.00	Payroll for those not working before the furloughs & general losses in Fd Svc, bookstore, etc.	\$ 559.00
Part B	CARES Act 18004(A)(2)	84.425M		\$ 5,665.00		\$ -
Part B	CARES Act 18004 (A)(3)	84.425M		\$ 383,457.00	Housing & Fd Svc Refunds plus many other items.	\$ -
CRF 1	CARES Act from State (ND Emergency Commission)-MEDICAL	21.019		\$ 36,050.00	Sneeze Guards, face masks, etc.	\$ -
CRF 2	ND Emergency Commission	21.019		\$ 25,000.00	Medical & protective supplies (PPE, thermometers, masks, hand sanitizer, plexiglass barriers, etc.)	\$ -
CRF 1	CARES Act from State (ND Emergency Commission)-CLEAN	21.019		\$ 60,542.00	Sanitizer, cleaners, etc.	\$ -
CRF 2	ND Emergency Commission	21.019		\$ 9,000.00	Cleaning & facility disinfection supplies & equipment; sanitization equipment	\$ -
CRF 2	ND Emergency Commission	21.019		\$ 5,856.00	Cleaning & facility disinfection staffing overtime, temp employees, contracted services, etc.)	\$ -
CRF 1	CARES Act from State (ND Emergency Commission)-Fac Adaptation	21.019		\$ 66,325.00	e.g. extra room rental for POTP, acrylic barriers, floor markers, etc. Things that are used to adapt the facility to be safe.	\$ -
CRF 1	CARES Act from State (ND Emergency Commission)-Technology	21.019		\$ 520,509.00	\$310,509 in I.T. expenses like laptops, classrm conversion to HyFlex model, firewall, etc.	\$ 4,850.00
CRF 2	ND Emergency Commission	21.019		\$ 113,831.00	Improved air quality - HVAC filters, supplies, modifications	\$ -
CRF 2	ND Emergency Commission	21.019		\$ 16,200.00	Expanded Behavioral Health & Telemental Health Services	\$ -
CRF 3	ND Emergency Commission	21.019		\$ 27,500.00	Extraordinary Fd Svc & Housing Costs such as rooms @ hotels etc.	\$ -
			\$ 55,439.00	\$ 1,325,374.00		\$ 4,850.00

**TOTAL REVENUE
(EXCLUDING CAPITAL)**

FISCAL YEAR 2020

(\$ in millions)
Total Revenue: \$17.0 million



Source: Audited NDUS Financial Statements, June 30, 2020

Auxiliary Enterprises are the self-supporting activities of the campuses, such as bookstore, food service and housing.

Sales and Services of Educational Departments includes revenues related incidentally to instruction, research, public service and revenues of activities that exist to provide instructional and laboratory experience for students and incidentally creates goods and services that may be sold to students, faculty, staff and the general public. Examples are advertising in campus publications, fees for conferences organized by the institution and ticket sales for campus theatrical and musical events.

OPERATING EXPENSES BY FUNCTION
(EXCLUDING CAPITAL ITEMS AND OTHER NONOPERATING EXPENSES)

