2011 HOUSE APPROPRIATIONS

HB 1369

2011 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Education and Environment Division
Sakakawea Room, State Capitol

HB 1369
1/26/11
13492

☐ Conference Committee

Committee Clerk Signature

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact section 15-10-14.2 of the North Dakota Century Code, relating to a performance and accountability report by the state board of higher education; and to provide legislative intent.

Minutes: Copy of HB 1369, Attachment #s 1-5

Chairman Skarphol: Called the Committee to order to hear HB 1369, by presenting Rep. Dosch, sponsor of HB 1369, to the podium.

Rep. Dosch (R-32): States he is the sponsor of the bill. Currently the State Board of Higher Education does present an accountability report. However, in review of that report I feel that there is some additional information that is important not only to us as legislators, but to the people and to the tax payers of ND, who are asked to fund our higher ed system. I'm going to take time and go through the different sections of the bill, especially what we are adding. He refers to section 2, and states I think we fund our University systems for the academics and what they can do and teach our children. What get pushed back behind the sconces are those costs that aren't directly related to the classroom. Refers to section 2B, there again we have many people employed by our higher ed system. What many question is what their functions are if they're in the classroom teaching our kids. Refers to section 2C, as a taxpayer of ND, if we are paying someone more than $100,000 a year and they're not an instructor or a professor, we have a right to know who they are and why are we paying them six digit figures if they are not teaching our kids. Refers to section 2D, when was the last time we heard from the University system on efficiencies in that department. Refers to section 2E, what is it costing the taxpayers of ND to subsidize out of state students? Refers to item 4, the key is a long term budget sustainability plan. We take a look at these numbers and the costs relating to higher ed are much higher than what we complain about with medical insurance rates increasing. For example, in looking at 03-05 biennium, the general fund dollars that we put into higher ed was $364M. The biennium today that they are requesting will amount to $648M at an increase of $284M increase. At that same time, if you look at the enrollment figures, they've gone from 35,000 to 39,000 students. The spending spree is unsustainable. The budget from the University office (05-07) has a growth of $55M to what's being requested today, just over $100M. Answers are needed from Higher Ed regarding the $1B budget. The purpose of this bill is to get a little bit more detailed information and to try and figure out on a long term basis, how we can maintain this type of spending level.

Rep. Hawken: You are using figures like they are facts. The costs do need to be under control, I believe it doesn't need to be in the Century Code. We need to be specific about what are not classroom costs. Do you want a sunset clause after the four bienniums? The 03-05 was after a session where we didn't give then any increase because there wasn't money. K12 couldn't raise money, higher ed could, so tuition was raised and next session we played catch up. Many things happen along the way; what do we really want to know? I would find it's not those out of state students because they are paying more than instate. What kind of costs are you talking about?
(Recording interruption) about thirty seconds

Rep. Dosch: Let's look at the major costs, not infinite details. Line item 2B indicates dealing with classroom instructor positions, that's critical, but let's look at all the other costs. We need more line items that specify these are classroom costs and these are none classroom costs.
Rep. Hawken: How about adding to that the revenue piece? What is the actual revenue from each institution? We always look at how much money is going out versus how much is coming in.
Rep. Dosch: I would be interesting in getting tuition revenue. When we look at the budget bill, tuition revenue is not on here.
Rep. Hawken: Not just tuition.
Rep. Dosch: Show the facts and the dollars.

Rep. Monson: #4 on p. 2 of the bill, couldn't they say pass the governor's budget and it's sustainable because it is balanced. We have to put parameters on it.

Rep. Dosch: If it is put down in black and white and charted out, it's going to be very easy to see that at these levels, unless we are willing to turn over every dime that we are making in the oil field simply to fund education, nothing else in the state, that's the case...the visual to say in 03-05, they were operating on $364M and another four bienniums, they're going to be at $1.5B, people are going to say this is unsustainable.

Rep. Monson: your intent would be to say we can't be raiding all these other pots. What you are after is to say to the State Board, show me a plan where you can support yourself and sustain this based on tuition dollars or something like that.

Rep. Dosch: Yes, that's right. We are providing an enormous amount of infrastructure and funding. At what point in time, do we say, can't you sustain yourself? Why do we continually have to increase their budget? We should be able to level off what we are providing. If the only cost containment is going to be when there is no money, then there's something wrong.

Chairman Skarphol: Philosophically, we all agree with what you are saying. In the private sector, if you are not growing you are dying. If the business model is correct for business, how do we come up with a different business model for higher education that allows it to survive and thrive without growing? Give me your thoughts.

Rep. Dosch: The difference is what the purpose is of each of these institutions, higher ed, and the private sector. The purpose of higher ed is to educate our kids. We want to have the have the best teachers, materials, IT stuff, but it doesn't mean we have to keep growing and growing our institutions. We can have the same sized institutions but produce the highest quality students without expanding. In the private sector, you don't grow if you aren't making money and loans are paid and you are not a burden to tax payers.

Chairman Skarphol: What you are envisioning is that there ought to be an optimum size to institutions at which we should stop the growth in numbers and concentrate our efforts on quality versus quantity?

Rep. Dosch: Yes. In our higher ed system we have twice the capacity that we need.

Chairman Skarphol: How can we retain quality in higher education without increasing costs? For instance how can we keep a high quality professor without increasing his salary, which he is expecting, on annual basis?

Rep. Dosch: Reasonable is the key word. Reasonable increases means levels commensurate with cost of living increases.

Chairman Skarphol: Last biennium, there was a $20M increase in dollars for students. It was scholarship money. Do you believe that needs to be discounted from that 20% figure?

Rep. Dosch: Yes, but I also think the increase in infrastructure (building of new dorm rooms financed by revenue bonds) needs to be discounted.

Chairman Skarphol: To be a good legislator, one needs to ask the proper question to get the proper answer from the entity. In looking at the language in your bill, why not get detailed analyses with specific questions i.e. obtaining costs on research, classroom, non classroom. The State Board of Higher Ed is required by the constitution to provide us with a needs based budget. What is a needs based budget and what is included? What we get is the general fund request, is that enough to meet that needs based budget? Going back to your requests, do you want specific positions? Do you want it in aggregate?

Rep. Dosch: I am open to any language you would suggest that would help to tighten it up to more accurately get the information that you are looking for.

Rep. Williams: Your last section 4: how critical is that language to you?

Rep. Dosch: I think that is critical because that will give us a projectory of where we are going based on past spending and that is a scary part. I mean you look at the number of where we have been since 03-05 and as the numbers get bigger, you're going to see that projectory go ever higher.

Dustin Gawrylow, Executive Director the North Dakota Taxpayers' Association: In preferencing my testimony, I have studied this stuff since I was a student at Dickinson State in an economics class because an out of state student brought it up in class that it didn't make much economic sense. Provided testimony, see attachment #s 1 and 2. Higher

education is not a business; it is a service to the people of North Dakota. Are the ND taxpayers, who are trying to send their own children to ND Universities, having their costs increased because we are trying to do more than we should. We have an outflow of 4 year degrees and an inflow of 2 year degrees. It's nearly 3/1 split as far as MN students taking advantage of our reciprocity as to ND students going to MN and getting discounted rates.

Rep. Hawken: Did you list the students who might be listed as tri-college students? They might be a MN student, but they are enrolled because they are in the tri-college taking a class at ND State because that is also a piece. Numbers can do what you want them to do.

Gawrylow: That information is not available from either North Dakota or Minnesota schools as they don't drill down that far. All we have is a top line number. Perhaps it's not possible to get or perhaps it's not pertinent to what they are looking at in their policy making. It should be a factor. If you want to add 50 other line items to it, that's great, as the more comprehensive, the better. This is not trying to do anything other than get that data in a very academic way.

Chairman Skarphol: As far as transparency issue (we passed legislation in 09), have you noticed any difference in the availability of information?

Gawrylow: that transparency legislation has not been fully implemented. Office of Management and Budget is hoping for that to be online by the end of the session. What we have now is just what we've had through the Freedom of Information at requests we've made in the past.

Chairman Skarphol: when you've referred to Office of Management and Budget's efforts on this, is that where higher ed's information also being run through? Is there a separate environment being created for higher ed?

Gawrylow: I don't know if the pending Office of Management and Budget transparency software includes higher ed.

Rep. Monson: Did you take into account, when you're comparing our university system to other states' university systems, that we have so many state run universities and some of them are extremely small and they are in our constitution and we have to support them; the per pupil cost is extremely high. Any comparisons there?

Gawrylow: A lot of that data is the policy council's information. I'm not going to speak for them. I used University system data with hyperlink. When I came up with these sorts of reports, it's just a proportional. There's not fancy formula, no turnover. It's just straight line, here are what our students are paying, here's what MN students are paying (108%), and breaking that down in excel and compiling.

Chairman Skarphol: Anyone else in support of HB 1369? If not, anyone wishing to speak in opposition to HB 1369?

Mr. Bill Goetz, Chancellor of the North Dakota University System: Providing testimony, not in opposition but in concern of the bill. See Attachment # 5 pp. 1 and 2. Accountability and

transparency are critically important. The scholarship program, that you passed last session, is tremendous. As a result of the effort last session, retention will increase. I separated out financial aid costs as it doesn't give a true reflection of our operating budget. I encourage that we have better understanding before we make public statements as to a position taken in relative to higher ed. We also need a better understanding of every state government agency i.e. corrections, human services. My assurance and collaboration continues to grown, a strategic plan that is very solid. The economic benefits many times are difficult to measure. Let's look at disgressionary spending versus non-disgressionary spending and again, I am willing to work with you in terms of accountability measures. We have 39 measures and 33 are required through legislative action (the rest are board).

Rep. Williams: Looking at HB 1369, would it be a lot of work to compile this data?

Goetz: Yes, these particular measures will take work again, resources to put in place in terms of gathering the data. As we get into our longitudinal data system, we will be able to do a much better job at this. But we have faced that in the past.
Chairman Skarphol: Refers to peoplesoft (system that's used by state govt and higher ed) and within peoplesoft you need accounting codes. Do all institutions follow the same coding system?
Goetz: Yes it is.
Chairman Skarphol: In your office do you do anything that does consolidate them into larger areas such as instructional and noninstructional research and categorize them like that to where you could generate a report that would be relatively easy to get to give us a perception of the differences between institutions as to costs (classroom costs, nonclassroom costs, operational costs).
Goetz: Under current circumstances, it would be difficult but in the short term it will be possible.
Chairman Skarphol: is that part of the business intellect system that you need to fully utilize the data warehouse that is connectnd?
Goetz: Correct. We are moving in a direction to better understand student codes and program costs, but we aren't there yet.
Chairman Skarphol: what's the status of the implementation of business intellect system that's going to give us the capability we just discussed?
Goetz: within the next year or two.
Chairman Skarphol: Is there a budget request for that? It's in your technology proposal?
Goetz: we also had a line item in our office budget to expand in that area, but we did not get that.
Chairman Skarphol: do you recall what the cost was? If not, please provide it.
Goetz: I will.

Rep. Dosch: I am concerned when I hear that you don't have a readily available way to compile information such as for nonclassroom expenditures because I would assume that these expenditures make up a substantial part of their budget. So, is this part of the budget not analyzed?

Goetz: the question from Chairman Skarphol was related to instruction (faculty time) and the allocation of faculty who have other tasks than just teaching, so that was my reference

point in responding. Relative to understanding the costs I have listed here, those are readily available.

Rep. Dosch: Referring to p. 2 of attachment # 5, the bill does not say that we want to reduce all of those nonclassroom expenditures, but rather we want to know actions taken by the University to reduce nonclassroom costs (looking for what efficiencies have been generated out of higher ed). I just want to clarify that.

Goetz: There are areas in the system on the radar screen, are ways to address efficiency and collaboration is an example.

Rep. Dosch: Item # 4, long term sustainability plan: when we look at the increases over the last three bienniums, that this continued level is sustainable?

Goetz: What is your definition of long term budget sustainability as it relates to higher ed?

Rep. Dosch: I'm looking at the entire picture, not only the budget, but capital expenditures, etc. Overall total spending, is that sustainable at these levels going forward?

Goetz: there are areas in the budget that we have to be aware and cognizant of in terms of sustainability and it's a question that is asked as we certainly take under recommendations from the presidents and the board as to priorities. Yes, you do have to be concerned about sustainability because in this case tuition is a consideration as well. On the other hand, we also have legislative action that takes place that forces our hand in terms of impacting the budget. The decisions you make in the area of scholarship, grant programs ($21M increase), I think you have to ask if it's sustainable. It's not our question necessarily even though we are advocates for it, but it becomes a joint question.

Rep. Monson: Do you track some universities and functions within universities a lot closer than others? Do you even have the capability or try to track things like NDSU research and extension or is that pretty remote when it comes to higher ed office?

Goetz: It's not remote. We get periodic financial reports from those entities and those are submitted to the board for review so those are on the radar screen. The other thing that I would add is that I finished hiring an internal auditor. This is the first time we are going to have someone in the office to perform this function and not only work with the 2 research institutions, but give a helping hand to the other 9 institutions in terms of the internal audit process. That will be in place in February and should enhance monitoring.

Rep. Monson: I see Gordy Smith Performance Audit Manager, State of North Dakota Auditor's Office. What function will our state auditor have and will they be collaborating? How is that going to match?

Goetz: We need to be cognizant of our separate duties so no collaboration in terms of processes. The internal audit gave support in moving in this direction. They maintain their function, we respect that, but it's one where he information is received on recommendation and respond accordingly.

Chairman Skarphol: I could get a report on state agencies (effective Jan 1 of this year) that would tell me whether or not the agency has complied with the law with regard to the expenditures and the utilization of expenditures. In essence I can see whether an entity has overspent or underspent their budgeted line item beyond the timeframe. Do you generate that type of document in higher ed?

Goetz: Yes, we monitor that information. The board receives that information in terms of statutorily there is language as to what can be spent the first year of the biennium.

Chairman Skarphol: Do you that on just the 2 line budget or is it done in more detail?

Goetz: Yes, in more detail.

Robert Langenfelder: Gave public testimony but provided no written testimony. I have had a variety experiences such as working the oil field, being a caregiver, etc. In regards to this bill, the first contact that I had is Chancellor Mike Hillman. He said when governor George Sinner (1989) tried to cut a hole in the state budget, the higher board of ed refused to do it. In fact it was headed to the ND Supreme Court and he said the higher board of ed agreed only if they asked nicely. With the president planning to increase spending, what does that mean to ND? Every dollar we sent to Washington, we get $1.68 back. That only counts for the block grants. If you counted every payment in ND (like for the farmers, air force bases), it would be 3 to 1. ND's budget is going to be cut.

Chairman Skarphol: Sir, do you have any testimony in relation to the bill?

Robert Langenfelder: What's wrong with the report from the state board of higher ed is that it's more of an internal feedback mechanism, not guided by an (inaudible word) source, there's no independent auditing done. In essence, the funding of higher education should have an external audit. You don't have longitudinal studies of students over 20 years determining of how their higher ed of ND impacted them personally.

Chairman Skarphol: We haven't had the opportunity up until now, but we are in the process of putting that longitudinal data system into place. Some people fear it. They fear it's going to be too intrusive in their lives.
Chairman Skarphol adjourned hearing.

2011 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Committee
Roughrider Room, State Capitol

HB 1369
2/18/11
14750

☐ Conference Committee

Committee Clerk Signature Meredith Trachsel

Explanation or reason for introduction of bill/resolution:

A BILL for an Act relating to a performance and accountability report by the state board of higher education.

Minutes: You may make reference to "attached testimony."

Chairman Delzer: Opened discussion on HB 1369.

Representative Skarphol: This came out of our subsection (E&E) 6-0 Do Pass, without amendments. Representative Dosch did come up with some amended language, which we didn't have time to talk about in section, and that's being passed out.

Representative Dosch: The bill is self-explanatory. It basically looks for some additional accountability measures or disclosures from higher ed. Although it was voted out of committee 6-0, we did have some suggestions how to be more precise in some of the things we were asking for. We didn't want to be duplicative with what the universities are already doing, but the accountability report that they put out is a 38 page document that you get lost in. The purpose is to request some additional financial detail. The amendment puts these more specific things in. I move adoption of amendment .01001.

Vice Chairman Kempenich: Second.

Chairman Delzer: We have a motion and a second, will you explain your amendment?

Representative Dosch: Went over each section of amendment .01001. This should help us have a better understanding of what is going where. There is a lot of concern out there that the track of higher ed spending is unsustainable, and the hope is by projecting out three bienniums the board will look at it and start making some changes. Because of the manner in which we appropriate money to higher ed, hopefully this will give us a little bit more information and comfort level as to where and what our monies are actually being used for.

Chairman Delzer: This removes from line 14 page 1 through line 7 page 2 and replaces them with your 'a' through 'i'?

Representative Dosch: Correct.

Chairman Delzer: Discussion.

Representative Hawken: I don't think anyone is adverse having accountability standards. We have a number of them. I would suggest that these are going to replace those, that we take them out. I also question a couple of these things, particularly the budget going three bienniums forward. I would love to see any of your business plans that go out that far. I think a guess on one biennium forward would be legitimate. I would say the same on going into past bienniums to compare. Part of this then becomes busy work, and if that's what we want, that costs us money. The other piece I think is very important, and perhaps needs to be amended in, is that in the numbers that are thrown around here, they include buildings, scholarship money, etc., so I think some of these pieces would be extremely helpful for future legislatures, but then I think the rest of the things we've asked for should go away.

Representative Kaldor: I also do not disagree with accountability and more sensible reporting. I think the governor has proposed a commission to look at higher ed, and there are some metrics they are talking about, and so there are a few things that I think may have problematic consequences. First one is 'e,' the cost of nonacademic programs. When we're talking about blurring the lines between a research faculty member who is doing both research and teaching, I can understand how difficult it is to root out the real cost of that individual. They might have funding sources that vary. I'm concerned that will create some additional work that may not be as productive as we need it to be. Part 'f,' if we're going to look at a net degree cost, one thing we have to understand, is students have a lot to do with that. A student can start an academic career with the intent of becoming a physician, and midway through their second year they may decide to become an engineer, which has a whole host of other requirements. Averaging would be problematic.

Representative Dosch: The purpose of 'f' is, e.g., an engineering degree. What is the average cost per engineering degree? Or medical student? That's the intent, for students that are focused specifically towards that degree.

Representative Kaldor: Thank you, that answers my question.

Chairman Delzer: On the three bienniums, do you have any comment on Representative Hawken's comments?

Representative Dosch: Referring to 'i' on the sheet? If you look at the higher ed budget they provide us, there's two lines. It's a very basic budget. That's what I'm talking about here, just the information. If we want to make it two bienniums, I think we could.

