

**2013 HOUSE EDUCATION**

**HB 1328**

# 2013 HOUSE STANDING COMMITTEE MINUTES

House Education Committee  
Pioneer Room, State Capitol

HB 1328  
January 30, 2013  
17997

☐ Conference Committee

Committee Clerk Signature



## Minutes:

**Ch. Nathe:** We will open the hearing on HB 1328.

**Rep. Kylie Oversen:** Sponsor, support, explained the bill (see attached #1).

**Ch. Nathe:** How do you answer the question as far as anytime you tinker with the market, as far as holding down prices, this bill is only for 2 years. We hold down tuition for 2 years, this bill sunsets and there is a spring effect when you artificially push down anything, such as taxes, etc.

**Rep. Kylie Oversen:** I think this gives us a measure to hold the schools accountable to maintain their spending levels and not to dramatically increase them every year. Before caps were put in, tuition had been rising dramatically.

**Ch. Nathe:** How do you explain away the jump in tuition, because tuition will jump quite drastically if you hold this down for two years.

**Rep. Kylie Oversen:** If it's up to this body to maintain that, it doesn't have to. We have had proposals at every session for the last 3 or 4 sessions to maintain the cap. If we maintain these spending levels and making sure that we are holding the universities accountable and that students realize that this isn't for the 4-6 years, it's just for 2 years, and then in two years, maybe it will be another 2-3% increase to make up for that. With the dramatic increases that we saw previous to the cap on tuition levels, I think we can hold it even for 2 years.

**Rep. J. Kelsh:** Does this include all students or just ND students.

**Rep. Kylie Oversen:** The way the bill is written, it would include all students. If the committee would decide to just include ND students, that would be a decision for the committee.

**Rep. Heller:** How does this hold the universities accountable if the state is picking up the difference.

**Rep. Kylie Oversen:** I think if we are only allocating them a certain amount of money, they can't overspend that. We are giving them an incentive to try to hold

**their spending steady and keep them accountable to students. We know that a lot of students are in favor of this and we have students who see the need for increased tuition levels. It's our way of working with the universities to ensure that they are being held accountable.**

**Rep. B. Koppelman: If the goal is to keep the costs of post-secondary education down, because the students have been bearing those costs, we are going cap the tuition for a while, the way to do it would be for the costs to be held down and not have the state pick up the extra costs. If the state picks it up, then that's not going to change the behavior of higher ed.**

**Rep. Kylie Oversen: We're saying that we're not letting them increase the spending beyond levels that they had already proposed, but not increasing the burden on students because it has been increased for so long.**

**Rep. Rohr: You mentioned that other states have made similar proposals. Have you looked at the trending then of the tuition costs after the subsidy was eliminated.**

**Rep. Kylie Oversen: No, these are recent proposals within the last year or two; ME has proposed, IA, MN, NH as well. There is always a fear that when you freeze it this year, what's going to happen in two years. They found creative ways to address that.**

**Ch. Nathe: What have been the effects of those proposals. Have they passed and what has it done.**

**Rep. Kylie Oversen: A lot of these were just proposed this year, some are just January of 2013.**

**Ch. Nathe: So we don't know the effects or have data in regard to those proposals.**

**Rep. Kylie Oversen: The data I was sent was very recent proposals.**

**Rep. J. Kelsh: The proposals in the other states, does that cover all students or just in-state students.**

**Rep. Kylie Oversen: I believe that some of the states I looked at just maintained that for in-state students.**

**Ch. Nathe: Thank you. Further testimony in support.**

**Logan Fletcher, UND Body President: Support (see attached #2).**

**Ch. Nathe: Thank you. Further testimony in support. Testimony in opposition.**

**Hamid Shirvani, Chancellor of NDUS: Opposed (see attach #3).**

**Ch. Nathe:** The spirit of the bill is to keep tuition reasonable and keep it from skyrocketing. What is your answer to achieve what this bill is trying to do.

**Hamid Shirvani:** Some part of it is already being implemented. You asked us to freeze the community colleges for tuition, but you gave us the money for that tuition; you essentially buy that down. For four year colleges, that is not the case.

**Ch. Nathe:** How are you planning on addressing the issue of rising tuition costs so that we don't see a bill like this every session that comes up.

**Hamid Shirvani:** We are going to be as judicious as possible and try to keep the costs down. The cost of everything goes up. We try to be as efficient as possible; cost continues to rise on everything. The income is not rising to that level where the costs have risen to. This is happening all over the US. With the governor's bill, he is trying to increase scholarship dollars that will help the students as well.

**Rep. B. Koppelman:** Is it reasonable on both the tuition level and the state funding level of higher ed., to expect the increases to be relatively tracking of inflation, and not exceed that by 2 or 3 times.

**Hamid Shirvani:** We are strongly considering it. That is something that the Board has been sensitive to with the exception of one or two cases. The scholarships, if approved, will give us greater flexibility. Campus presidents are doing a good job in increasing external funding, donations, contributions, and increasing scholarships are all contributing to trying to keep costs down. So far, the Pell grant is still alive and once the students are in the university, if the income of the family is below \$60,000 they qualify for the Pell grant, which is around \$4500.

**Rep. J. Kelsh:** I think the spirit of the bill is that it helps those students keep their debt low at the end of their schooling. When she talked about her tuition going up \$1000, over 5 years, that is considerable. In the teaching profession, a student goes to college, and maybe doesn't qualify for grants and come out of college with a lot of debt. They start out with low wages, plus what the government takes out, how do you expect them to pay for their student debt, have a living of any kind if this continues. A lot of our salaries haven't kept up with some of the costs of other things. We keep piling debt on the students. We want to keep the students in ND and we're not doing it. I think the spirit of the bill is positive. We're not doing poorly in the state, why do we keep piling it on to the people who are trying to get an education to improve their life and the state.

