

FISCAL NOTE
Requested by Legislative Council
02/05/2015

Amendment to: SB 2288

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

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

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

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties	\$0	\$0	\$0
Cities	\$0	\$0	\$0
School Districts	\$0	\$0	\$0
Townships	\$0	\$0	\$0

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Engrossed SB 2288 relates to the Bank of North Dakota adopting rules to develop, implement, promote, and administer a North Dakota Gap Scholarship Program in conjunction with the ND University System.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

There is no fiscal impact to the Bank of North Dakota.

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

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

Not applicable

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

Not applicable

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

There are no appropriations identified in Engrossed SB 2288.

Name: Wally Erhardt

Agency: Bank of North Dakota

Telephone: 701.328.5654

Date Prepared: 02/06/2015

2015 SENATE EDUCATION

SB 2288

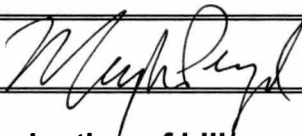
2015 SENATE STANDING COMMITTEE MINUTES

Education Committee
Missouri River Room, State Capitol

SB 2288
1/27/2015
Job # 22596 (25:25)

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

INITIAL HEARING

Development and implementation of a gap scholarship program

Minutes:

4 attachments

Chairman Flakoll called the committee to order at 10:15am.

Senator Schaible: This bill is a gap scholarship. This idea came from the Bank of North Dakota and University system. I followed this idea for a couple things. First of all, some of the complaints I get with scholarships is that we are not doing enough for the students in the middle, whether in relation to income or academic levels. This is intended to address. The other idea is that it is not a direct appropriation from the state but from student loan interest.

Eric Hardmeyer, CEO of the Bank of North Dakota (*see attachment #1 & 1b*)

Hardmeyer: This money comes from the Student Loan Trust which is a separate trust that is administered by the Industrial Commission. The revenue does come from students who have paid their loans back. The trust was created 20-30 years ago as an overflow for the Bank of North Dakota that needed liquidity. This entity was set up to issue bonds and buy loan from the Bank of North Dakota and provide cash back. That fund currently has about 35-40 million dollars in it. That is the fund that we will be looking to appropriate \$5 million to set up this scholarship.

This is a pilot program. The funding can help the first 800 students with the largest gap in year one given they meet the criteria. If this works, you may see it again the next biennium.

(11:25) **Senator Oban:** Why don't we simply have a no interest student loan?

Hardmeyer: There is a bill out there for that. Preliminarily we are doing the fiscal note for that bill. While we are asking for \$5 million here, the other bill asks for \$50-60 million per year. The deal 1 program is a consolidation program offered to all residence in the state, the first of its kind in the nation where they can refinance all of their student loans. We have over 3,000 participating. The rate is 1.73 plus an additional quarter percent off if you do an ACH or automatic transfer. It is a variable rate but cannot go up more than 1% per year. The federal rate is 4.66. We also offer in the same program, a fixed rate for the life of the loan. A lot of these loans are 25 years in term. That rate is 4.73. The other thing we are working on is the College Save program. The idea is to get parents and families to save for

their children early. Today there is over 77 million dollars of North Dakota money in this program for their kids. We offer matching grant programs. Every new born has an opportunity for \$100 from us to start up a college save. There are many programs we offer to combat this debt issue such as the consolidation program and savings plan. We do work with Dollars for scholars chapters around the state. We are engaged as much as I think we can with our resources.

Senator Davison: Can you explain this gap analysis?

Hardmeyer: There is a cost of attendance and then on the other side there are grants and scholarships. It is the difference of the two. Either your parents have a big savings account for you or you need some big loans. That is the area we are attempting to condense.

Senator Davison: You can potentially get an academic scholarship and this one as well?

Hardmeyer: Yes, but we are looking at the biggest gap. Those who get a lot of need-based scholarships may have a smaller gap.

Chairman Flakoll: Did the Industrial Commission formally vote to support this?

Hardmeyer: I do not believe so; however there was a general consensus

Chairman Flakoll: Would a private school have a formula advantage under your proposal?

Hardmeyer: I will leave that question for the other testifiers.

Chairman Flakoll: What was the source of the \$35-40 million that the fund has in it?

Hardmeyer: That is from the Student Loan Trust over the course of the last 20 years and it is the difference between their cost of money and the interest rate on it. They've made a profit throughout the years and today there is a positive fund balance of about \$35-40 million.

Aaron Weber, Executive of Governmental Relations for NDSU Student Government (see *attachment #2*)

Senator Oban: Is the 595 students or 40% the appropriate number in the survey?

Weber: 40%.

Chairman Flakoll: Would you also support this if this \$5 million was added to our needs based program?

Weber: We would support any kind of increase to the needs-based grant program, really anything to keep the cost of college affordable and accessible for students.

Chairman Flakoll: Do you have an opinion on whether the money should be a direct payment to the student or to the institution on behalf of the student?

Weber: As far as logistics, we do not have a preference. A direct payment to the institution much like the North Dakota academic scholarship has shown to be beneficial when holding true to accountability.

(23:30) **Brenda Zastoupil,** North Dakota University System

Zastoupil: To answer the question asked earlier on the cost of attendance, the state grant program runs similarly at all needs based institutions. We have thresholds for cost of attendance. 4-year institutions are at the same rate, 2-years are at the same rate and private is at the same rate. For instance, if one of the privates has a 10% increase in one year, that doesn't mean we are looking directly at a 10% increase for the privates. There would be thresholds are in place.

Chairman Flakoll: how many thresholds do you have?

Zastoupil: There are four altogether: Private, Public 4-year, Public 2-year, and the tribal.

Chairman Flakoll closes the hearing on SB 2288.

Testimony handed in after hearing (*see attachment #3*)

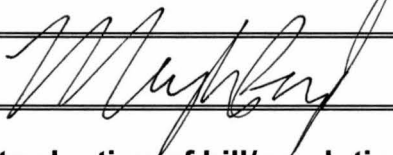
2015 SENATE STANDING COMMITTEE MINUTES

Education Committee
Missouri River Room, State Capitol

SB 2288
2/4/2015
Job # 23221 (6:34)

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

COMMITTEE ACTION

Minutes:

1 attachment

Senator Schaible: This amendment removes section 2. The reason for this is if we want to keep this bill alive, it was suggested that this should be removed. It doesn't really remove anything because it is Bank of North Dakota money. (*see attachment #1*)

Senator Schaible motions to adopt the amendment for removing lines 16 through 20 on page 1.

