

2019 HOUSE EDUCATION COMMITTEE

HB 1536

2019 HOUSE STANDING COMMITTEE MINUTES

Education Committee
Coteau A Room, State Capitol

HB 1536
2/4/2019
32124

- Subcommittee
 Conference Committee

Committee Clerk: Bev Monroe by Donna Whetham

Explanation or reason for introduction of bill/resolution:

Relating to legislative authority to set tuition and fees at institutions under the control of the state board of higher education

Minutes:

Attachment 1, 2, 3

Vice Chairman Cynthia Schreiber-Beck: Opened the hearing on HB 1536. Any other in support?

Rep. Kim Koppelman: In support of HB 1536. I urge a do pass. (See Attachment 1) 1:45-4:22

Vice Chairman Cynthia Schreiber-Beck: Any questions?

Rep. Hoverson: Would the tuition be voted on every other year, is that what you mean by legislative assembly for all the colleges?

Rep. Koppelman: The way it worked before when we passed the budgets for Higher Education as part of that we set the tuition. That came as a back and forth collaborative discussion as I recall. The board of institutions has input in this model. I encourage your committee to do whatever you would like to find out exactly it worked.

Rep. Ron Guggisberg: Did you talk to Higher Education and see how much tuition has gone up and how do we compare to other states? A lot of times when there is a tuition increase the students voted on that and wanted that increase. 5:50-6:12

Rep. Koppelman: I am not sure about the last part, at times students have endorsed things that cost money. A lot of students don't recognize the cost of their education until they are trying to pay student loans over years even decades. We did discuss this a few years ago about the other states. I think we shouldn't look at other states. We have 11 institutions for not very many people in our state.

Rep. Mary Johnson: Can you tell us how the Higher Ed budget works with the tuition element. 8:40

Rep. Koppelman: I am not an expert in that, but I would encourage you to talk to Rep. Delzer or someone who is involved with that process. I think it was a collaborated process. end 10:05

Vice Chairman Cynthia Schreiber-Beck: Any additional questions? What percentage of the student loans is actually tuition?

Rep. Koppelman: The bill doesn't address that but I think that is something worth looking at. End 11:00

Vice Chairman Cynthia Schreiber-Beck: When you talk about student loans we are talking even beyond what it costs for some meal plans and some fees, we are talking cars, cell phones. No body regulates student loans. What are the student loans for?

Rep. Koppelman: I agree. I do know a decade ago student loans were not the burdern they are now. I think tuition is a piece and other things are part of them too. 11:45 -12:25

Vice Chairman Cynthia Schreiber-Beck: Any additional questions? Any other in favor? Any opposition?

Tammy Dolan, Vice Chancellor, North Dakota University System: In opposition to HB 1536. (See Attachment 2) 13:20 - 20:00

Vice Chairman- Cynthia Schreiber-Beck: Any questions?

Rep. Pat D. Heinert: You were talking about the blending fees an tuition, what kind of fees are blended into the tuition side and if those fees went away?

Tammy Dolan: Some of the fees would be for programs such as a lab fee for science. For the most part we have eliminated them. Where it made sense we blended those fees and they have gone away if the institutions have adopted the model. All institutions will be adopting it by the fall of 2019. There were hundreds of fees added on and most of those are gone. It is much more helpful to know what the actual cost is. end 21:50

Rep. Andrew Marschall: I had a scholarship about 36 years ago when I went to NDSU from the National Guards of \$4000, which paid for books and tuition. Online the tuition now is a little over \$8000 a year and out of state \$19,000. Compared what I paid 36 years ago. That is over an 800% increase. I don't see the justification for it.

Tammy Dolan: Just general inflation across that time period has a lot to do with the price differential.

Rep. Daniel Johnston: Back when the legislature set the rate, was there ever a time when a University was not able to cover their cost or when it was too high for market conditions?

Tammy Dolan: We need to do some research to give you any information on that. 23:45

Rep. Ron Guggisberg: Are we about average for our tuition rates?

Tammy Dolan: In our research our prices are lower than their regional counterparts. In our two year institutions we are higher than regionally. Compared to our contiguous states, we are lower in all categories. end 24:57

Vice Chairman Cynthia Schreiber-Beck: Do you have any charts that would show us percentage of increases over time?

Tammy Dolan: We did present a lot of that to Interim Higher Education committee we can bring them to you.

Vice Chairman Cynthia Schreiber-Beck: Numbers and percentages on our tuitions and maybe some information on what student loans are spent for if there is any out there.

Tammy Dolan: The rates are all the bases of the North Dakota rates. The base rate that we always work on setting is that in state rate.

Vice Chairman Cynthia Schreiber-Beck: Continue with opposition testimony.

Dr. Larry Skogen, President, Bismarck State College: (See Attachment 3) I recommend a Do Not Pass on HB 1536. I will respond to a few questions asked of me recently. End 37:25

Vice Chairman Cynthia Schreiber-Beck: Any questions?

Rep. Daniel Johnston: Do you think we should privatize BSC?

