

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

HIGHER EDUCATION COMMITTEE

Wednesday, July 18, 2001
Nautilus-Lightning Room, Seven Seas Inn
Mandan, North Dakota

Senator Dave Nething, Chairman, called the meeting to order at 9:00 a.m.

Members present: Senators Dave Nething, Linda Christenson, Tony Grindberg, Ed Kringstad, Elroy N. Lindaas, Ken Solberg, Rich Wardner; Representatives Ole Aarsvold, Rachael Disrud, Eliot Glassheim, Michael Grosz, Pam Guleson, Roxanne Jensen, Nancy Johnson, Bob Martinson, Ralph Metcalf, Bill Pietsch, Janet Wentz, Lonny Winrich

Members absent: Senators Tim Flakoll, Ray Holmberg; Representative Myron Koppang

Roundtable members present: Craig Caspers, Joseph A. Chapman, Bill Goetz, James Grijalva, Gary D. Hagen, Dennis Hill, William B. Isaacson, Larry Isaak, Ralph Kingsbury, Dale Knutson, Richard Kunkel, Charles E. Kupchella, Wayne Kutzer, Craig Larson, Heather J. Lee, Philip Leitner, Gloria Lokken, Lee Peterson, Wayne Sanstead, H. Erik Shaar, Chuck Stroup, Donna Thigpen, Sister Thomas Welder, Curtis L. Wolfe

Roundtable members absent: Hardin Aasand, Beverly Clayburgh, Vern Dosch, Jennifer Feist, Bruce Furness, Red Geurts, Don Hedger, Bruce Henke, Jim Jensen, Dennis Johnson, Marlowe Johnson, David Kemnitz, Carty Monette, Ryn Pitts, Ken J. Quamme, Roger Reiersen, Jodi Uecker-Rust

Others present: See attached appendix

HIGHER EDUCATION ROUNDTABLE

Chairman Nething recognized Representative Wesley R. Belter, Chairman, Legislative Council, who commented on the North Dakota University System, the work of the Higher Education Roundtable during the 1999-2000 interim, and the responsibilities of the Higher Education Committee for the 2001-02 interim. He said North Dakota has a quality higher education system of which the citizens of the state can be proud. He said legislators are ultimately responsible to the citizens of North Dakota for establishing and maintaining a quality higher education system. Chairman Nething announced that Senator Bob Stenehjem, Vice Chairman, Legislative Council, was also in attendance. The chairman said Mr. Joe Morrisette, Senior Fiscal Analyst, Legislative Council, would staff the committee in the absence of Ms. Roxanne Woeste, Fiscal Analyst.

Chairman Nething discussed the work of the Higher Education Roundtable during the 1999-2000 interim and the committee responsibilities for the 2001-02 interim. He said the 2001 Legislative Assembly passed many of the bills recommended by the 1999-2000 Higher Education Committee. He said the 2001 Legislative Assembly increased the appropriation authority for the University System and for workforce training and granted the University System greater flexibility in spending its appropriation. He said for the 2001-02 interim, the Higher Education Committee has been assigned responsibility to study the responsibilities and functions of the College Technical Education Council and the workforce training regions and to study the State Board of Higher Education's implementation of performance and accountability measures.

At the request of Chairman Nething, Mr. Jim W. Smith, Legislative Budget Analyst and Auditor, Legislative Council, presented a memorandum entitled *Information Regarding the 1999-2000 Interim Higher Education Funding Study and Related 2001 Legislation*. House Bill No. 1003 (1999) directed a study of higher education funding to be conducted during the 1999-2000 interim by the Higher Education Committee. The Higher Education Roundtable was formed consisting of the 21 members of the Higher Education Committee and 40 representatives of the State Board of Higher Education, business and industry, higher education institutions, and the executive branch. The roundtable made recommendations in six areas--funding issues, information technology infrastructure, reporting and audit issues, research, sustaining the vision, and workforce training. The 1999-2000 Higher Education Committee supported the Higher Education Roundtable recommendations and recommended six bills regarding higher education funding and also recommended financial and nonfinancial accountability measures for the University System.

