

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

HIGHER EDUCATION COMMITTEE

Monday, July 14, 2003
Roughrider Room, State Capitol
Bismarck, North Dakota

Senator Ray Holmberg, Chairman, called the meeting to order at 9:00 a.m.

Members present: Senators Ray Holmberg, Tim Flakoll, Ed Kringstad, Elroy N. Lindaas, Dave Nething; Representatives Ole Aarsvold, Bette B. Grande, Kathy Hawken, Nancy Johnson, Frank Klein, Bob Martinson, Eugene Nicholas, Darrell D. Nottestad, Steven L. Zaiser

Members absent: Senator Tony S. Grindberg; Representatives Thomas Brusegaard, Janet Wentz

Others present: See attached appendix

SUPPLEMENTARY RULES OF OPERATION AND PROCEDURE

At the request of Chairman Holmberg, the legislative budget analyst and auditor reviewed the *Supplementary Rules of Operation and Procedure of the North Dakota Legislative Council*.

HIGHER EDUCATION STUDY

Chairman Holmberg said the Higher Education Roundtable was created during the 1999-2000 interim with the intent to provide higher education with more flexibility and less micromanagement regarding operations while maintaining accountability to the Legislative Assembly.

At the request of Chairman Holmberg, the legislative budget analyst and auditor presented a memorandum entitled *Higher Education - Background Memorandum*. He said the 1999-2000 interim Higher Education Committee studied higher education funding through the use of a Higher Education Roundtable consisting of 21 members of the Higher Education Committee and 40 representatives from the State Board of Higher Education, business and industry, higher education institutions, including tribal colleges and private colleges, and the executive branch of government. He said the committee recommended several bills for legislative consideration, including 2001 Senate Bill No. 2037, which provided a continuing appropriation for all funds in higher education institutions' special revenue funds, including tuition, and allowed institutions to carry over at the end of the biennium unspent general fund appropriations. He said the language in Senate Bill No. 2037 was incorporated into 2001 Senate Bill No. 2003, which was approved by the Legislative Assembly and

was effective through June 20, 2003. He said the committee also developed expectations for the University System, recommendations concerning higher education in North Dakota, and accountability measurements to be reported annually at the University System level.

The legislative budget analyst and auditor said the 2001-02 interim Higher Education Committee studied the State Board of Higher Education's implementation of the performance and accountability measures report. He said through the use of a Higher Education Roundtable, the committee reviewed the state's New Economy Initiative and its relationship to the higher education cornerstones and recommendations and developed high-priority action items concerning higher education in North Dakota. He said the committee also studied the University System's long-term financing plan and resource allocation model. The committee recommended a number of bills regarding higher education funding, including 2003 House Bill No. 1039, which would have provided for the continuation through June 30, 2005, of the continuing appropriation authority for higher education institutions' special revenue funding, including tuition, and 2003 House Bill No. 1040, which would have continued through June 30, 2005, the University System's authority to carry over at the end of the biennium unspent general fund appropriations. The language in these bills was included by the 2003 Legislative Assembly in 2003 House Bill No. 1003.

The legislative budget analyst and auditor presented a proposed 2003-04 interim study plan for the committee's consideration in its study of higher education, including:

1. Receiving information from business, industry, the State Board of Higher Education, higher education students, the executive branch, and private and tribal higher education institutions regarding:
 - a. The implementation status of the 1999-2000 interim Higher Education Roundtable recommendations and the 2001-02 Higher Education Roundtable high-priority action items.
 - b. The refinement of the expectations of the North Dakota University System in meeting the state's needs in the

- 21st century, the funding methodology needed to meet those expectations and needs, and the accountability system and reporting methodology for the University System. (Consider a Higher Education Roundtable process.)
2. Receiving a report from representatives of the State Board of Higher Education, the University System office, and higher education institutions on the State Board of Higher Education's implementation of the performance and accountability measures report required by North Dakota Century Code Section 15-10-14.2.
 3. Conducting a budget tour and site visit at 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 Roundtable report and the high-priority action items from the 2001-02 interim Higher Education Roundtable, enrollment status and long-term enrollment plans, tuition rates, and capital improvement needs.
 4. Receiving testimony from other interested persons regarding the committee's study of higher education.
 5. Developing recommendations and any bill drafts necessary to implement the recommendations.
 6. Preparing a final report for submission to the Legislative Council.