Dr. Skogen: I would not be in favor of that.

Vice Chairman Cynthia Schreiber-Beck: When we talk about the cost of education we then to think Virtual education is less expensive, could you comment on that?

Dr. Skogen: end continue with There's been an argument now that you don't need brick and mortar for schools because you can just do it all online. I don't buy that. The Western Governors University has been doing a marvelous job and they are really on line. They still have a campus, they still need faculty and IT to do this. At some point we will quit talking about online and on campus. My view as an educator it will just be education, some of it is online and some will be on campus. Every student learns differently. 40:30

Vice Chairman Cynthia Schreiber-Beck: From a cost standpoint is the virtual or online education in comparison to campus less expensive?

Dr. Skogen: No I think the development of good online programing is more expensive that development of programming in the classroom. We have unbelievable simulations online and any student in the world could access that. That is very expensive. end 42:15

Vice Chairman Cynthia Schreiber-Beck: Any further opposition? Any neutral testimony?

Dr. Doug Darling, Lake Region State College: I too was a student in the University system about 35 years ago and at that time the tuition was the same at every campus. The cost to operate the Universities are extremely different. Prior to 1999, the legislature was setting caps on the amount of the increase. I came to Lake Region in 1988 and have been there since. The ability to be nimble on the student fee side is important. We have worked hard to keep the cost down for students, sometimes the students want to pay a fee to keep a certain program open. Examples of fees for programs. 43:50-

Vice Chairman- Cynthia Schreiber-Beck: Any additional neutral testimony?

Chancellor Mark Hagerott, North Dakota State College of Science: About the two-year Community colleges, their tuition is higher but also two of our Community colleges are ranked in the top 25 in the United States out of 1100 colleges. Just to point that out.

Vice Chairman- Cynthia Schreiber-Beck: Any other neutral testimony? Seeing none. Closed the hearing on HB 1536.

2019 HOUSE STANDING COMMITTEE MINUTES

Education Committee
Coteau A Room, State Capitol

HB 1536
2/12/2019
32567

- Subcommittee
 Conference Committee

Committee Clerk: Bev Monroe

Explanation or reason for introduction of bill/resolution:

Relating to legislative authority to set tuition and fees at institutions under the control of the state board of higher education

Attachment 1

Rep. LaurieBeth Hager – I Move a Do Not Pass.

Vice Chairman Cynthia Schreiber-Beck: Seconded.

Chairman Owens: Any discussion?

Rep. Andrew Marschall: I'm in agreement with the bill. The Legislature should take back setting the tuition. The schools have over exceeded setting the tuition. From when I was in school until today, tuition has gone up 900%-1000%. I don't buy their justification for it. I am totally in agreement with this bill and recommend a do pass. I resist the current motion.

Rep. Daniel Johnston: Did we get any information when the legislature set the rates about it not working – the what ifs and some of the questions that were asked at that time.

Vice Chairman Cynthia Schreiber-Beck: That was sent by Tammy Dolan from Higher Ed to us.

Rep. Michelle Strinden: I thought one of the helpful points was made by the Lake Region State College president. He referenced that in the peace training officer program, the cost of ammunition had tripled at one point in time, so he works hard to keep the cost down, but when things like that happen he was asking for flexibility relating to that type of situation.

Rep. LaurieBeth Hager: I think with the Legislature meeting every other year, I don't think we can be responsive quickly enough to deal with dynamic changes and fluctuations in tuition. Not only in our state, but with WICHI (sp.) agreements and agreements with other states does this happen. Right now we are dealing with South Dakota offering free tuition to North Dakotans. Now we are going to wait two years to address that, whereas the State Board of Higher Education meets monthly so those tuition changes or finance changes can be met by the experts in the different areas.

Chairman Owens: That was Ms. Dolan's argument – market factors.

Rep. Brandy Pyle: According to Tammy Dolan's testimony, we are only talking about 25% of the entire budget. That comes from the funds that we provide and that is for the credit hours that we reimburse them for? Is that correct? Then, 50% is actually from the other services they provide – the dining halls, resident halls, grants, donations and other local funds to cover the cost of operating the institutions.

Vice Chairman Cynthia Schreiber-Beck: Legislatively, there have been a number of bills that have limited tuition versus setting tuition. I think we need to keep in mind that this legislative body has done something every session related to tuition, but we are not setting it, we are limiting it by so much percentage. My question to Mr. Marschall is - how do you propose that this be done? Is this a committee structure – how would you do this?

Rep. Andrew Marschall: I would look at seeing how we did it in the past and try to come up with a similar solution. Holding the rate of tuition equal to the rate of inflation, which has gone up 900%-1000% is unbelievable. Something has to be done.

Rep. Brandy Pyle: I think we are training our future generations for careers that don't even exist. With the technology advances in the computer requirements, computers are not one time expenses, usually those are updated every 5-7 years. We, ourselves are looking at new technology in two years for our iPads and our computers because of those technology advances. Then you have your programming and annual fees to be able to use the system. Those are not cheap. Just with the technology piece, it has become that expensive for the students to get through the system. It isn't only inflation, but everything has to be updated every once in a while.