**Hamid Shirvani:** I agree with you about the variety of issues that you are raising. The salaries here in the state are lower than they should be. The critical question is we can freeze the tuition for 2 years, 4 years or whatever. If there isn't enough money to hire qualified faculty, and hiring substandard people to teach, that's exactly the issue, or lab equipment that are old and unusable, then we are short changing the student in terms of quality of education. I agree with the spirit of the bill, the question is how are these college presidents are going to keep up the quality of education. They can keep the lights on, but is it quality. That's a different issue.

**If the legislature is willing to put the money in it, freezing it, and giving us that percentage that the Governor has left for tuition and fees, I would wholeheartedly support this.**

**Rep. Schatz: I understand inflation, but the appropriations we've given higher ed. went from \$389 million in 2005-07 to \$652 million in the 11-13 biennium. That's a lot of money, we're asking when is it going to stop.**

**Hamid Shirvani: I've been in higher education 33 years and commend you on financing higher education. You're right, you have been very generous, Governors have been very generous. In this state, we have very good appropriations for higher education. If you compare it to some other states, per capita per student, why it shows that we are spending a lot of money. There is an economy of scale here. We have 11 institutions. A lot of them have 800, 900, 1000, 2000, up to 14,000 for UND. Even for a research university, 14,000 the economy of scale is not there. So the costs are substantially higher. This is a reality, and the agenda has been established to build high quality higher education. So that's where the costs are coming from.**

**Ch. Nathe: I appreciate what you and the presidents have in the challenges you face in higher ed with the tuition. I'm afraid if the system does not get a handle on these tuition increases down the road, you will see a bill like this, with no funding for higher ed, and I think the legislature is getting closer and closer to that point, where they say to heck with it, we'll put up with the heat, we'll freeze it, no additional money to higher ed, and throw you right out there. We're a lot closer to that than we were even two years ago. We're going to go down that road sooner or later, and probably sooner.**

**Hamid Shirvani: I understand what you're saying. I've been here for only 6 months. Let me prove myself to you and give me a chance.**

**Ch. Nathe: We would like to see some progress toward that, rather than increasing 8%, it's only increased 5% and stair step it down. I don't want to see that train wreck, but I think we're going to get there one day if this keeps going the same as it is right now.**

**Rep. Hunsakor: I applaud your efforts that you want to have the best colleges and universities possible. You want to do the very best for the students. With the resistance you are hearing, it must come to your mind that some of the things you are working to improve maybe can't be improved because of this. You're going to have to put some things on hold. We need to hold the tuition down for the students.**

**Hamid Shirvani: We have already done a number of things that is going to tremendously going to help and it goes back to Rep. J. Kelsh's question as well. The pathway to students' success that the Board has approved and we are beginning to implement, that moves the FT student load from 12 to 15 and has established certain standards. There are other areas we want to make sure we do to make sure the schedule is set somehow so that the classes are available for students to take. There is mentoring, support systems, block programs, etc. These are going to be**



helpful for students, instead of spending 6 years to get a college degree, they would spend the 4 or 5 years. That by itself brings a lot of the cost down. This is a substantial cost, the more you have to drag it out, the more expensive it is going to be. The sooner you go in and get out, you are much less in debt and then you're in the workforce, you make money, etc. There are a lot of things we are doing to make the system efficient, get the students out, reduce their debt load. We really want to make sure that quality of the education. If we can increase graduation rates, increase retention rate, I think this has been in discussion with the legislature for many years. If we give that up, then we're hurting the students from the other side. Universities are all about the people, people make places, places don't make people. We can have a lot of fancy buildings, but if we hire faculty without doctorates, who barely have a master's degree, didn't have teaching experience, put them in the classroom, we're not going to get the quality of education that we want. We can have less of physical facilities but if you have the faculty there, that's where the quality comes in.

Rep. Hunsakor: I am talking about some non-critical areas that you would like to put money into but let's not do this because of the situation we're talking about and put it on hold and keep those tuitions down because of that.

Hamid Shirvani: We certainly are going to do that.

Ch. Nathe: Thank you. We will close the hearing on HB 1328.

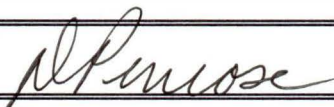
# 2013 HOUSE STANDING COMMITTEE MINUTES

House Education Committee  
Pioneer Room, State Capitol

HB 1328  
February 6, 2013  
18368

☐ Conference Committee

Committee Clerk Signature



## Minutes:

**Ch. Nathe:** We will take up HB 1328. What are the committee's wishes. This bill deals with the tuition freeze at the institutions of higher education.

**Rep. Meier:** In the past we've had concerns over tuition for higher ed students. One of the concerns I have is the fact that it does include all out-of-state residents as well. Right now with reciprocity, we already give out-of-state students a nice break for our higher education institutions. I've been visiting with some of the individuals from Appropriations and I know there is a legislative bill out there that addresses this matter as well.

**Rep. J. Kelsh:** When I questioned the chancellor continuing to increase tuition, increasing debt, and people starting at \$30,000/yr., and saying that they should be starting off at \$55,000/hr. and there is some merit there. We can't keep working on one end and not the other. I think there is some merit to this. We have to do one or the other. The bottom end isn't working that well. We've got appropriated money to hold them down; I don't know the percentage. We could amend this bill for only in-state students to benefit from the freeze.

**Ch. Nathe:** My issue isn't the in-state or out-of-state, it's the artificially pushing down on tuition. But holding it down for two years, and then taking our hand off, that spring later on will make the tuition skyrocket even more than it is going up now. We all agree that there needs to be a handle on this matter. I know Appropriations have some ideas and are working on that.

**Rep. Rohr:** It doesn't necessarily prevent them from increasing fees in other areas to get the income and the revenues.