Senator Davison seconds the motion.

A vote was taken: Yes: 6, No: 0, Absent: 0

The motion carries.

Senator Marcellais motions for a do pass as amended.

Senator Davison seconds the motion.

Senator Oban: What would happen if we set up a program and at the same time passed a no interest student loan from the Bank of North Dakota program? This would no longer be funded.

Senator Schaible: The way this was set up, this would deplete the profits from that interest loan problem in two bienniums anyway. If it was going to continue, it would have to be some other appropriation.

Chairman Flakoll: With 5 million a biennium, that will last a while on interest and income.

Senator Schaible: Correct. That was based on 800 applicants. If it is a good idea, that will expand. It would have taken additional appropriation funding anyway.

Chairman Flakoll: There will be more support for taking this money and putting it on to the current needs based scholarship and not adding to the amount they get but expanding to the number of recipients of it. When you look at the data, the students who are in a middle income families tend to graduate with greater student debt than the others on either side of them.

A vote was taken: Yes: 6, No: 0, Absent: 0

Vice Chairman Rust will carry the bill.

February 4, 2015

TD
2/4/15

PROPOSED AMENDMENTS TO SENATE BILL NO. 2288

Page 1, line 2, remove "; and to"

Page 1, line 3 remove "provide an appropriation"

Page 1, remove lines 16 through 20

Renumber accordingly

**2015 SENATE STANDING COMMITTEE
ROLL CALL VOTES
SB 2288**

Senate Education Committee

☐ Subcommittee

Amendment LC# or Description: Removes language

Recommendation: ☒ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar
Other Actions: ☐ Reconsider ☐ _____

Motion Made By Senator Schaible Seconded By Senator Davison

Senators	Yes	No	Senators	Yes	No
Chairman Flakoll	X		Senator Marcellais	X	
Vice Chairman Rust	X		Senator Oban	X	
Senator Davison	X				
Senator Schaible	X				

Total (Yes) 6 No 0

Absent 0

Floor Assignment _____

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

Page 1, line 2, remove "; and to"

Page 1, line 3 remove "provide an appropriation"

Page 1, remove lines 16 through 20

Renumber accordingly

**2015 SENATE EDUCATION COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2288**

Senate Education Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☒ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By Senator Marcellais Seconded By Senator Davison

Senators	Yes	No	Senators	Yes	No
Chairman Flakoll	X		Senator Marcellais	X	
Vice Chairman Rust	X		Senator Oban	X	
Senator Davison	X				
Senator Schaible	X				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Vice Chairman Rust

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

REPORT OF STANDING COMMITTEE

SB 2288: Education Committee (Sen. Flakoll, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2288 was placed on the Sixth order on the calendar.

Page 1, line 2, remove "; and to"

Page 1, line 3 remove "provide an appropriation"

Page 1, remove lines 16 through 20

Renumber accordingly

2015 HOUSE EDUCATION

SB 2288

2015 HOUSE STANDING COMMITTEE MINUTES

Education Committee
Pioneer Room, State Capitol

SB 2288
3/10/2015
24614

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature

Donna Whetnam

Explanation or reason for introduction of bill/resolution:

Relating to the development and implementation of a gap scholarship program.

Attachment 1-4.

Minutes:

Chairman Nathe: opened the hearing on SB 2288.

Senator Don Schaible: District 31: introduced SB 2288 which is referred to as the gap scholarship bill. This was to allow scholarships for students that seem to miss out on all the other scholarships offered. These \$1,750 scholarships would have been afforded to low and middle income families based on income levels of those families. There was an appropriation of \$5 million dollars from the North Dakota Student Loan trust fund which was the revenue source for these scholarships. That trust fund is now over \$40 million dollars and that money comes from profits and student loans. This gap scholarship was to be a pilot program for two years ending June 30, 2017. The senate removed the funding source for these scholarships and I am not sure of the reasoning for that. This would really not be general fund money because it came out of a special fund, so that reason was unclear. Unless your committee would restore these funds this bill would have little use.

Chairman Nathe: So it is \$1700 dollars for the scholarships for anybody from low or middle class?

Senator Schaible: Yes and all those details will be brought from the people to follow me.

Eric Hardmeyer: President and CEO of Bank of North Dakota, in support of SB 2288. Explained the bill. We are targeting the students from low and middle class families. (2:38-10:14). (See Attachment 1 & 2). This is a pilot program coming out of the Student Loan Trust Fund.

Chairman Nathe: In regards to the scholarship for graduating on time. Do they get that after the first semester or after the graduation ceremony?

Eric Hardmeyer: After they graduate.

Rep B. Koppelman: Are you eligible for these if you receive any other state scholarship, does it say?

Eric Hardmeyer: No, it does not say. What it does is it looks at the gap, whoever has the largest gap gets the money.

Rep Meier: Currently that \$35 to \$40 million dollars that is sitting in that fund, is that being used for anything except for building interest?

Eric Hardmeyer: It has been used on two occasions to supplement the Bank of North Dakotas student loan reserve for the Deal program. It absorbs claims for student loans against the guarantee agency. There is an ongoing appropriation of \$1 million dollar that goes to Higher Ed.

Rep Meier: With those two times it was used, how much money came out of that fund?

Eric Hardmeyer: \$10 million dollars.

Chairman Nathe: Is it \$1 million dollars a year that goes to Higher Education?

Eric Hardmeyer: I think it is \$1 million dollars a biennium.

Chairman Nathe: What is that used for by Higher Ed?

Eric Hardmeyer: At one point it was used to offset some of the costs with their system development for student loans. Campus Solutions.

Rep Zubke: So this fund is not receiving any receiving any revenue at all?

Eric Hardmeyer: It is earning interest income and investment income of about \$850,000.

Rep Rohr: You mentioned you want to see how this works, how would you measure that and how would you determine you have a successful program?

Eric Hardmeyer: The measure would be students staying on time within their means. Graduating, if they are a two year program, if they are graduating in two years with the appropriate amount of credits. We are only looking at a two year period so it is a short window. If you taking money and giving them grant money rather than student loan debt, I think that is a good thing.

Rep B. Koppelman: How would you fund that going forward?