Chairman Nething called on Mr. Bill Goetz, Chief of Staff, Governor's office, who commented on the Higher Education Roundtable findings and recommendations and the implementation of those recommendations. Mr. Goetz said actions of the 2001 Legislative Assembly changing the budgeting process for the University System increased the flexibility and accountability of the University System and will have a

far-reaching impact on education in North Dakota. He said strong leadership will be needed within the University System, the executive branch, and the legislative branch to implement the recommendations of the Higher Education Roundtable, as enacted by the 2001 Legislative Assembly. He said the North Dakota higher education system has gained national attention due to the work of the roundtable. He said the National Governor's Association is currently applying for grants to conduct a study and review of the higher education system in North Dakota and the changes enacted by the 2001 Legislative Assembly.

Chairman Nething called on Mr. Chuck Stroup, President, State Board of Higher Education, who commented on the roundtable findings and recommendations and the implementation of those recommendations. A copy of the information presented is on file in the Legislative Council office. Mr. Stroup presented a list of State Board of Higher Education actions aligned with recommendations of the Higher Education Roundtable, which includes the following:

1. In July 2000, the State Board of Higher Education took formal action to adopt the recommendations of the roundtable and to move aggressively toward implementation.
2. The University System supported all legislation introduced by the 1999-2000 interim Higher Education Committee.
3. The mission statement for the University System has been changed. The old mission statement focused primarily on meeting the educational needs of traditional college students. The new mission statement makes it clear the University System is expected to continue to provide high-quality education to students and is also expected to take on a major responsibility for enhancing the economy of North Dakota.
4. The State Board of Higher Education has developed a vision statement.
5. The campuses have developed campus alignment plans which describe what the campuses are doing and intend to do in response to each of the six cornerstones outlined in the roundtable report.
6. Phase 1 of the workforce training legislation was successfully implemented.
7. Educational access was increased by providing campuses broad discretion to grant tuition waivers and by joining the Midwest Higher Education Compact student exchange program.
8. A new enrollment reporting model was developed and adopted which will provide more comprehensive student enrollment information.
9. The board is currently developing a long-term financing plan and resource allocation model.

Mr. Stroup asked the Higher Education Committee, on behalf of the State Board of Higher Education to:

1. Keep the vision of the roundtable alive by building strong and trusting relationships among the parties involved.
2. Continue to provide strong and unwavering support for the changes that need to be made.
3. Have patience and understanding in dealing with the campuses, which are expected to be more entrepreneurial and to take calculated risks, which will result in some failures.

Senator Grindberg said there is a need in the workplace for skilled workers trained in vocational and technical programs. He asked what the University System is doing to align its program offerings with the employer needs. Mr. Stroup said the demands of employers may be different in different parts of the state. He said the University System relies on its college presidents to be aware of and responsive to those demands. Senator Nething said one reason for the increased budgetary flexibility afforded the University System by the 2001 Legislative Assembly is to allow the University System to be more responsive to workforce needs.

Chairman Nething called on Mr. Dennis Jones, President, National Center for Higher Education Management Systems, Boulder, Colorado, who commented on the implementation of the roundtable recommendations and items to be considered during the 2001-02 interim. Mr. Jones congratulated the roundtable for the accomplishments of the 1999-2000 interim and the 2001 legislative session, and for the continuation of the roundtable for the 2001-02 interim. He said that even though the roundtable recommendations have been implemented and all parties have agreed on what institutions will be held accountable for, there is still much to be accomplished by the roundtable and the University System. He said change must be accomplished in small steps. He said trust will be required for the change to take place. He said few states have accomplished what North Dakota has and that North Dakota is unique in bringing all participants together through the work of the roundtable.

Representative Gulleon expressed a concern that due to a declining number of high school graduates in North Dakota, institutions may be encouraged to be more aggressive in their recruiting efforts and the result may be more competition between institutions in attracting North Dakota students. Mr. Jones said competition between the institutions is unlikely because tuition accounts for only approximately 25 percent of the total cost of education for each student. He said success cannot be achieved by institutions competing for the same pool of students. He said, however, that North Dakota has a huge untapped market of nontraditional students which

could be attracted to the campuses or receive education through nontraditional methods.

Chairman Nething introduced new members of the Higher Education Roundtable. He also asked other members of the audience to introduce themselves.

