

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1363

2005 HOUSE EDUCATION

HB 1363

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **HB 1363**

House Education Committee

☐ Conference Committee

Hearing Date **1 February 05**

Tape Number	Side A	Side B	Meter #
1	X		0-4126
2	X		1500 - 2800
Committee Clerk Signature			

Minutes:

**Chairman Kelsch opened the hearing of HB 1363.**

**Rep. Stacy Horter** introduced the bill. **(Testimony attached.)**

**Rep. Herbel:** How many dollars would the PCP (per credit plan) model add to a student's tuition?

**Rep. Horter:** That's hard to calculate as institutions actually lower the amount they charge per credit but we don't know what that rate would be set at.

**Rep. Mueller:** What are states around us doing?

**Rep. Horter:** I've heard that MN, at least at some of their institutions, tried the PCP model but went back to the tuition based model.

**Rep. Sitte:** You said something about students have gone through avenues and feel they have not been heard.

**Rep. Horter:** For example relating to Valley City State University, at the State Board of Higher Education meeting, students testified against the change and the Board approved it the same day.

**Rep. Delmore, District 43,** testified in favor of the bill. Students cannot get loans to cover the cost of education. Many students are not graduating in four years anymore. Students are taking longer and cannot get loans to cover the cost of their education. We need to measure what is best for students.

**Rep. Herbel:** The universities are going to get their money. It's just a question if it's through the tuition payments or from the state. What's your reaction to that?

**Rep. Delmore:** I think when we provide a certain cost per semester or per quarter, we allow some flexibility for students that want to take some other courses in addition to what may be required for their graduation. As a high school teacher I always encouraged my students to take things that they might not otherwise be exposed to. That's part of the Liberal Arts education.

**Sara Beck, NDSU Student Representative,** testified in favor of the bill. **(Testimony attached.)**

**Rep. Mueller:** Do you have a concern if we keep the flat rate that universities may raise tuition rate to raise the dollars?

**Beck:** That may be the case and my hope is that is where the partnership in helping to fund higher education between the state and university come into play. The goal is a 60/40 split.

**Rep. Herbel:** Do you have a concern that if universities don't get the needed money that they might eliminate some of the programs that would also be beneficial.

**Beck:** Yes, it would be a concern.

**Rep. Hawken:** When you choose a degree are there liberal arts requirements?

**Beck:** There are basic core general education requirements. But I also took band and wouldn't have done that on a PCP. I benefited tremendously from those two years in band.

**Lucas Larson, NDSA Student Lobbyist,** testified in favor of the bill. **(Testimony attached.)**

**Robert Potts, chancellor, ND University System,** testified in opposition to the bill.

**(Testimony attached.)**

**Rep. Haas:** How far are we from the 60/40 split as far as the state funding higher education.

**Potts:** We've almost got it reversed now. Tuition rates are high and appropriation for the Legislature would help keep the cost down. ND students graduate with the least debt in the country. This is a testimony to the frugality of parasites and students.

**Rep. Meier:** Which campus is charging an overload fee?

**Laura Glatt:** Mayville

**Rep. Hawken:** It's my understanding that under the present policy the college president would have to request to go under a different form of payment. With the Connect ND system is it a difficult thing to do?

**Laura Glatt:** On the Connect ND it is significantly easier to administer the per credit plan.

**Rep Hawken:** Students have ample time for participation. These things are not so easy or as quick as they look. Lots of input is received by committees.

**Potts:** There is a shared governance process on our campus. Usually when something like this comes up there is a great deal of discussion and participation on the campuses. There is a student on the State Board of Higher Education, and committees put in long hours of discussion before the Board meeting. This is the hardest working Board I've ever worked with.

**Rep. Hunsakor:** You've been around a lot so perhaps you can answer this. If you divide the colleges into three groups, the major, the larger, and the smaller colleges and two year schools, do you have an idea if the PCP is used more in any one of them.

**Potts:** Most institutions have pay per credit model and I don't know if it shakes out for various institutions.

**Laura Glatt:** When this came up in previous sessions, we looked at states. At that time we found that more than half of the states used the per credit motel. How that relates to specific types of institutions, I'm not sure.

**Rep. Haas:** Mary College and Jamestown College are large factors in our university across the state. Do you know what they do.