Rep. Daniel Johnston: I see this as more of an attempt to grab the bull by the horns. Every session we hear the call for free college and that's largely due to the fact that student loan debt is increasing. Students are coming out of college with more debt than they can handle and the jobs aren't there. I would resist this motion – I think we control the purse. The idea that the State Board of Higher Education meets so often isn't exactly reassuring to me.

Rep. Brandy Pyle: I question the comment that the work isn't there. We have a workforce shortage and that is our overall theme and one the things the Governor is attempting to assist with. There are opportunities to get ahead. With some of the options, for example, my bill for dual-credit, would make it a little more cost effective for getting parents and students ahead of the curve. When they get to the higher level institutions, they already have credit hours paid for and they can get through the system with less debt. This is a terrible idea. If NDSU will mess up their own tuition and make it impossible for their students, then they are going to fail on that matter.

Rep. Daniel Johnston: This isn't the free market; these are public institutions.

Vice Chairman Cynthia Schreiber-Beck: Let's separate student loan debt from tuition. Very little student loan debt is from tuition. Tuition in my estimation isn't a huge percentage of it – living costs for sure.

Rep. Daniel Johnston: I don't think you can make the case dogmatically that rising student loan debt doesn't correlate with rising tuition. I think that they go hand in hand until I see something else that tells me otherwise.

Chairman Owens: The Legislature used to do this and it was changed. Could you give us an idea of why it was changed to begin with, Rep. D. Johnson?

Rep. Dennis Johnson: There has been this debate between the Board of Higher Ed and the Legislature on who is going to set the tuition. We have had colleges coming in individually for their campus's funding. The comment the other day about the two larger colleges getting the lions share and the other nine a blood bath for the scraps is why we have gone in the direction we are now. There are people there who deal with this on a monthly basis.

Chairman Owens: In 2015, we did cap tuition at 2 ½%. The issue is that we did allow fees to be rolled into there after the fact. It gives the impression of looking higher. The student loan situation isn't only about tuition, it's about clothing, food, transportation, housing, etc. Any other comments? A **Roll Call Vote** was taken: **Yes 11, No 3, Absent 0.** A **Do Not Pass Motion carries.** **Rep. Heinert** will carry HB 1536.

Attachment 1 was handed out to committee. No testimony was given.

2019 HOUSE STANDING COMMITTEE MINUTES

Education Committee
Coteau A Room, State Capitol

HB 1536
2/13/2019
32656

- Subcommittee
- Conference Committee

Committee Clerk: Bev Monroe

Explanation or reason for introduction of bill/resolution:

Relating to legislative authority to set tuition and fees at institutions under the control of the state board of higher education

Minutes:

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Chairman Owens: In reading this bill over, what it actually says is ‘extending through all grades up to and including school of higher education except that the Legislature may authorize tuition fees and service charges to assist in the financing of public schools and higher’. It doesn’t say that they are responsible for it, it says that they may authorize tuition. I personally question this as to whether that is being interpreted that the Legislature must set tuition. I read as they can authorize the charging of tuition and then the schools can set it. We used to do it at the legislature before my time, but they changed it.

This committee voted a Do Not Pass, 11-3-0, with Rep. Heinert carrying it. I offer one last time to you that information whether or not you want to consider a motion whereby we review our actions. Is there anyone who wishes to offer that motion? No one wants to reconsider? Then the bill is going forward as you have already decided.

Date: 2-12-19
Roll Call Vote #: 1

**2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1536**

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. B. Hager Seconded By Rep. Schreiber-Beck

Representatives	Yes	No	Representatives	Yes	No
Chairman M. Owens	✓		Rep. Guggisberg	✓	
V. Chair. Schreiber-Beck	✓		Rep. Hager	✓	
Rep. Heinert	✓				
Rep. Hoverson		✓			
Rep. D. Johnson	✓				
Rep. M. Johnson	✓				
Rep. Johnston		✓			
Rep. Longmuir	✓				
Rep. Marschall		✓			
Rep. Pyle	✓				
Rep. Strinden	✓				
Rep. Zubke	✓				

Total (Yes) 11 No 3

Absent 0

Floor Assignment Rep. P. Heinert

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

REPORT OF STANDING COMMITTEE

HB 1536: Education Committee (Rep. Owens, Chairman) recommends **DO NOT PASS** (11 YEAS, 3 NAYS, 0 ABSENT AND NOT VOTING). HB 1536 was placed on the Eleventh order on the calendar.

2019 TESTIMONY

HB 1536

HB 1536
2-4-19
#1



North Dakota House of Representatives

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Committees:
Caucus, Chairman
Critical Subdivisions

Testimony in Support of House Bill 1536

House Education Committee Feb. 4, 2019

Mr. Chairman and Members of the Committee:

It's a pleasure to be before you today to bring you House Bill 1536 and to urge its passage.