Eric Hardmeyer: At this point there is \$35 million in the fund and if you take \$ 5 million for this that leaves \$30 million. Looking to our estimates it will be about \$10 to \$11 million a biennium thereafter. So you would have about 2 biennium left there. Certainly we would

look at other solutions, Legacy Fund money as a potential, Bank of North Dakota profits possibly. There are a number of different areas you could look at.

Rep Meier: Initially when this bill was introduced in the Senate was the money to be out of this fund?

Eric Hardmeyer: Yes it was.

Chairman Nathe: You wouldn't be opposed if we were to do this pilot program to us putting in a reporting mechanism on here?

Eric Hardmeyer: No. Absolutely not.

Rep. Olson: The claims that came against the guarantee agency for the student loans was \$10 million dollars each time and what years did those claims come?

Eric Hardmeyer: Yes, and in 2013 and 2014? That \$5 million was put into the guarantee agency as a preemptive move on the large Deal one consolidation business we are seeing. We have seen over \$150 million dollars of student consolidation work. We put \$ 5 million in there without having real experience in what it might be.

Rep. Olson: So it was 10 million combined between the 2? Yes and are there any indication of what types of claims might occur in the future?

Eric Hardmeyer: Yes. And it has been our experience that it has been about \$1 million or \$1.2 million per year. With this Deal consolidation we are making loans much larger than we were before. The average size of the Deal one consolidation loans is about \$ 45,000 dollars. But it is not unusual to see a loan for \$250,000 or \$300,000 as medical students combine their loans. This programs has some benefits, if you are disabled for more than three years your debt is wiped out and there is a death benefit which a lot of programs don't have.

Chancellor Larry Skogen: Interim Chancellor of North Dakota University System. In support of SB 2288. (17:50-20:31). (See Attachment # 3). We would know very quickly if this was working by graduation rates and a decreased student loan rate. I think it is an incredibly creative approach.

Rep Kelsh: On the target you have household income. What is the reason for 1 or 2 income household?

Wally Erhardt: Director of Student Loans Bank of North Dakota: We based it on how we do College Save. To receive the matching grant program it is income based and it is \$300 and it is matched by the holder of that account, so it is based on those income qualification. So we use \$100,000 per married couple and \$60,000 per single person. We have done a little analysis to come up with that decision and it has been in place for a few years. We are just matching that to the college save.

Rep Kelsh: So it is based on a single parent or single income so if it is a married couple and only one working, I am having a hard time understanding if it is a household income what the difference is if it is two people earning it or one?

Wally Erhardt: It is really based on family income. Married couple it is \$100,000 and single person it is \$60,000. It is based on the adjusted income of a married couple, if just one works making an excess of \$120,000 adjustable they would not qualify.

Chairman Nathe: How do you find out if there is a one income family or what is the process?

Wally Erhardt: We base it on the North Dakota State tax return, the adjustable gross income off of that.

Chairman Nathe: How did you come up with the 800 students?

Wally Erhardt: we did an analysis to get to the dollar amount. The first year it will just serve freshmen and the second it will serve freshmen and sophomore so we took a third of the \$ 5 million dollars and determined it would help about 800 students. So it is based on that the first year and 16 in the second year. It will be based on the first come first served. It will not reach everybody so in the next biennium it will go up to try to reach everybody.

Rep Kelsh: Again if it is a household income what difference is it whether 2 people are working and you have \$100,000 and if you have one \$60,000. If it is a household income why wouldn't it be the same no matter how many people are working?

Wally Erhardt: It is if you file married or single with your State tax. I have no other reason than that.

Chairman Nathe: I think what Rep Kelsh is saying what difference would it make if one person is earning \$100,000 or two people are earning it. Why not make it \$100,000 or less and leave it at that?

Wally Erhardt: We could do that. We just followed College Save guidelines.

Chairman Nathe: That is your template, but we don't have to follow College Save guidelines?

Wally Erhardt: No, whatever is approved would be fine.

Rep. Olson: There is not any sunset clause to this, if it is a pilot program it doesn't appear to expire, unless I am missing something here?

Wally Erhardt: There would not be a funding source beyond two years. That is what is being asked for today. It was in the language we submitted to the Senate review committee, however it was changed back to what it is today.

Chairman Nathe: Since they took the money out of here, quite frankly this bill is no good without the money so. If this committee decides to put the money back in we will put a sunset clause in it. That is why the sunset clause is not in here.

Aaron Weber: of NDSU Student Government: in support of SB 2288. (26:50-29:26)
(See Attachment #4).

Rep Rohr: When you conducted the survey did you include any variables besides just asking if they had financial aid or not? Did you ask about the parental income, the year they were in school, any of that?

Aaron Weber: I did not conduct the survey personally, I t was done by the ND Student Association. I can get that survey data to you. I don't believe it asked for an income level and it was done with current students last year.

Rep Hunskor: Do you know what percent of students attending colleges in North Dakota actually have a need?

Aaron Weber: I would not be the person to ask. I will yield that question to her.

Brenda Zastoupil: North Dakota University System: I do not know that number. I will get that information to the committee.

Rep. Olson: Do you know the cut-off point in family income where students are not eligible for these types of scholarships?

Brenda Zastoupil: Regarding PELL grants and need based loans and the state grant it is not a matter of income level. But it is the factors that is determined by the federal. A number of factors go into that formula from family size, the number of earner's in the family and even how close the parents are to retirement, different states and the tax rates go into that calculation. It is a federal formula that has several factors. Income wise there is not one set level. Every family could have the same income but have different factors.

Rep Hunskor: I can remember years ago in my small community some would qualify for scholarships yet there parents where millionaires. The people in the community were saying that money is not being used wisely. Their parents could easily afford to pay for tuition. It could have been based on scholarship but there were other things that entered in. So I ask that question now because here again we are making money available, and can parents actually afford to pay for it?

Brenda Zastoupil: I am not saying the federal formula always makes sense but it is the best that we have at this time. We are not saying that this is the formula we have to use.

Rep Meier: Do you know how many individuals that are participating in the College Save program?

Brenda Zastoupil: I would have to defer to the Bank of North Dakota on that question. The 800 that we came up with, we did back into that just given the funding level. The NDSU did a real rough estimate of how many students could potentially qualify under something like this. The freshmen group was 600. We feel there is still a large gap of student out there.

Chairman Nathe: Mr. Hardmeyer, do you want to answer that question?

Eric Hardmeyer: For College Save several thousand, our guess between Wally and I, somewhere around 17,000.

Rep Meier: Please email us that number to me.