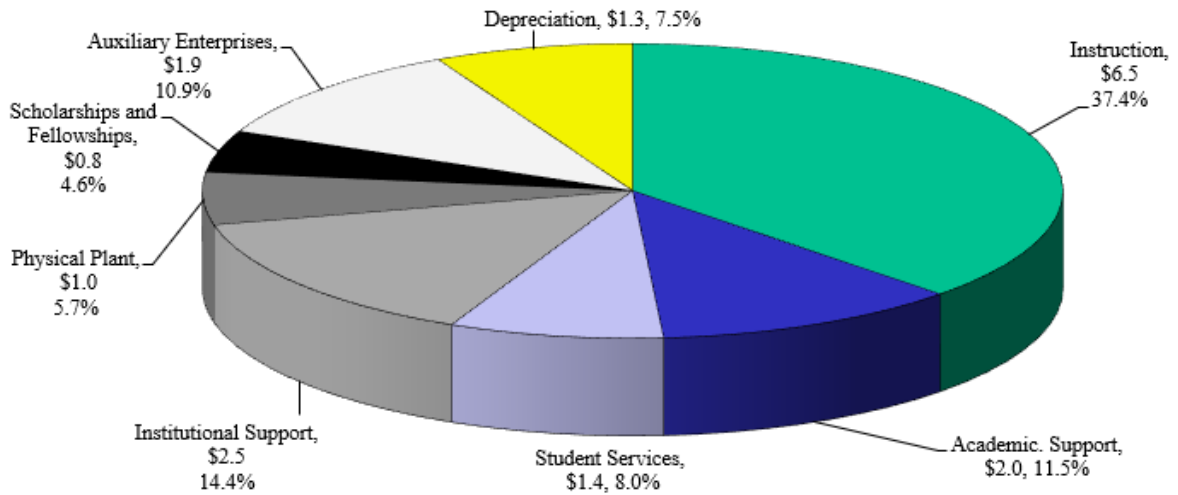
FISCAL YEAR 2020

(\$ in millions)

Total Operating Expenses: \$17.4 million

Lake Region State College
Operating Expenses by Function
(excluding capital items and other nonoperating expenses)
Fiscal Year 2020
(in millions)

Total Operating Expenses: \$17.4 million



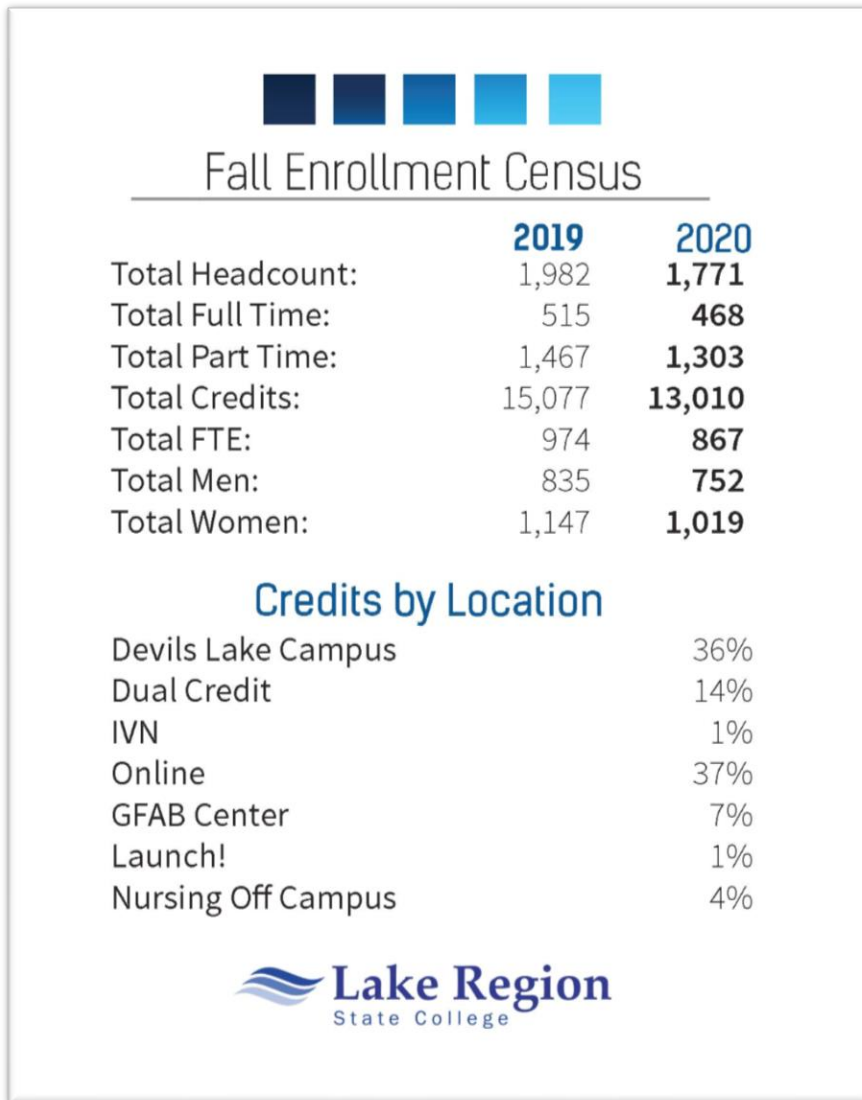
Source: Audited NDUS Financial Statements, June 30, 2020