**Rep. Heller:** That was my point also, when I asked Rep. Oversen, she said the state would make up the difference of the cost of that college for that year. That isn't solving anything, because it's still the taxpayer's money, either the kid is paying it or the taxpayers are paying it and you're not really saving anything. Nobody is making cuts. I move a Do Not Pass on HB 1328.

**Rep. Schatz:** Second the motion.

**Rep. D. Johnson:** I think that everyone would have to see the benefit, not single out in-state students for the tuition freeze and the nothing for the out-of-state students.

**Ch. Nathe:** Yes, I don't think we could do that. Clerk will call the roll on a DNP motion.

**10 YES 2 NO 1 ABSENT**

**DO NOT PASS**

**CARRIER: Rep. Rust**



Date: 2/6/13  
Roll Call Vote #: 1

2013 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES

BILL/RESOLUTION NO. 1328

House EDUCATION Committee

☐ Check here for Conference Committee

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

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

Motion Made By Rep. Heller Seconded By Rep. Schatz

Representatives	Yes	No	Representatives	Yes	No
Chairman Mike Nathe	✓		Rep. Bob Hunsakor		
Rep. Mike Schatz	✓		Rep. Jerry Kelsh		✓
Rep. Joe Heilman	✓		Rep. Corey Mock		✓
Rep. Brenda Heller	✓				
Rep. Dennis Johnson	✓				
Rep. Ben Koppelman	✓				
Rep. Lisa Meier	✓				
Rep. Karen Rohr	✓				
Rep. David Rust	✓				
Rep. John Wall	✓				

TOTAL (YES) 10 (NO) 2 (ABSENT) 1

FLOOR ASSIGNMENT Rep. Rust

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

**REPORT OF STANDING COMMITTEE**

**HB 1328: Education Committee (Rep. Nathe, Chairman)** recommends **DO NOT PASS** (10 YEAS, 2 NAYS, 1 ABSENT AND NOT VOTING). HB 1328 was placed on the Eleventh order on the calendar.

**2013 TESTIMONY**

**HB 1328**

#1

Testimony- HB 1328  
House Education Committee

Mr. Chairmen and members of the House Education committee, my name is Kylie Oversen and I represent District 42 in Grand Forks. I am here to today to testify in support of HB 1328 which would freeze tuition levels at our public colleges and universities for the next biennium.

First and foremost, I must clarify some questions on this bill. Although there is not a fiscal note or appropriation attached, it is our full intention that if the freeze would pass, the state would appropriate the additional dollars to make up for any lost revenue to our colleges and universities. We fully intend to hold our schools harmless in this, but without clarity in the higher education budget at this time, including the newly proposed funding model, we could not have accurately estimated that fiscal amount.

There are a number of reasons why I believe the tuition freeze is both possible and extremely important this session. In <sup>2011</sup>~~2009~~ when the same committee heard this very same bill, the sponsor at that time, Representative Corey Mock, spoke to two separate statistics: the average debt load of our students and the number of students leaving school with debt. In 2009, North Dakota ranked 27<sup>th</sup> in the average debt load that our students carry and we ranked 7<sup>th</sup> for the number of students leaving with debt.

I wish I could say that we have done better since then, but unfortunately, that is not the case. The first attachment on my testimony will show that North Dakota has risen to rank 13<sup>th</sup> in the average debt load that our students carry and we rank 1<sup>st</sup> for the number of students leaving with debt. Our state has the highest number of students leaving our public colleges and universities with debt. Mr. Chairmen and members of the committee, while this bill is not a fix all, it is most certainly a step in the right direction as we aim to keep college affordable for our students in North Dakota.

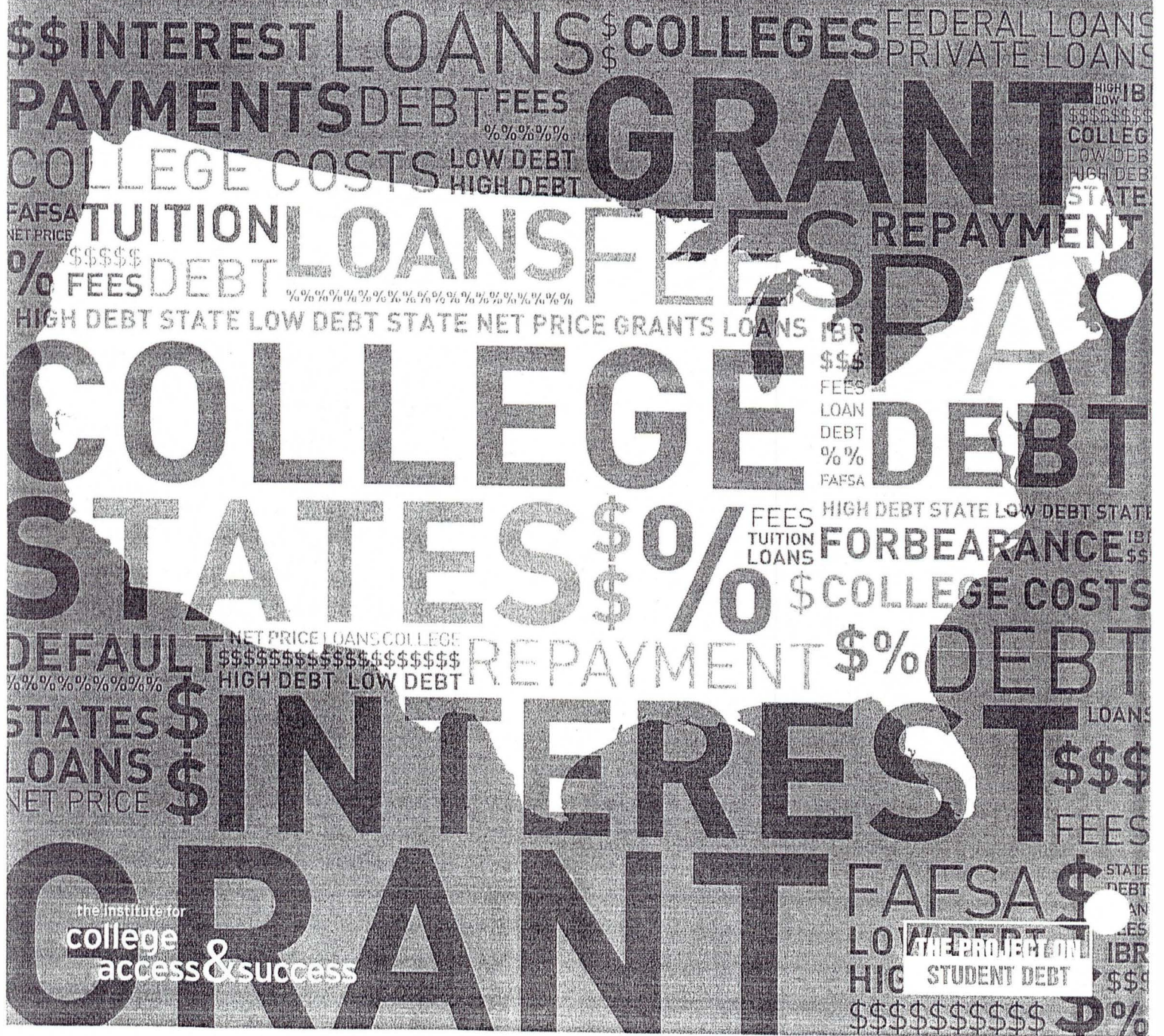
The second attachment on my testimony is a chart showing the increases in tuition rates over the past ten years. Although it is not broken down into a percentage increase, you can see how significant those numbers are. Speaking from personal experience, I am one of those students who recently graduated and can now look forward to loan payments beginning next month. From the time that I began my undergraduate career to the time that I graduated, my tuition had increased by nearly \$1000.