Chairman Delzer: When you say two, are you talking the one they're in and two more?

Representative Dosch: No, the one they're in and one more.

Chairman Delzer: So that's basically the next biennium. I think that's actually what Representative Hawken was looking for. Representative Dosch and Vice Chairman

Kempenich, would you be willing to change that from three to two in your proposed amendment?

Representative Dosch and Vice Chairman Kempenich agreed.

Representative Skarphol: I think it's important that we define what we as a legislature want. The dilemma is, the very first one, resident/nonresident students, what happens in most cases is an out of state student comes to ND, goes to school the first nine months, stays over the summer, becomes a resident, and from there on is a resident. Are we now educating that student as a resident or a nonresident? It's extremely difficult to pin down a good-enough description. I hope the committee passes this forward, and there can be some more effort put into this between now and the end of the session, so we do come up with some metrics we think are important. I will support the amendment and the bill.

Chairman Delzer: Do we have any numbers for students that are going to the universities that graduated from ND high schools, compared to graduated from high schools out of the state?

Representative Skarphol: That may be a better mechanism for trying to describe it.

Representative Dosch: The university does currently provide that information, we have almost 18,000 nonresident students. I'm sure some of that happens, but we're going off information currently provided by the university system.

Chairman Delzer: Did you ask them if all of the residents had graduated from ND high schools?

Representative Dosch: No. There is one other addition I'd like to make to the proposed amendment, an item 'j,' the average professor contact time per student. Some idea of how much the professor actually is spending in the classroom with that student.

Chairman Delzer: Why don't we deal with the proposed amendment in front of us, .01001 plus changing three bienniums to two, and then move to further amend?

Representative Glassheim: How do you get 'b,' general fund support for each student? Is that just dividing the number, or how do you get what you want?

Representative Dosch: That's absolutely correct. When I was presenting my tuition bills, I did ask for that information and the university system did provide that, so it is a simple math equation.

Representative Glassheim: In 'd,' academic program, is that something you can get? Is it a department?

Representative Dosch: I would certainly hope so. If you're offering a class, you should know what it's costing. Some of that should have some bearing on the tuition rate that you are charging. I believe the university system knows that information.

Representative Glassheim: In 'e,' nonacademic programs, do you mean things like counseling? The problem of researchers and how they're paid disturbs me. You have teachers who are paid maybe 2/3 of their salary out of research grants, and I don't know how you're going to determine the cost. Is research a nonacademic program?

Representative Dosch: Yes, that's considered a nonacademic program. They already have to be very specific with this for their grants, so that information is available. If we're running a program at the university, and with the understanding that grant programs don't make money, we need to know where we're at with them. How can you run a program if you have absolutely no idea what it's costing you? It would be like running a business with no idea of your expenses to run that business. You do know what your expenses and revenues are.

Representative Glassheim: The English department knows how much they work with every year, they know their expenses. But I'm not sure you can get what you want out of that.

Representative Hawken: If it is agreeable, perhaps department is a better word than program. If you break it down by program, you get into minutia. Just a thought.

Representative Skarphol: When you talk about nonacademic programs, is it just research you're referring to, or are there other areas you'd like to see as well?

Representative Dosch: Primarily research, so we have some handle on that.

Chairman Delzer: We have the amendment before us, further discussion on it? Motion carries by voice vote. Further amendments?

Representative Dosch: I'd like to further amend to also include an item 'j' which would be the average professor contact time with students.

Vice Chairman Kempenich: Second.

Representative Dahl: Do you mean classroom time only, or other outside contact with students?

Representative Dosch: Simply classroom time.

Representative Kaldor: Class time is obviously not the only time they're in contact with their students. Professors meet with students a lot outside of class. As a metric, I don't think this is going to tell you much. It won't be difficult to get this number, but I'm worried about what you might conclude with the metric. To put any value on faculty or professor contact time, you need to take the full range of contact and consider that, rather than just classroom.

Representative Pollert: I support the amendments thus far. I know there are classes with 300 hundred students to a class, in your basic 101 whatever. Then you have classes of 20

or 50. This additional amendment is problematic to me because of what your results may be.

Representative Dosch: We're not talking about divided by the number of students that professor has or anything like that. We're looking for average professor time in the classroom. We all understand they have homework to grade, they have after hours contact with students. What we're getting at is how much time is that professor spending in the classroom. The people have a right to know.

Representative Kaldor: You hit right on it. The people have a right to know how many hours they are in the classroom, but they should also know how many other hours they are devoting to those students. You might have a faculty member who is also doing research, and maybe helping students do research, office hours, etc. Someone is going to make a judgment that someone isn't spending enough time in the classroom. I'm worried about the conclusions that will be made based on this little tidbit of information.

Representative Kroeber: I served on the interim committee on higher ed, we asked for a great deal of info, and I don't remember us asking for any information that we didn't receive. Also, as I look through this, I see this as almost a total hog house of the bill. The fact is, I think if we're going to do this drastic of a change on a bill, we should possibly have an open hearing on it. We want to know all these things; maybe some of the public would like to have a chance to have some input on this bill also.

Chairman Delzer: We have the motion to further amend before us, further discussion? We'll try a voice vote. Motion fails, it is not adopted.

Representative Dosch: I move Do Pass as Amended on HB 1369.

Representative Skarphol: Second

Chairman Delzer: Discussion.

Representative Dahl: Could you walk us through section 2 of the bill?

Representative Dosch: There is a little redundancy in that with the amendments.

Chairman Delzer: If you do not feel that is needed, you can make a substitute motion to get rid of it, if that's what you prefer.

Representative Dosch: I would make that motion, to eliminate section 2.

Representative Skarphol: Second.

Chairman Delzer: We have a motion to substitute an amendment to amended 1369 to remove section 2. Discussion? Voice vote carries. Now we have the reamended bill before us.

Representative Dosch: I move Do Pass as Amended on HB 1369.

Representative Skarphol: Second.

Chairman Delzer: Now we have a Do Pass as Amended with .01001 and the change from three to two and removing section 2. Is there any discussion? On a roll call vote the motion carried 15-5-1, Representative Dosch will be the carrier.

11.0393.01001
Title.

Prepared by the Legislative Council staff for
Representative Dosch
February 17, 2011

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1369

Page 1, line 13, after "must" insert "include the following information for the past three bienniums for each institution, including separate information for the university of North Dakota school of medicine and health sciences, school of law, and aviation programs"

Page 1, remove lines 14 through 24

Page 2, replace lines 1 and 2 with:

"a. Total resident and nonresident full-time equivalent students.

b. Total general fund support provided to each resident and nonresident student, including the percentage increase from the previous biennium.

c. Average tuition and fee revenue per student, including the percentage increase from the previous biennium.

d. Cost of each academic program, including the percentage increase from the previous biennium.

e. Cost of nonacademic programs, including the percentage increase from the previous biennium.

f. Net tuition and fees and state appropriations per degree and certificate awarded.

g. Total number of full-time equivalent positions that are not classroom instructor positions.

h. Average pay of full-time equivalent positions that are not classroom instructor positions, including a listing of the salaries of the twenty-five highest paid positions.

i. A budget sustainability plan detailing the estimated budget for the next three bienniums."

Page 2, remove lines 5 through 7

Renumber accordingly

Date: 2/18

Roll Call Vote #: 1

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1369

House Appropriations Committee

Legislative Council Amendment Number 01001

Action Taken: ☐ Do Pass ☐ Do Not Pass ☐ Amended ☒ Adopt Amendment

☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Rep. Dosch Seconded By Rep. Kempenich

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer			Representative Nelson		
Vice Chairman Kempenich			Representative Wieland		
Representative Pollert					
Representative Skarphol					
Representative Thoreson			Representative Glassheim		
Representative Bellew			Representative Kaldor		
Representative Brandenburg			Representative Kroeber		
Representative Dahl			Representative Metcalf		
Representative Dosch			Representative Williams		
Representative Hawken					
Representative Klein					
Representative Kreidt					
Representative Martinson					
Representative Monson					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

reporting requirement (01001) + change to two biennia (from 3)

voice vote carries

Date: 2/18
Roll Call Vote #: 2

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1369

House Appropriations Committee

Legislative Council Amendment Number _____

Action Taken: ☐ Do Pass ☐ Do Not Pass ☐ Amended ☒ Adopt Amendment

☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Rep. Dosch Seconded By Rep. Kempenich

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer			Representative Nelson		
Vice Chairman Kempenich			Representative Wieland		
Representative Pollert					
Representative Skarphol					
Representative Thoreson			Representative Glassheim		
Representative Bellew			Representative Kaldor		
Representative Brandenburg			Representative Kroeber		
Representative Dahl			Representative Metcalf		
Representative Dosch			Representative Williams		
Representative Hawken					
Representative Klein					
Representative Kreidt					
Representative Martinson					
Representative Monson					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

further amend add item j
average professor contact time with students

voice vote fails

Date: 2/18
Roll Call Vote #: 3

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1369

House Appropriations Committee

Legislative Council Amendment Number 01001

Action Taken: ☒ Do Pass ☐ Do Not Pass ☒ Amended ☐ Adopt Amendment
☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Rep Dosch Seconded By Rep. Skarphol

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer			Representative Nelson		
Vice Chairman Kempenich			Representative Wieland		
Representative Pollert					
Representative Skarphol					
Representative Thoreson			Representative Glassheim		
Representative Bellew			Representative Kaldor		
Representative Brandenburg			Representative Kroeber		
Representative Dahl			Representative Metcalf		
Representative Dosch			Representative Williams		
Representative Hawken					
Representative Klein					
Representative Kreidt					
Representative Martinson					
Representative Monson					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

substitute

Date: 2/18
Roll Call Vote #: 4

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1369

House Appropriations Committee

Legislative Council Amendment Number _____

Action Taken: ☐ Do Pass ☐ Do Not Pass ☐ Amended ☒ Adopt Amendment

☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Rep. Dosch Seconded By Rep Skarphol

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer			Representative Nelson		
Vice Chairman Kempenich			Representative Wieland		
Representative Pollert					
Representative Skarphol					
Representative Thoreson			Representative Glassheim		
Representative Bellew			Representative Kaldor		
Representative Brandenburg			Representative Kroeber		
Representative Dahl			Representative Metcalf		
Representative Dosch			Representative Williams		
Representative Hawken					
Representative Klein					
Representative Kreidt					
Representative Martinson					
Representative Monson					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

further amend remove section 2

voice vote carries

11.0393.01002
Title.02000

Prepared by the Legislative Council staff for
House Appropriations
February 18, 2011

2/21/11

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1369

Page 1, line 2, remove "; and"

Page 1, line 3, remove "to provide legislative intent"

Page 1, line 13, after "must" insert "include the following information for the past three bienniums for each institution, including separate information for the university of North Dakota school of medicine and health sciences, school of law, and aviation programs"

Page 1, remove lines 14 through 24

Page 2, replace lines 1 and 2 with:

"a. Total resident and nonresident full-time equivalent students.

b. Total general fund support provided to each resident and nonresident student, including percentage increase from the previous biennium.

c. Average tuition and fee revenue per student, including the percentage increase from the previous biennium.

d. Cost of each academic program, including the percentage increase from the previous biennium.

e. Cost of nonacademic programs, including the percentage increase from the previous biennium.

f. Net tuition and fees and state appropriations per degree and certificate awarded.

g. Total number of full-time equivalent positions that are not classroom instructor positions.

h. Average pay of full-time equivalent positions that are not classroom instructor positions, including a listing of the salaries of the twenty-five highest paid positions.

i. A budget sustainability plan detailing the estimated budget for the next two bienniums."

Page 2, remove lines 5 through 11

Renumber accordingly

Date: 2/18
Roll Call Vote #: 5

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1369

House Appropriations Committee

Legislative Council Amendment Number

Action Taken: ☒ Do Pass ☐ Do Not Pass ☒ Amended ☐ Adopt Amendment
☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Rep. Dosch Seconded By Rep. Skarphol

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer	X		Representative Nelson		X
Vice Chairman Kempenich	X		Representative Wieland	X	
Representative Pollert	X				
Representative Skarphol	X				
Representative Thoreson	X		Representative Glassheim		X
Representative Bellew	X		Representative Kaldor		X
Representative Brandenburg	X		Representative Kroeber		X
Representative Dahl	X		Representative Metcalf		X
Representative Dosch	X		Representative Williams		
Representative Hawken	X				
Representative Klein	X				
Representative Kreidt	X				
Representative Martinson	X				
Representative Monson	X				

Total (Yes) 15 No 5

Absent 1

Floor Assignment Rep. Dosch

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

REPORT OF STANDING COMMITTEE

HB 1369: Appropriations Committee (Rep. Delzer, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (15 YEAS, 5 NAYS, 1 ABSENT AND NOT VOTING). HB 1369 was placed on the Sixth order on the calendar.

Page 1, line 2, remove "; and"

Page 1, line 3, remove "to provide legislative intent"

Page 1, line 13, after "must" insert "include the following information for the past three bienniums for each institution, including separate information for the university of North Dakota school of medicine and health sciences, school of law, and aviation programs"

Page 1, remove lines 14 through 24

Page 2, replace lines 1 and 2 with:

"a. Total resident and nonresident full-time equivalent students.

b. Total general fund support provided to each resident and nonresident student, including percentage increase from the previous biennium.

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e. Cost of nonacademic programs, including the percentage increase from the previous biennium.

f. Net tuition and fees and state appropriations per degree and certificate awarded.

g. Total number of full-time equivalent positions that are not classroom instructor positions.

h. Average pay of full-time equivalent positions that are not classroom instructor positions, including a listing of the salaries of the twenty-five highest paid positions.

i. A budget sustainability plan detailing the estimated budget for the next two bienniums."

Page 2, remove lines 5 through 11

Renumber accordingly

2011 SENATE APPROPRIATIONS

HB 1369

2011 SENATE STANDING COMMITTEE MINUTES

Senate Appropriations Committee
Harvest Room, State Capitol

HB 1369
March 8, 2011
Job # 15089

☐ Conference Committee

Committee Clerk Signature Rose Laning

Explanation or reason for introduction of bill/resolution:

A bill relating to a performance and accountability report by the state board of higher education.

Minutes: See attached testimony # 1 - 2.

Chairman Holmberg called the committee hearing to order on HB 1369.
Brady Larson - Legislative Council; **Tammy R. Dolan** – OMB.

Rep. Mark Dosch, State Representative, District 32
Testified in support of HB 1369
Testimony attached # 1
Referencing question #1: Part of the responsibility to the ND legislature is to develop an education system to educate ND kids. That is the primary purpose and function. We need to understand how many of the kids, we are educating, are ND kids, is important.
Referencing question #2: We have about 40,000 full time equivalent students in the state. About 22,000 are ND kids but about 18,000, now are out of state kids. If trends continue, it won't be long before ND kids are the minority in our higher education system.
Referencing question #3: There is no distinction between the dollars we are using to fund ND students vs. out of state students. We need to take a look at that.
Referencing question #4: Do we know what the average tuition and fees collected from our kids? In the last three biennium's, we have increased the funding for higher education, 20% on average and the tuition at the four year institutions continues to increase, even with the dramatic increases in our funding. It is important to know, what is the average tuition and fees collected from our students and how much has that been increased over the years?
Referencing question #5: How can we, as legislators, determine if we are properly funding higher ed. if we don't know what these costs are?
Referencing question #6: If we, as legislators, are asked to fund our institutions of higher ed., I think it is critical that we know, what are the costs of these of the research and academic programs?
Referencing question #7: If we are to properly fund higher ed., I think we need to know this information.
Referencing question #8: Probably the most important is the budget sustainably plan. Can we continue to spend, as we have been? It requires them to project out, the next two bienniums, and where we are going to be?

Referencing question #8: Probably the most important is the budget sustainably plan. Can we continue to spend, as we have been? It requires them to project out, the next two bienniums, and where we are going to be?

We must ask these questions and we have answers to them, if we as legislators, are going to make prudent decisions, on how much we are funding our higher ed. system. Are the taxpayers of ND getting a fair shake or not?

Senator Krebsbach asks, having served on higher ed. committee on interim, I think most of this information has been available to us. Questioning #7 – Can you give me more information on what you are looking for, in reference to full time positions, that are not classroom positions?

Rep. Mark Dosch states, we want to understand, what are true administrative costs are? At the level we are funding higher ed., how much of it is classroom instruction and how much of it is built in, as far as, administrative costs?

Senator Wardner states, can't you get most of that information, right now, from the office?

Rep. Mark Dosch states, "Yes, you are absolutely right". Being on Appropriations for higher ed., we have asked for information and we get information that is given out to all legislators. The general public doesn't know or understands some of these things. These questions aren't answered. It will maybe add one more pages to their accountability book. We want this information readily available to all legislators and the general public, so we don't have to keep running and asking higher ed., for this information.

Dustin Gawrylow, ND Taxpayers' Association, (Lobbyist #160)
Testified in support of HB 1369
No written testimony.
This is important bill. This is about creating a one-stop shop. This bill does not make any judgment calls about current policy. It makes data and information development and collection available to legislators. By acquiring data and information about the actual cost of educating, in and out of state students, means we will have the data and not have to individually go and pester people at the university system. This is a transparency bill for higher ed., because when we codify transparency requirements, it reduces duplication of people having to look that up. It reduces the workload of people in that office. This bill is not threatening to anyone. From an intellectual standpoint, information is important. There are many outstanding and unresolved issues in the higher ed. system. Hopefully this bill will help to resolve any issues.

Senator Wardner asks, has anyone ever approached them and asked them to put it on the website? Do we really need another bill to do this?

Dustin Gawrylow states, when communicating directly with the university system office, we have a trade imbalance, when it comes to resident and nonresident ND high schools graduates. That is the crux of this bill. To develop that data set, so we know what we are actually paying. That number is important to everyone on both sides. When you compile those numbers, it's questioned, but if its data approved, you gain credibility. I don't think that data and numbers are readily available, when you try, as I have, to acquire those figures and then

compile them into your own chart. You numbers are questioned, your credibility is questioned and so having that stamp on the bottom, this is data approved and compiled by the ND University System, is important for the debate on both sides.

Bill Goetz, Chancellor, NDUS
Testimony attached - # 1. Read from Testimony.
Referencing the Strategic Plan: He states, when he became chancellor, we had a "Strategic Plan" that was "aged". We spent a year working on a new "Strategic Plan" and that has been completed and I want to emphasize, the "Strategic Plan" is also a plan, of which our campuses are tied to, all 11, are tied to that "Strategic Plan". The presidents of our campuses, by their annual work objectives to that "Strategic Plan" and it is their work objectives, that I base their annual evaluations upon, as to progress being made and reconciliation of the work done. This is all tied together, accountability measures, strategic plan, campus strategic plan, and president's work objectives.