The instructional function includes expenses related to instruction (e.g. classroom, distance ed and continuing education) and instructional support. Academic support includes libraries, academic deans, and other departments that directly support the academic unit of the campuses. Student services include offices that provide a specific service to students, including career services, registration, admission and counseling. Institutional support includes staff that supports the institution as a whole (e.g. business office, IT support and president’s office). The physical plant function includes upkeep, maintenance and utilities for campus facilities. Scholarships and fellowships include aid provided to students. Auxiliary enterprises are the self-supporting activities of the campuses, such as bookstore, food service and housing. Depreciation represents the non-cash expense of capitalized assets over time. Public service includes activities established primarily to provide non-instructional services that are beneficial to individuals and groups external to the institution. The Research function is activities specifically organized to produce research.

AUDIT

The June 30, 2020 NDUS financial audit report is being finalized by the SAO and is scheduled to be published in January 2020. Our communications with the SAO indicate there are no findings or recommendations.

ENROLLMENT



Smaller campuses like Lake Region State College create large impacts on its regional and state employers.

Our fall 2018 enrollment at 2,072, a record for the college and the Fall 2019 numbers were in the top five of enrollment highs.

With the pandemic, outreach to future students changed drastically. Delivery of courses at our Grand Forks Air Force Base site transitioned to online only, impacting enrollments.

Many young adults chose to hold off on college or selected a route different than Lake Region State College and high school students eligible to take college courses while in high school held off on adding one more thing in a tumultuous time.