This bill would return us to the practice which existed throughout most of our state's history--that of the Legislature setting the rates of tuition at our publicly owned, taxpayer funded institutions of higher education.

We often hear about the struggles of students and recent graduates to deal with high tuition rates and with student loan debt. When we are encouraged to do something about that, as a matter of public policy, the "fix" is usually a proposal to forgive student loan debt, or something similar, at the taxpayers' expense. We focus upon the symptom, rather than the disease.

The question of why tuition is so high is seldom raised. The concept of lowering tuition or controlling its rapid growth is seldom discussed. It is time that the people's elected representatives in the Legislature, once again, have that discussion.

The Legislature gave the authority to set tuition rates away with the "Higher Education Roundtable" legislation several years ago. I supported that legislation. The theory was that we were "giving flexibility in return for accountability". We gave the flexibility... (I'll let you complete the thought).

Our institutions of higher education in North Dakota do an excellent job but we, in the Legislature, have a responsibility to control the cost of education, just as we do the other costs of government, and to seek to lessen the financial burden with which our students graduate. House bill 1536 is an important step toward living up to our Constitutional responsibility and, in consultation with those Institutions, doing just that.

Mr. Chairman and members of the Committee, I urge your favorable consideration of House Bill 1536 and that you give it a "do pass" recommendation.

HB 1536
2-4-19
#2
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House Bill 1536

House Education Committee

February 4, 2019

Tammy Dolan, Vice Chancellor for Administrative Affairs

701.328.4116 | tammy.dolan@ndus.edu

Chair Owens and Committee Members: My name is Tammy Dolan and I am here today to express the NDUS concerns with House Bill 1536. The bill will remove the State Board of Higher Education's (SBHE) ability to set tuition rates and fee levels for the 11 NDUS institutions. Rather, these would now be set by the Legislative Assembly.

Currently, the SBHE establishes tuition rates annually, in conjunction with the institutions' annual budget preparation. Rate recommendations are prepared by the institutions and System Office and thoroughly vetted by the SBHE Budget & Finance Committee before presentation to the full board. Rates must comply with both SBHE policy and any legislative direction included in the biennial appropriations bill. A similar process is followed for establishing fee pricing.

The annual rate setting process, which would be eliminated by HB1536, is critical for institution financial stability. Institutions must be nimble and adapt to changing market conditions, enrollment levels, competitor pricing and other factors. HB1536 would have institutions to establish prices once every two years. Market conditions are constantly changing; they do not follow a biennial schedule. As a result, institutions may be locked into a tuition and fee rate structure that could negatively impact their ability to cover costs for a two-year period. Conversely, tuition and fees may be established too high for market conditions. Enrollment could be negatively impacted which would in turn decrease the institutions' bottom line. Maintaining the current SBHE authority would allow institutions to adapt and establish the necessary pricing levels in a more timely manner.

The Legislative Assembly has at times established tuition increase caps through Session Law. These are different than the changes proposed in HB1536. This bill would set the actual price charged to a student. The tuition rate increase caps only limited the percent by which tuition rates could increase in each year of the biennium. While more palatable, even the increase caps affected the institutions' ability to set pricing in accordance with market conditions.

HB 1536
2-4-19
#2
P2

In fact, the caps established in 2015 delayed the NDUS' plan to improve cost transparency for students by implementing a new tuition model. The NDUS began work in 2014-15 to create a more transparent pricing structure by blending most fees into tuition and developing program rates for certain high-cost programs. The 2015 tuition rate cap was 2.5% per year. Since blending fees into tuition appeared like a tuition increase, even though equivalent fees were reduced and actual price did not change, the new tuition model could not be implemented. Thankfully, the 2017 Legislative Assembly provided more flexible tuition increase caps that allowed for blending of fees into tuition. As a result, two institutions adopted a new model Fall 2018 (mid-biennium), with the remaining institutions moving in Fall 2019. Had the tuition increase caps not been in place, the new, more transparent model could have been implemented 3 – 4 years earlier.

Consider a three-legged stool. Each of the legs needs to be balanced for the stool to function properly. Funding needed to operate the NDUS – approximately \$2.5 billion per biennium – comes from three sources. The state general fund provides approximately 25%. Self-funded auxiliary services (dining and residence halls), grants, donations and other local funds comprise 50%. The final 25% is derived from tuition revenue. Limiting the ability for institutions to control tuition pricing – one of three critical legs in the overall funding structure – could create an imbalance and place undue pressure on the other two legs. This could have a negative impact on institution operations and the quality of education.