NORTH DAKOTA UNIVERSITY SYSTEM STRATEGIC PLAN STATUS

Chairman Holmberg called on Mr. Larry Isaak, Chancellor, North Dakota University System, who provided information regarding the implementation status of the 1999-2000 interim Higher Education Roundtable recommendations and the 2001-02 interim Higher Education Roundtable high-priority action items. A copy of the information presented is on file in the Legislative Council office. Mr. Isaak said various action plans were developed to implement and monitor progress toward achieving annual objectives based on the State Board of Higher Education's strategic plan. These objectives include:

- Continuing implementation of the long-term financing plan and resource allocation mechanism for the North Dakota University System.
 - Preparing the accountability measures report.
 - Identifying and pursuing the discontinuation of reports and data collection practices which can be terminated as a result of the accountability measures identified and agreed to by the roundtable.
 - Creating a culture consistent with roundtable expectations which encourages flexibility
- with accountability, responsiveness, and risk-taking.
 - Supporting implementation of the ConnectND project.
 - Clarifying roles and responsibilities of the board, system office, and campuses consistent with the Higher Education Roundtable recommendations of flexibility with accountability and empowerment.
 - Assuring the plans developed by the campuses agree with the cornerstones and expectations of the roundtable.
 - Being a "change agent" and provide leadership as a valued partner with the private and public sectors in creating high-value jobs and growing the working-age population of North Dakota.
 - Developing and implementing an enrollment management/services plan for the North Dakota University System.
 - Evaluating the feasibility and recommending "higher education centers" on some or all North Dakota University System campuses.
 - Completing the planning and implementing learning centers accessible, within 45 minutes, of the entire North Dakota population.
 - Promoting collaboration among University System campuses and tribal and private colleges in the delivery of courses, programs, and services.

CAMPUS ALIGNMENT PLANS

Mr. Isaak presented a progress report on campus alignment plans, including examples of related goals accomplished, partially accomplished, and yet to be implemented at various North Dakota University System campuses. A copy of the information presented is on file in the Legislative Council office. He said the campus alignment plans are designed to fulfill three important functions:

1. Document and demonstrate the direct connection between the campuses and the six cornerstones outlined in the Higher Education Roundtable report;
2. Provide a mechanism to achieve the desired changes expressed by the members of the Higher Education Roundtable, the State Board of Higher Education, and the Legislative Assembly; and
3. Provide a means for measuring progress toward meeting the Higher Education Roundtable expectations, including the long-range goal of developing a University System which has intellectual capacity and programs aligned with the needs of the state.

Mr. Isaak said Dickinson State University has created a goal of expanding and intensifying the institutional commitment of promoting entrepreneurship and leadership training in response to the Higher

Education Roundtable cornerstone of economic development connection. He said Dickinson State University has hosted various seminars and programs and developed partnerships to provide students with entrepreneurship education, training, and experience.

ACCOUNTABILITY MEASURES REPORT

Mr. Isaak presented the North Dakota University System's 2002 accountability measures report. He said the accountability measures report provides valuable information to the Legislative Assembly, the State Board of Higher Education, and each of the higher education campuses to improve the quality of education and services provided. He said the report is also a tool to measure the performance of the University System and each of the campuses. He said the report is organized according to five of the six cornerstones of the Higher Education Roundtable report--economic development connection, education excellence, flexible and responsive system, accessible system, and funding and rewards. He said the sixth cornerstone entitled "sustaining the vision" is integral for the future development of the University System; however, no accountability measures relate to that category.

Dr. Mike Hillman, Vice Chancellor for Academic and Student Affairs, North Dakota University System, reviewed the North Dakota University System's accountability measures report. He said University System students meet or exceed the national average on most nationally recognized examinations. He said in addition University System graduates exceed the national first-time pass rates for most professions measured.

In response to a question from Representative Nottestad, Dr. Hillman said there is a direct relationship between a student's ACT score, high school grade point average, and college success rate.

In response to a question from Representative Nottestad, Dr. Hillman said the national average measurements also reflect colleges and universities that have highly selective admission requirements.

Dr. Hillman said the North Dakota University System institutions offer 27 entrepreneurship courses and two entrepreneurship programs, with each campus offering at least one course. He said approximately 700 students were enrolled in the entrepreneurship courses during fiscal year 2002.

Dr. Hillman said initial survey reports indicate North Dakota University System graduates are consistently satisfied with their educational experience. He said 75 percent of the University System employees who responded to a recent survey indicated that they were "satisfied" or "very satisfied" with their employment.

Dr. Hillman said full-time fall enrollment figures for the North Dakota University System were 29,912 in 2002 as compared to 28,841 in 2001. He said the fall enrollment of part-time students seeking degrees was

9,702 during 2002 as compared to 8,755 in 2001. He said the University System served 5,777 students enrolled in courses for credit through nontraditional delivery methods.