We are not alone in this proposal to freeze tuition; several other states have made similar proposals. I would venture to say that North Dakota is in a strong enough financial situation to be able to maintain this freeze for the proposed biennium. We owe it to our students and their families, as we have been significantly increasing the financial burden of a good education for too many years.



# STUDENT DEBT AND THE CLASS OF 2011

OCTOBER 2012



the Institute for  
college  
access & success

THE PROBLEM ON  
STUDENT DEBT



---

## ACKNOWLEDGEMENTS

The Project on Student Debt is an initiative of The Institute for College Access & Success (TICAS), an independent, nonprofit organization working to make higher education more available and affordable for people of all backgrounds. For more about TICAS, see [ticas.org](http://ticas.org).

This report was researched and written by Matthew Read and Debbie Cochrane. Special thanks to the entire TICAS staff, virtually all of whom made important contributions. We also thank the staff of Aeronet Communications, who have helped to make all of this information easily available on our websites, [projectonstudentdebt.org](http://projectonstudentdebt.org) and [College-InSight.org](http://College-InSight.org).

This report can be reproduced, with attribution, within the terms of this Creative Commons license: [creativecommons.org/licenses/by-nc-nd/3.0/](http://creativecommons.org/licenses/by-nc-nd/3.0/).



# STUDENT DEBT AND THE CLASS OF 2011

## TABLE OF CONTENTS

OVERVIEW	2
STUDENT DEBT BY STATE	4
Table 1: High-Debt States	4
Table 2: Low-Debt States	4
Table 3: Percentage of Graduates with Debt and Average Debt of Those with Loans, by State	5
What Data Are Included in the State Averages?	7
STUDENT DEBT AT COLLEGES	8
High-Debt Colleges	10
Table 4: High-Debt Private Nonprofit Colleges	10
Table 5: High-Debt Public Colleges	10
Where Are They Now?	11
Low-Debt Colleges	12
Table 6: Low-Debt Colleges	12
A Note on Student Debt at For-Profit Colleges	13
PRIVATE (NON-FEDERAL) LOANS	14
RECOMMENDATIONS TO ADDRESS RISING STUDENT DEBT	16
APPENDICES	20
A: Methodology: Where the Numbers Come From and How We Use Them	20
B: The Institute for College Access & Success' National Policy Agenda to Reduce the Burden of Student Debt	23

## OVERVIEW

Student Debt and the Class of 2011 is our seventh annual report on the cumulative student loan debt of recent graduates from four-year public and private nonprofit colleges. Our analysis found that the debt levels of students who graduate with loans continued to rise, with considerable variation among states as well as among colleges.

We estimate that two-thirds (66%) of college seniors who graduated in 2011 had student loan debt, with an average of \$26,600 for those with loans.<sup>1</sup> The five percent increase in average debt at the national level is similar to the average annual increase over the past few years. Also similar to previous years, about one-fifth of graduates' debt is comprised of private loans.

State averages for debt at graduation from four-year colleges ranged widely in 2011, from \$17,250 to \$32,450. Graduates' likelihood of having debt, and their average debt load, also varied widely by college.

High-debt states remain concentrated in the Northeast and Midwest, with low-debt states mainly in the West and South. Average debt continues to vary even more at the campus level than at the state level, from \$3,000 to \$55,250. Colleges with higher costs tend to have higher average debt, but there are many examples of high-cost colleges with low average debt, and vice versa.

Recent college graduates have entered an enormously difficult job market, which poses particular challenges for those who need to begin paying back student loans. The unemployment rate for young college graduates in 2011 remained high at 8.8 percent, a slight decrease from 2010, which saw the highest annual rate on record for this group (9.1%).<sup>2</sup> In addition, many more young graduates were considered underemployed. Among those who wanted to be working full time, as many as 19.1 percent were either working part time or had given up looking for work.<sup>3</sup> Further, 37.8 percent of working young graduates had jobs that did not require a college degree, depressing their wages.<sup>4</sup>

However, even in these tough times, research continues to show strong economic returns on investments in college degrees. Four-year college graduates are experiencing far less unemployment and earning higher salaries than their counterparts with only

*We estimate that two-thirds  
of college seniors who  
graduated in 2011 had  
student loan debt, with  
an average of \$26,600  
for those with loans.*

<sup>1</sup> These figures reflect the percentage of 2010-11 bachelor's degree recipients with student loan debt at public and private nonprofit four-year colleges and the average cumulative debt level for those with loans. See Appendix A for more information. All dollar figures in this report are given in current or nominal dollars, not adjusted for inflation.