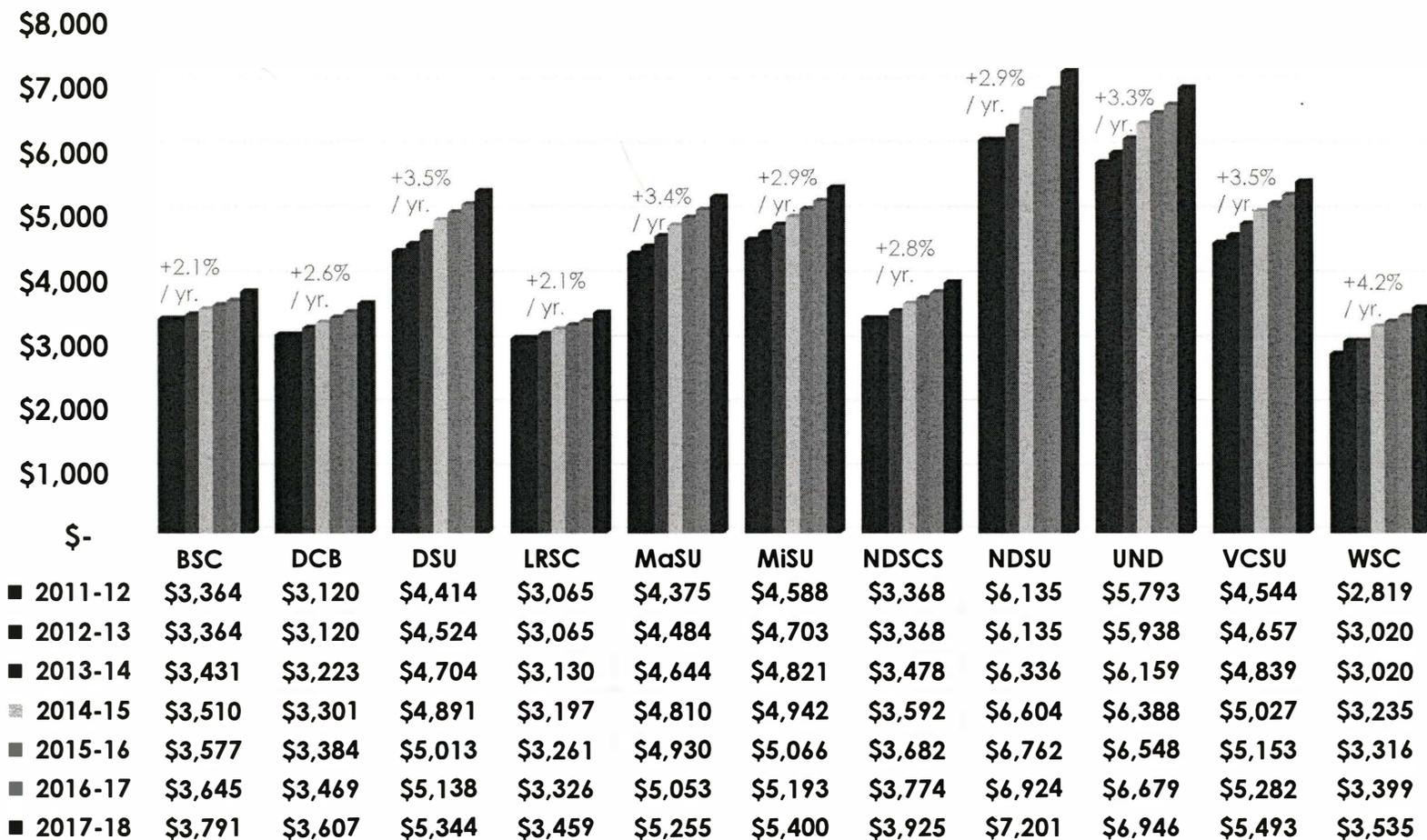
In conclusion, establishing tuition rates biennially is like a business setting prices every two years, with the ability to adapting to changing market conditions when needed. Soon the revenues to operate the business will not be adequate to cover expenditures. This imbalance could negatively impact the business' ability to operate effectively and efficiently. That is not a sound business structure for any business and is similarly unsound for institutions of higher education.

For these reasons, I respectfully request a **Do Not Pass on HB1536** and am available to answer your questions.

Thank you.