**Laura Glatt:** The University of Mary is per credit hour, I'm not sure about Jamestown.

**Rep. Haas:** You said something that gives me a little concern. There seems to somewhat of a disconnect between what you're saying about the process for these decisions to be made and student involvement and what they're feeling. Is there an insensitivity or a lack of concern on the part of the Board of Higher Education for student involvement in decision making. I sense that. **Potts:** I do not detect that whatsoever. We have a student member on the board that participates in all the discussions, all the correspondence, and everything. Any time there is a discussion at the Board meeting, the representative of the ND Student's Association and representatives from various campuses are welcome to come and give their views. There is a genuine interest in what students say and we have an enormous respect for them. I see no bias or insensitivity.

**Chairman Kelsch closed the hearing on HB 1363.**

At a late time during the same day **Chairman Kelsch** opened discussion of HB 1363

**Rep. Sitte:** I move a **Do Pass**

**Rep. Meier:** I second.

**Rep. Hawken:** We need to allow our institutions flexibility. Some institutions are served well by PCP while others are not. Research institutions can bring in funds in differing ways. I suspect that for two year institutions the PCP will work well and for the four-year it will not. As far as the students input, they do not always see what we do. Getting an answer you don't want doesn't mean that you are not heard.

**Rep. Sitte:** It is wonderful to be able to take electives that go beyond what is required.

**Rep. Mueller:** I agree with Rep. Hawken. Flexibility for our universities and college is necessary. There is a student process, and they are being heard. Administration must make a decision and we need to support them.

**Rep. Herbel:** ND has one of the best tuition rates in the nation. It costs to invest in life long skills. How many of you think if we put \$50.0 million in higher ed the tuition would come down?

**Rep. Horter:** Per credit hour tuition is best for two year institutions and tuition base is better for four year institutions.

The question was called on the **Do Pass motion**.

A roll call vote was taken.

Yes:   5   No:   9   Absent:   0   The **Do Pass** motion failed.

**Rep. Hawken:** I move **Do Not Pass**

**Rep. Mueller:** I second

Page 6  
House Education Committee  
Bill/Resolution Number **HB 1363**  
Hearing Date **1 Feb 05**

**A roll call vote was taken: A roll call vote was taken.**

**Yes:   9   No:   5   Absent:   0   The Do Not Pass motion passed.**



## FISCAL NOTE

Requested by Legislative Council

01/13/2005

Bill/Resolution No.: HB 1363

**1A. State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

**1B. County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

**2. Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

It is not possible to project the fiscal impact of this measure since its impact is prospective in nature and we do not know at this time which, if any, campuses would request to move to per credit hour tuition model, beginning with the 2006-07 academic year. However, should such a tuition model change be appropriate, this measure could significantly reduce the amount of tuition revenue available to a campus.

**3. State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

**A. Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

**B. Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

**C. Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Name:	Laura Glatt	Agency:	NDUS
Phone Number:	328-4116	Date Prepared:	01/17/2005

Date: 1 Feb 05  
Roll Call Vote #: 1

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1363

House Education Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken do Pass

Motion Made By Sitte Seconded By Meier

Representatives	Yes	No	Representatives	Yes	No
Chairman Kelsch		✓	Rep. Hanson	✓	
Vice Chairman Johnson		✓	Rep. Hunsakor		✓
Rep. Haas		✓	Rep. Mueller		✓
Rep. Hawken		✓	Rep. Solberg	✓	
Rep. Herbel		✓			
Rep. Horter	✓				
Rep. Meier	✓				
Rep. Norland		✓			
Rep. Sitte	✓				
Rep. Wall		✓			

Total (Yes) 5 No 9 failed

Absent 0

Floor Assignment \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:

Date: 1 Feb 03  
Roll Call Vote #: 21

**2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. 1363**

House Education Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Not Pass

Motion Made By Hawken Seconded By Mueller

Representatives	Yes	No	Representatives	Yes	No
Chairman Kelsch	✓		Rep. Hanson		✓
Vice Chairman Johnson	✓		Rep. Hunskor	✓	
Rep. Haas	✓		Rep. Mueller	✓	
Rep. Hawken	✓		Rep. Solberg		✓
Rep. Herbel	✓				
Rep. Horter		✓			
Rep. Meier		✓			
Rep. Norland	✓				
Rep. Sitte		✓			
Rep. Wall	✓				

Total (Yes) 9 No 5

Absent 0

Floor Assignment Hawken

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE (410)**  
February 1, 2005 12:14 p.m.

**Module No: HR-21-1541**  
**Carrier: Hawken**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**HB 1363: Education Committee (Rep. R. Kelsch, Chairman) recommends DO NOT PASS**  
(9 YEAS, 5 NAYS, 0 ABSENT AND NOT VOTING). HB 1363 was placed on the  
Eleventh order on the calendar.