<sup>2</sup> These annual unemployment figures are from unpublished data from the Current Population Survey, provided by the Bureau of Labor Statistics (BLS) in response to personal communications in January 2012. The figures apply to those in the civilian non-institutional population who are aged 20 to 24 and are actively seeking work. The unemployment rate measures the proportion of that population who are not working.

<sup>3</sup> Economic Policy Institute analysis of Current Population Survey microdata. Underemployment figures are slightly different from the annual unemployment figures cited, as they include graduates aged 21-24 and measure underemployment between April 2011 and March 2012. Economic Policy Institute. 2012. *Class of 2012: Labor Market for Young Graduates Remains Grim*. <http://www.epi.org/publication/bp340-labor-market-young-graduates/>. Accessed September 20, 2012.

<sup>4</sup> In 2007, this figure was 31.1 percent. Economic Policy Institute. 2012. *Class of 2012: Labor Market for Young Graduates Remains Grim*. <http://www.epi.org/publication/bp340-labor-market-young-graduates/>. Accessed September 20, 2012.

a high school education.<sup>5</sup> For instance, the unemployment rate for young high school graduates was 19.1 percent in 2011, more than double the rate for young college graduates.<sup>6</sup>

When student borrowers face unexpectedly low earnings, income-based repayment programs can help. Designed to keep loan payments manageable at any level of income, income-based repayment has been available to federal student loan borrowers since 2009.

Many factors influence student debt levels for each graduating class and the rate of increase over time, such as changes in college costs, family resources, and need-based grant aid. Most students in the Class of 2011 started college before the recent economic downturn, but the economy soured while they were in school, widening the gap between rising college costs and what students and their parents could afford. State budget cuts led to sharp tuition increases at some public colleges, increasing the need to borrow. On the other hand, federal need-based grant aid increased while the Class of 2011 was in college, with an especially large Pell Grant increase in 2009-10.<sup>7</sup> State and institutional grant aid also rose, with many colleges taking steps to increase or maintain need-based grant aid when the economy faltered, so that students could afford to stay in school.<sup>8</sup> These increases in grant aid may have helped contain the need to borrow.

Given the growing enrollment in and attention to for-profit colleges in recent years, it is important to note that this report reflects only graduates of public and private nonprofit four-year colleges. This is because so few for-profit colleges choose to report the necessary student debt data. However, based on national surveys conducted periodically by the U.S. Department of Education, we know that on average, graduates of for-profit four-year colleges are much more likely to borrow student loans and borrow significantly more than their counterparts at public and private nonprofit colleges. (For more information, see page 13.) The limitations of relying on voluntarily reported data underscore the need for federal collection of student debt data from all schools.

A companion interactive map with details for all 50 states, the District of Columbia, and more than 1,000 public and private nonprofit four-year colleges is available at [projectonstudentdebt.org/state\\_by\\_state-data.php](http://projectonstudentdebt.org/state_by_state-data.php).

*Many factors influence student debt levels for each graduating class, and the rate of increase over time, such as changes in college costs, family resources, and need-based grant aid.*

<sup>5</sup> For example, see Carnevale, Anthony, Tamara Jayasundera, and Ban Chah. 2012. *The College Advantage: Weathering the Economic Storm*. Georgetown Public Policy Institute's Center on Education and the Workforce. Study website: <http://cew.georgetown.edu/collegeadvantage/>.

<sup>6</sup> Unpublished data from the Current Population Survey, provided by the Bureau of Labor Statistics (BLS) in response to personal communications in January 2012. The figures apply to those in the civilian non-institutional population who are high school graduates with no college, are aged 20 to 24, and are actively seeking work.

<sup>7</sup> The maximum Pell Grant in 2009-10 was \$5,350, up from \$4,731 in 2008-09. Federal Pell Grants provide need-based financial aid to full- and part-time students. Most recipients have family incomes below \$40,000. Students must complete the Free Application for Federal Student Aid (FAFSA) to receive a Pell Grant, and can apply at any time during the school year.

<sup>8</sup> For data on federal, state, and institutional grant aid to undergraduates over time, see College Board. 2011. *Trends in Student Aid 2011*. Table 2a. [http://trends.collegeboard.org/student\\_aid/report\\_findings/indicator/30141913](http://trends.collegeboard.org/student_aid/report_findings/indicator/30141913). Accessed October 3, 2012.

## STUDENT DEBT BY STATE

The statewide average debt levels for the Class of 2011 vary widely among the states, but most of the same states appear at the high and low ends of the spectrum as in previous years.<sup>9</sup> We base state averages on the best available college-level data, which were reported voluntarily by 1,057 public and private nonprofit four-year colleges for the Class of 2011.

The following tables show the states with the highest and lowest average debt levels for the Class of 2011.

As in past years, high-debt states are mainly in the Northeast and Midwest, with low-debt states mainly in the West and South.