Returns to (Attached Testimony #1).

He wants to draw attention to attachments. Summary of the "Strategic Plan" with goals and objectives. Also, includes matrix of Accountability Measures. They draw upon formal surveys. He didn't want to minimize being accountable. It's important not to drive accountability based upon certain convictions, whereby, there is an issue we are attempting to get at. We are looking at accountability measures and what we can do better, as a system. Removing the agenda, of specific issues, that may be burning out there, in terms of trying to attain, a result. That's not where, I think, we are being responsible, in terms of, reflecting the good that the ND University System, is providing. I think it is time to take a real fresh look at all of the measures and then ask ourselves, how best do we address, more efficiency, performance and most of all, how do we use these accountability measures as a management tool?

Senator Wardner states, I think, what the bill is looking for is, not to say you are not as the same philosophy, as far as accountability. I go back to why, do we need a bill? If someone calls you and asks how many students are we educating? Do you have the answers to most of these questions?

Bill Goetz states, "Yes", this information is available. I would say that there are a couple of areas that we need to work on. For example, the cost of academic programs and I acknowledged that earlier. That is a process, we are working on. If you want to know about nonresident students, resident students, much of this information is available. I want to also emphasize, is that, all of them, are very much slanted towards cost. If we are going to do a good job of managing and making management decisions, we have to add the other piece to that, as it is in business. In business, we do not just run cost analysis, we run cost benefit analysis. Therefore, when you look at costs, we need to be looking at the other piece of that, a cost benefit analysis. I think that is where we ought to be focusing.

Chairman Holmberg closed the hearing on HB 1369.

2011 SENATE STANDING COMMITTEE MINUTES

Senate Appropriations Committee
Harvest Room, State Capitol

HB 1369
04-05-2011
Job # 16344

☐ Conference Committee

Committee Clerk Signature Alice Delzer

Explanation or reason for introduction of bill/resolution:

A ROLL CALL VOTE FOR A DO NOT PASS – NDUS – PERFORMANCE AND ACCOUNTABILITY REPORT

Minutes: You may make reference to "attached testimony."

Chairman Holmberg called the committee to order in reference to HB 1369. Tad H. Torgerson, OMB and Brady Larson, Legislative Council were also present.

(The recorder was not recording the first portion of this hearing)

Chairman Holmberg: 1369 was amended. The board did not come down and bless this with any great enthusiasm. It asks for specific information from the board. Our subcommittee didn't do anything with it as it appeared the data was there.

Senator Robinson: 99% of this data was provided in the interim, we've been through it over and over again.

Senator Robinson moved a do pass. Seconded by Senator Wardner.

A ROLL CALL VOTE WAS TAKEN ON A DO PASS ON HB 1369. YEA: 5; NAY: 8; ABSENT: 0. MOTION FAILED.

Chairman Holmberg: Can we have a motion for a DO NOT PASS ON 1369.

Senator Robinson moved a DO NOT PASS. Seconded by Senator Krebsbach.

(The recorder recorded a portion of this vote)

A ROLL CALL VOTE WAS TAKEN ON A DO NOT PASS ON HB 1369. YEA: 8; NAY: 5; ABSENT: 0. MOTION CARRIED. Senator Krebsbach will carry the bill on the floor.

The hearing was closed on HB 1369.

Date: 4-5-11

Roll Call Vote # 1

2011 SENATE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. 1369

Senate APPROPRIATIONS Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: ☒ Do Pass ☐ Do Not Pass ☐ Amended ☐ Adopt Amendment

☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Robinson Seconded By Wardner

Senators	Yes	No	Senators	Yes	No
Chairman Holmberg	✓		**Senator Warner**		✓
Senator Bowman		✓	**Senator O'Connell**		✓
Senator Grindberg	✓		**Senator Robinson**	✓	
Senator Christmann	✓				
Senator Wardner	✓				
Senator Kilzer		✓			
Senator Fischer		✓			
Senator Krebsbach		✓			
Senator Erbele		✓			
Senator Wanzek		✓			

Total (Yes) 5 No 8

Absent _____

Floor Assignment _____

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

Failed

Date: 4-5-11

Roll Call Vote # 2

2011 SENATE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. 1369

Senate APPROPRIATIONS Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: ☐ Do Pass ☒ Do Not Pass ☐ Amended ☐ Adopt Amendment

☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Robinson Seconded By Krebsbach

Senators	Yes	No	Senators	Yes	No
Chairman Holmberg		✓	**Senator Warner**	✓	
Senator Bowman		✓	**Senator O'Connell**	✓	
Senator Grindberg		✓	**Senator Robinson**	✓	
Senator Christmann		✓			
Senator Wardner	✓				
Senator Kilzer	✓				
Senator Fischer	✓				
Senator Krebsbach	✓				
Senator Erbele	✓				
Senator Wanzek		✓			

Total (Yes) 8 No 5

Absent Carlisen

Floor Assignment Krebsbach

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

REPORT OF STANDING COMMITTEE

HB 1369, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman) recommends **DO NOT PASS** (8 YEAS, 5 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1369 was placed on the Fourteenth order on the calendar.

2011 TESTIMONY

HB 1369

Attachment #1

NORTH DAKOTA TAXPAYERS ASSOCIATION

Subject: Higher Ed Accountability **Bill: HB1369**

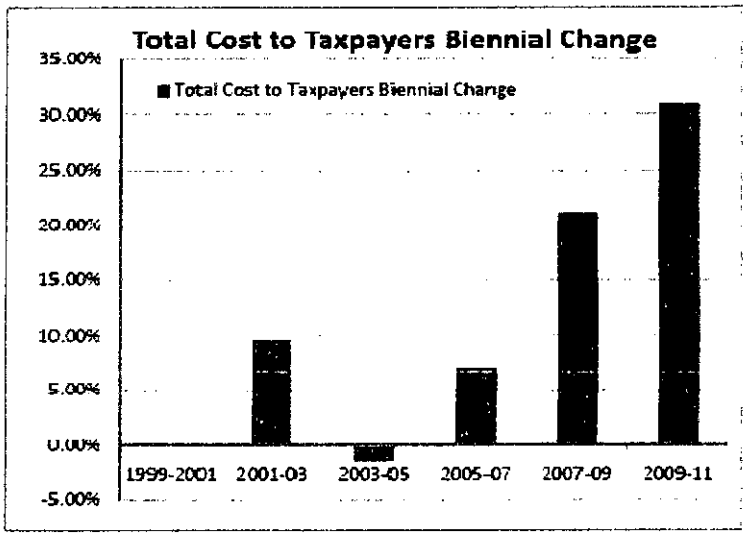
Testimony Provided By: Dustin Gawrylow **Lobbyist #160**

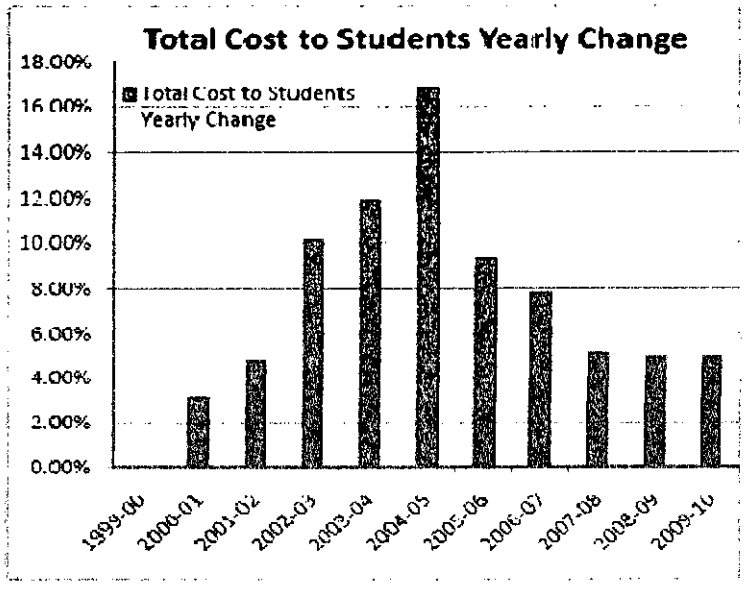
Presented To: House Appropriations (Education) **January 26th, 2011**

Mr. Chairman, Members of the Committee:

Before you today is a very simple and uncontroversial piece of legislation. It adds a number of basic reporting requirements to the Board of Higher Education's strategic reports:

1. Detailed analysis of non-classroom cost increases,
2. Detail and describe all non-classroom instructor positions,
3. Detail need for salary increases for all positions paid more than $100k,
4. Describe efforts to reduce non-classroom costs,
5. Document annual costs of maintaining reciprocity agreement in relation to benefits to North Dakota high school graduates,
6. Document the total dollars state dollars used to fund each nonresident student,
7. Develop and present long-term plans for budget sustainability.





The North Dakota Taxpayers' Association is a membership-funded advocacy group designed to get taxpayers a voice in legislative matters. NDTA is 100% in-state funded, and counts over 500 North Dakotans as current members. NDTA is the only organization with a full time lobbyist dedicated to advocating on behalf of the taxpayer.

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NORTH DAKOTA
TAXPAYERS ASSOCIATION

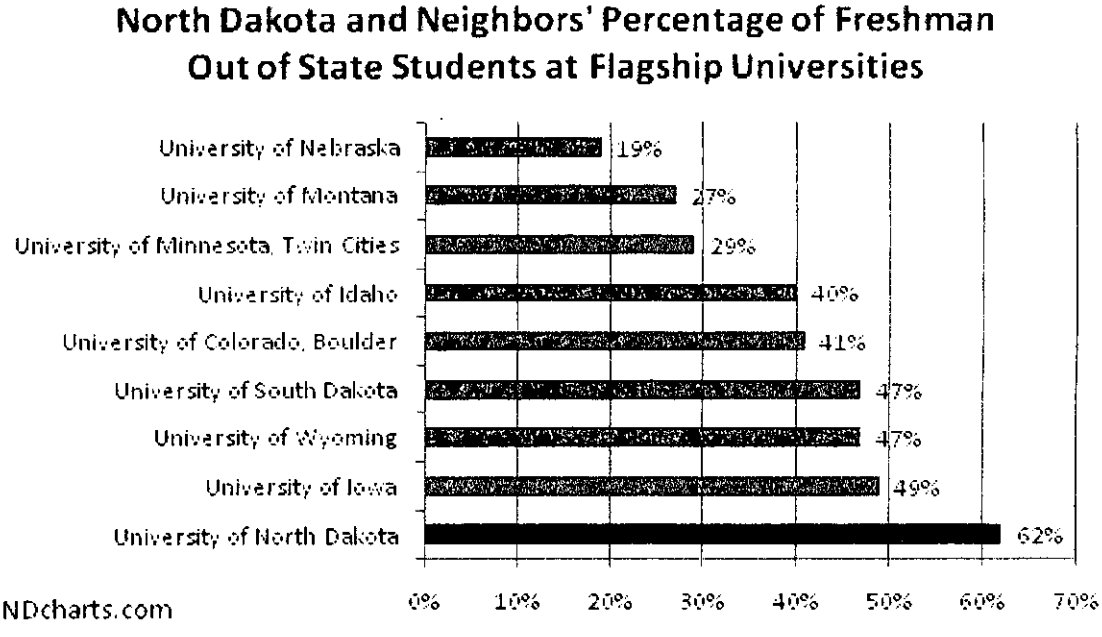
These reporting requirements do not change any policy, they simply outline the desire that many legislators and concerned citizens have with regard to the implication and results of long standing policy.

Before we can reform higher education, we've got to get our numbers in line, and this will be a good first step.

This bill achieves two of the North Dakota Taxpayers Associations Five Pillars which are Transparency and Accountability.

This bill represents a long-term, bi-partisan effort to bring transparency and accountability to higher education.

In 2007, a very similar bill was introduced by Senator Cook, Senator Freborg, Representative Boucher, Representative Brandenburg, Representative Gullikson, and was in fact prime sponsored by then Senator Joel Heitkamp. It was probably one of the most broadly bipartisan, yet still conservatively focused bills in quite some time.



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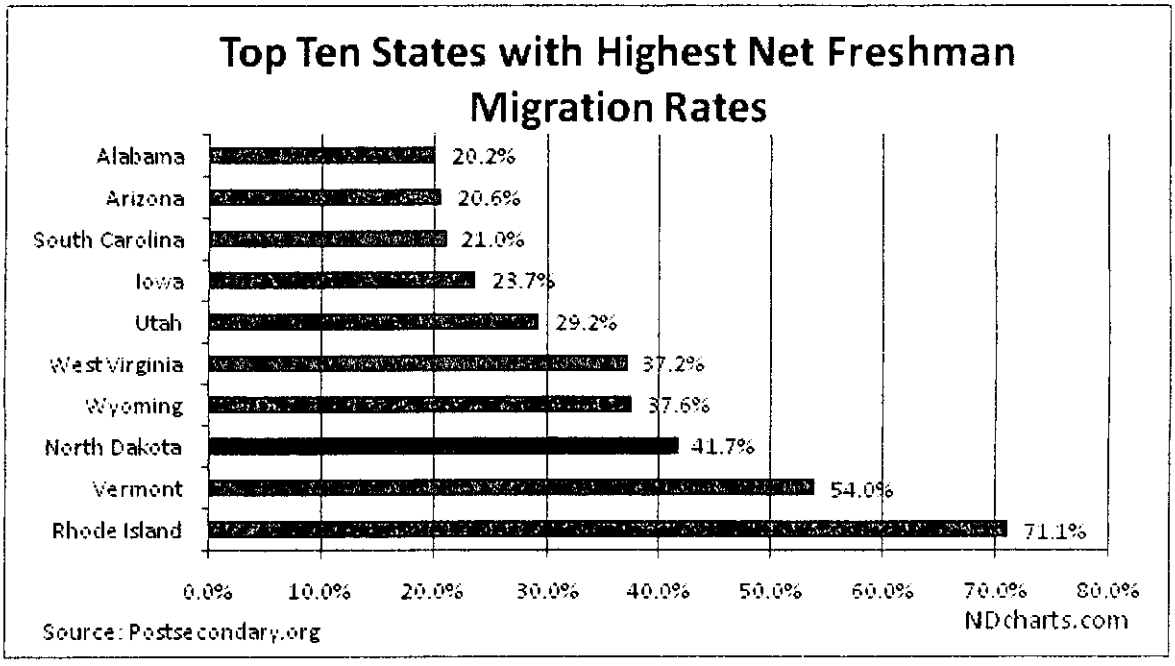
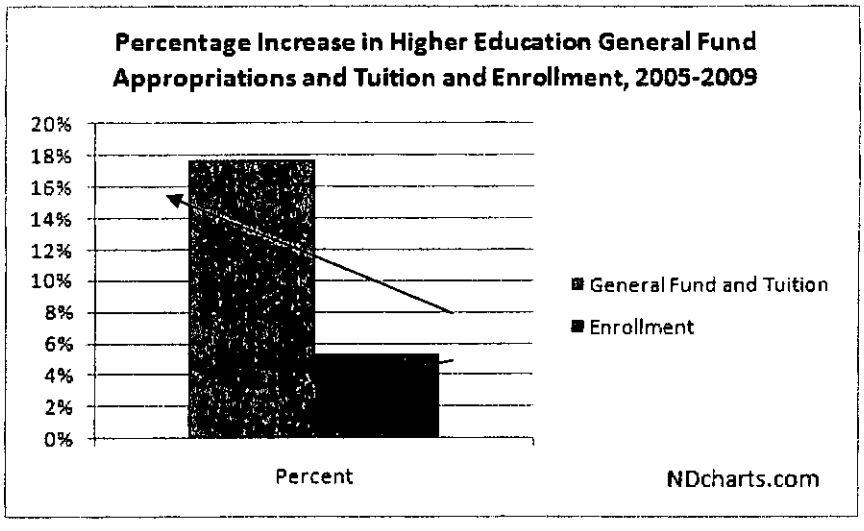
NORTH DAKOTA
TAXPAYERS ASSOCIATION

Mr. Chairman, Members of the Committee,

Let's take this first step to address the excesses in higher education and take steps to document and address those problems we have all at one time or another questioned.