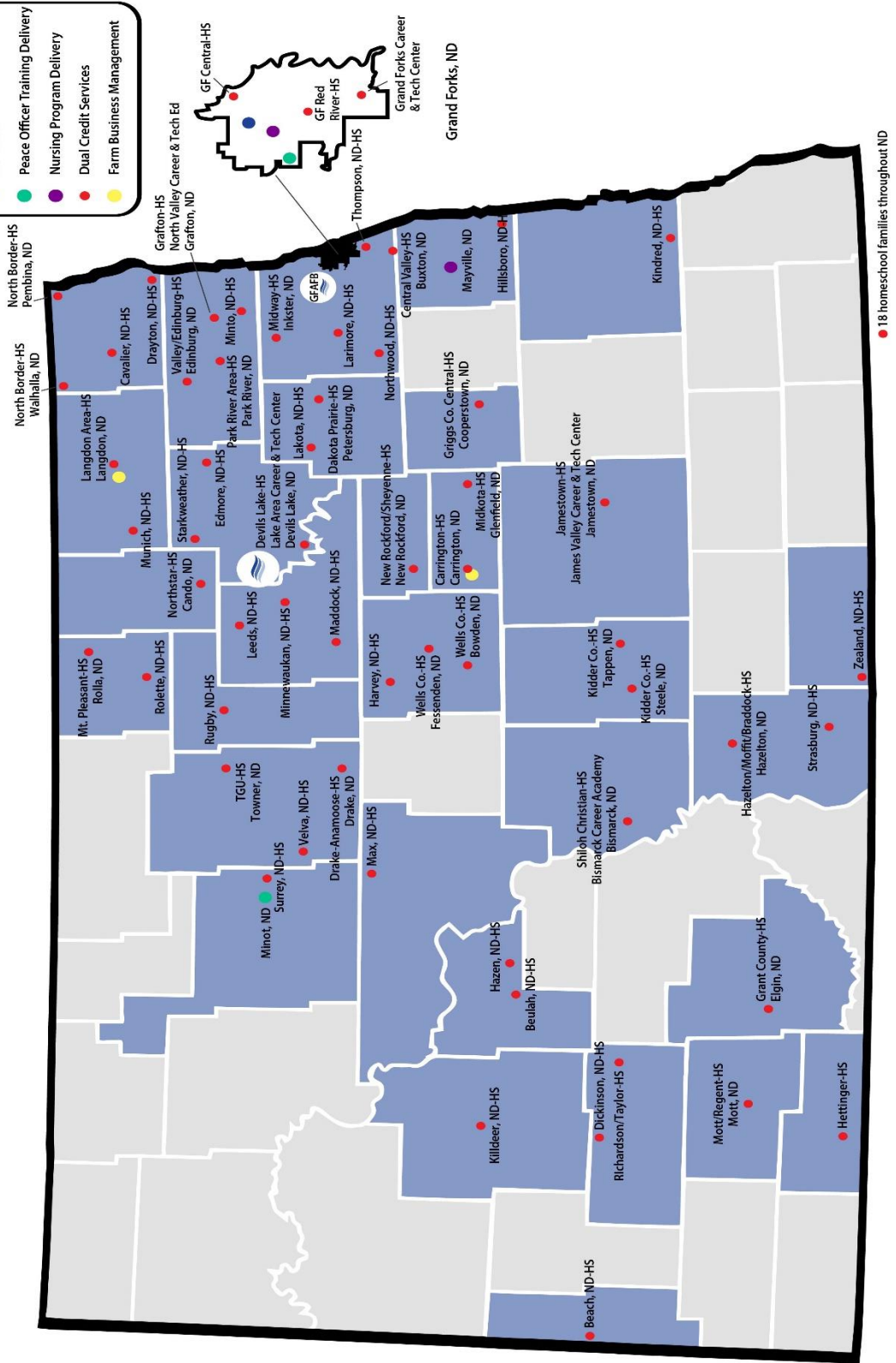
Because of those reasons, and a few others not mentioned or known, LRSC experienced a drop in its Fall 2020 enrollment.

LRSC OUTREACH

Lake Region State College | OUTREACH IN NORTH DAKOTA

LEGEND

- Lake Region State College
- Grand Forks Air Force Base
- LAUNCH!
- Peace Officer Training Delivery
- Nursing Program Delivery
- Dual Credit Services
- Farm Business Management



Although the number of schools we work with has increased, the overall number of students enrolled has remained comparable to last biennium. These courses serve two purposes; they simultaneously count toward high school and college graduation requirements. LRSC delivers dual credit courses to the schools that are indicated by the small red dots on the above map. The larger dots represent various programs we currently deliver on site, incurring additional delivery expenses for renting space and employing faculty and staff to deliver in-demand programs to Grand Forks, Langdon, Mayville, and Minot.

Lake Region State College is a vital part of Devils Lake and the northeast sector of North Dakota area providing economic and quality-of-life opportunities for residents. Lake Region State College is an integral part of the regions' economy. Total economic contribution results from institution expenditures, student spending, and spending of area residents employed by the college.

The economic impact of LRSC was estimated at \$54.2 million in FY2019. The sector that had the largest impact was the *Households* Sector (i.e., personal income of area residents) followed by *Retail Trade; Finance, Insurance, and Real Estate; Business and Personal Services*, and *Communications and Public Utilities*. Total tax collections generated by Lake Region State College was \$1.4 million. Levels of business activity resulting from Lake Region State College expenditures would support 322 secondary (indirect and induced) jobs in FY2019. These jobs are in addition to direct employment of 272 positions (excluding student jobs) at Lake Region State College in FY2019. It has high-quality programs that are versatile and provides several different avenues of opportunity. Without LRSC, the communities in the northeast sector would lose students to other communities or states. North Dakota would have a less educated workforce and a less informed citizenry with fewer opportunities for economic development projects and improvements to the community.