Chairman Nething called on Mr. Dennis Hill, Executive Vice President and General Manager, North Dakota Association of Rural Electric Cooperatives, Mandan, who discussed the new economy initiative and its relationship to the roundtable recommendations. Mr. Hill distributed copies of the July 2001 issue of the *North Dakota REC/RTC Magazine*, which includes an article on the new economy initiative. A copy of the magazine is on file in the Legislative Council office. He said the New Economy Initiative Committee consists of 31 persons. He said the committee has determined that North Dakota must embrace change and take risks, and North Dakota must serve global markets and adopt new ways of doing business. He said in the future, North Dakota will continue to produce many of the same products but will do so in new ways. He said six industry clusters have been identified in the new economy initiative--energy and environment, aerospace, information technology, flexible food manufacturing, tourism, and advanced manufacturing. He also discussed the proposal to consider changing the state's name from North Dakota to Dakota, as proposed by the New Economy Initiative Committee.

HIGHER EDUCATION PERFORMANCE AND ACCOUNTABILITY MEASURES STUDY

Chairman Nething called on Mr. Larry Isaak, Chancellor, North Dakota University System, who provided comments regarding the committee's 2001-02 study of higher education performance and accountability measures and the University System's progress toward establishing a performance and accountability report, a long-term financing plan, and a long-term enrollment management plan. A copy of the information presented is on file in the Legislative Council office. Mr. Isaak said the State Board of Higher Education plans to finalize a long-term financing plan, peer comparator benchmarks, and a resource allocation model by December 2001. He said that in order to develop an enrollment management plan, the State Board of Higher Education will review, during the summer and fall of 2001, enrollment management plans in other states and will present a report and recommendations to the 2003 Legislative Assembly. He also presented a projected timeline on the development of an accountability measures report, summarized as follows:

Accountability Measure from 2001 Senate Bill No. 2003	Projected Reporting Date
Education excellence	
Student performance on nationally recognized examinations in their major fields compared to the national averages.	2002
First-time licensure pass rates compared to other states.	2001
Alumni-reported and student-reported satisfaction with preparation in selected major, acquisition of specific skills, and technology knowledge and abilities.	2002
Employer-reported satisfaction with preparation of recently hired graduates.	2002
Biennial report on employee satisfaction relating to the University System and local institutions.	2002
Ratio of faculty and staff to students.	2001
Student graduation and retention rates.	2002
Economic development	
Enrollment in entrepreneurship courses and the number of graduates of entrepreneurship programs.	2002
Percentage of University System graduates obtaining employment in the state appropriate to their education.	2001
Number of businesses and employees in the region receiving training.	2001
Student access	
Proportion of residents of the state who are within a 45-minute drive of a location at which they can receive educational programs from a provider.	2001
Number and proportion of enrollments in courses offered by nontraditional methods.	2002
Student affordability	
Tuition and fees on a per student basis compared to the regional averages.	2001
Tuition and fees as a percentage of median North Dakota household income.	2001
Cost per student in terms of general fund appropriations and total University System funding.	2001
Administrative, instructional, and other cost per student.	2001
Per capita general fund appropriations for higher education.	2001
State general fund appropriation levels for university system institutions compared to peer institutions general fund appropriation levels.	2002
Financial operations	
Percentage of total University System funding used for instruction, research, and public service.	2001

Accountability Measure from 2001 Senate Bill No. 2003	Projected Reporting Date
Percentage of total University System funding used for institutional support, operations, and maintenance of physical plant.	2001
Ratio measuring the funding derived from operating and contributed income compared to total University System funding.	2001
Ratio measuring the size of the University System's outstanding maintenance as compared to its expendable net assets.	2002
Ratio measuring the amount of expendable net assets as compared to the amount of long-term debt.	2001
Research expenditures in proportion to the amount of revenue generated by research activity and funding received from research activity.	2002
Report on new construction and major renovation capital projects for which specific appropriations are made, including budget to actual comparison, use of third-party funding, and related debt.	2001

Senator Solberg expressed concern that in the past, there has been a lack of uniformity among the various institutions of higher education regarding how student counts are reported. He said he hopes the board is considering this issue in its development of a long-term enrollment plan. Mr. Isaak said in November 2000, the State Board of Higher Education took action to establish a board policy to provide for uniform reporting of enrollment. He said the policy is currently being implemented.