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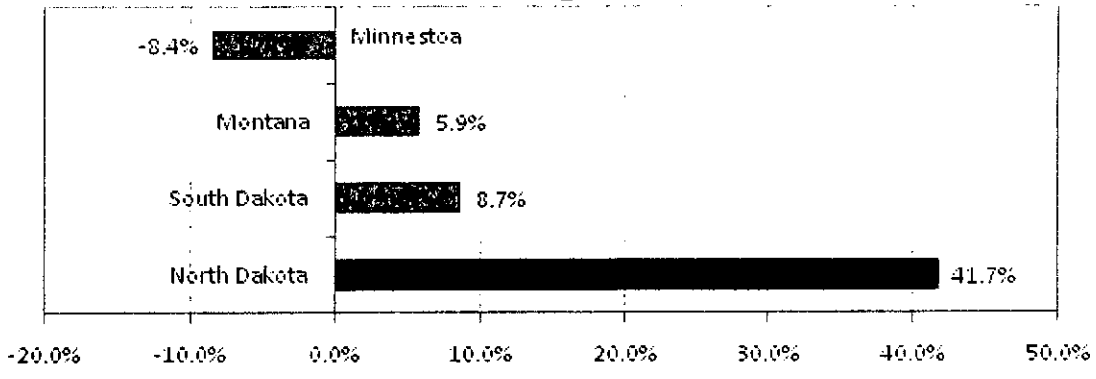
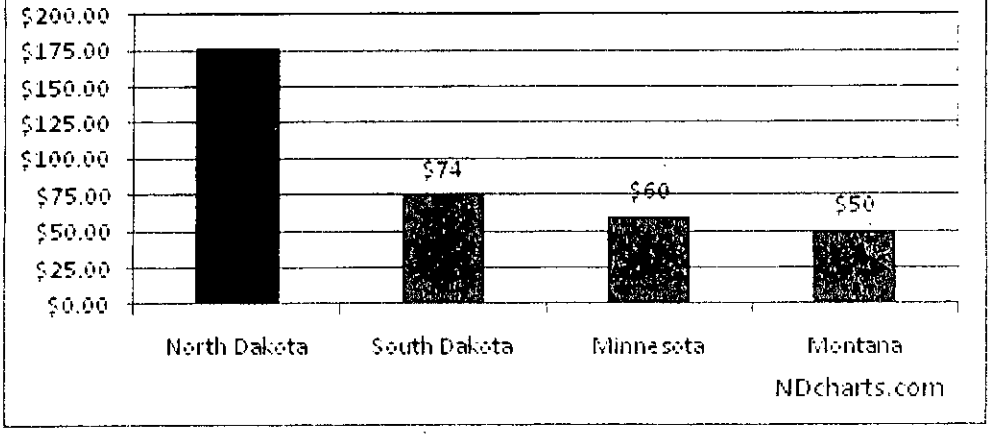
NORTH DAKOTA
TAXPAYERS ASSOCIATION

Net Freshman Migration Rate: North Dakota and Neighbors



NDcharts.com

Per Capita State Spending on Out of State Students



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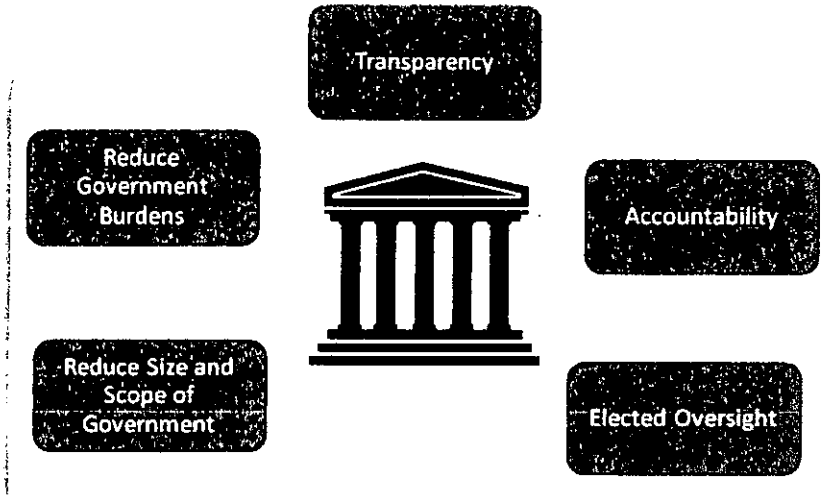
NORTH DAKOTA TAXPAYERS ASSOCIATION



NDTA's Five Pillars Of Good Public Policy

1. **PROMOTE <u>TRANSPARENCY</u> IN GOVERNMENT, TO THE GREATEST EXTENT ALLOWABLE WITHIN THE LAW AND WITHIN TECHNOLOGICAL BOUNDS, WITHOUT COMPROMISE.**

2. **PROMOTE <u>ACCOUNTABILITY</u> IN GOVERNMENT BY REDUCING, WHEREVER POSSIBLE, THE NUMBER OF BUREAUCRATS BETWEEN THE ELECTORATE AND DECISION MAKERS IN GOVERNMENT.**

3. **REQUIRE AND INCREASE LEGISLATIVE <u>OVERSIGHT</u> AND/OR APPROVAL OF ALL CHANGES TO REVENUE GENERATION POLICIES BY ANY AND ALL GOVERNMENT AGENCIES AND INSTITUTIONS, BOTH WITHIN THE EDUCATION SECTOR AND OUTSIDE OF IT.**

4. **<u>REDUCE THE TAX BURDENS</u> OF ALL CITIZENS OF WHENEVER POSSIBLE, AND OPPOSE THE SHIFTING OF TAX BURDENS FROM ONE GROUP OF CITIZENS TO ANOTHER.**

5. **SEEK WAYS TO <u>REDUCE THE OVERALL SIZE AND SCOPE OF STATE GOVERNMENT</u>, INCLUDING BUT NOT LIMITED TO THE REDUCTION OF ONGOING BUDGETARY ITEMS AND THE OVERALL NUMBER OF PUBLIC EMPLOYEES, BOTH WITHIN THE EDUCATION SECTOR AND OUTSIDE OF IT.**

(These principles were adopted by the North Dakota Republican Party at the 2010 State Convention – Resolution #34.)

Attachment #2

Higher Education Financial Data

Revenue Source	Total	Per FTE Student
2009-10 State Appropriations	$ 315,440,000	$ 8,739
2009-10 Student Tuition and Fees	$ 277,712,031	$ 7,694
		$ 16,433

Source: "Summary of 2009-2010 Annual Budgets": http://www.ndus.nodak.edu/Uploads/reports/179/summary-of-2009-10-annual-budgets.pdf

Actual Enrollment Data

2009 Headcount Enrollment		40,203
Breakdown	Resident Headcount	24,669
	Resident Percentage	61.4%
	Non-Resident Total Headcount	15,534
	Non-Resident Percentage	38.6%
	Minnesota Headcount	9,367
	Minnesota Percentage	23.3%
	All Other Residency Headcount	6,167
	All Other Residency Percentage	15.3%

Source: "2009 Fall Enrollment Report": http://www.ndus.nodak.edu/Uploads/reports/245/fall-2009-enrollment-report.pdf

Estimated Full-Time Non-Resident Enrollment Data

2008 Full-Time Equivalent Enrollment*	36,096		
Estimated	Non-Resident Full-Time Enrollment	13,947	
	Minnesota Full-Time Enrollment	8,410	108%
	Approx. Tuition Paid		$ 8,309
	Approx. Per Student State Subsidy		**$ 8,123**
	All Other Residency	5,537	150%
	Approx. Tuition Paid		$ 11,541
	Approx. Per Student State Subsidy		**$ 4,892**
Approx. Non-Resident Total Subsidy			$ 95,406,154

Source: North Dakota Taxpayers' Association Estimates based on NDUS data set.

(2008 Full Time Enrollment Data based on legislative Council Data - Source: http://www.legis.nd.gov/assembly/61-2009/docs/pdf/19050.pdf)

NDUS Two-Year Campus Average Student Loan Indebtedness by Year
(BSC, LRSC, MiSU-BC, NDSCS and WSC)

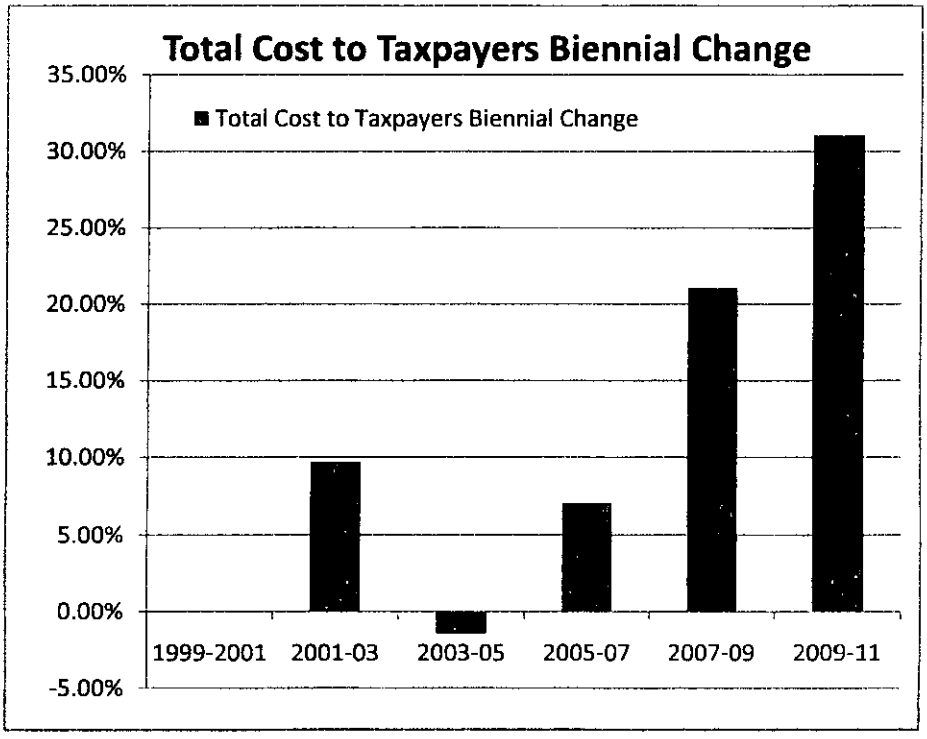
Year	Loan Amount Borrowed	Number of Borrowers by Year	Number of Borrowers/Total Headcount Enrollment	Average Annual Loan
1989-90	$ 5.3 million	2,821	42%	$1,878
1992-93	$ 8.4 million	3,598	55%	$2,334
1993-94	$ 8.9 million	4,053	62%	$2,195
1997-98	$11.9 million	4,987	72%	$2,386
1998-99	$12.8 million	5,386	77%	$2,376
1999-00	$12.9 million	5,505	77%	$2,343
2000-01	$13.9 million	5,924	82%	$2,346
2001-02	$15.6 million	6,626	84%	$2,354
2002-03	$17.2 million	7,190	86%	$2,392
2003-04	$19.8 million	7,744	87%	$2,556
2004-05	$20.0 million	6,475	72%	$3,089
2005-06	$19.3 million	6,213	71%	$3,106
2006-07	$24.7 million	6,822	76%	$3,621
2007-08	$29.4 million 19% (increase)	7,364 7.9% (increase)	83%	$3,992 10.2% (increase)
Increase from 1989-90 to 2007-08	$24.1 million *454%*	4,543 *161%*		$2,114 *113%*

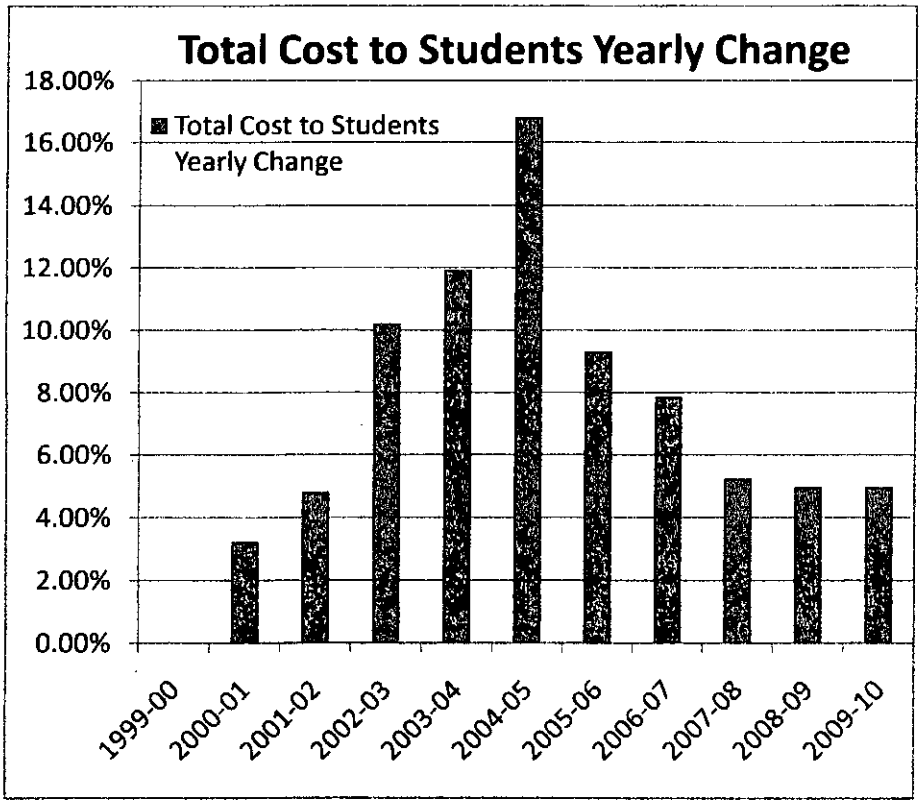
Source: "2009 Student Affordability Report":
http://ndus.edu/Uploads/reports/731/2009-affordability-report.pdf

NDUS Four-Year Campus Average Student Loan Indebtedness by Year
(DSU, MaSU, MiSU and VCSU)

Year	Loan Amount Borrowed	Number of Borrowers by Year	Number of Borrowers/Total Headcount Enrollment	Average Annual Loan
1989-90	$ 7.6 million	3,897	56%	$1,950
1992-93	$12.2 million	4,572	64%	$2,668
1993-94	$12.3 million	4,716	63%	$2,608
1997-98	$13.9 million	5,100	75%	$2,725
1998-99	$15.9 million	5,579	82%	$2,849
1999-00	$16.1 million	5,724	82%	$2,812
2000-01	$16.4 million	5,877	84%	$2,790
2001-02	$17.3 million	6,111	83%	$2,830
2002-03	$17.7 million	5,968	77%	$2,966
2003-04	$21.2 million	6,803	84%	$3,116
2004-05	$23.4 million	6,130	74%	$3,817
2005-06	$23.1 million	5,906	72%	$3,911
2006-07	$25.5 million	6,047	77%	$4,217
2007-08	$26.8 million 5.1% (increase)	5,816 3.8% (decrease)	78%	$4,607 9.2% (increase)
Increase from 1989-90 to 2007-08	$19.2 million *252%*	1,919 *49.2%*		$2,657 *136%*

Source: "2009 Student Affordability Report":
http://ndus.edu/Uploads/reports/731/2009-affordability-report.pdf


Total Cost to Taxpayers Biennial Change
35.00%
30.00%
25.00%
20.00%
15.00%
10.00%
5.00%
0.00%
-5.00%
Total Cost to Taxpayers Biennial Change
1999-2001
2001-03
2003-05
2005-07
2007-09
2009-11


Total Cost to Students Yearly Change
18.00%
16.00%
14.00%
12.00%
10.00%
8.00%
6.00%
4.00%
2.00%
0.00%
Total Cost to Students Yearly Change
1999-00
2000-01
2001-02
2002-03
2003-04
2004-05
2005-06
2006-07
2007-08
2008-09
2009-10

Follow-up Report on 2006 Placements of 2005 NDUS Graduates
July 01, 2008

Some of the questions most frequently asked of the North Dakota University System relate to the status of graduates and program completers of our educational institutions. Follow-up Information on North Dakota Education and Training (FINDET) is a consortium of several state agencies formed to provide answers to such questions. Based on FINDET data, this report describes the employment status of 2005 University System graduates who were employed in the North Dakota one year after graduation.

Highlights of the FINDET Report

- Approximately 65 percent of all 2005 graduates were either employed in North Dakota or re-enrolled (retained) in North Dakota colleges or universities one year after graduation.
- Fourteen of sixteen NDUS Area of Study Clusters had retention rates of 50 percent or more. The highest retention rates were Business Administrative Support (90%), Allied Health (85%), and Interdisciplinary Studies (85%). More than one-half of all graduates (54%) were employed in the services sector of the economy and more than 87 percent of those in the services sector were employed in health services (33%) or educational services (30%).
- Thirty-six percent of the 1,899 graduates who were employed one year after graduation were employed in state and local government. Eighty-eight percent of the 688 graduates employed in state or local government were employed in educational services.
- NDUS graduates at all levels earned a median monthly full-time wage of $2,512 one year after graduation.
- Graduates who were age 50 and older earned median full-time monthly wages of $2,898. Median full-time monthly wages decreased with younger age groups earning progressively lower median monthly wages. The median full-time monthly wages for the 20-29 age group were $1,960 per-month.
- The median monthly wages for graduates of professional programs, doctorate programs, bachelors programs, and associates programs were $3,344; $4,955; $2,059; and $1,688 respectively.

(Source: http://ndus.edu/reports/details.asp?id=244)

NORTH DAKOTA
UNIVERSITY SYSTEM

December 2006 North Dakota/Minnesota Reciprocity

The North Dakota/Minnesota reciprocity program is a program of student exchange that has existed since 1975.

Benefits:

- Provides greater availability and accessibility to programs. North Dakota students interested in programs not offered in the state are provided access at a reasonable cost and location (including the professional programs of dentistry and optometry).
- Eliminates the need for North Dakota's public institutions to be all things to all people. Access is provided to programs not offered here, thereby foregoing program start-up and on-going costs.
- Provides the University System an opportunity to spread fixed costs over a much larger student base.
- Adds diversity to the student body.
- Attracts permanent North Dakota residents. Some reciprocity students stay to live and work in North Dakota after graduation. For example, 31.1 percent of Minnesota students who graduated from University System campuses in 2004 were still in North Dakota one year after graduation.

During the 2005-06 academic year, for every 100 Minnesota students attending North Dakota campuses there were 67 North Dakota students attending a Minnesota campus.

Number of Students Using Reciprocity			
Year	**MN in ND**	**ND in MN**	**ND to MN Ratio**
1990-91	5,346	4,570	.85
1991-92	5,217	4,413	.85
1992-93	5,416	4,119	.76
1993-94	5,563	4,043	.73
1994-95	5,619	3,796	.68
1995-96	5,681	3,715	.65
1996-97	5,666	3,821	.67
1997-98	5,586	3,714	.66
1998-99	5,710	4,298	.76
1999-00	5,769	4,736	.82
2000-01	6,064	5,066	.84
2001-02	6,280	5,298	.84
2002-03	6,565	5,523	.84
2003-04	6,933	5,531	.80
2004-05	7,338	5,512	.75
2005-06	8,066	5,435	.67

Out-Migration:

How State Spending Drives College Graduates Away

Dr. Richard Vedder

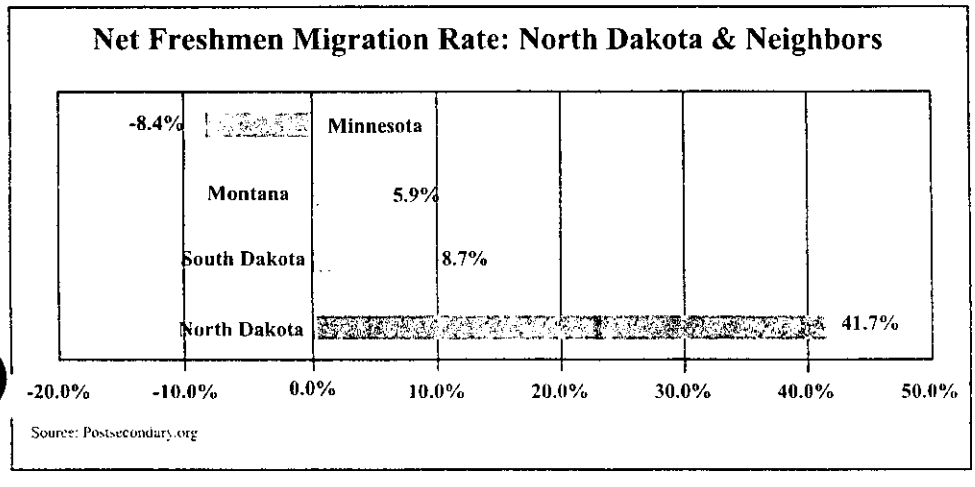
Focus of the Study

- The study looks at the heavy inward migration of college students to North Dakota and the outward migration of human capital.