TABLE 1

HIGH-DEBT STATES	
New Hampshire	\$32,440
Pennsylvania	\$29,959
Minnesota	\$29,793
Rhode Island	\$29,097
Connecticut	\$28,783
Iowa	\$28,753
Ohio	\$28,683
Vermont	\$28,273
District of Columbia	\$28,241
New Jersey	\$27,610

TABLE 2

LOW-DEBT STATES	
Utah	\$17,227
Hawaii	\$17,447
California	\$18,879
Arizona	\$19,950
Nevada	\$19,954
Tennessee	\$20,703
North Carolina	\$20,800
Oklahoma	\$20,897
Texas	\$22,140
Washington	\$22,244

In general, private nonprofit colleges have higher costs than public ones, and higher average costs at the state or college level are associated with higher average debt. However, there are many colleges with high costs and low debt, and vice versa. Multiple factors influence average college debt levels, such as endowment resources available for financial aid, student demographics, state policies, institutional financial aid packaging policies, and the cost of living in the local area. For more about debt at the college level, please see *Student Debt at Colleges* on page 8.

<sup>9</sup> The state averages and rankings in this report are not directly comparable to those in previous years' reports due to changes in which colleges in each state report data each year, corrections to the underlying data submitted by colleges, and changes in methodology. To compare state averages over time based on the current data and methodology, please visit College InSight, <http://College-InSight.org>.



The following table shows each state's average debt and proportion of students with loans in the Class of 2011, along with information about the amount of usable data actually available for each state.<sup>10</sup>

TABLE 3

PERCENTAGE OF GRADUATES WITH DEBT AND AVERAGE DEBT OF THOSE WITH LOANS, BY STATE							
State	Class of 2011				Institutions (BA-granting)		Graduates
	Average Debt	Rank	% with Debt	Rank	Total	Usable	% Represented in Usable Data
Alabama	\$25,192	22	54%	33	33	16	67%
Alaska	*	*	*	*	5	4	100%
Arizona	\$19,950	45	49%	43	12	4	97%
Arkansas	\$23,048	34	56%	29	22	10	60%
California	\$18,879	46	51%	41	126	70	79%
Colorado	\$22,283	38	54%	33	22	13	70%
Connecticut	\$28,783	5	64%	15	22	15	84%
Delaware	*	*	*	*	6	2	70%
District of Columbia	\$28,241	9	52%	40	9	6	84%
Florida	\$23,054	33	51%	41	78	29	84%
Georgia	\$22,443	36	58%	28	56	30	85%
Hawaii	\$17,447	47	38%	48	8	1	53%
Idaho	\$24,134	26	66%	11	9	4	59%
Illinois	\$26,470	15	64%	15	76	45	80%
Indiana	\$27,500	11	63%	20	49	37	95%
Iowa	\$28,753	6	72%	4	34	23	88%
Kansas	\$23,321	31	64%	15	29	10	68%
Kentucky	\$22,287	37	60%	25	31	22	95%
Louisiana	\$22,455	35	46%	45	26	11	64%
Maine	\$26,046	18	71%	5	19	10	70%
Maryland	\$24,002	28	55%	32	35	19	75%
Massachusetts	\$27,181	14	65%	12	81	44	73%
Michigan	\$27,451	12	62%	24	57	30	87%
Minnesota	\$29,793	3	71%	5	38	25	83%
Mississippi	\$23,537	29	54%	33	17	9	78%
Missouri	\$23,229	32	65%	12	54	30	78%
Montana	\$24,113	27	65%	12	10	8	96%

<sup>10</sup> See *What Data Are Included in the State Averages?* on page 7.

TABLE 3 (CONTINUED)

PERCENTAGE OF GRADUATES WITH DEBT AND AVERAGE DEBT OF THOSE WITH LOANS, BY STATE							
	Class of 2011				Institutions (BA-granting)		Graduates
State	Average Debt	Rank	% with Debt	Rank	Total	Usable	% Represented in Usable Data
Nebraska	\$24,287	24	63%	20	24	8	56%
Nevada	\$19,954	44	44%	47	9	3	93%
New Hampshire	\$32,440	1	75%	3	16	10	79%
New Jersey	\$27,610	10	64%	15	35	22	83%
New Mexico	*	*	*	*	10	4	7%
New York	\$25,851	19	60%	25	171	79	69%
North Carolina	\$20,800	42	54%	33	59	35	82%
North Dakota	\$27,425	13	83%	1	13	7	65%
Ohio	\$28,683	7	68%	9	79	45	86%
Oklahoma	\$20,897	41	53%	38	29	14	79%
Oregon	\$25,497	21	63%	20	29	14	69%
Pennsylvania	\$29,959	2	70%	7	127	82	84%
Rhode Island	\$29,097	4	69%	8	10	7	78%
South Carolina	\$25,662	20	54%	33	34	13	73%
South Dakota	\$24,232	25	76%	2	13	6	72%
Tennessee	\$20,703	43	53%	38	46	26	82%
Texas	\$22,140	40	56%	29	90	46	71%
Utah	\$17,227	48	45%	46	9	7	90%
Vermont	\$28,273	8	63%	20	18	12	78%
Virginia	\$24,717	23	59%	27	45	32	91%
Washington	\$22,244	39	56%	29	33	17	93%
West Virginia	\$26,227	17	64%	15	21	14	90%
Wisconsin	\$26,238	16	67%	10	37	26	83%
Wyoming	\$23,341	30	47%	44	1	1	100%

\* We did not calculate state averages when the usable cases with student debt data covered less than 30 percent of bachelor's degree recipients in the Class of 2011 or when the underlying data for that state showed a change of 30 percent or more in average debt from the previous year. For more details, see sidebar on the next page.



## WHAT DATA ARE INCLUDED IN THE STATE AVERAGES?

Several organizations conduct annual surveys of colleges that include questions about student loan debt, including *U.S. News & World Report*, Peterson's (publisher of its own college guides), and the College Board. To make the process easier for colleges, these organizations use questions from a shared survey instrument, called the Common Data Set (CDS). Despite the name "Common Data Set," there is no actual repository or "set" of data. Each surveyor conducts, follows up, and reviews the results of its own survey independently. For this analysis, we licensed and used the data from Peterson's.<sup>11</sup> For more detail on the data and our methodology, please see *Appendix A*.