2005 TESTIMONY

HB 1363

HB 1363  
Feb 05

HB 1363  
House Education Committee  
Representative RaeAnn Kelsch, Chair  
2/1/05

Madame Chair, members of the House Education Committee, my name is Representative Stacey Horter and I am here today to testify in support of HB 1363.

Currently, all our four-year institutions of higher education in North Dakota use a tuition-based model, which means if a student is taking twelve or more credits he or she is considered full time and pays a flat rate for tuition. A student taking fewer than twelve credits is considered a part time student. A part-time student at one of these institutions pays for each of the credits he or she takes.

There has been a movement in the North Dakota University System to go to a pay-per-credit model. Under this system, everyone, full time or part time pays for every single credit he or she takes. Pay-per-credit penalizes the brightest students at our universities. This method discourages students from pursuing double majors, minors, and other classes they may be interested in but may not necessarily need for their degrees. It is our brightest students who want to take extra classes and who raise the bar in the classroom. It is to a university's advantage to have these students as they are the salt and light in those classes. Pay-per-credit would discourage these students from attending North Dakota Universities.

Some might say this issue does not belong in the North Dakota Legislature. Rather, it belongs with the Board of Higher Education and the Roundtable. Yet students have gone through these avenues and feel they have not been heard. Additionally, each of our institutions are written into the North Dakota Constitution and the Legislative branch is the policy maker of this state.

Interim Chancellor Hillman said at the February 2004 State Board of Higher Education meeting, "We are going to have very complex problems unless we begin to move for per credit hours really on all campuses, and I know that strikes fear, terror in the hearts of NDSU students, but I think the clock is ticking, honestly it is a matter of time. The most fair for all students is for credit hours and that's not popular, but I think it needs to be said." Valley City State University has already taken this step with approval by the Higher Ed Board, despite strong student opposition, to implement a per-credit model this fall and others may do the same.

Flexibility and accountability are buzzwords in higher education and I agree that they have their place. However, we should never sacrifice a student's liberal arts education in the name of flexibility. Students have incurred large tuition increases the past few years and pay-per-credit would serve to increase the cost of education to students and their families. HB 1363 is written to preserve the tuition based system we have at our four-year universities in North Dakota. I ask the committee to send a strong message to students that we value their education by recommending a DO PASS on HB 1363.

Sarah Beck  
NDSU Student Representative  
February 1, 2005  
House Education Committee – HB 1363

Madame Chair, distinguished representatives, my name is Sarah Beck and I represent the students at North Dakota State University. I am here to testify in support of House Bill 1363 which would prevent any more four-year institutions to convert to a pay-per-credit tuition model.

There are three main reasons why NDSU students support this bill: (1) pay-per-credit has been tried in the past at NDSU, and failed; (2) students would not be encouraged to take classes outside their major (under a pay-per-credit tuition model); and (3) students don't have any financial benefit to graduate in four or five years.

In 1990 NDSU was given approval by the State Board of Higher Education to convert to a pay-per-credit tuition model. Over the next two years NDSU saw a sharp decrease in the number of students, the decrease was so dramatic that the college of business was threatening to close. In 1992 the SBHE mandated that NDSU convert back to a flat-rate tuition model because of the negative effects of the pay-per-credit model.

Secondly, under the existing flat-rate tuition model students have the opportunity to take other classes outside of their major – they have the option to explore other areas of interest and benefit from a more well-rounded education. Students are an investment to themselves, their parents, and the state. If the goal of an investment is to increase its value over time, then the focus for higher education should be on the *quality* of education, not only quantity. A well-rounded education and knowledge in areas outside one's field of study help build a quality education. Under a pay-per-credit model the focus turns to completing only the courses necessary to graduate.

One concern that has been brought up at SBHE meetings is that it is taking students more and more years to get through college. Under the flat-rate tuition model students are encouraged to take more credits in a semester because they 'save money.' Under a pay-per-credit model students are not necessarily put under any pressure to complete school in four, five, even six years. So in the mean time student loan payments continue to be drawn out, parents assisting students with room and board costs pay more, students remain on their parents' insurance longer, and the university continues to operate at capacity because students won't leave and allow room for incoming students.

You see, pay-per-credit hurt NDSU in the past, and would have continued to hurt students had the university not converted back to a flat-rate model. Pay-per-credit may be a good system on the two-year campuses, but four-year campuses are a whole different story. Students at NDSU don't like pay-per-credit, a flat-rate tuition model is a major decision factor in choosing a North Dakota school rather than a school in a different state.