General Observations

- Taxpayers subsidize students over 250 million dollars a year only to see these same students leave the state upon graduation.
- These migration issues are detrimental to the state and pose serious problems from a public policy perspective as the scarce resources North Dakota spends on building up human capital through higher education benefits neighboring states far more.
- *North Dakota is footing the bill for the formation of much of the human capital of its neighbors.*
- North Dakota is **over-invested** in higher education. Economic growth would have been higher without the excessive investment in education. Prudent policy would be to scale back higher education spending, and look at alternate ways of stimulating state economic growth, through reducing government restrictions on industries, corporate tax reductions, etc.

Inward Migration of Students



- In the past several years, North Dakota has seen approximately 2,000 more college freshmen come into the state each year than leave. After adjusting for state population size, in the most recent year of data availability (2008), North Dakota posted the third highest net freshmen migration rate among the 50 states and the highest in its geographic region.

- Because of the extremely high levels of student migration into North Dakota, it has one of the highest percentages of out-of-state student enrollment in the country.

- A national comparison shows that the University of North Dakota posts the third highest percentage of first year out-of-state students at a state flagship university.

- North Dakota actually posts a negative net migration rate for both private institutions and two-year public schools, meaning that on net, it loses students to schools of these types in other states. This is evidence that students are coming to North Dakota, not to relocate permanently, but for some other reason, specifically the highly subsidized and cheap education.

- Non-resident (out-of-state) students make up about one half of North Dakota's total college enrollment. In 2008, 49.4% of traditional freshmen (those who had recently graduated from high school) enrolled in North Dakota institutions came from other states, the third highest percentage in the nation and nearly double the national average.

- Out-of-state students are heavily subsidized on the backs of North Dakota's taxpayers.

- In 2006, Minnesota students made up 19.4% of North Dakota's total public enrollment. These Minnesotans annually pay artificially low out-of-state tuition to North Dakota.

- On net, North Dakota gains college freshmen from both South Dakota and Montana.

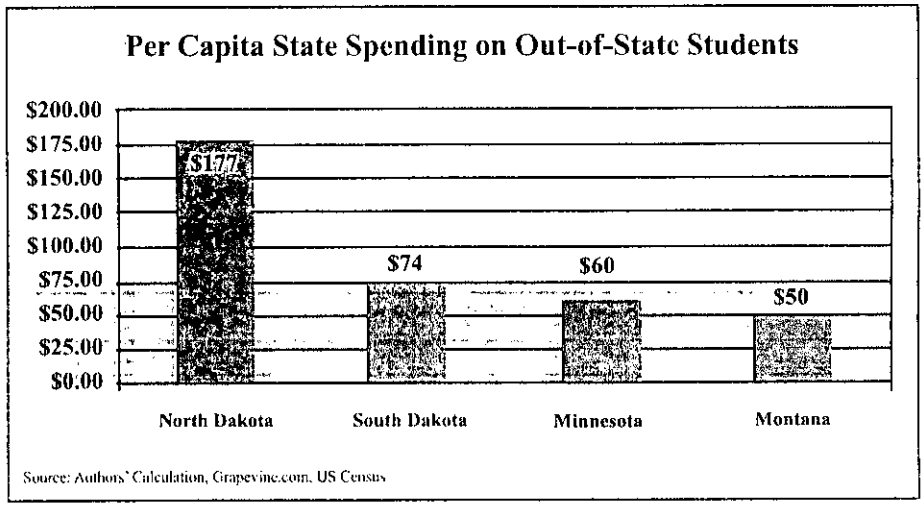
- North Dakota gains students from outside of the United States.

Cost of Subsidizing Out-of-State Students

- In 2008, each North Dakotan was accountable for $395.80 worth of higher education spending, placing it as the 7th highest spending state in terms of per resident spending.

- Since 1970, this number has gone up 89 percent after adjusting for inflation,while nationally, it only increased by 62 percent.

- State tax appropriations per $1,000 dollars of personal income in North Dakota have gone up by 4 percent since 1980, while the national average for this measure fell by 32 percent during this same time.



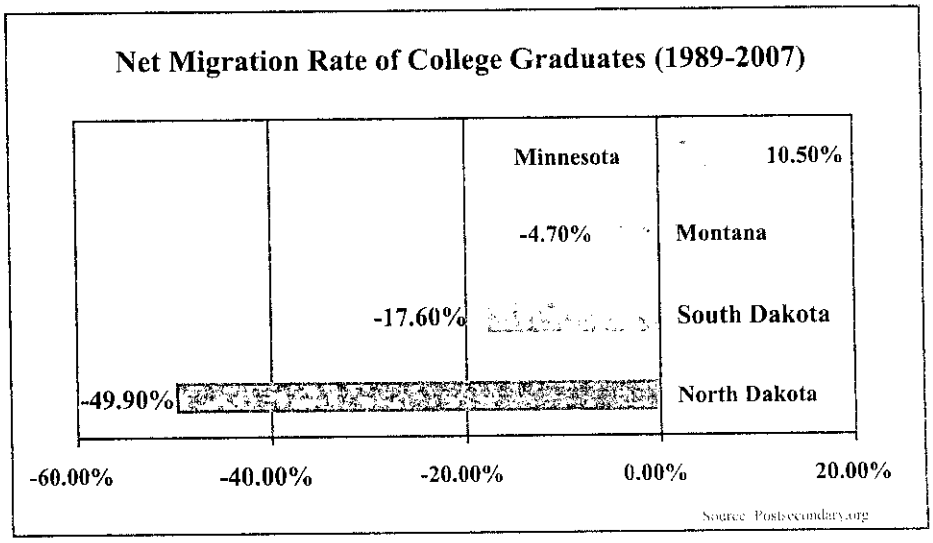
- North Dakota spends $177 dollars per resident on out-of-state students, while neighbors South Dakota and Minnesota, spend only $74 and $59 respectively.

Outward Migration of Graduates

- North Dakota loses vast amounts of its human capital to outward migration as shown by its overall population net migration rate. Graduates of North Dakota's universities frequently and quickly leave the state after graduation.

- Placing just behind West Virginia, North Dakota has the second highest outward migration rate of college-educated adults in the entire nation.

- Between the years 1989 and 2007, North Dakota had a net loss of nearly 60,000 college graduates.

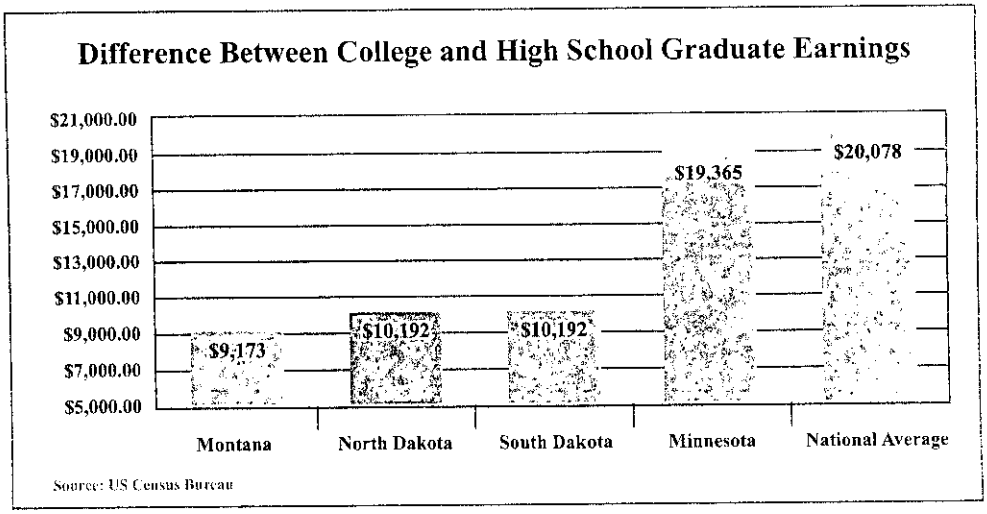


- Millions of North Dakota taxpayer dollars have been used to finance other states' human capital stock.

Why are Graduates Leaving?

- After accounting for lost wages due to time in college and the cost of attending, the benefits of earning a college degree to work in North Dakota may be very small, if indeed there are benefits at all.

- The difference in earnings between a college and high school graduate in North Dakota is one of the smallest in the nation. Nationally, the earnings differential is around $20,000 annually; however, on average, college graduates in North Dakota annually earn only $10,000 more than their high school graduate counterparts.

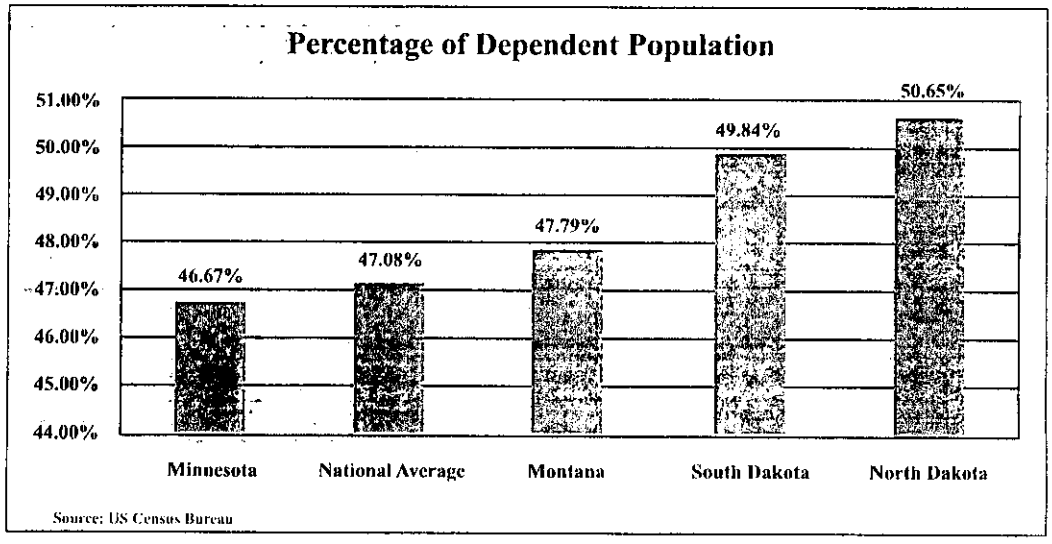


- The low premium paid to college graduates is evidence that there really is not much demand in North Dakota for college graduates. If there truly were a shortage of college graduates relative to the demand for them, they would be paid much more.

- Between 2000 and 2008, North Dakota lost well over 12,000 college graduates. This indicates an in-migration of uneducated workers during this time, while the state lost residents overall because of the exodus of the human capital.

What will Graduates do in the Future?

- North Dakota has the second smallest percentage of its population in the traditionally productive age brackets (25-64) and, accordingly, the highest population-adjusted dependency population in the country (0-24, 65+).



- North Dakota is one of only two states in the US that has a higher percentage of its population in ages that are traditionally dependent on others than in ages traditionally associated with productive working years.

- An increasingly smaller percentage of people are supporting education with their tax dollars. This will continue to drive productive people from the state and further exacerbate the problem.

eform Proposals*

- In order to grow more efficiently and sustainably relative to other states, public policy in North Dakota is in need of reform.

- Higher education funding in North Dakota needs to be slashed. That would enable tax reductions that would increase entrepreneurial incentives to expand business opportunities, ultimately reducing the out-migration problem.

- Some consideration might want to be given to imposing limits on out-of-state enrollments.

- A strong case can be made for some consolidation of North Dakota's public university system.

- With large numbers of jobs being added in fields that do not need four-year degrees, money diverted from four-year institutions could be sent to vocational schools or training programs that might offer more relevant training at lower costs than North Dakota's higher education institutions.

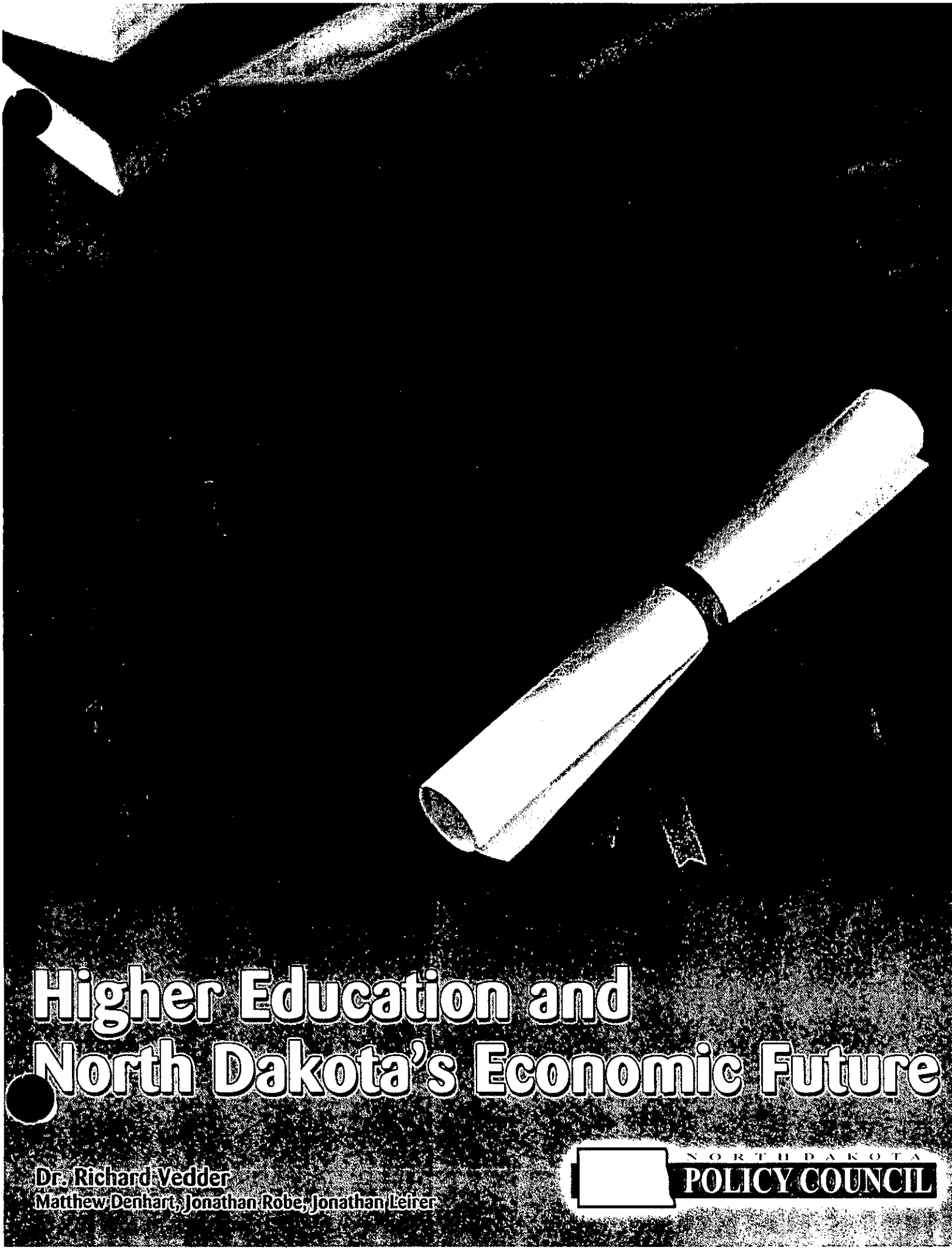
Conclusion

North Dakota spends excessive amounts of public monies on higher education. It is past the optimal point of financing higher education and is over-invested. A very large proportion of the marginal tax dollars are used to subsidize out-of-state students who leave North Dakota shortly after graduating.

*The proposed reforms come from the Center for College Affordability and Productivity. In *Moving Forward: A North Dakotan's Guide to Public Policy*, 2011, the North Dakota Policy Council advocates for abolishing all subsidies to out-of-state students.

**End notes are included in the full version of the study which is available for download at www.policynd.org.

*** Dr. Richard Vedder studies higher education financing, labor economics, immigration, government fiscal policy and income inequality. A distinguished professor of economics at Ohio University, he is the author of several books including *Going Broke by Degree*.



Higher Education and North Dakota's Economic Future

Dr. Richard Vedder
Matthew Denhart, Jonathan Robe, Jonathan Leirer

NORTH DAKOTA
POLICY COUNCIL

The North Dakota Policy Council (NDPC) is a non-profit corporation dedicated to educating citizens about public policy issues. The following study is informational and is not intended to support or oppose any candidate for public office or any specific legislation. Visit the NDPC website at www.PolicyND.org to sign up for free newsletters, read reports and other articles, or make tax-deductible contributions.

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Introduction

The North Dakota University System (NDUS) has become one of the most over-funded and unaccountable bureaucracies in the state. The un-elected North Dakota Board of Higher Education has become one of the most powerful committees in the state. They have set up a web of lobbyists that demand more and more of every North Dakotans' paycheck in an attempt to satisfy their insatiable desire to spend money. While state appropriations to higher education have increased nearly 40% since 2003, tuition has also sky-rocketed.

The NDUS has successfully convinced Gov. John Hoeven, legislators, local government leaders, and others that one of the best ways to increase economic growth in North Dakota is to increase spending on higher education. On its face, it sounds like a reasonable argument. A better educated workforce leads to more productivity. However, there is no evidence that suggests spending more money will create a better educated workforce.

Programs like the Centers of Excellence create public-private partnerships that are supposed to foster entrepreneurial activity. State dollars are leveraged to attract other funds (usually federal or local tax-dollars) to research and develop new products for commercialization and train the workforce. Unfortunately, they do more harm to the economy than good.

In "Higher Education and North Dakota's Economic Future," Dr. Richard Vedder of the Center for College Affordability and Productivity has concluded that "we cannot accept the hypothesis that higher spending on higher education promotes economic growth."

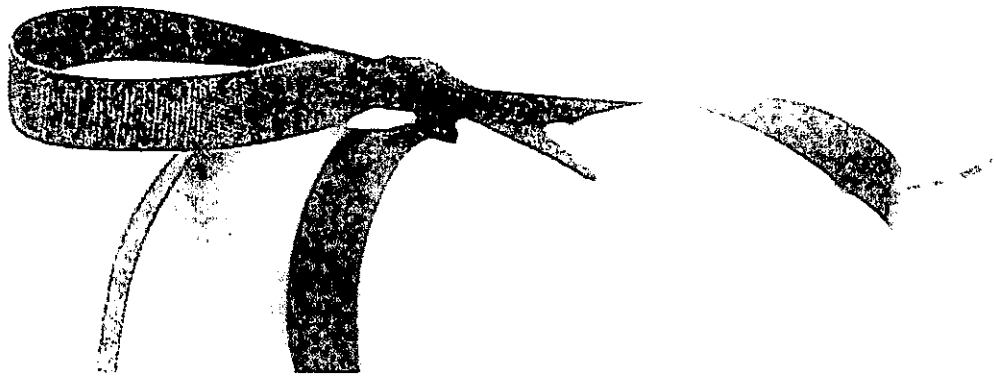
Think about it in another way. Does it make sense to take money from productive, profit-earning individuals and businesses via taxation and give it to companies that may or may not end up being productive? Proponents of such nonsense conveniently ignore the costs associated with doing so. The money seized from productive sectors of the economy would have been put to much better use by productive people had it not been taken in the first place. Good ideas naturally get resources with which to grow.