Representative Aarsvold said the State Board of Higher Education should consider, in its development of a long-term enrollment management plan, the human resources, physical plant, faculty, and other characteristics unique to each campus. Representative Gulleason suggested the State Board of Higher Education, in its development of a long-term enrollment management plan, should also consider differences in the cost of delivering programs at each campus.

Dr. Wayne Sanstead, Superintendent of Public Instruction, said that in addition to the entrepreneurship curriculum for higher education, there are similar programs offered for elementary and secondary students. Dr. Sanstead said the Governor's school program at North Dakota State University has recently been expanded to include a business and entrepreneurship program. He said, in addition, a marketplace for kids program has been established in various communities in the state for fourth, fifth, and sixth graders.

The roundtable concluded its meeting at 11:45 a.m., and the committee recessed for lunch and reconvened at 12:30 p.m.

At the request of Chairman Nething, Mr. Smith reviewed the *Supplementary Rules of Operation and Procedure of the North Dakota Legislative Council*.

At the request of Chairman Nething, Legislative Council staff presented a memorandum entitled *Higher Education Performance and Accountability Measures Report - Background Memorandum*. Section 18 of 2001 Senate Bill No. 2003 directs a study of the State Board of Higher Education's implementation of the performance and accountability measures report required by 2001 Senate Bill No. 2041. In addition, the committee has been assigned the Legislative Council responsibility to receive a report on the State Board of Higher Education's progress toward establishing a long-term enrollment management plan and related implementation procedures. The memorandum includes the following proposed study plan:

1. Receive information from a higher education roundtable representing business, industry, the State Board of Higher Education, the institutions of higher education, higher education students, the executive branch, and private and tribal higher education institutions regarding the implementation status of the 1999-2000 interim Higher Education Committee recommendations and possible future actions.
2. Receive information from representatives of the State Board of Higher Education, the University System office, and higher education institutions on the status of the State Board of Higher Education's implementation of the performance and accountability measures report, including information on proposed performance and accountability measures, the level of reporting, and the timeframe for annual report publication.
3. Receive information from representatives of the State Board of Higher Education regarding the status of the implementation of recommendations from the 1999-2000 interim Higher Education Committee report, including the establishment of a long-term financing plan and a resource allocation model, the selection of peer institutions, and the use of peer institution comparisons.
4. Conduct a budget tour and site visit of each of the higher education institutions and receive information from campus representatives regarding the status of implementation of recommendations from the 1999-2000 interim Higher Education Committee recommendations, enrollment status and long-term enrollment plans, capital improvement needs, and workforce training activities, where appropriate.

5. Receive testimony from other interested persons regarding higher education performance and accountability measures for the North Dakota University System.
6. Receive a report by the State Board of Higher Education as required by Section 15 of 2001 Senate Bill No. 2003 regarding the board's progress toward establishing a long-term enrollment management plan and related implementation procedures, including information regarding current student enrollments.
7. Develop recommendations and any bill drafts necessary to implement the recommendations.
8. Prepare a final report for submission to the Legislative Council.

It was moved by Senator Grindberg, seconded by Senator Kringstad, and carried on a voice vote that the Higher Education Committee approve the proposed study plan regarding the higher education performance and accountability measures study.

Chairman Nething said the Higher Education Committee will visit each campus in the North Dakota University System during the 2001-02 interim. He said in the past interims, various committees have toured the higher education campuses, which resulted in a fragmented view of the higher education system. He reviewed a tentative schedule for budget tours and meetings of the Higher Education Committee, revised as of July 25, 2001, as follows:

Tentative Tour or Meeting Date	Institution or Location
September 10-11, 2001 (Monday - Tuesday)	Valley City State University State College of Science
October 16, 2001 (Tuesday)	Bismarck - Capitol
November 7-8, 2001 (Wednesday - Thursday)	North Dakota State University Main Research Center
January 10-11, 2002 (Thursday - Friday)	University of North Dakota
March 4-5, 2002 (Monday-Tuesday)	Lake Region State College Mayville State University
March 25, 2002 (Monday)	Bismarck State College
April 8-9, 2002 (Monday - Tuesday)	Minot State University - Bottineau Forest Service Minot State University North Central Research Extension Center
May 6-7, 2002 (Monday - Tuesday)	Williston State College Williston Research Extension Center Dickinson State University Dickinson Research Extension Center

Chairman Nething said the campus visits will provide an opportunity for legislators to learn more about the college campuses and to receive information on the progress in implementing the performance and accountability measures. He said the Higher Education Roundtable should also plan on meeting in September or October of 2002 to receive status reports from the college campuses and information on the new economy initiative.