Vice Chairman Schatz: Does this apply to kids who graduated from North Dakota High Schools or is this just for people going to our colleges?

Eric Hardmeyer: I believe it is just for North Dakotans.

Rep. Olson: The bill isn't very specific as far as income levels and what the gap scholarship should look like. Is that purposeful, to give the bank latitude to change it as they need. Would you expect that it might be changed as we move forward based on the money?

Eric Hardmeyer: I think that is correct. We left it vague knowing we are going to need to be flexible. It was left that way on purpose.

Rep Kelsh: In your testimony you say you are actively engaged in working with College Save program, in parentheses you say 529 plan and you say there are 17,000 people. Please explain the plan to me?

Eric Hardmeyer: There are 17,000 North Dakota families or accounts, 529 is what this program is referred to nationally. 529 is a section of the IRS tax code. They are referred to the 529 Plan.

Chairman Nathe: Is there any other support for SB 2288? Any opposition to SB 2288? Seeing none. Closed the hearing on SB 2288.

2015 HOUSE STANDING COMMITTEE MINUTES

Education Committee
Pioneer Room, State Capitol

SB 2288
3/16/2015
24867

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to the development and implementation of a gap scholarship program.

Minutes:

Chairman Nathe: Reopened the hearing on SB 2288. This bill deals with the gap scholarship fund.

Rep Meier: Did we find out why the Senate took the money out?

Chairman Nathe: It all has to do with the budgets, they might have this money earmarked for something else, if we want to do this obviously they would put the money back in to fund it.

Rep Meier: The way I see this bill the money was kind of set aside to do with scholarships and I think is a very appropriate spot for this to go.

Rep B. Koppelman: I was concerned for the methodology that it would quickly deplete their fund. It would be \$5 million for year one and then \$ 10 \$11 million dollars for the next biennium. When you only have a total of \$30 million dollar to me this seems like it would end up as a general fund appropriation sooner rather than later. I don't know if that is good grounds to support this if we create another general fund liability in a couple biennium. I am reluctant to support this.

Rep. Olson: I would resist this bill as well. Those funds are currently securing risk against student loan defaults. Mr. Hardmeyer testified that they have tapped into it several times. in the tune of \$ 1 million dollars apiece to make up for these defaults. The risk is on not off when it comes to student loans. There is a lot of risk and debt out there, student loan debt is at record levels and the Bank of North Dakota seems to be attracting it in a certain way. I would be hesitant to redirect these funds this quickly. I think they should be held we should be more conservative with our risk.

Chairman Nathe: One of my concerns is the qualifications, the two income families with the \$100,000 adjustable versus a one income with \$60,000 adjustable. It leaves a question for my on how they qualify for that.

Rep Meier: I have a concern to that it sets up an ongoing expectation now for students to receive this. There is only so much in that fund and for that reason I will resist this bill.

Rep Looyen: I would agree with the past three speakers and **I will Move Do Not Pass on SB 2288.**

Rep. Olson: Seconded.

Rep Kelsh: On the concern I had on the two different standards Rep Zubke explained it and maybe he should explain it to the committee.

Rep Zubke: You simply have to draw the line someplace and when you look at incomes between single parents and dual parents and how that relates to what they have for disposable income. It is simply to draw the line someplace. There are some demographics involved when they draw those lines.

Rep Schreiber Beck: There is a quote from the introduction of the bill "You have to restore the funds" and the other part is there is no money down the road to do this. I do believe we have students that need funding in that gap. We are missing that horribly in what we do.

Chairman Nathe: There probably is a different way we can go about it.

A Roll Call Vote was taken. Yes: 9 No: 4 Absent: 0. Motion carried.

Rep B. Koppelman: will carry the bill.

Date: 3/16/15
Roll Call Vote #: 1

2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2288

House Education Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☐ Adopt Amendment
☐ Do Pass ☒ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By Rep. Looyen Seconded By Rep. Olson

Representatives	Yes	No	Representatives	Yes	No
Chairman Nathe	✓		Rep. Hunsakor		✓
Vice Chairman Schatz	✓		Rep. Kelsh		✓
Rep. Dennis Johnson	✓		Rep. Mock		✓
Rep. B. Koppelman	✓				
Rep. Looyen	✓				
Rep. Meier	✓				
Rep. Olson	✓				
Rep. Rohr	✓				
Rep. Schreiber Beck	✓				
Rep. Zubke		✓			

Total (Yes) 9 No 4

Absent 0

Floor Assignment Rep. B. Koppelman

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

REPORT OF STANDING COMMITTEE

SB 2288, as engrossed: Education Committee (Rep. Nathe, Chairman) recommends DO NOT PASS (9 YEAS, 4 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SB 2288 was placed on the Fourteenth order on the calendar.

2015 TESTIMONY

SB 2288

TESTIMONY TO THE
SENATE EDUCATION COMMITTEE

JANUARY 27, 2015

SENATE BILL 2288

ERIC HARDMEYER – PRESIDENT & CEO

BANK OF NORTH DAKOTA

I am here today to testify on behalf of Bank of North Dakota (BND) to ask your consideration for Senate Bill 2288 to establish a new scholarship program for North Dakota college students attending a North Dakota school.

BND has been involved in assisting students attend higher education since 1967 when it made the first federally insured student loan in the nation. We have helped thousands of people achieve their dream of going to college. We understand the responsibility and often times the burden of student loan debt now topping \$29,000 per borrower according to *The Project on Student Debt*. It is why we are actively engaged in working with the North Dakota's College Save program (529 plans) and the administration of the Dollars for Scholars program statewide.

It is because of this understanding that we have worked collaboratively with the North Dakota University System to develop a unique scholarship program. This program, called the ND Gap Scholarship, will help students that are "falling through the cracks" and receiving little support to pay for their college education. The scholarship is designed to assist low to moderate-income families with the financial needs for their college-bound student. It is different from the current ND state-based scholarships in that it is not a need or merit-based scholarship. Rather, it is based on the GAP between cost attendance and grants and other scholarship a student may receive.

With student loan debt continuing to increase in the United States, the scholarship is being proposed by the Bank of North Dakota and the North Dakota University System to help curb this debt.

Our goals for the scholarship program are threefold:

1. Improving access to higher education by making college more affordable, especially to low and middle income families.
2. Acting as a retention and completion tool, promoting certificate, associate or bachelor's degree completion.
3. Serving as a catalyst to reduce student loan debt burden of North Dakota resident students.