We haven't even touched the moral or legal aspects of taking from some to give to others or the fact that the higher education bureaucracy skims off the top of the money given to others.

Years of overspending in higher education have left us with per capita spending much higher than neighboring states, with a below-average percentage of adults holding bachelor degrees, which is a key for increasing economic growth. In fact, Dr. Vedder has found that there exists a negative relationship between higher education spending and economic growth. It's neutral at best.

If history has taught us anything it's that the best way to increase economic growth is to shrink the size of government... not expand it.

Brett Narloch
Executive Director
North Dakota Policy Council



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On Governor John Hoeven's web site, he asserts:

> In today's world, the link between education and commerce is crucial....Our campuses have become engines of economic growth, and in a high-tech global economy, education and economic development go hand in hand.[1]

The governor through both his actions and rhetoric believes that increasing state expenditures on higher education will enhance the economic well being of North Dakota and improve the quality of life of its citizens. Unfortunately, there is a mountain of evidence that suggests that this assertion has no basis in reality, and that enhanced higher education spending will not lead to better lives for North Dakotans.

The governor boasts that in the 2007-09 budget period, higher education spending by the state rose 23 percent, and asserts support for an approach that gives "the universities flexibility with accountability to help contribute to the economic growth of North Dakota....The strategy has worked...."[2]

The push for ever greater higher education spending has continued, at a time where nationwide state support for universities is stagnant and in some cases falling. A perusal of budget requests for major higher education institutions in North Dakota for the 2009-11 biennium was most revealing. We took six institutions or agencies: The North Dakota University System, University of North Dakota, North Dakota State University, Dickinson State, Minot State, and the University of North Dakota Medical Center, and compared actual funding from the state's general fund in 2005-07 with requested funding for 2009-11. For the six entities collectively, requested 2009-11 funding was up 62.26 percent (!!!) from the 2005-07 levels, dramatic increases even allowing for inflation and enrollment changes. Only one institution (Minot State) had funding requests up less than 50 percent.[3]

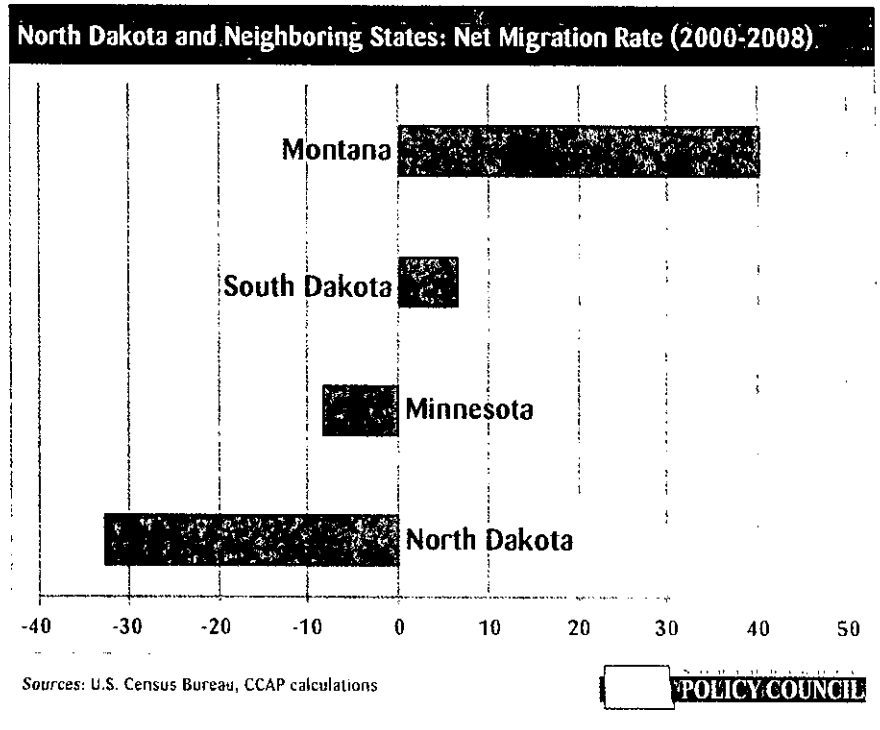
Higher Education Spending, Economic Growth and the Quality of Life

Does more higher education funding lead to improved lives for North Dakotans? This is difficult to answer authoritatively, but the evidence that we have seen suggests the answer is "no."

Perhaps the best indicator of the quality of life of an area is the migration patterns relating to that area. If a state has net in-migration of native born Americans, that is an indicator that people prefer that state on balance to other states; net out-migration is a sign that people view the future quality of the living experience likely to be lower on average than in other states.

U.S. Census Bureau data show that net-migration rates (expressed here as net migration per 1,000 inhabitants) from North Dakota from 2000 to 2008 were highly negative (see Figure 1). By contrast, in two of the three bordering U.S. states (Montana and South Dakota), net migration was positive –more moved in than out. More than three times the proportion of people moved away from North Dakota than was true in its biggest neighbor, Minnesota. Indeed, North Dakota was in the bottom quintile of states in terms of having the worst (most negative) rates of net migration. Every day over those

Figure 1



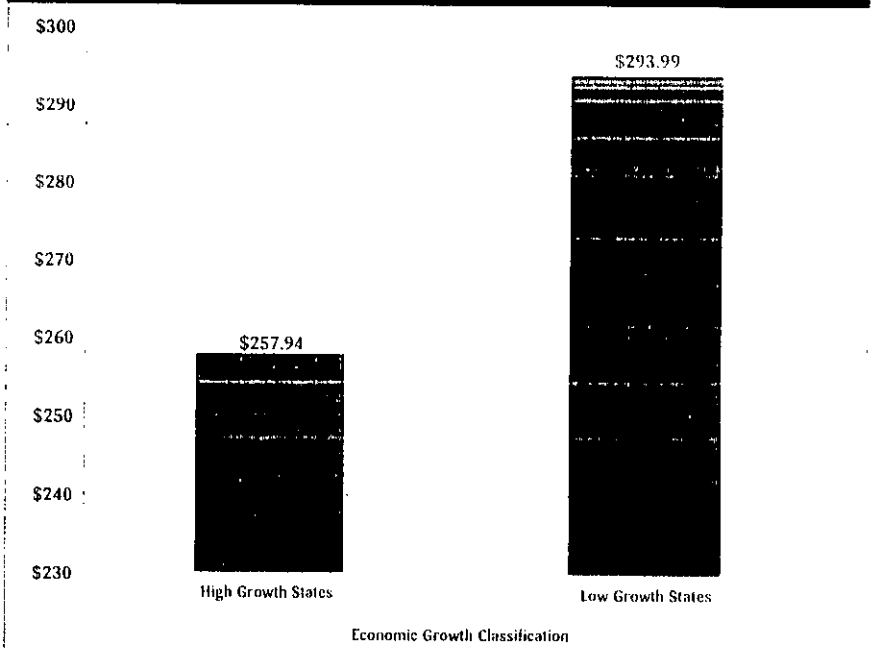
1. "Governor Hoeven's Six Pillars," p. 2, accessed at http://governor.nd.gov/init/ee-init.html, on September 2, 2009.
2. *Ibid.*
3. All data were from the North Dakota Office of Management and Budget, accessed on their web site on September 2, 2009 at http://www.nd.gov/fiscal/budget/2009-11-detail-book/09-11_ND_BUDGET%20Dir/Budget/budget-books-and-agency-man.pdf

eight years, more than 10 North Dakotans on average moved away from the state –net of those moving in.

Yet one would be hard pressed to argue this net out-migration resulted from a paucity of commitment to higher education. Compare North Dakota with its most similar neighbor, South Dakota. Looking at some detailed migration statistics, we observe that between 2005 and 2007, 400 more Dakotans moved from north to south than the reverse. Yet state appropriations per capita on higher education in North Dakota were 82 percent higher than in its neighbor to the south. People fled the state with relatively high higher education spending to one with decidedly lower levels of public commitment.

Figure 2

Average State Appropriations per Capita (in 1990) for the Top and Bottom 10 States in Economic Growth (1990-2008)



Sources: Bureau of Economic Analysis, *Grapevine* Data System, U.S. Census Bureau, Author's Calculations

POLICY COUNCIL

The most commonly used measure of economic growth is personal income and personal income per capita. Do states with high rates of economic growth spend significantly more on higher education than ones with low rates of growth? As a first pass at answering that question, we calculated the economic growth rates of the 50 states from 1990 to 2008 using real income per capita as our growth measure. We then ascertained what state higher education expenditures per capita were at the beginning of that period, reasoning that it takes time for higher education spending to have any positive effects it might have on the economy.

Figure 2 shows that the high income growth states (a group that included North Dakota) spent an average of $258 of state funds per person on higher education, compared with $294 for the 10 lowest growth states. Spending was more than 15 percent lower in the high growth states.[4] That finding does not always hold, for example if one looks only at contiguous states (excluding Alaska and Hawaii), or if one looks at higher education spending as a percent of personal income, the results become more mixed. Nonetheless, an objective assessment of all the simple statistical analyses we did would be that "we cannot accept the hypothesis that higher spending on higher education promotes economic growth."

This simple statistical approach, however, while easy to understand, has its shortcomings. It may well be that factors not included in the analysis are the true explanatory factors behind economic growth, and, after accounting for them, the higher education spending/economic growth relationship in fact is solidly positive. In other words, we need to try to approximate the "other things held equal" assumption that is at the basis of most economic propositions.

Previously, the senior author has used multiple regression analysis that looks at the relationship between state and local governmental expenditures on higher education and the rate of economic growth. The results are startling: the key variable has a negative sign, meaning more appropriations are associated with a lower rate of economic growth.[5] A

4. The 10 highest growth states were Wyoming, North Dakota, Louisiana, South Dakota, Oklahoma, Mississippi, Montana, Texas, Massachusetts and Vermont. The 10 lowest growth states were Hawaii, Michigan, Ohio, Alaska, Delaware, Georgia, Arizona, Indiana, California, and Nevada. Except for Wyoming, higher education spending per capita in North Dakota was over 30 percent higher in North Dakota than in any other of the highest growing states. Data were compiled by the U.S. Bureau of Economic Analysis in the Department of Commerce, and by the Grapevine Project on higher education at Illinois State University.

5. See Richard Vedder, *Going Broke By Degree: Why College Costs Too Much* (Washington, D.C.: AEI Press, 2004), or his "Private vs. Social Returns for Higher Education: Some New Cross-Sectional Evidence," *Journal of Labor Research*, 25 (Fall 2004), pp. 577-86.

Table 1

Higher Education and Economic Growth-1960-2006: Econometric Results			
	5 Year Lag*	10 Year Lag*	15 Year Lag*
Variable Name	n=1,350	n=1,150	n=900
Age of State	0.009	0.01	0.009
	(18.95)	(22.28)	(19.93)
Real Personal Income Per Capita (lagged)	-0.00003	- 0.00003	- 0.00004
	(-24.15)	(-27.35)	(-42.66)
Growth in Union Membership	- 0.04	- 0.05	0.02
	(-7.32)	(-8.45)	(3.49)
Percent Growth in Population	0.42	0.39	0.21
	(10.60)	(14.39)	(8.57)
Growth in State and Local Tax Burden	- 0.10	- 0.06	- 0.15
	(- 4.31)	(-4.97)	(-15.82)
Real Per Capita State & Local Govt. Appropriation on Higher Education	- 0.004	- 0.0001	- 0.0001
	(-9.71)	(-3.01)	(-3.26)
Real Per Capita State & Local Govt. Non-Higher Education Expenditures	- 0.007	0.00001	- 0.00001
	(-5.53)	(1.38)	(-4.20)
% of Over 25 Years Age with BA or Higher	0.007	0.004	0.007
	(9.08)	(4.97)	(8.74)
Weighted Adjusted R2	0.59	0.88	0.95

Sources: Authors' calculations using data from National Center for Education Statistics, and the U.S. Department of Education, Bureau of Economic Analysis, and Bureau of the Census.

more cautious interpretation of the results still leads in a rejection of the view that higher education spending is an engine for economic growth.

We have extended the growth/university spending relationship by estimating more elaborate models, using panel data, some with over 1,000 observations including data for all 50 states by year for several decades. The results confirm what the earlier, less sophisticated results show: the relationship between state and local governmental spending and economic growth is either negative or non-existent, and flatly contradicts the assumptions of North Dakota's political leaders that enhanced higher education spending will likely increase the state's economic performance.

For readers interested in details, Table 1 includes three models explaining variations in the rate of economic growth between states over the period 1960 and 2006. All models incorporate lags into the analysis, since spending money on universities cannot realistically be expected to have a positive impact on growth for a number of years. If incremental governmental spending increases college enrollments, one would expect that to have a pay off only after new students graduate, at least four, and more often five or more years later. If new spending increases research, it would again be expected the effects will take years to happen: time for new discoveries to be made, patents issued, the transformation of technology from the lab to practical use, etc.

The model with the greatest explanatory power incorporates a 15 year lag, and shows a statistically significant negative relationship between real per capita state and local government spending on higher education and economic growth. In no case is a statistically significant positive relationship obtained (the numbers in parentheses are t-statistics).

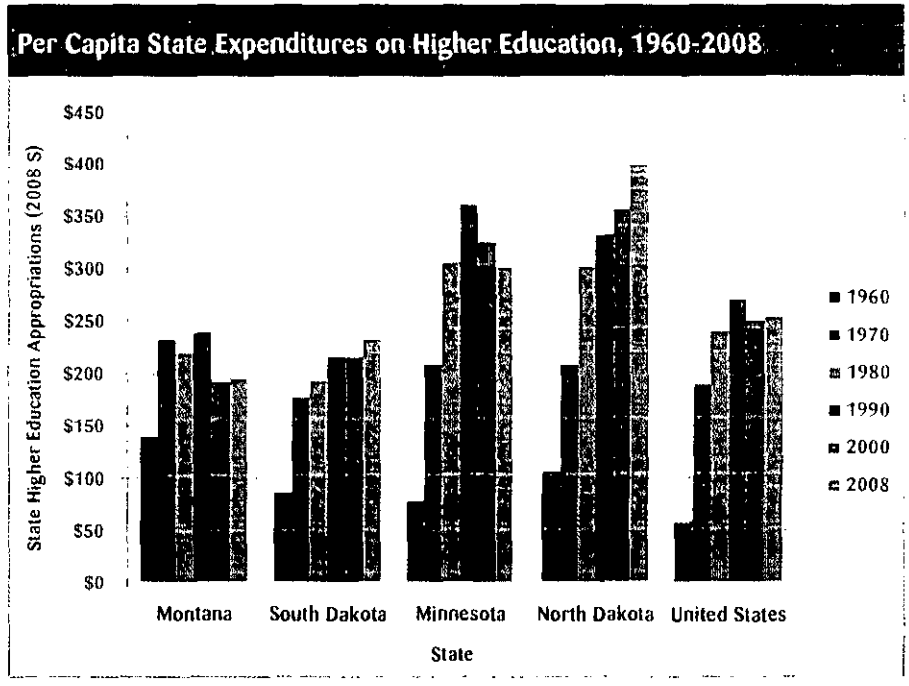
Interestingly, the model shows that there are factors that are positively associated with growth –including having a large college educated adult population. Unfortunately, however, the correlation between spending more on higher education and obtaining, with a lag, adults with college degrees is virtually non-existent: more spending does not translate into more educated citizens: this is clearly true for North Dakota as will be discussed below.

Note also there is a very strong negative relationship between the growth in state and local tax burden and economic growth. Put differently, the results suggest that reducing tax burdens will enhance economic growth. Given a choice of using budget surpluses for reduced taxes or greater higher education spending, the statistical evidence for the 50 states over several decades suggest the low tax strategy has potential for success, while the enhanced higher education spending strategy does not.

Some of the arguments around state spending on higher education are couched in language suggesting that the major way colleges enhance growth is through research and innovations, rather than merely through educating people more and increasing their "human capital." Accordingly, we are interested specifically in the relationship between research spending on universities and the rate of economic growth.

Attempts to develop statistical models similar to those in Table 1 using research expenditures as an explanatory variable are hindered by significant data problems, and by the fact that the classification of faculty time and resources into "research" and "teaching" categories is often done haphazardly and arbitrarily. Nonetheless, some modeling similar to that shown in Table 1 over the period 1992 to 2008 shows no statistically significant positive relationship between research spending and economic growth. While these results are not necessarily authoritative, they add to our doubts whether a strategy of increased spending on instruction or research would have a payoff for the people of North Dakota.

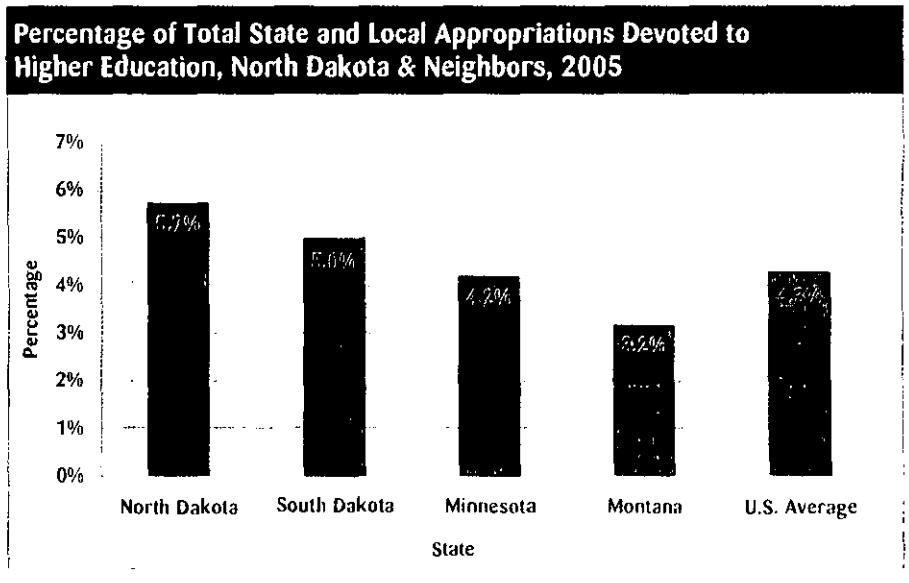
Figure 3



Sources: *Grapevine* Data System, U.S. Census Bureau, Author's Calculations

POLICY COUNCIL

Figure 4



Sources: U.S. Census Bureau, *Grapevine* Data System, Author's Calculations

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North Dakota Higher Education: Some Relevant Facts

State Appropriations

We argued above that increased state appropriations do not lead to higher levels of economic growth within a state and, therefore, augmenting appropriation levels in North Dakota would not lead to increased prosperity. A further discussion of the current state of appropriation levels in the state is warranted. How do North Dakota appropriation levels rank with neighboring states and with the national average? Even if North Dakota's appropriations do not spur growth, are they out of line with other states?