The state averages are calculated using data voluntarily reported by campus officials at 1,057 colleges, which are not audited or reviewed by any outside entity. For their data to be considered usable for calculating state averages, colleges had to report both the percentage of graduating students with loans and their average debt, and report that they awarded bachelor's degrees

during the 2010-11 year. As shown in Table 3, for Alaska, Delaware, and New Mexico, we did not calculate state averages when the usable cases with student debt data covered less than 30 percent of bachelor's degree recipients in the Class of 2011 or when the underlying data for that state showed a change of 30 percent or more in average debt from the previous year. Such large year-to-year swings likely reflect different institutions reporting each year, reporting errors, or changes in methodology by institutions reporting the data, rather than actual changes in debt levels. We weight the state averages according to the size of the graduating class (number of bachelor's degree recipients during the 2010-11 year) and the proportion of graduating seniors with debt.

The state averages and rankings in this report are not directly comparable to averages in previous years' reports, due to changes in which colleges in each state report data each year, corrections to the underlying data submitted by colleges, and changes in methodology.

<sup>11</sup> Peterson's Undergraduate Financial Aid and Undergraduate Databases, copyright 2012 Peterson's, a Nelnet company. All rights reserved.

**NORTH DAKOTA UNIVERSITY SYSTEM**  
**History of Full-Time ND Resident Undergraduate Tuition Rates**  
**Period 2002-03 through 2012-13**

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
<b>Two-year campuses:</b>											
BSC 1/, 2/	\$1,785	\$2,016	\$2,629	\$2,787	\$3,052	\$3,204	\$3,364	\$3,364	\$3,364	\$3,364	\$3,364
LRSC	1,782	2,040	2,328	2,550	2,780	2,919	3,065	3,065	3,065	3,065	3,065
WSC 1/, 3/	1,812	1,920	2,074	2,198	2,374	2,493	2,618	2,618	2,618	2,819	3,020
NDSCS 1/	1,782	2,052	2,670	2,828	3,054	3,207	3,368	3,368	3,368	3,368	3,368
DCB	1,782	2,042	2,362	2,575	2,830	2,972	3,120	3,120	3,120	3,120	3,120
<b>Research universities:</b>											
UND	2,954	3,441	4,009	4,390	4,786	5,025	5,276	5,461	5,652	5,793	5,938
NDSU	2,904	3,374	3,982	4,360	4,774	5,013	5,264	5,448	5,639	6,135	6,135
<b>Other 4-year:</b>											
MiSU	2,384	2,730	3,160	3,460	3,790	3,980	4,179	4,325	4,476	4,588	4,703
DSU	2,202	2,554	3,040	3,329	3,646	3,828	4,019	4,160	4,306	4,414	4,524
MaSU	2,202	2,576	3,014	3,300	3,614	3,795	3,985	4,124	4,268	4,375	4,484
VCSU 1/	2,202	2,652	3,130	3,428	3,753	3,941	4,138	4,283	4,433	4,544	4,657

1/ BSC, WSC, NDSCS AND VCSU charge per credit hour; cost based on 15 cr. hrs. per semester.

2/ Prior to 2004-05, BSC didn't charge for the 14th and 15th credit hours. The increase in 2004-05 included the elimination of the 14th and 15th free credits.

3/ Prior to 2011-12, WSC didn't charge for the 14th and 15th credit hours. One of the free hours was eliminated in 2011-12 and the other in 2012-13. The increases in 2011-12 and 2012-13 are the result of the elimination of the free credits, and include no per credit rate increases.

## Extra Information for HB 1328

### Student Debt

The Project on Student Debt's annual report is the best source of national and state data on student debt: <http://projectonstudentdebt.org/files/pub/classof2011.pdf>

Here are some highlights from the 2012 report:

- The report estimates that "two-thirds (66%) of college seniors who graduated in 2011 had student loan debt, with an average of \$26,600 for those with loans." (p 2)
- "The statewide average debt levels for the Class of 2011 vary widely among the states," ranging from \$17,227 in Utah to \$32,440 in New Hampshire. (p 4)
- North Dakota ranks 13<sup>th</sup> in average debt level (at \$27,425). (pp 5-6)
- In terms of the percentage of students with debt, North Dakota ranks 1<sup>st</sup>. (pp 5-6)
- The percentage of students with debt ranges from 38% in Hawaii to 83% in North Dakota.
- The University of North Dakota is considered a "high debt public college." (p 10) Average debt of graduates in 2011 was \$31,764.

I have also attached the Project on Student Debt's state profile for North Dakota, which includes detailed information on the state's colleges.

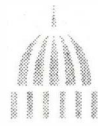
### Tuition Freezes

Here is an article that provides a good overview of the current trend to freeze tuition on the condition that state legislatures increase appropriations:

[More public colleges may freeze tuition rates in return for more taxpayer support](http://www.kennebecjournal.com/news/state/more-public-colleges-may-freeze-tuition-rates-in-return-for/article_fa219dca-60af-11e2-8a22-0019bb2963f4.html)

([http://www.kennebecjournal.com/news/state/more-public-colleges-may-freeze-tuition-rates-in-return-for/article\\_fa219dca-60af-11e2-8a22-0019bb2963f4.html](http://www.kennebecjournal.com/news/state/more-public-colleges-may-freeze-tuition-rates-in-return-for/article_fa219dca-60af-11e2-8a22-0019bb2963f4.html))

"Public university systems in Iowa, Minnesota, Montana, New Hampshire and Washington state are among those that have explicitly offered to freeze tuition rates next school year if their state legislatures will allocate more money in 2013-14 and beyond. Other public universities announcing tuition freezes include those in Arizona, California, Rhode Island, Maine and Texas."