The scholarship will provide \$5MM over the 2015-2017 biennium and is estimated that it will help 800 students the first year and 1,600 the second year. Following are the specifics:

- The application for the scholarship will be the FAFSA submitted by the student and their family. This would eliminate the need for a separate application for a student to complete.
- The scholarship targets students who are from low to middle-income families which will be verified through the FAFSA. Two-income families with \$100,000 federal adjustable income or less would qualify, or one-income families with \$60,000 federal adjustable income.
- The student must maintain a 2.50 GPA.
- The scholarship would be awarded in the spring term and freshmen recipients would have to have earned a minimum of 12 credits to qualify. For sophomores, this increases by 30 credits completed to 42.
- Eligible schools include all North Dakota public, private and tribal schools.

#1

1/27/15

1/2

1

- Students with the largest GAP would be awarded first.
- An additional \$1,000 scholarship for a student graduating from college on time.
- Maximum awards of \$1,750 will be made to freshmen in the first year of the program and to both freshmen and sophomores in the second year.

Our plan is to offer this scholarship as a pilot program for the 2015-2017 biennium. The funding for this pilot scholarship would come from available funds with the North Dakota Student Loan Trust. If the results are favorable a bill could be proposed for the 2017-2019 legislature for additional funding.

North Dakota GAP Scholarship

December 8, 2014

#16

1/27/15

SB 2288

1. Improve access to higher education by making college more affordable, especially to low and middle income families.
2. Act as a retention and completion tool, promoting certificate, associate or bachelor's degree completion.
3. Catalyst to reduce student loan debt burden of North Dakota resident students.

Target

Low to middle income families. This measure is determined once @ application based on FISAP Total Income (FTI) from FAFSA, which represents the family's total income for the independent student and spouse, or for the dependent student and parents.

- Two-income household @ \$100,000 FTI income or less
- One-income household @ \$60,000 FTI income or less

Budget (SLTF funded) = \$5,000,000 for 15-17 biennium.

- Approximately 800 new awards per year for 2 years (total of 2400 payments), plus one cohort's "bonus" payment of \$1000 per 800 students for earning a degree.

2015/16 AY	2016/17 AY
Cohort 1 = 800 students	Cohort 1 = 800 students Cohort 2 = 800 students
Payment 1 cohort 1 = 800 X 1750 = 1,400,000	Payment 2 cohort 1 = 800 X 1750 = 1,400,000 Payment 1 cohort 2 = 800 X 1750 = 1,400,000 Bonus payment cohort 1 = 800 X 1000 = 800,000

Max Student Award

Beyond the 15/17 biennium, the ND Access and Completion Scholarship would require appropriated funding to continue. Under a fully funded program, a student could have the potential of earning of a maximum scholarship of \$8,000 as follows.

- \$8,000 maximum; may be less dependent on student eligibility
- Maximum of 4 payments and one bonus payment for graduating on time
- Dependent on calculated eligibility, payment may be less than maximum annual award amount.
- If calculated annual eligibility is less than full payment amount, unused portions will NOT be carried forward.

Funding Formula for Eligible Candidates = Cost of Attendance (COA) X 70% = Gap Threshold – All federal, state, institutional, private or other defined scholarships/grants = "GAP"

- The annual payment to the student may not exceed \$1,750 or the student's determined GAP, whichever is less.
- The "bonus" of \$1,000 is in addition and is based upon on-time graduation, defined as obtaining a degree within 1 year of the final eligibility payment period.

1/7

Eligibility and Application Process

- North Dakota resident who has not yet earned 1st bachelor's degree, attending fulltime
- Enrolled in a certificate or degree-granting program at a qualifying college within ND – public, tribal or private regionally accredited
 - - All NDUS institutions
 - Trinity Bible College, University of Jamestown, University of Mary
 - CCCC, FBCC, TMCC, SBC, UTTC
 - Does NOT include proprietary institutions
- Cumulative Credit Requirement – Students must meet minimum cumulative credits earned requirement prior to each payment. Summer periods of enrollment, dual credit and AP coursework credits that count toward cumulative credits at the student's institution will be considered.
 - Students must enter the program prior to earning 129 cumulative credits and prior to first bachelor's degree.
 - Bonus payment must be attained within 1 AY of final eligibility payment period (see Progress Toward Graduation).
 - NO payment for enrollment less than 12 credits >>> NOTE: students will NOT be on track to progress at 12 credits per semester. Average credits per semester to progress is 16 credits.

- Progress Toward Graduation – progress will be checked by the NDUS financial aid office at least annually, if not more frequently.
 - Uninterrupted progress – Students who are accepted into the scholarship program must maintain enrollment each semester (fall and spring) without interruption to continue receiving the scholarship. Failure to maintain enrollment will result in scholarship suspension.
 - GPA – a minimum cumulative GPA of 2.50 is required. Failure to maintain at least a 2.50 will result in scholarship suspension.
 - On-time graduation – To claim the \$1,000 bonus payment for on-time graduation, a student must graduate within one academic year of the final eligibility payment period.
- Scholarship Suspension – Once accepted into the scholarship program, students are held to a strict standard of maintaining uninterrupted progress and GPA requirements. Failure to meet the requirements results in immediate and permanent suspension from the program.
- FAFSA required annually – used to determine the criteria for “middle income” threshold limits
- Annual needs analysis required to establish “GAP”.
- Program application required – One-time application required for acceptance into the scholarship program. Once accepted into the program, students must maintain program eligibility requirements.
- Payment – To be made by the Bank of ND directly to the student via the student’s account at their institution upon verification of eligibility by NDUS. Based on Cost of Attendance (COA) X 70%, less all scholarships and grants = GAP. Awards will be determined by the NDUS financial aid office and prioritized.
- Priority funding – first to first-time freshmen, then to sophomores, juniors and finally, seniors, if funding remains.
- May not be applied to graduate programs.
 - Students in 3+2 programs wherein students move into professional or graduate coursework following the third year may continue to receive the scholarship for year 4 if all program requirements are maintained. Must not have earned first bachelor’s degree to qualify.
 - Students who earn a bachelor’s degree in year 3 and then move on to graduate studies in year 4 do not qualify.
- Appeals – Students must maintain program requirements. Failure to maintain a 2.50 GPA will not be waived through an appeal process. Uninterrupted progress toward degree completion will be considered through appeal for military call to active duty only. Students who qualify under this category must appeal to NDUS financial aid office, who will define the parameters of scholarship program continuation.