The evidence as shown in figure 3 demonstrates that North Dakota taxpayers allocate more funding to higher education than either neighboring states or the national average. In 2008 North Dakota taxpayers subsidized higher education to the tune of $400.38 per capita. This is nearly 16 percent greater than next highest neighbor Minnesota and more than 57 percent more than the national average. Figure 3 also shows that appropriations have continued to steadily increase over time. In 1970 the state was more in line with other states and the nation. However, between 1970 and 2008 real appropriations exploded by nearly 92 percent in North Dakota. This dwarfed the much more modest 34 percent real growth nationally. Not only does North Dakota have the highest appropriation levels in the region, but they continue to grow year after year.

Nationally in 2005, higher education appropriations accounted for 4.3 percent of total state and local expenditures; in North Dakota the figure was 5.7 percent, greatly outpacing both the national average and all neighboring states. As shown in Figure 4, scarce state resources are captured by higher education in North Dakota more so than in other states. These funds could go to other worthy sources or be freed-up and given back to taxpayers by reducing the state's tax burden. The latter option would be a more promising way to promote economic growth for North Dakotans. A strong case can be made that North Dakota is over-invested in higher education.

Educational Attainment

A state's educational attainment refers to the percentage of the adult population holding at least a bachelor's degree. Earlier in the study we showed through regression analysis that this is a significantly positive explanatory variable of economic growth. This makes sense since a more highly educated workforce is more productive. Yet, also in the introduction we argued that higher state appropriations do not contribute to higher attainment percentages. Other barriers, not a lack of adequate funding, seem to be responsible for less than desirable educational attainment rates.

Figure 5 shows how North Dakota stacks up against the national average in terms of attainment over the past two decades. Despite having greater appropriations, North Dakota has generally lagged behind the nation in attainment. This is especially a concern when considering that nationally less than 30 percent of American adults have completed a college education. Figure 6 shows that despite high appropriations for higher education, North Dakota is below the national average, and way below neighboring Minnesota, in adult bachelor's degree attainment.

Figure 5

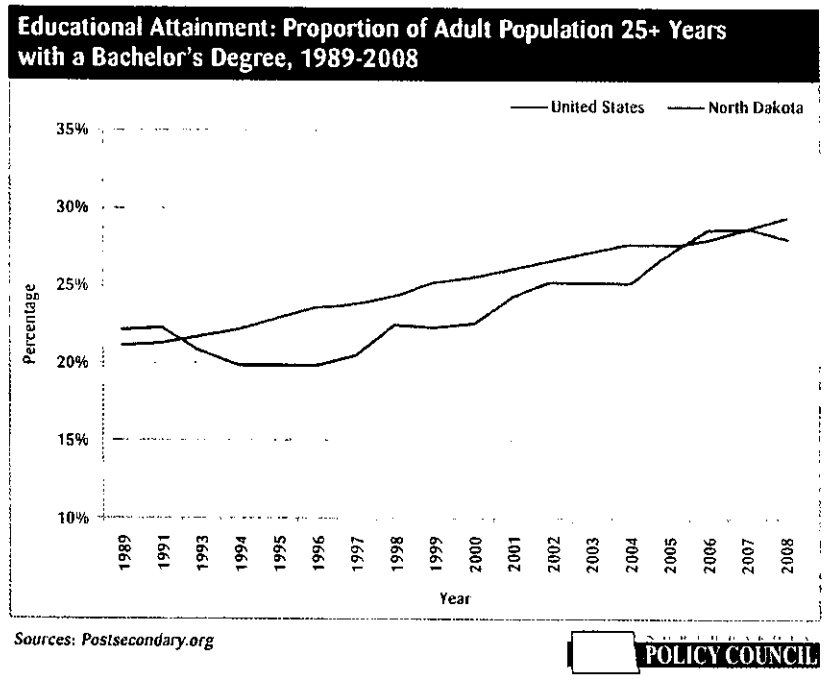
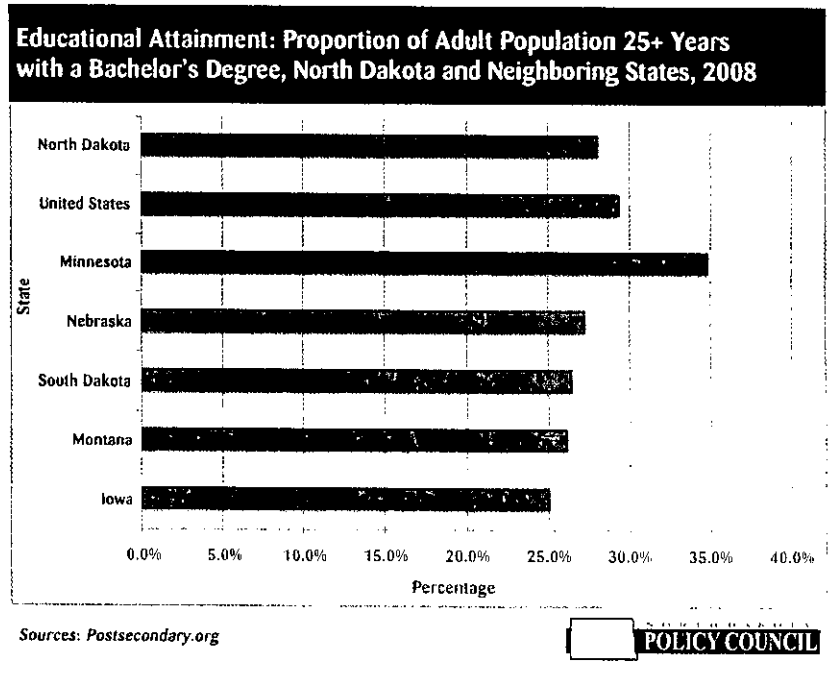


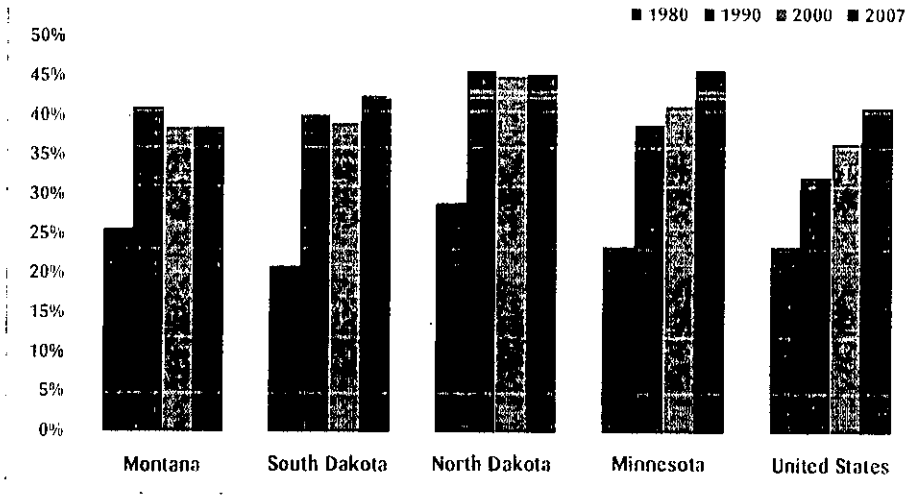
Figure 6



While we do not do it here to avoid overburdening the reader with excessive statistics, an "appropriation effectiveness" ratio obtained by relating state appropriations (resources used) to college attainment (outcomes) would show North Dakota ranks amongst the lowest states in the Union. Part of this may be a function of out-migration: North Dakota taxpayers educated young persons who then move to other states. Even if that is so, however, it raises questions about the desirability of North Dakotans financing the human capital resources of other states. Another explanation, of course, is that North Dakota is inefficient in its use of resources, a possibility that we suspect has validity, but that is a matter that must await more extended analysis.

Figure 7

North Dakota and Neighboring States: Undergraduate FTE Enrollment as a Percentage of the State's 18-24 Population



Sources: IPEDS, U.S. Census Bureau, CCAP Calculations

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Enrollment Trends

Historically, North Dakota has an above average proportion of its young adults enrolled in institutions of higher education. Because, traditionally, the typical college student is between 18 and 24 years of age, we can gauge enrollment trends in a state by dividing full-time equivalent enrollment by the 18-24 population in a state. According to this measure, an above average proportion of the North Dakota population is enrolled in college, 45% compared to the national average of 41%, as Figure 7 shows. In fact, South Dakota and Minnesota also have above average levels of college enrollment.

The above-average state spending on higher education in North Dakota may contribute to the higher levels of enrollment in the state; however, the increased level of enrollment is not proportional to the increased level of state appropriations. In fact, the connection between state spending and enrollment is tenuous at best. South Dakota, a below-average state in terms of spending actually has above-average levels of enrollment.

Furthermore, while the enrollment level in North Dakota has been above the national average since 1980, it appears that there has been a stagnation in enrollment in North Dakota since 1990. While two of its neighbors (South Dakota and Minnesota) and the nation saw a greater percentage of their 18-24 population enrolled in college in 2007 than in 1990, North Dakota has not seen a corresponding increase. Over wider period from 1980 to 2007, enrollment as a percentage of 18-24 population increased by 22 percentage points in South Dakota, 17 percentage points nationally but only 16 percentage points in North Dakota despite North Dakota's much higher level of state support for higher education.

During this period, growth in college enrollment varied widely by sector. Enrollment at private four year schools in North Dakota increased by 169% between 1980 to 2007 but only 27% at public four year schools. Public two year schools, the fastest growing sector in higher education nationally, grew by only 6% during this same period. The fact that enrollment growth at private schools in the state far outpaces the growth at public schools suggests that the state does not need to dramatically increase state support of higher education.

This enrollment data suggests that North Dakota is over-invested, not under-invested in higher education. While enrollment in the state is at a lower level now than it has been historically, North Dakota has more public four year institutions of higher education, on a per capita basis, than any other state in the Union. South Dakota, the state with the second most public four year schools per capita, has less than 1 school for every 100,000 people in the state. As Figure 8 shows, North Dakota has more than 1 school for every 100,000 people while the national average is nearly 1 for every 500,000 people.

Some may argue that North Dakota's low population density and large geographic area justifies having a larger number of colleges and universities. It is true that other states with low population densities do, in

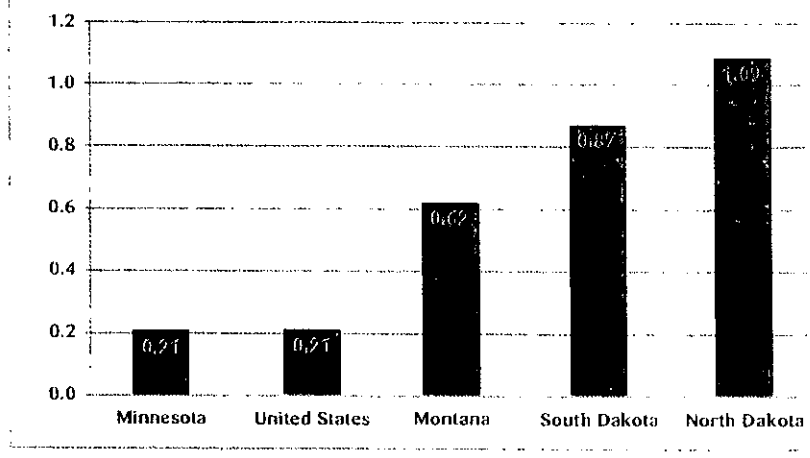
general, have more institutions on a per capita basis than more densely populated states, but North Dakota has 25% more public institutions on a per capita basis than South Dakota and 76% more than Montana, two states with population densities similar to North Dakota. This evidence again can be interpreted as suggesting that, if anything, North Dakota should reduce its state support for higher education instead of increasing it.

Conclusions: Under or Over Invested in Higher Education?

Governor Hoeven and other state leaders favor large increases in state appropriations for higher education as a way of improving economic growth and the quality of life in North Dakota. The evidence, however, suggests that this approach is misplaced.

Figure 8

Number of Public, Four Year Institutions of Higher Education per 100,000 Population (2008)



Sources: National Center for Education Statistics, US Census Bureau, CCAP Calculations

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We acknowledge that this study is not the "last word" on this subject. There is room for more in depth research of North Dakota's institutions of higher learning, how they are using resources, etc. But this look at the big picture suggests that the state is far more likely to be over-investing in higher education than under-investing, and an alternative strategy, for example reduced state spending and lower taxes, is more likely to have positive economic payoffs.

Under or Over Invested in Higher Education?

1. North Dakota already spends a good deal more on higher education than the typical state; even if higher education spending were beneficial, North Dakota's high expenditures suggest the real possibility that "diminishing returns" have set in, and further spending increases would be counterproductive.

2. Spending per capita on higher education has risen far faster in North Dakota than the national average in recent decades, but has not stemmed out-migration of resources from the state.

3. The national evidence on the relationship between state government spending and economic growth shows a negative or at best neutral relationship between those two factors – higher spending is not associated with higher growth, and possibly lower growth.

4. The lack of a positive spending/growth relationship also holds if one confines the analysis to university research spending.

5. North Dakota is a high out-migration state. That suggests two things: money spent on educating North Dakotans often does not serve the state's needs as new graduates move away. Second, large higher education appropriations have not had a hugely positive impact on the quality of life since so many people are moving away, unlike, for example, in low spending South Dakota.

6. North Dakota has more four year public colleges in relation to the population than any other American state, including such other low population density states as Montana, Wyoming, South Dakota and Alaska. In an age when technology allows for distance learning, is this a wise investment in taxpayer resources?

Methodological Notes

Figure 1

The migration data are from the Population Division, U.S. Census Bureau.

The U.S. Census Bureau keeps data on the various components of population change, including domestic migration. For our purposes, domestic migration is defined as the movement of persons from one state to another, including the District of Columbia, and net domestic migration is the difference between domestic in-migration and out-migration (a negative net migration means that more people moved out of a state than into it). The latest migration data provided by the Census is from April 1, 2000 to July 1, 2008. The net migration rate for each state is computed by dividing the net domestic migration for this period by the 2000 Census population figure (in thousands). A highly positive net migration rate means that a large number of people moved into a state relative to its 2000 population while a large but negative rate means that a large proportion of a state's population left the state since 2000.

Figure 2

Figure 2 compares the average per capita state appropriations devoted to higher education between the top ten highest and lowest growing states, in terms of per capita personal income, between 1990 and 2008. Personal income data are in 2008 U.S. dollars, and come from the Bureau of Economic Analysis housed in the U.S. Department of Commerce. State appropriations for higher education data are provided by Illinois State University's Grapevine data system. The appropriation figures used in Figure 2 are for 1990 (but adjusted into 2008 U.S. dollars). Finally, U.S. Census Bureau data is used to derive per capita figures for personal income and state appropriation data in order to control for population differences between states.

Table 1

Table 1 displays the coefficient estimates for three panel data models explaining the percentage change in real per capita personal income by state from 1960 to 2006, in five, ten and fifteen year intervals. All 50 states were included in the analysis, with decreasing sample sizes resulting from the longer growth period under examination. The estimates included state fixed effects (suppressed) with heteroskedasticity corrected standard errors using the Pooled Least Squares method of estimation.

The Age of State variable was computed by the authors from various publicly available sources on the date of incorporation of each state into the union. Real Personal Income Per Capita came from the Bureau of Economic Analysis housed in the U.S. Department of Commerce. Union Membership measures the percentage of each state's nonagricultural wage and salary employees who are union members. Estimates were from Barry T. Hirsch, David A. Macpherson, and Wayne G. Vroman, "Estimates of Union Density by State," Monthly Labor Review, Vol. 124, No. 7, July 2001, pp. 51-55. Percent Growth in Population data were derived from raw population data obtained from the Bureau of Economic Analysis housed in the U.S. Department of Commerce. Growth in State and Local Tax Burden measures the yearly percentage change in the state and local tax burden, where tax burden is defined as per capita state and local taxes divided by per capita income. Data were derived from data obtained through the Tax Foundation. Real Per Capita State and Local Government Appropriation on Higher Education were derived from Appropriation data obtained through the Grapevine Data System, Population data obtained from the Bureau of Economic Analysis housed in the U.S. Department of Commerce and Price Level Data obtained through the Bureau of Labor Statistics housed in the U.S. Department of Labor. Real Per Capita State and Local Government Non-Higher Education Expenditures were derived from Total State and Local Government Expenditures obtained through the U.S. Census Bureau, Population data obtained from the Bureau of Economic Analysis housed in the U.S. Department of Commerce and Price Level Data obtained through the Bureau of Labor Statistics housed in the U.S. Department of Labor, and the Real Per Capita State and Local Government Appropriation on Higher Education mentioned above. Percentage of Population ages 25 and over with a Bachelors Degree of Higher is obtained from the U.S. Census Bureau.

Figure 3

Figure 3 provides a comparison of data on per capita state appropriations devoted to higher education between North Dakota, surrounding states, and the U.S. average in 1960, 1970, 1980, 1990, 2000, and 2008. As was the case in Figure 2, state appropriation data comes from the Grapevine data system, and U.S. Census Bureau population statistics are used to put data into per capita terms. All figures are adjusted to 2008 U.S. dollars.

Figure 4

Figure 4 shows how large a share of total state/local appropriations that higher education consumes in North Dakota, neighboring states, and as an average for the entire country in 2005. Data on total state and local appropriations are taken from the U.S. Census Bureau and divided by each state's corresponding higher education appropriations using data from the Grapevine Data System.

Figures 5 & 6

Postsecondary.org makes available a vast array of data related to postsecondary education.

U.S. Census Bureau data provides figures on both populations used to calculate per capita state appropriations to higher education and figures on a state's educational attainment percentage. The educational attainment rate of a state is defined as the percentage of a state's 25+ population with at least a Bachelor's degree. The Grapevine Data System provides figures on state appropriations to higher education.

The effectiveness ratio is derived by indexing both attainment levels and per capita state higher education appropriations relative to the U.S. average set arbitrarily at 100. Then, the indexed figure for attainment is divided by that for state appropriations, leaving a figure that represents the cost per person in state appropriations for each one percent of the state's 25+ population with a minimum of a Bachelor's degree. Numbers less than 100 indicate a state performs below the national average, and likewise numbers greater than 100 indicate a state performs better than the national average.