In response to a question from Representative Aarsvold, Dr. Hillman said dual credit courses (those that count for both high school and college credit) are considered college-level courses and the students taking those classes are counted in the enrollment figures.

In response to a question from Senator Lindaas, Dr. Hillman said the survey questions relating to the students' level of satisfaction with their educational experience covers multiple measures and all aspects of the campus.

In response to a question from Representative Grande, Dr. Hillman said the academic vice president for each campus is responsible for accepting transfer credits between University System institutions. He said credits earned as dual credits are considered college credits and are not differentiated on student transcripts.

Mr. Eddie Dunn, Vice Chancellor for Strategic Planning and Executive Director, College Technical Education Council, North Dakota University System, continued the review of the accountability measures report. He said in fiscal year 2002 workforce training services were provided to 1,326 businesses, as compared to 1,214 in fiscal year 2001 and 518 in fiscal year 2000. He said 10,299 employees received workforce training in fiscal year 2002, as compared to 10,669 in fiscal year 2001 and 7,463 in fiscal year 2000.

In response to a question from Representative Nottestad, Mr. Dunn said workforce training is provided for North Dakota businesses. Senator Nething said out-of-state businesses moving to North Dakota may also receive workforce training services.

In response to a question from Senator Flakoll, Mr. Dunn said representatives of the North Dakota University System regularly visit with businesses about both current and future workforce needs and convey the results to the higher education institutions.

Mr. Dunn said 69.9 percent of the full-time employed North Dakota University System graduates who remained in North Dakota were found to be employed in occupations related to their education or training.

Mr. Dunn said businesses contracting with workforce training reported a 98.1 percent satisfaction level in regard to responsiveness to training requests.

In response to a question from Senator Nething, Mr. Dunn said the workforce training satisfaction level relates to how well the business was served and the level of responsiveness to the individual needs of the business.

In response to a question from Representative Aarsvold, Mr. Dunn said the North Dakota University System places great importance on protecting the

privacy and confidentiality of individuals with regard to information shared on the FINDET system. He said the information is distributed only in aggregate form by combining the records of large groups of unidentified individuals.

Ms. Laura Glatt, Vice Chancellor of Administrative Affairs, North Dakota University System, presented the fiscal-related results of the accountability measures report. She said the North Dakota University System had \$74.8 million in research expenditures in fiscal year 2002, as compared to \$67.2 million in fiscal year 2001. She said based on accounting methods used, research revenue is recognized when expended.

In response to a question from Senator Flakoll, Ms. Glatt said a large percentage of the research expenditures are for salaries and wages, which would be primarily for North Dakota employees. She said she is not aware of the amount of research expenditures used to purchase equipment or materials from out-of-state businesses. She said specialized equipment may only be available out of state.

In response to a question from Senator Nething, Ms. Glatt said research grants are received from numerous federal, state, and local sources with funding that may be one time only or continue for several years. She said she did not have available the dollar amount of research funding from new sources during fiscal year 2002.

Ms. Glatt said the 2001-02 average resident undergraduate tuition and required fees at the University of North Dakota and North Dakota State University were \$470 or 13 percent less than the regional average, and \$990 or 23 percent less than the national average. She said tuition and fees at North Dakota's two-year campuses are higher than the regional average by almost \$130, or 7 percent, and higher than the national average by \$250, or 14 percent.

Ms. Glatt said the North Dakota University System campuses are funded at an average of 64.7 percent of their peer campus benchmarks and 68.1 percent of their 95 percent benchmarks. She said the long-term financing goal is for the campuses to be funded at 85 percent of their peer benchmarks within six years and 95 percent of their peer benchmarks in 12 years.

Senator Flakoll said the North Dakota University System should consider tracking average student debt. Ms. Glatt said the North Dakota University System conducts a college affordability study for the State Board of Higher Education, which includes information relating to student debt levels.

In response to a question from Representative Aarsvold, Mr. Isaak said in many states two-year or community colleges are controlled by local government and supported in part by local mill levies rather than state funding.

In response to a question from Representative Nottestad, Ms. Glatt said Williston State College

reported a 16.4 percent increase in room, board, and mandatory fees due to a change in the meal plan offered at the campus. She said students are now required to purchase seven- or five-day meal plans rather than meal punchcards.

STATE BOARD OF HIGHER EDUCATION REPORT

Chairman Holmberg called on Dr. Richard Kunkel, President, State Board of Higher Education, who commented on the higher education study. He said the roundtable meeting format has resulted in significant changes to higher education in North Dakota. He said the University System can and will generate economic development and demographic growth in North Dakota. A copy of the information presented is on file in the Legislative Council office.