## NATIONAL CONFERENCE *of* STATE LEGISLATURES

*The Forum for America's Ideas*

### Proposals to Freeze Tuition

#### Maine

September 2012: University of Maine pledges two-year tuition freeze in exchange for flat funding

The University of Maine System officials said that the university system will freeze tuition if the state provides flat funding in the next biennial budget. Gov. Paul LePage (R) has said the system will need to improve its efficiency in operations and make other improvements in order to get his support for continued appropriations at current levels.

January 2013: University of Maine System pleased with flat funding, tries to make cuts

The University of Maine System is pleased that its funding would remain steady under Gov. Paul LePage's proposed biennial budget, but individual campuses still are trying to meet the governor's call for \$2.5 million in cuts under this year's supplementary budget. If the Legislature approves the flat funding, the trustees will be able to hold down tuition costs as promised in September 2012.

#### Iowa

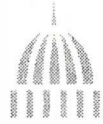
January 2013: Budget proposal would enable tuition freeze

Gov. Terry Branstad's budget released Jan. 15, 2013 paves the way for a tuition freeze at the University of Iowa in the upcoming school year. The budget includes the 2.6 percent increase from the last fiscal year that the Iowa state Board of Regents requested for each school, which regents said was necessary to make the tuition freeze possible. The regents approved a tuition freeze in December for resident undergraduates in the 2013-2014 school year, which is about 39 percent of the UI student body. The freeze is contingent upon the Legislature's approval of the increase in state appropriations.

#### Minnesota

January 2013: University of Minnesota offers tuition freeze for more state money

University of Minnesota students could save more than \$2,000 each during their college careers if the state provides money to freeze tuitions, school officials are telling state legislators. The freeze on undergraduate tuition, which carries a price tag of \$42.6 million over the next two years, is estimated to have the potential to save incoming freshmen \$2,500 at the Twin Cities, Morris, Duluth and Rochester campuses and \$2,100 in Crookston over four years.



## NATIONAL CONFERENCE *of* STATE LEGISLATURES

*The Forum for America's Ideas*

### New Hampshire

September 2012: NH: University system offers to hold the line on tuition levels in exchange for funding restoration

The University System of New Hampshire (USNH) put forth a budget request that would freeze tuition for in-state students for the next two years in exchange for restoring \$100 million in funding in the next two-year budget. The university system would also cap out-of-state tuition increases at 3 percent while boosting need-based financial aid. In 2011, state lawmakers slashed higher education funding by nearly 50 percent, or \$50 million, one of the largest year-over-year percent reductions in state higher education funding in the nation's history.

# Senate Bill/Resolution

**To:** The Student Senate of the University of North Dakota

**Authors:** Shane Gerbert-Governmental Affairs Commissioner, Eric Watne- Student Body Vice President

**Sponsors:** Aaron Hommerding- JDOSAS Senator, Emma Meyer-Off Campus Senator, Robert Haider-Assistant Legislative Lobbyist, Jacob Ostermann-Greek Senator, Kyle Slaathaug-Off Campus Senator,

**CC:** Logan Fletcher - Student Body President, Eric Watne - Student Body Vice President, Cassie Gerhardt - Student Government Advisor; Alice Brekke, Vice President of Finance and Operations, Brett Johnson-Residence Hall Senator, Joe Kalka-Residence Hall Senator, Molly Bucher-Nursing School Senator

**Date:** 12/2/12

**Re:** Tuition Freeze

Whereas, tuition rates are one of the most critical concerns for college students, and

Whereas, providing quality education for students at an affordable price would allow more residents to enroll in higher education, and

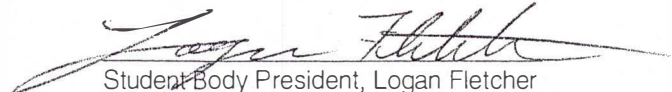
Whereas, Tax Commissioner Fong stated that North Dakota is slated to bring in between \$3.5 billion and \$4 billion of revenue, and

Whereas, investing money in higher education to compete for the most qualified individuals would benefit our state because it would make North Dakota University System institutions more appealing to in-state students, and

Whereas, students in the North Dakota University System have had an estimated \$3.7 billion dollar economic impact per year for North Dakota.

Therefore, be it moved that UND Student Senate, acting on behalf the approximately 15,250 students of UND, fully support a Tuition Freeze, and

Therefore, be it furthest moved that UND Student Government requests the Legislative Assembly to adequately fund higher education so that tuition at UND can be held at the 2011-2013 biennium levels.

  
Student Body President, Logan Fletcher



**North Dakota University System**

HB1328 – House Education Committee

January 30, 2013

Hamid A. Shirvani

Chairman and members of the committee, thank you for your time this morning. I am Ham Shirvani, Chancellor of the North Dakota University System. I offer my testimony on behalf of the North Dakota University System in opposition to House Bill 1328.

The language of House Bill 1328 contravenes the spirit of our state constitution and represents an encroachment on the historical authority of the state board of higher education and North Dakota University System. That authority was wisely established and protected by the constitution's drafters, who declared that the state board “shall have full authority over the institutions under its control...” and full authority “to do each and everything necessary and proper for the efficient and economic administration of said state educational institution.” (Article 8 of the North Dakota Constitution) Capping tuition at current levels erodes that constitutional authority.

Moreover, House Bill 1328 would take away the necessary flexibility of our system to ensure we can meet the needs of our students and our state in the future. Our current funding model—as set forth in the Governor's budget—provides for 60-75 percent of our universities' operating costs to come from appropriations. The remainder comes from tuitions and fees. Freezing tuition levels will lead to budgeting shortfalls and an inability to cover mandatory cost increases, such as increases for health care costs, salaries, utility costs and others. While we strive to keep costs low for students, we would be doing them a severe disservice if we could not cover the costs of maintaining the quality of their educational institutions.

For the foregoing reasons, the North Dakota University System opposes House Bill 1328 and the proposed tuition freeze. I would be happy to take your questions at this time.