Figure 7

The Integrated Postsecondary Education Data System (IPEDS) is the U.S. Department of Education's comprehensive data center for postsecondary education at the institutional level. Population data is from the U.S. Census Annual Statistical Abstract.

Full-time equivalent (FTE) undergraduate enrollment is obtained by adding full-time undergraduate enrollment to 1/3 of the part-time undergraduate enrollment. The FTE enrollment for a state is the sum of the FTE enrollment at all institutions of higher education within that state. This state total is divided by the state's 18-24 population to obtain a proxy for the college participation rate in the state for traditional college aged persons.

Figure 8

The National Center for Education Statistics (NCES) is the source of aggregate data from the U.S. Department of Education (including data on the number of postsecondary schools in a state), and the U.S. Census Bureau is the source for 2008 state population.

The NCES provides data on the number of public 4-year colleges and universities within each state; this number is divided by each state's 2008 population (in hundred thousands) as reported by the U.S. Census Bureau. This measure yields a population-adjusted number of public higher institutions within a state.

About the Authors

Dr. Richard Vedder

Richard Vedder studies higher education financing, labor economics, immigration, government fiscal policy and income inequality. A distinguished professor of economics at Ohio University, he is the author of several books, including Going Broke by Degree, and The Wal-Mart Revolution: How Big Box Stores Benefit Consumers, Workers, and the Economy (with Wendell Cox). Dr. Vedder earned his Ph.D. in Economics from the University of Illinois.

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North Dakota University System

HB 1369 – House Appropriations - Education & Environmental Division

Wednesday, January 26, 2011

William Goetz, Chancellor

Good afternoon Chairman Skarphol and members of the House Appropriations – Education and Environmental Division. For the record, my name is William Goetz, Chancellor, North Dakota University System.

The University System maintains our strong commitment to meeting accountability expectations of the Legislature. For the past decade, the NDUS has produced the annual *Accountability Measures Report*, the tool by which the system's performance is measured. The 2010 report includes 39 measures, including 21 measures added or reaffirmed following the major legislative review that led to SB 2038 in the 2009 session. Six of the measures included in the 2010 *Accountability Measures Report* are being reported for the first time, including recent high school graduates enrolled in college, the proportion of the population with an associate degree or higher, and the economic status of graduates.

HB 1369 proposes six new detailed accountability measures. When the University System provides you, as legislators, with accountability measures, it is critical that they be placed in context so you have some means for comparison with higher education systems of other states. That provides a solid basis for evaluation of the University System's performance. Without comparable data, there is no way to objectively assess how well we are doing. The proposed measures are not systematically collected and reported by other states or higher education systems and, thus, offer no basis for comparison.

Proposed measures 2a through 2d address the cost of non-instructional services. However, what are the benefits to students resulting from those nonclassroom expenditures? Meeting the needs of our students is the bottom line. In addition to expenditures for instruction, the cost of educating and meeting the needs of our students includes academic support and student services along with the facilities and technology infrastructure necessary to provide instruction. The total cost of supporting the instructional mission of our colleges and universities includes:

- Academic support (libraries, technology, and academic administration)
- Student services (financial aid, admissions, registration and records, counseling)
- Institutional support (central administration, accounting and finance, internal audit, communications)
- Plant Operation & Maintenance (building services, utilities, grounds, repair and maintenance, insurance, safety, security, emergency preparedness)

- Auxiliary services (housing, dining services, bookstore, parking)

We agree that it is critical to monitor both instructional and nonclassroom costs in order to be as efficient as possible in our use of funds. The 11 campuses and my office have taken a number of steps to decrease nonclassroom costs, including a variety of energy savings measures and minimizing travel costs through use of technology. However, it is critical that we keep our students in mind. Decreasing all expenditures for nonclassroom/administrative support may impact students through reduced services, for example,

- Decreased access to library resources
- Decreased access to technology
- Increased processing time in admissions, financial aid, business office and other student services offices
- Increased turnover due to inadequate staffing and/or salaries
- Insufficient resources to attend to buildings and grounds maintenance issues

Nonclassroom costs rise as our institutions are required to address critical new issues, for example, the need to address the increased need for student counseling, threat assessment, background checks, fraud prevention, emergency preparedness, and risk assessment. However, these are significant concerns which must be addressed.

In addition, the costs associated with providing data and analyses to fulfill new federal and state reporting and compliance requirements increase along with those requirements.

When considering new accountability measures, we must ask, "What is the clear return for the investment of time and human and financial resources in generating the data and producing reports?" The North Dakota University System currently invests substantial time and resources in generating and compiling the existing statutory accountability measures to assess our performance. These measures relate directly to the System's strategic plan referenced in subsection 1 of the bill. With no basis for objective comparison, the results to be gained from the new measures proposed in this bill will not equal the time and effort required.

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Senate Education

Chairman Ray Holmberg

HB 1369

March 8, 2011

Chairman Holmberg and members of the Senate Education committee, for the record my name is Representative Mark Dosch, representing the 32nd district of the great state of ND.

I come before you today to ask your support of HB 1369 dealing with performance and accountability report by the state board of higher education.

In 2001 the ND Legislator gave away much of our budgeting authority to the state board of higher ed. We place in their hands over $600 Million general fund dollars – taxpayer money to spend. The information that the legislators are asked to make a decision on are basically 3 line items. 1. Operations 2. Capital Assets 3. Total General fund dollars. Currently the board provides a good report on performance and accountability measures. What this bill does is add a few other important items to that report that I feel is critical in understanding where our taxpayer money is being spent and on whom, and if what they are doing is sustainable.

These important additional reporting requirements will help us answer the following questions:

1. How many ND students are we educating?
2. How many out of state students are we educating?
3. How many ND taxpayer dollars are being spent to support each ND student and each out of state student?
4. What is the average tuition and fees collected from our students?
5. What is the cost of each academic program? I.e. engineering degree, social work degree etc. how does this compare to the tuition we are charging?
6. What is the cost of nonacademic programs? Does anyone really know what taxpayer dollars we are spending on research vs. academic programs?
7. How much are we spending on full-time positions that are not class room positions? What are our true administrative costs?
8. A budget sustainability plan. Can we afford to continue spending as we have?

Basic questions that I feel we must ask, and have answers too if we are to make a prudent decision on how and how much we are funding higher ed. Are the taxpayers of ND getting a fair shake or not? Thank you. I will answer any questions you may have.

North Dakota University System

HB 1369 – Senate Appropriations

March 8, 2011

William Goetz, Chancellor

Good morning, Chairman Holmberg and members of the Senate Appropriations Committee. For the record, my name is Bill Goetz, Chancellor, North Dakota University System.

- As a steward of public funds, the North Dakota University System must be accountable for use of those funds, and we are committed to meeting accountability expectations. For over a decade, the University System has demonstrated accountability through the annual *Accountability Measures* report. The measures included in this report were established with active participation of legislators and the private sector and continue to be modified based on changes resulting from the Roundtable process. The most recent report for 2010 includes 39 measures, 30 of which were established through legislation.

- As indicated in Section 1, paragraph 1 of this bill, the State Board of Higher Education is required to develop a strategic plan that sets the direction and goals for the North Dakota University System. The Strategic Plan adopted by the SBHE in December 2009 contains 26 measurable objectives. These objectives serve as indicators used by the State Board of Higher Education to evaluate progress toward its goals. Half of the objectives tie directly to the new accountability measures that were enacted last session in SB 2038. They also appear in the *Accountability Measures* report.

- Through the University System's goal-setting process, each institution is asked to demonstrate the relationship of its goals to this Strategic Plan, and annual objectives for the Presidents are directed toward achieving the goals of their institution and of the system as a whole.

- Lists of the measurable objectives in the Strategic Plan and the current accountability measures are attached for your reference. Significant staff time and resources in the system office as well as cooperation of and work by institution officers and employees are required to compile, monitor and update these measures.

- At least one of the measures included in this bill, "net tuition and fees and state appropriations per degree and certificate awarded," (page 2, line 1) is already included in the *Accountability Measures* report (pages 58-59).

- Measures such as the cost of each academic program by institution (page 1, line 21) would require significant additional work by both institutional and system personnel and would add substantially to the report.

- Given these factors, before adding still more reporting requirements through legislation, we would propose a review of the current measures together with consideration of other potential indicators. Let's take a hard, systematic look at the measures we already have available and mutually agree upon an appropriate set of accountability measures that relate to the strategic goals we are working toward: Excellence in Education, Access, Affordability, Economic

Development, and Collaboration as a System. Together with the legislature and private sector stakeholders, we need to ask some key questions:

- What measures would be most valuable to convey the effectiveness of the University System to legislators, employers, and the general public?
- Are the current measures included in the *Accountability Report* meaningful?
- Are there other measures that would be more relevant or valuable?
- How might we improve upon utilizing accountability measures as both a performance measure and management tool?

- As we work together over the coming interim to give thoughtful consideration to such questions, we will be better positioned to agree upon a set of measures that are both relevant and meaningful in communicating the effectiveness of our University System to you and all our stakeholders.

Mr. Chairman, thank you for this opportunity to provide comments. I will be pleased to answer any questions.

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North Dakota University System
Accountability Measures

nerstone 1: Economic Development Connection

ED1 Entrepreneurship Program Enrollment and Graduates
ED2 NDUS Graduates Employed in North Dakota
ED3 Workforce Training
ED4 Research Expenditures
ED5 Workforce Training Satisfaction
ED6 Retention of Graduates in North Dakota
ED7 Economic Status of Graduates
ED8 Career and Technical Education Degrees Awarded
ED9 STEM Bachelor's Degrees Awarded

Cornerstone 2: Education Excellence

EE1 Student Graduation and Retention Rates
EE2 Performance on Nationally Recognized Exams
EE3 First-Time Licensure Pass Rates
EE4 Student-Reported Satisfaction
EE5 Alumni-Reported Satisfaction
EE6 Employer-Reported Satisfaction with Recent Graduates
EE7 Levels of Satisfaction and Reasons for Non-Completion
EE8 Levels and Trends in the Number of Students Achieving Goals
EE9 Degrees Awarded

Cornerstone 3: Flexible and Responsive System

FRS1 Responsiveness to Clients
FRS2 Biennial Report on Employee Satisfaction
FRS3 Student Credit Hours Earned at Multiple Institutions
FRS4 State Leaders' Perception of NDUS Functionality

Cornerstone 4: Accessible System

AS1 Non-Traditional Delivery Methods
AS2 Affordability of Tuition and Fees to Lowest Income Families
AS3 Net College Expenses as a Percent of Median Family Income
AS4 Enrollment Numbers and Trends
AS5 Student Participation Levels and Trends
AS6 Average Annual Student Loan Debt
AS7 Proportion of the Population with Associate Degrees or Higher
AS8 Recent High School Graduates Enrolled in College
AS9 Adult Learner Enrollments

Cornerstone 5: Funding and Rewards

FR2 State General Fund Appropriations and Net Tuition Revenues
FR3 Student Share of Funding for General Operations
FR4 Per Capita General Fund Appropriations for Higher Education
FR5 State General Fund Appropriations Compared to Peer Institutions
FR6 Operating and Contributed Income Ratio
FR9 Status of NDUS Long-Term Finance Plan
FR10 Ratio of Discretionary Funding to NDUS Total State Funding
FR12 State and Student Funding Per Degree and Certificate Awarded

Legislatively mandated measures are in blue.

North Dakota University System
Strategic Plan: Goals and Objectives

[redacted]ible System: The North Dakota University System is accessible, a view held by all North Dakotans.

1.[redacted] Increase the percentage of recent North Dakota high school graduates enrolled in NDUS institutions by 5 percentage points.

1.2 Increase the percentage of North Dakota's total young adult population (25-34) enrolled in NDUS institutions by 6%.

1.3 Increase the percentage of North Dakota's total population (35-44) enrolled in NDUS institutions for credit to 2%.

1.4 Increase the total number of certificates, associate, and baccalaureate degrees awarded by 4%.

1.5 Increase the total number of graduate and professional degrees awarded by 3%.

1.6 The percentage of family income in North Dakota needed to pay for community college after deducting grant aid will decrease to the national average.

Funding: North Dakotans recognize that the North Dakota University System is affordable at a level that can be sustained.

2.1 North Dakota will rank in the top 20% of states in per capita support for higher education, a level that is both achievable and sustainable.

2.2 North Dakota will rank in the top 10% of the most productive states in total funding per degree/certificate awarded.

2.3 The Strategic Plan guides allocation of resources to achieve this vision.

Economic Development Connection: The North Dakota University System increases the overall vitality of the state through exceptional education, research, training, and service.

3.1 Increase completions in targeted, high potential programs by 5%. (agriculture, energy, health care, life sciences, advanced technology)

3.2 Increase the number of certificates and associate degrees awarded in vocational and technical fields at community colleges by 5%.

3.3 North Dakota will rank first in the nation for the percentage of degrees and certificates awarded in Science, Technology, Engineering and Mathematics (STEM) fields.

[redacted] NDUS students will perform at or above the national average on all nationally recognized examinations.

[redacted] NDUS students will exceed the national average first-time pass rates on all professional licensure examinations.

3.6 UND and NDSU research activities will, at a minimum, demonstrate overall progress on several research criteria based on an external evaluation including collaborations in and outside of ND, patents, proposals, publications, and new faculty hires.

3.7 The Centers of Excellence will, at a minimum, meet expectations according to the criteria established by the Centers of Excellence Commission for the annual review.

3.8 NDUS alumni and students will report levels of satisfaction with preparation in their selected major, acquisition of specific skills, and technology knowledge and abilities that exceed the national average.

3.9 Employers will report high/increased levels of satisfaction with the preparation of recently hired NDUS graduates benchmarked against historical trends.

3.10 Increase the number of businesses served by TrainND workforce training by at least 4%.

3.11 Demonstrate progress in knowledge transfer and commercialization through increased performance in the majority of defined metrics (IP license, licensing income, agreements, etc.)

3.12 Increase the number of NDUS students involved in the statewide network of entrepreneurial resources and activity in partnership with the Department of Commerce and other certified entrepreneurial centers throughout the state.

Flexible and Responsive System: The eleven institutions comprising the North Dakota University System work together to achieve the vision effectively.

4.1 The NDUS will report the number of students who successfully transfer into a degree program at another NDUS institution.

4.2 North Dakota University System institutions will benchmark the number of student credit hours delivered to students attending another NDUS institution against historical data.

[redacted] Integrate the role of each NDUS institution within the overall system mission and strategic plan.

Increase awareness of the System and its institutions through a common, consistent message.

4.[redacted] Increase SBHE opportunity for discussion of strategic policy topics.

Legislatively mandated measures are in blue.

Accountability Measure Matrix

November 17, 2010

Measure	Strategic Plan	Name of survey	Purpose	Survey directly related to accountability report	Survey administered	Cost approx. 1st yr	Cost approx. 2nd yr
EE1 Retention RMS/CSI	1.4	College Student Inventory (this is part of Retention Management System [RMS])	**Retention of students**: Administered to all new freshmen as a risk management tool. Results indicate students most likely to drop out and those most likely to be receptive to help.	Indirectly. Results provide campuses critical advisement data to help retain "at risk" students. Intervention helps retain students and improve graduation rates.	Annually Approx. ($40,000 per year)	$40,000	$40,000
EE4 SSI (Student Satisfaction)	3.8	Student Satisfaction Inventory (SSI)	**Student Satisfaction**: Administered to the student population at each campus to assess satisfaction with their college experience.	Directly	Every other year	$33,000	$0
EE4 Online SSI (student satisfaction)	3.8	PSOL –Postsecondary online student satisfaction inventory	**Online Student Satisfaction**: Administered to the online student population at each campus every two years to assess satisfaction with their online college experience.	Directly	Every other year	$11,500	$0
EE5 Alumni Satisfaction	3.8	Alumni Outcomes Survey	**Alumni Satisfaction**: Administered to alumni who graduated in the past 1-2 years to assess their satisfaction in selected major, specific skills and technology knowledge attained at college.	Directly	Every other year	$2,200	$0
EE6 Employer Satisfaction	3.9	Employer Satisfaction Survey	**Employer Satisfaction**: Administered to employers of NDUS graduates to assess the satisfaction of employers with	Directly	Every other year	$4,500	$0

Measure	Strategic Plan	Name of survey	Purpose	Survey directly related to accountability report	Survey administered	Cost approx. 1st yr	Cost approx. 2nd yr
			the preparation of their new employee(s) who graduated from an NDUS institution.				
EE7 Non-return	1.4	Withdrawing/ Non-returning Survey	**Non-Returning**: This survey is administered as students withdraw from school; also administered following 4th week reports after campuses run report to identify students who did not return. Surveys are then sent to those students who were not surveyed as they left school.	Directly	Ongoing ($5,000 yr)	$5,000	$5,000
EE8 goals		Student Satisfaction Survey	**Student Goals**: This information is taken from the SSI survey where students self-report their educational goal.	Directly	Every other year.	$0 (see SSI, previous page)	$0
FRS2 CQS (employee satisfaction)		Campus Quality Survey	**Employee Satisfaction**: Assesses the satisfaction of all NDUS employees. The survey results are reported one year, and the following year we report the progress each campus is making on addressing items with a 1.0 gap or larger. The progress report is submitted by each campus to the System Office.	Directly	Once a biennium	$62,000	$0
EE4 CCSSE (student engagement – 2yr)	1.4 3.8	Community College Student Survey of Engagement	**Student Satisfaction**: The CCSSE looks at how engaged the student is at school thus providing valuable data to faculty, administrators and	Directly	This survey is alternated every other year	$0	$20,500

Measure	Strategic Plan	Name of survey	Purpose	Survey directly related to accountability report	Survey administered	Cost approx. Ist yr	Cost approx. 2nd yr
			advisors.		with the SSI.		
EE4 NSSE (student engagement – 4yr)	1.4 3.8	National Student Survey of Engagement	**Student Satisfaction**: The NSSE looks at how engaged the student is at school thus providing valuable information to faculty, administrators and advisors.	Directly	This survey is alternated every other year with the SSI	$0	$26,200
FSSE (faculty engagement)	1.4 3.8	Faculty Student Survey of Engagement	This is the faculty component. It complements the CCSSE and NSSE providing a more complete picture. Reports are developed that look at how engaged faculty believe students are, working toward improving student success.	Indirectly	Is done when NSSE is done	$0	$2,000
State Leaders	4.4		Assesses state leaders perceptions of higher education	Directly	New	$2,000	
					Total 1st	**$160,200**	
					Total 2nd		**$93,700**
					Biennium	**$253,900**	