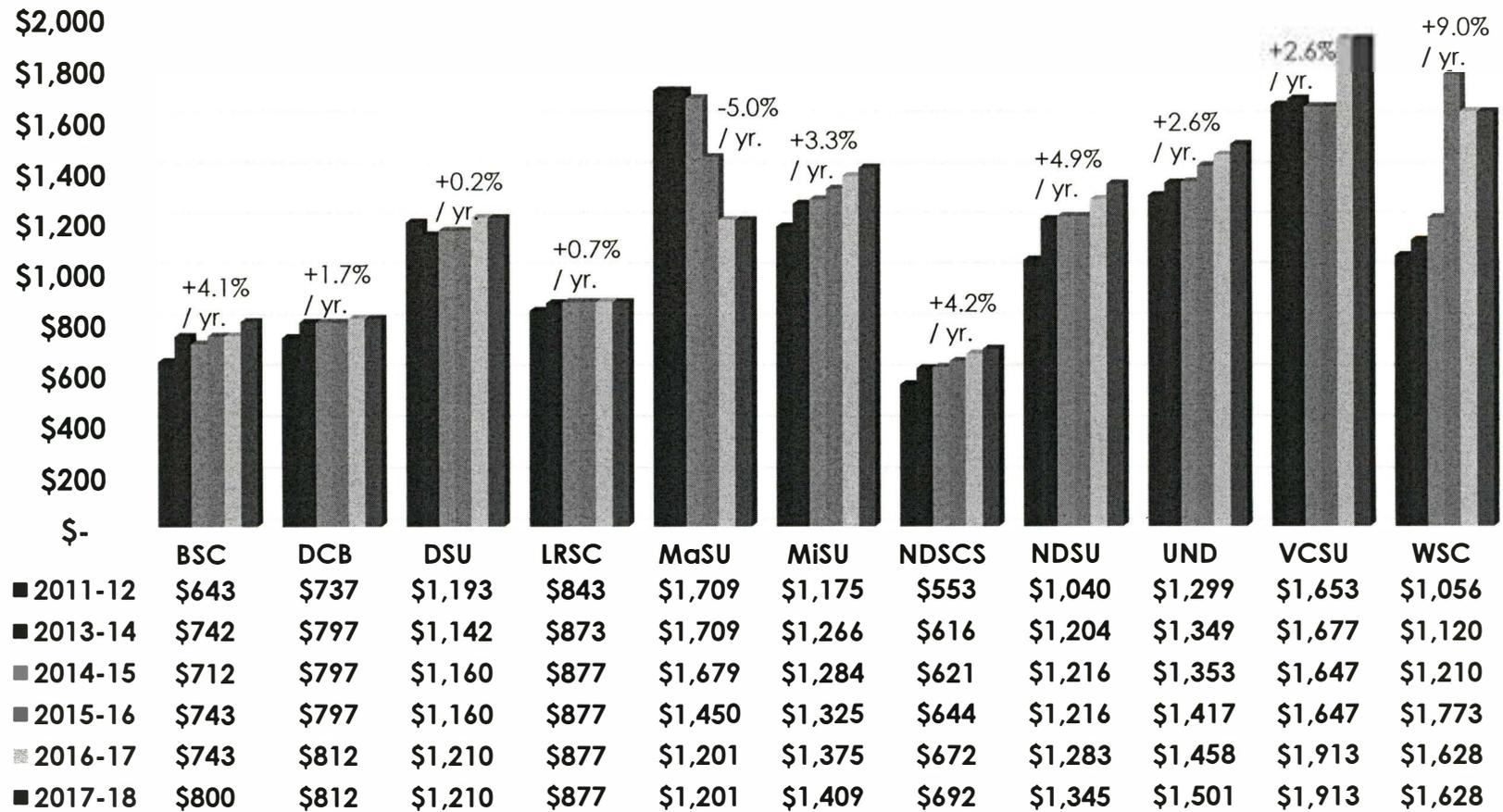
NDUS Tuition Rate History

- Academic Year, 30 Credits



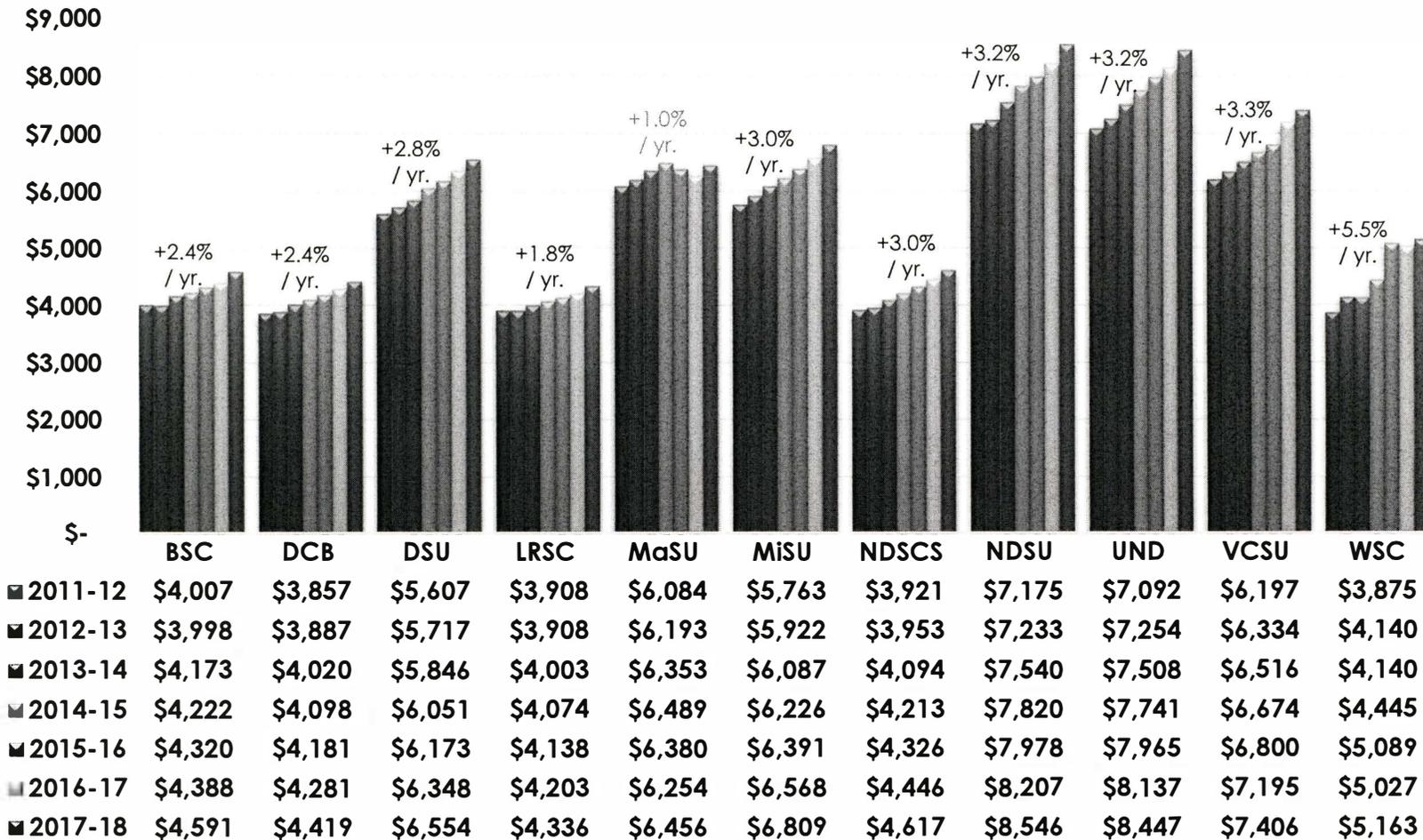
NDUS Mandatory Fee History

- Academic Year



NDUS Tuition & Mandatory Fee History

- Academic Year



HB1536
2-4-19
#2
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Tuition

Legislative Tuition Increase Cap History

Biennium	Legislative Bill	Tuition Increase Limits (per year)	
2017-19	SB2003	4.0%	Limit applies to ND resident students. Increases for Graduate, nonresident, & reciprocity agreements were not limited.
2015-17	HB1003	2.5%	Limit applies to all institutions except SoMHS and reciprocity agreements.
2013-15	SB2003		No tuition increase limits.
2011-13	HB1003	0.0%	2-year institutions tuition freeze.
2011-13	HB1003	2.5%	4 year and institutions and SoMHS.

Tuition rates are approved by the SBHE annually.

Mandatory Fees

Mandatory Fees vary by institution and can be comprised of:

1. Student Fee – Support activities for the benefit or enrichment of students or recognized groups of students. Components may include:
 - a. Student Government Activity Fee – Supports student government and other student organizations, such as drama, music field trips and student publications. Requires a vote of the student body or its elected representative body. Funds raised are administered by the student government.
 - b. University/College Fee – Supports activities that benefit the student body, including debt retirement, student union operations, athletics and placement services. Amount established by the institution president, with notification to the student government body and allowing time for input.
2. Technology Fee – Covers networking or other technology purposes such as acquisition of technology & software, infrastructure, technology support staff, and training. Institutions must establish procedures allowing for student input concerning the fee amount and use of fee revenue.