COLLEGE TECHNICAL EDUCATION COUNCIL AND WORKFORCE TRAINING REGIONS STUDY

At the request of Chairman Nething, Legislative Council staff presented a memorandum entitled *College Technical Education Council Study - Background Memorandum*. Section 17 of 2001 Senate Bill No. 2003 directs a study of the responsibilities and functions of the College Technical Education Council and the implementation of the workforce training regions. The College Technical Education Council was formed in 1993 to improve the coordination and collaboration among the State Board for Vocational and Technical Education and the secondary and post-secondary institutions involved in vocational and technical education and workforce training in North Dakota. The workforce training regions were established by 1999 House Bill No. 1443, which divided the state into four service delivery regions and designated a higher education institution in each region as having primary responsibility for workforce training programs. The memorandum includes the following proposed study plan:

1. Receive testimony from representatives of the College Technical Education Council regarding the responsibilities and functions of the council, the council's relationship with the Department of Commerce Division of Workforce Development, and how the workforce training regions are functioning.
2. Receive testimony from representatives of the higher education institutions with workforce training responsibilities and the workforce training boards regarding implementation of the workforce training system, including information on the types of workforce training provided, the number of businesses served, the number of employees trained, workforce training revenue and expenses, performance measurements, training needs of businesses, future plans of the workforce training regions, and the workforce training regions' relationship with the Department of Commerce Division of Workforce Development.
3. Receive testimony from individuals from business and industry regarding the current and future role of the workforce training regions.

4. Develop recommendations and any necessary legislation to implement the committee's recommendations.
5. Prepare a final report for submission to the Legislative Council.

It was moved by Representative Glassheim, seconded by Representative Disrud, and carried on a voice vote that the Higher Education Committee approve the proposed study plan regarding the College Technical Education Council and workforce training study.

Chairman Nething called on Mr. Eddie Dunn, Vice Chancellor for Strategic Planning and Executive Director, College Technical Education Council, who provided comments regarding the committee's study. A copy of the information presented is on file in the Legislative Council office. Mr. Dunn presented information on the activities and accomplishments of the College Technical Education Council, including the following:

1. Developing a program matrix to identify and determine where programs are currently being offered, where they could potentially be offered, needs for new programs, and opportunities for collaboration among campuses.
2. Developing a core of general education courses which satisfy the general education requirements at any of the University System institutions.
3. Providing leadership in the development of a common course numbering system.
4. Assisting the statewide task force on workforce development and training in designing a more effective and responsive workforce training system for the state.
5. Collaborating with University System institutions and with business and industry leaders to more effectively connect the education, research, and service capabilities of the University System with the economic development needs and opportunities of the state.

Chairman Nething called on Dr. Sharon L. Etemad, President, Lake Region State College; Dr. Donna Thigpen, President, Bismarck State College; Dr. Joseph McCann, President, Williston State College; Dr. Ken Grosz, Campus Dean, MSU-Bottineau; Dr. Sharon Hart, President, State College of Science; and Mr. Wayne Kutzer, State Director, State Board for Vocational and Technical Education, who discussed the importance of the College Technical Education Council and its success in improving the coordination and collaboration between the state's two-year colleges.

Senator Grindberg said pursuant to Section 4 of 2001 Senate Bill No. 2020, the Legislative Council's Commerce Committee is conducting a comprehensive study of workforce training and development programs in North Dakota. He said it may be beneficial for the Higher Education Committee to schedule a committee meeting in conjunction with the Commerce Committee and invite a representative of the Kirkwood Community College, Cedar Rapids, Iowa, to present information on workforce training to the two committees. He said the Kirkwood Community College has been nationally recognized as a role model for the delivery of workforce training programs.

The meeting was adjourned subject to the call of the chair at 1:55 p.m.

Joe R. Morrisette
Senior Fiscal Analyst

Jim W. Smith
Legislative Budget Analyst and Auditor

ATTACH:1