Cumulative Credit Requirements

LEVEL 1 1 st Time Freshmen (enter program @ 0-32 cr)	Annual payment #	Cum credit required for spring semester payment	Minimum cum credits earned FOLLOWIING each spring pmt.	Maximum payment amount
	1	12 cr	24	\$1750
	2	48 cr	60	\$1750
	3	80 cr	92	\$1750
	4	112 cr	124	\$1750
	1 X Bonus: Must meet graduation requirement within 1 AY of final scheduled scholarship payment.			\$1000
LEVEL 2 Sophomore (enter program @ 33-64 cr)	Annual payment #	Cum credit required for spring semester payment	Minimum cum credits earned FOLLOWIING each spring pmt.	Maximum payment amount
	1	48 cr	60	\$1750
	2	80 cr	92	\$1750
	3	112 cr	124	\$1750
	1 X Bonus: Must meet graduation requirement within 1 AY of final scheduled scholarship payment.			\$1000
LEVEL 3 Junior (enter program @ 65-96 cr)	Annual payment #	Cum credit required for spring semester payment	Minimum cum credits earned FOLLOWIING each spring pmt.	Maximum payment amount
	1	80 cr	92	\$1750
	2	112 cr	124	\$1750
	1 X Bonus: Must meet graduation requirement within 1 AY of final scheduled scholarship payment.			\$1000
LEVEL 4 Senior (enter program @ 97-128 cr)	Annual payment #	Cum credit required for spring semester payment	Minimum cum credits earned FOLLOWIING each spring pmt.	Maximum payment amount
	1	112 cr	124	\$1750
	1 X Bonus: Must meet graduation requirement within 1 AY of final scheduled scholarship payment.			\$1000

Scenario 1 - First-time freshman (LEVEL 1 scholarship) meets the income qualifications each year and graduates with an associate's degree in spring 2017 and then transfers to a 4-year institution and earns bachelor's degree in spring 2019.

2015/16 AY:

COA = $19,000 \times 70\%$ = 13,300

Pell Grant (1,500)

State Grant (1,650)

Academic Schol. (1,500)

Institutional Schol. (1,500)

Outside Schol/Grant (3,000)

GAP = \$4,150

Payment #1 = \$1,750 - awarded spring 2016

2016/17 AY:

COA = $20,000 \times 70\%$ = 14,000

Pell Grant (5,500)

State Grant (1,750)

Academic Schol. (1,500)

Institutional Schol. (1,500)

Outside Schol/Grant (1,000)

GAP = \$2,750

Payment #2 = \$1,750 -awarded spring 2017

2017/18 AY:

COA = $21,000 \times 70\%$ = 14,700

Pell Grant (5,500)

State Grant (1,850)

Academic Schol. (1,500)

Institutional Schol. (1,500)

Outside Schol/Grant (1,000)

GAP = \$3,350

Payment #3 = \$1,750 -awarded spring 2018

2018/19 AY:

COA = $22,000 \times 70\%$ = 15,400

Pell Grant (5,500)

State Grant (1,950)

Academic Schol. (1,500)

Institutional Schol. (1,500)

Outside Schol/Grant (1,000)

GAP = \$3,950

Payment #4 = \$1,750 -awarded spring 2019

Total Schol. Pmts = \$7,000

Bonus Payment = \$1,000 -awarded spring 2019 – same semester as final regular scholarship pmt.

Total Award = \$8,000

Scenario 2 ~ Sophomore (LEVEL 2 scholarship - accepted into the scholarship program with 35 cum credits earned) meets the income qualifications each year and graduates in the spring semester of payment #2 (spring 2017) with an associate degree.

2015/16 AY:

COA = $19,000 \times 70\%$ = 13,300

Pell Grant (3,000)

State Grant (1,650)

Academic Schol. (1,500)

Institutional Schol. (1,500)

Outside Schol/Grant (3,000)

GAP = \$2,650

Payment #1 = \$1750 -awarded spring 2016

2016/17 AY:

COA = $20,000 \times 70\%$ = 14,000

Pell Grant (5,500)

State Grant (1,750)

Academic Schol. (1,500)

Institutional Schol. (1,500)

Outside Schol/Grant (1,000)

GAP = \$2,750

Payment #2 = \$1,750 -awarded spring 2017

Total Schol. Pmts = \$3,500

Bonus Payment = \$1,000 -awarded spring 2017 (graduates and does not continue in next AY so remainder of scholarship (payment #3) is forfeited – interrupted progress.

However, if the student claims the bonus payment and then decides to enroll in a bachelor's program in fall 2017, the student would still be eligible for payment #3, but no additional bonus.

Total Award = \$4,500

Scenario 3 – Junior (LEVEL 3 scholarship - accepted into the scholarship program with 90 cum credits earned) meets the income qualifications each year and graduates in the fall semester of the same year the final payment is made (fall 2017).

2015/16 AY:

COA = 19,000 X 70% = 13,300

Pell Grant (5,500)

State Grant (1,650)

Academic Schol. (1,500)

Institutional Schol. (1,500)

Outside Schol/Grant (0)

GAP = \$3,150

Payment #1 = \$1750 -awarded spring 2016

2016/17 AY:

COA = 20,000 X 70% = 14,000

Pell Grant (5,500)

State Grant (1,750)

Academic Schol. (1,500)

Institutional Schol. (1,500)

Outside Schol/Grant (1,000)

GAP = \$2,750

Payment #2 = \$1,750 -awarded spring 2017

Total Schol. Pmts = \$3,500

Bonus Payment = \$1,000 -awarded fall 2017 – is still w/in 1 AY of final scheduled scholarship payment

Total Award = \$4,500

Scenario 4 – Senior (LEVEL 4 scholarship - accepted into the scholarship program with 115 cum credits earned) meets the income qualifications and graduates 1 academic year following the final, and only, payment made spring 2016.

2015/16 AY:

COA = 19,000 X 70% = 13,300

Pell Grant (800)

State Grant (1,650)

Academic Schol. (1,500)

Institutional Schol. (1,500)

Outside Schol/Grant (3,000)

GAP = \$4,850

Payment #1 = \$1,750 -awarded spring 2016

Total Schol. Pmts = \$1,750

Bonus Payment = \$1,000 - awarded in spring 2017, still w/in 1 AY of final payment semester.