3. NDSA Fee – Supports the ND Student Association, which represents all 11 institutions and the related student government organizations.
4. Connect ND Fee – Supports the administrative, financial and student information systems support

Institution presidents approve the Student Fee and Technology Fee. The Chancellor approves the NDSA and Connect ND fee amounts. These are reported & approved by the SBHE annually.

HB 1536
2-4-19
#3

Mr. Chairman and members of the committee,

I am Larry Skogen and it's my great fortune to be president of Bismarck State College. I'm here to testify in opposition to HB 1536 and, in a large sense, I'm here testifying on behalf of the students of Bismarck State College and the rest of the institutions.

I'm not a legal attorney or scholar, therefore I'll not offer an expert opinion on the constitutionality of this proposed legislation. As you know, over the past few biennia, the legislative assembly has capped potential tuition increases. In fact, at BSC under those restrictions, we've managed a few years to actually not even reach the cap, thus the caps have been inoperative restrictions for us. But beyond caps, this proposed legislation requires the legislative assembly actually to set these tuitions. But as I said, I'll let the legal folk address the constitutionality issues of this proposed legislation.

Rather, my area of "expertise," if you will, is about how we make decisions about tuition and fees.

We at BSC do not take lightly the discussions of tuition increases. Unlike many other state government entities, who are funded almost entirely from state appropriations, we in higher education have a "user" portion to our business model. That is, those who use our services, the students, pay a portion of the operation of the

HB 1536
2-4-19
#3

institutions. How is the legislative body going to set tuition at all eleven institutions? Is it going to be the same tuition rate for all eleven?