HB 1363  
1 Feb 05

North Dakota Student Association  
Lucas Larson, Student Lobbyist  
Testimony for House Education Committee  
February 1<sup>st</sup>, 2005

Madam Chairperson and members of the committee, for the record my name is Lucas Larson and I am the Student Lobbyist for the North Dakota Student Association. I come here today to talk to you about HB 1363 and ask that you recommend a do pass.

I want to start out by saying that the SBHE and the roundtable both do good things for the NDUS and the state of North Dakota. I've enjoyed working with the university office a lot in the past weeks. Im not here today to attack anyone, Im here to explain the opinions and views of the students of our higher education system.

Most of the testimony you will hear against this bill has been from people saying that it infringes on the flexibility with accountability measures, that it restricts the roundtable and limits the power of the SBHE. People need to remember that this flexibility comes with accountability. I want to remind people that nothing is perfect and this is one time the SBHE has not been accountable.

Members of the roundtable have told me that they haven't worked with campus policies of this nature. Correct me if Im wrong but no one here on the House Education Committee is on the roundtable. The roundtable is comprised of almost solely appropriations members, and that is what the accountability measures are tied to. The only way the SBHE has been held accountable has been with the appropriation committees.

Last year and this fall NDSA has disagreed a couple times with the SBHE. When we don't completely agree with members of the board or university office we are called things like "uninformed and unintelligent," and our opinions are cast aside.

The SBHE is comprised of people who are not elected. They are not accountable to the voters in North Dakota, can disregard student's opinions, and the roundtable mainly serves as a financial guide, then who are they accountable to when it comes to policies like this one?

Well my answer is you, and by passing HB 1363 you will keep them accountable for their actions and let them know they cant just rubber stamp any policy that comes before them. This isn't infringing on the flexibility with accountability measures, this is an example of those measures at work.

Once again thank you for your time and I'd be glad to answer and questions that I can.

NDSA Student Lobbyist  
Lucas Larson  
701-830-0828  
lucas\_larson@hotmail.com



# NORTH DAKOTA UNIVERSITY SYSTEM

## Testimony to House Education Committee on HB1363

ROBERT L. POTTS, CHANCELLOR

February 1, 2005

---

Madam Chair, Members of the Committee, I am Robert Potts, Chancellor of the NDUS. I appear before you today in opposition to HB1363. Although the State Board of Higher Education is as much concerned about tuition rates as you are, Board members believe that decisions regarding the charging methodology employed at each campus is best left to the Board and individual campus administration. This position is supported by the Roundtable on Higher Education

The Roundtable on Higher Education, a group of 61 public and private sector representatives, including legislators, concluded in 2000 that the NDUS should have additional "flexibility with accountability." The legislature, in 2001 and 2003, endorsed this approach by approving several measures for expanded spending and resource allocation flexibility and accountability measure provisions. These measures are to be used in determining how well the University System and the other key stakeholders are meeting the goals and expectations agreed upon and set forth in the Report of the Roundtable.

With regard to tuition, the Roundtable, specifically recommended the following:

*"The SBHE should review and should modify tuition rates and tuition models, as necessary, to support market-based pricing strategies consistent with competition in a global marketplace and to expand the client base, including non-resident students."*

This recommendation recognizes that one tuition model and one tuition rate does not fit all campuses. Each NDUS campus is unique, with its own special programs, location, and enrollment opportunities. What works at one campus may not work at another. The current flexibility allows the Board to make that decision with the best and most current information available.

Currently, three NDUS campuses charge per credit hour tuition. They are BSC, NDSCS and WSC. All others charge a flat rate for full-time students (12 credits or more) and per credit hour charges for part-time students (less than 12 hours). In the spring of 2004, the SBHE authorized VCSU to begin assessing tuition on a per credit hour basis in the Fall of 2005. VCSU

is preparing to do so. Each of these four campuses presented a very compelling case and argument for the change. Some of the reasons include:

- Per credit hour tuition is more equitable for part-time students, a market the NDUS needs to grow.
- Students pay for what they get under a per credit hour model, nothing more, nothing less.
- Students enrolled simultaneously in multiple institutions pay for what they get and each campus receives its proportionate share of the revenue to cover the cost of delivery.
- Per credit hour tuition discourages class add/drop behavior, which is costly to the NDUS.
- It is easier to administer a per credit hour model in the new ConnectND system.