Total Award = \$2,750

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1/27/2015

Aaron Weber
NDSU Student Government
SB 2288 Testimony

Chairman Flakoll, members of the committee, for the record my name is Aaron Weber. I serve as the Executive of Governmental Relations for NDSU Student Government. I represent the nearly 15,000 students of NDSU and am here today to testify in favor of SB 2288.

It undoubtedly comes as no surprise to you that the cost of attending an institution of higher education is rising. To combat this rising cost, the North Dakota Legislature has been very generous in providing ways to keep this cost low. This comes in the form of academic scholarships and needs-based grants among other things. And for these efforts we are extremely grateful.

But one reoccurring concern we hear from students on campus is how do we address the students that fall between the merit-based scholarships and needs-based grants. The students who don't do well enough academically to obtain the medium to large sized scholarships and who also don't qualify for any kind of substantial student aid. This could be caused by a number of things including family income that is not below a certain threshold or other factors. So this leaves the student in a situation where their family cannot provide funds to finance their education, but they also receive no financial aid. This leaves them with no other option than to take out student loans.

In a survey conducted by the North Dakota Student Association, 681 students responded to questions about how they finance their higher education experience. When asked if they receive any sort of financial aid to help cover their costs, 595 students or 40% said they receive no financial aid. We do not have data as to why this is, or whether or not they receive any sort of scholarships.

Enter the gap scholarship. This scholarship could solve the problems of those students who fall into that gap. The urging from students for a scholarship of this kind is something NDSU Student Government hears on a regular basis. In conclusion I would ask for support on SB 2288 and will stand for any questions the committee may have.

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SB 2288

Senate Education

January 27, 2015

Larry C. Skogen, Interim Chancellor

701.328.2974 | larry.skogen@ndus.edu

Good morning Chairman Flakoll and members of the committee. I am Larry Skogen, Interim Chancellor of the ND University System. I'm testifying in support of Senate Bill 2288.

Eric has provided you all the information you probably need in making a decision on this initiative. But I would like to provide you with a snapshot of the history of how we got to this proposal.

Many months ago now, probably up to ten months ago, Eric and I had a discussion about how North Dakotans fund their education. It was a rather open ended conversation, but we both agreed that we should try to come up with a creative way to help North Dakota students. In the meantime, I have traveled to every institution in the last 18 months and spoken to many students, particularly those in student government. One of the themes of those conversations that came through loud and clear was that North Dakota—through your efforts as legislators—has done a wonderful job of providing various sources of student aid for those students least able to pay for an education, and those students recognized for their academic skills. But in the middle, between these two groups, were students who didn't have the strongest academic credentials, and whose parents made too much money for them to qualify for needs-based scholarships.

So Eric's and my conversations—and those of our staffs—began focusing on these students in the gap between needs and merit based scholarships. We believe that the scholarship that this bill creates demonstrates a creative approach to helping North Dakota students who otherwise have to depend almost solely on student loans to fund their education. And, the great news is that as a pilot we'll be able to learn if this strategy is working at increasing retention and graduation rates for this cohort of students. I believe that we will see very positive results should this scholarship be implemented.

Thank you for your time, and we will appreciate your support of SB2288.

#1

2/4/15

PROPOSED AMENDMENTS TO SB NO. 2288

Page 1, remove lines 16 through 20

Renumber accordingly

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#1
SB 2288
3/10/15

TESTIMONY TO THE
HOUSE EDUCATION COMMITTEE

March 10, 2015

ENGROSSED SENATE BILL 2288

ERIC HARDMEYER – PRESIDENT & CEO

BANK OF NORTH DAKOTA

I am here today to testify on behalf of Bank of North Dakota (BND) to ask your consideration for Senate Bill 2288 to establish a new scholarship program for North Dakota college students attending a North Dakota school.

BND has been involved in assisting students attend higher education since 1967 when it made the first federally insured student loan in the nation. We have helped thousands of people achieve their dream of going to college. We understand the responsibility and often times the burden of student loan debt now topping \$29,000 per borrower according to *The Project on Student Debt*. It is why we are actively engaged in working with the North Dakota's College Save program (529 plans) and the administration of the Dollars for Scholars program statewide. Additionally and perhaps most importantly is our experience with offering the nation's first comprehensive student loan consolidation program (DEAL One).

It is because of this understanding that we have worked collaboratively with the North Dakota University System to develop a unique scholarship program. This program, called the ND Gap Scholarship, will help students that are "falling through the cracks" and receiving little support to pay for their college education. The scholarship is designed to assist low to moderate-income families with the financial needs for their college-bound student. It is different from the current ND state-based scholarships in that it is not a need or merit-based scholarship. Rather, it is based on the GAP between cost of attendance and grants and other scholarship a student may receive.

Our goals for the scholarship program are threefold:

1. Improving access to higher education by making college more affordable, especially to low and middle income families.
2. Acting as a retention and completion tool, promoting certificate, associate or bachelor's degree completion.
3. Serving as a catalyst to reduce student loan debt burden of North Dakota resident students.

The scholarship will provide \$5MM over the 2015-2017 biennium and is estimated that it will help 800 students the first year and 1,600 the second year. Following are the specifics:

- The application for the scholarship will be the FAFSA submitted by the student and their family. This would eliminate the need for a separate application for a student to complete.
- The scholarship targets students who are from low to middle-income families which will be verified through the FAFSA. Two-income families with \$100,000 federal adjustable income or less would qualify, or one-income families with \$60,000 federal adjustable income.

- The student must maintain a 2.50 GPA.
- The scholarship would be awarded in the spring term and freshmen recipients would have to have earned a minimum of 12 credits to qualify. For sophomores, this increases by 30 credits completed to 42.
- Eligible schools include all North Dakota public, private and tribal schools.
- Students with the largest GAP would be awarded first.
- An additional \$1,000 scholarship for a student graduating from college on time.
- Maximum awards of \$1,750 will be made to freshmen in the first year of the program and to both freshmen and sophomores in the second year.

Our plan is to offer this scholarship as a pilot program for the 2015-2017 biennium. The funding as originally proposed for this pilot scholarship would come from available funds with the North Dakota Student Loan Trust. Unfortunately, funding for this bill was removed by the Senate Appropriation Committee and the bill was passed through the Senate with no identified funding source. My recommendation is to reinstate the \$5 million of funding for this bill, if the results are favorable a bill could be proposed for the 2017-2019 legislature for additional funding.