Tuition is very complex and operates differently at each institution. There are differences in dual credit courses, and out-of-state and in-state tuition based on geographical areas and niches within the institution. For example, will all campuses give the same discounted rate for Canada that MiSU does or discounted rates for South Dakota that NDSCS does? BSC has an energy niche and students are located throughout nearly every state, as well as globally. For these students, we charge a distance fee for on-line students. Will all campuses charge the same distance fee for their students? Or, will the legislative assembly have to review the demographics for every campus to establish rates for each institution?

In other words, will this body determine a different rate for each institution, as is now done by the State Board of Higher Education? Will this body know for each successive next two years what will be the student portion to operate each institution and how timely would these decisions be made? For example, in December, South Dakota changed its tuition structure that affected NDSCS and NDSU students, and NDSCS President John Richman and NDSU President Dean Bresciani argued for the need to make changes to the NDSCS and NDSU tuition structure immediately. How would this new process be able to respond

promptly to such a challenge? As you know with business, you cannot wait two years to make a change.

Under this new mandated process, what input will the institutions have in ensuring that this body is aware of all the parameters and complex dynamics that go into tuition setting? At BSC, as well as the other institutions, tuition is set once we know things like salary increases, health insurance rates, utility rates, retirement contributions, major personnel changes, and so on. Once all that is calculated, if an institution doesn't believe that it needs a higher tuition increase—as has been BSC's situation in some past years—then there is no increase, but under this bill an increase or adjustment would be set by this body. So how is all that going to work? These are all very weighty questions.

And then there are fees associated with our business model. There are student fees, college fees, technology fees, North Dakota Student Association fees, Distance Learning fees, course fees, parking fees, user fees, and more. Many of the fees require direct interaction with the students. Let me provide one example: When BSC students were interested in a more robust wellness facility than provided by our gymnasium, I began discussions with our local Park District whose Board members were looking for a place to build a new aquatics center for Bismarck. I knew BSC could not afford to build its own wellness

center, let alone an aquatics center, but I had land upon which such a center could be built. I approached the BSC student government to get input into whether or not students would conceptually support a wellness and aquatic center, and if so, would they then support its operations with a wellness fee? Overwhelmingly, the students loved the idea, supported that idea with a vote, and today swim and workout in the beautiful BSC Wellness and Aquatics Center on our campus. How would institutions make such campus under the proposed legislation?

There are other fees, too, such as technology fees, that tie directly to providing students with the best networking, for example, that might be bonded in order to develop required infrastructure. For even these fees, we greatly value—and I might add, the State Board of Higher Education requires—student input into these discussions.

Moreover, I cannot even begin to count the number of times that folk, both in this body and outside of it, have said to me that we need to run institutions like businesses. We at Bismarck State have certainly taken that to heart and have developed national and international relationships to generate revenue for our “business.” If you agree that we should run institutions like businesses, would you also agree that Congress does not set the price of the Big Mac at McDonald’s?

HB 1536
2-4-19
#3

But, as I stated at the outset, my testimony is mostly about the students and the part that they play in setting fees. At BSC, we discuss with the Student Government Association the need or rationale behind any increase to get their input. This legislation is completely silent on how to get the students involved in these important decisions.

My experience has been that the State Board of Higher Education has been very deliberate in its requirement that students participate in the discussions and decisions about fees, and BSC has responded very deliberately and effectively in working with students to that end. Thus, for our students' participation in the management of the individual institutions, I recommend a Do Not Pass on HB 1536.

Thank you for your time.

DRAFT Testimony
HOUSE BILL NO. 1536
Education Committee
February 11, 2019

Chairman Owens and members of the Education Committee:

The Valley Prosperity Partnership (VPP) is an initiative led by business executives to advance and advocate for common strategic economic development opportunities for the Red River Valley region and for North Dakota.

Universities and colleges play a vital role as engines of innovation, productivity and economic vitality and diversification. North Dakota's universities and colleges educate students for careers, bring potential workers to the state, train workers, and prepare and support people for entrepreneurial pursuits.

Higher education is changing rapidly. Business leaders from the VPP have considerable experience in leading in changing times. That's why the VPP supports more autonomy in decision-making for the state's universities and colleges. Higher education is too complex and too big to be hamstrung by decision making models and timeframes in which sometimes even the simplest of programmatic decisions demand a months-long bureaucratic process.

Therefore, as business leaders in the Red River Valley we stand in opposition to transferring authority to set tuition and fees at institutions under the control of the state board of higher education to the legislature. Instead, we support giving more decision-making autonomy to the universities and colleges to meet the needs of the private sector, based on their institutional priorities and capabilities.

The outcomes for our colleges and universities of more autonomy in setting tuition include, but are not limited to:

- Allowing competitively priced tuition relative to other states, particularly in differentiated programs such as aviation, engineering, medicine, nursing and business.
- Flexibility to differentiate and deliver on their distinctive value propositions in an environment where competition for students has intensified as the number of high school graduates in the region is declining.

Our local, state, and regional economies need more nimble universities and colleges to meet the needs of employers in all sectors of the economy. Transferring the authority to set tuition to the legislature, which meets every two years, will not foster the capacity of our universities and colleges to respond to changing workforce needs in a timely and forward-looking manner.