RECOMMENDED STUDY DISCUSSION TOPICS

Mr. Isaak presented recommendations for the interim Higher Education Committee and Higher Education Roundtable study, including:

- Conducting an overall review of the roundtable report and offer revisions and updates in consideration of new challenges and opportunities.
- Reviewing progress of each stakeholder toward expectations and major recommendations of the roundtable.
- Identifying proposed high-priority action items for focus during the coming year.
- Reviewing accountability measures agreed upon and adopted by the 2001 and 2003 Legislative Assemblies and offering recommendations for refinement, additions, and/or deletions.
- Engaging in a discussion of how the University System can play a greater role in enhancing the economic and social vitality of North Dakota and growing the state's population.
- Reviewing the University System's long-term finance plan developed in response to a roundtable recommendation.
- Discussing ways of continuing to maximize the contributions of the roundtable in creating a University System for the 21st century and sustaining the vision.
- Reviewing internship programs and considering public policies for expanding and maximizing impact.
- Reviewing Centers of Excellence and considering public policies for expanding and maximizing impact.

Senator Flakoll said the committee may also consider studying the need for and related benefits of remedial classes offered by higher education institutions and the effect of declining student populations

on enrollment at North Dakota's higher education campuses. Mr. Isaak said declining enrollments were considered in the system's long-term enrollment management plan.

OTHER TESTIMONY

Chairman Holmberg called on Mr. Bill Goetz, Chief of Staff, Governor's office, who commented on the study of higher education. Mr. Goetz said the Higher Education Roundtable has influenced how North Dakota conducts business. He said communication takes place on a regular basis between the Governor's office and the higher education institutions relating to business issues, particularly economic development. He said it is important to maintain public awareness regarding the Higher Education Roundtable. He said the Governor's office would be available for any assistance, if needed, to the committee.

Chairman Holmberg called on Ms. Dana Bohn, member, Greater North Dakota Association, who commented on the study of higher education. Ms. Bohn said the Greater North Dakota Association helped establish the Higher Education Roundtable and fully supported its recommendations. She said private sector businesses support the Legislative Assembly's recognition of the University System as a means of generating economic development in North Dakota. She said the Greater North Dakota Association supports continuation of the Higher Education Roundtable. A copy of the information presented is on file in the Legislative Council office.

Senator Nething said the Greater North Dakota Association hosted several social events during the preparation of the Higher Education Roundtable report, which provided an opportunity for members of the Legislative Assembly to get acquainted with the private sector members of the Higher Education Roundtable. He said the Greater North Dakota Association should be recognized for its contributions.

Chairman Holmberg called on Mr. Dennis Hill, General Manager, North Dakota Association of Rural Electric Cooperatives, who commented on the study of higher education. Mr. Hill said private industry recognizes the importance of higher education to the state's economic success and supports the continuation of the Higher Education Roundtable. He said in order for North Dakota to grow and compete in the current economy, it must attract, create, and retain talented, innovative workers who are committed to contributing to the state's economy. He said the North Dakota University System is key to future development and prosperity.

COMMITTEE DISCUSSION

Chairman Holmberg said the Higher Education Committee will be touring all of the higher education campuses during the interim, mainly in the spring through the fall of 2004. He said the committee as a whole will have a much better understanding of the University System by visiting all the campuses rather than having different groups of legislators visit each campus.

It was moved by Senator Nething, seconded by Senator Flakoll, and carried on a voice vote that the Higher Education Committee approve the study plan as included in the background memorandum prepared by the Legislative Council staff and reflect the recommended study discussion topics submitted by the North Dakota University System office.

Senator Nething said the Western Interstate Commission on Higher Education (WICHE) is celebrating its 50th Anniversary and has asked each state to host an event. He said the committee may want to consider hosting North Dakota's event in conjunction with a meeting of the Higher Education Roundtable. He said either September or October of 2003 would be a good time to hold the WICHE event.

Chairman Holmberg said the committee, as part of the roundtable meetings, will consider inviting a number of students to comment and present their perspective on internship programs.

Senator Nething thanked Representatives Martinson, Wentz, and Aarsvold for their role in developing and strengthening the Higher Education performance and accountability measures adopted by the 2003 Legislative Assembly.

It was moved by Representative Klein, seconded by Representative Zaiser, and carried on a voice vote that the committee adjourn.

The meeting was adjourned subject to the call of the chair at 12:05 p.m.

Donald J. Wolf
Fiscal Analyst

Jim W. Smith
Legislative Budget Analyst and Auditor

ATTACH:1