#2
SB 2288
3/10/15

North Dakota GAP Scholarship 3.10.2015

Low and middle-income families often find it difficult to meet the financial needs of their college-bound student while student loan debt continues to rise in the United States, topping \$29,000 per borrower according to *The Project on Student Debt*. As such, the North Dakota GAP Scholarship is being proposed by the Bank of North Dakota and the North Dakota University System.

- Goals** To improve the access and completion of students attending North Dakota colleges.
- Improve access to higher education by making college more affordable, especially to low and middle income families.
 - Act as a retention and completion tool, promoting certificate, associate or bachelor's degree completion.
 - Catalyst to reduce student loan debt burden of North Dakota resident students.

- Target** Low to middle-income families. (Verified only once during the initial application process. Based on FISAP Total Income (FTI) from the FAFSA, which represents the family's total income.)
- Two-income household @ \$100,000 FTI income or less.
 - One-income household @ \$60,000 FTI income or less.

What is different about the North Dakota GAP Scholarship?

- This scholarship helps qualifying low and middle-income families cover up to 70% of the entire cost of the student's attendance with non-repayable funds.
- Encourages students to complete their education and rewards the students who accomplish that goal.
 - ND ranks #16 in credential or degrees awarded per \$100,000 of education & related expenditures for total public colleges in the U.S. (Dr. Larry C. Skogen, NDUS Interim Chancellor (May 20, 2014), *NDUS Retention Summit 2014 [PowerPoint slides].*)
- To retain eligibility for the scholarship, the student must maintain continuous enrollment at levels that result in degree completion in a timeframe that exceeds national averages.
 - Based on cohort year 2007, 55.2% students graduate within 150% of normal time at 4-year institutions. (U.S. Dept. of Education, NCES, IPEDS, *Graduation Rates*)
- Goes beyond the benefit of established state need-based grants and merit-based scholarships and fills a defined "GAP" after all federal, state, institutional, private and other defined grants or scholarships are first considered.

- Budget** \$5,000,000 for 2015/2017 biennium. Funded by the North Dakota Student Loan Trust.
- Approximately 800 new awards per year for two years (total 2,400 payments), plus one cohort's "bonus" payment of \$1,000 per 800 students for earning a degree.

2015/2016 AY	2016/2017 AY
Cohort 1 = 800 students	Cohort 1 = 800 students Cohort 2 = 800 students
Payment 1 Cohort 1 = 800 X \$1,750 = \$1,400,000	Payment 2 Cohort 1 = 800 X \$1,750 = \$1,400,000
	Payment 1 Cohort 2 = 800 X \$1,750 = \$1,400,000
	Bonus payment Cohort 1 = 800 X \$1,000 = \$800,000

Budgeting Beyond 2015/17

Beyond the 2015/2017 biennium, the North Dakota GAP Scholarship will require appropriated funding to continue.

- A student could earn a maximum scholarship of \$8,000. This would consist of four annual payments (maximum of \$1,750 each) and one bonus payment (\$1,000) for graduating on time.

- Cost for 2017/2019 biennium is estimated at \$11.4 million and \$12.8 million thereafter.

Eligibility

- North Dakota resident who has not yet earned first bachelor's degree, attending fulltime with a 2.5 minimum GPA.
- Enrolled in a certificate or degree-granting program at a qualifying college within North Dakota – public, tribal or private regionally accredited.
- Cumulative credit requirement – students must meet minimum cumulative credits earned requirement prior to each payment to remain eligible for the program.

SB 2288

House Education

March 10, 2015

Larry C. Skogen, Interim Chancellor

701.328.2974 | larry.skogen@ndus.edu

Good ~~morning~~ ^{afternoon} Chairman Nathe and members of the committee. I am Larry Skogen, Interim Chancellor of the ND University System. I'm testifying in support of Senate Bill 2288.

Eric has provided you all the information you probably need in making a decision on this initiative. But I would like to provide you with a snapshot of the history of how we got to this proposal.

Many months ago now, probably up to ten months ago, Eric and I had a discussion about how North Dakotans fund their education. It was a rather open ended conversation, but we both agreed that we should try to come up with a creative way to help North Dakota students. In the meantime, I have traveled to every institution in the last 20 months and spoken to many students, particularly those in student government. One of the themes of those conversations that came through loud and clear was that North Dakota—through your efforts as legislators—has done a wonderful job of providing various sources of student aid for those students least able to pay for an education, and those students recognized for their academic skills. But in the middle, between these two groups, were students who didn't have the strongest academic credentials, and whose parents made too much money for them to qualify for needs-based scholarships.

So Eric's and my conversations—and those of our staffs—began focusing on these students in the **gap** between needs and merit based scholarships. We believe that the scholarship that this bill creates demonstrates a creative approach to helping North Dakota students who otherwise have to depend almost solely on student loans to fund their education. And, the great news is that as a pilot we'll be able to learn if this strategy is working at increasing retention and graduation rates for this cohort of students. I believe that we will see very positive results should this scholarship be implemented.

Thank you for your time, and we will appreciate your support of SB 2288.

Aaron Weber
NDSU Student Government
SB 2288 Testimony

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SB 2288
3/10/15

Chairman Nathe, members of the committee, for the record my name is Aaron Weber. I serve as the Executive of Governmental Relations for NDSU Student Government. I represent the nearly 15,000 students of NDSU and am here today to testify in favor of SB 2288.

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But one reoccurring concern we hear from students on campus is how do we address the students that fall between the merit-based scholarships and needs-based grants. The students who don't do well enough academically to obtain the medium to large sized scholarships and who also don't qualify for any kind of substantial student aid. This could be caused by a number of things including family income that is not below a certain threshold or other factors. So this leaves the student in a situation where their family cannot provide funds to finance their education, but they also receive no financial aid. This leaves them with no other option than to take out student loans.

In a survey conducted by the North Dakota Student Association, 1,493 students responded to questions about how they finance their higher education experience. When asked if they receive any sort of financial aid to help cover their costs, 595 students or 40% said they receive no financial aid. Of those same 1,493 respondents, 495 or 33% said they receive no scholarships.

Enter the gap scholarship. This scholarship could solve the problems of those students who fall into that gap. The urging from students for a scholarship of this kind is something NDSU Student Government hears on a regular basis. In conclusion I would ask for a Do Pass on SB 2288 and will stand for any questions the committee may have.