There are also several arguments against per credit hour including: 1.) enrollment will decline; 2.) student participation in the arts will decline; 3.) student participation in other exploratory courses will decline, etc. The Board debated both the pros and cons before approving the change. As the Board sets tuition rates annually, including any changes in models, it hears from the students, as well as the campus administration. The Board has also monitored what has actually happened at those campuses where per credit hour tuition has been implemented. Many of the anticipated negative consequences did not occur.

I am not here today to argue the merits of a per credit hour or flat tuition rate model. They both have their merits and drawbacks. One might be best for one campus and other best for a different campus. For example, with NDSU's proximity to Moorhead, it would be difficult, if not impossible, for NDSU to change models, given the location of some of their competition. This is not as much of a factor for some other campuses. Some campuses, either as a result of program requirements or student preference, find they need to charge for heavier class loads. If students are taking 22 hours and only paying for 12, someone has to pick up the additional cost burden for these additional 10 hours. At least one of our campuses assesses an overload fee. Again, that solution was right for that campus, but not others.

I ask that you oppose this bill and permit the Board to continue to determine the best tuition model for each campus, on a case-by-case basis under the Board's constitutional authority over the institutions under its control "to do each and everything necessary and proper for the efficient and economic administration of said educational institutions."

Thank you and I would be very happy to answer any questions.

HB 1363  
1 Feb 05

**Table 1**  
**HEADCOUNT ENROLLMENT**  
**Fall 2004**

Institution	Fresh	Soph	Junior	Senior	Graduate	Special	Unclass- ified	Pro- fessional	Total
DSU	953	506	432	588					2,479
MaSU	375	174	144	204					897
MiSU	1,058	794	623	997	275	104			3,851
NDSU	2,865	2,315	2,025	3,063	1,477	281			12,026
UND	2,815	2,694	2,083	3,118	2,045			432	13,187
VCSU	350	212	169	302					1,033 *
Subtotal	8,416	6,695	5,476	8,272	3,797	385	0	432	33,473
BSC	1,837	1,709							3,546
LRSC	1,092	372							1,464
MiSU-B	233	167				202			602
NDSCS	1,466	1,015							2,481
WSC	529	408							937
Subtotal	5,157	3,671	0	0	0	202	0	0	9,030
NDUS Total	13,573	10,366	5,476	8,272	3,797	587	0	432	42,503 *
JC	394	198	207	247		18			1,064
UM	598	382	688	559	530				2,757
Other Privates									0
Other Tribals									0
Total	992	580	895	806	530	18	0	0	3,821
STATE TOTAL	14,565	10,946	6,371	9,078	4,327	605	0	432	46,324

\* Total includes 89 VCSU Elementary Education students located on the NDSU campus taught by VCSU faculty and not previously reported.

**Table 2**  
**FULL-TIME ENROLLMENTS**  
**Fall 2004**

Institution	Fresh	Soph	Junior	Senior	Graduate	Special	Unclass- ified	Pro- fessional	Total
DSU	538	442	334	435					1,749
MaSU	199	166	134	166					665
MiSU	617	600	476	730	55	43			2,521
NDSU	2,747	2,199	1,859	2,598	114	19			9,536
UND	2,587	2,575	1,943	2,599	465			432	10,601
VCSU	262	192	142	237					833
<b>Subtotal</b>	<b>6,950</b>	<b>6,174</b>	<b>4,888</b>	<b>6,765</b>	<b>634</b>	<b>62</b>	<b>0</b>	<b>432</b>	<b>25,905</b>
BSC	1,203	1,127							2,330
LRSC	234	182							416
MiSU-B	206	146				4			356
NDSCS	1,065	855							1,920
WSC	278	290							568
<b>Subtotal</b>	<b>2,986</b>	<b>2,600</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>5,590</b>
<b>NDUS Total</b>	<b>9,936</b>	<b>8,774</b>	<b>4,888</b>	<b>6,765</b>	<b>634</b>	<b>66</b>	<b>0</b>	<b>432</b>	<b>31,495</b>
JC	369	185	201	226					981
UM	569	369	629	504	361				2,432
<b>Total</b>	<b>938</b>	<b>554</b>	<b>830</b>	<b>730</b>	<b>361</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,413</b>
<b>ALL TOTAL</b>	<b>10,874</b>	<b>9,328</b>	<b>5,718</b>	<b>7,495</b>	<b>995</b>	<b>66</b>	<b>0</b>	<b>432</b>	<b>34,908</b>