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2003 HOUSE EDUCATION нв 1356

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2003 HOUSE STANDING COMMITTEE MINUTES BILL/RESOLUTION NO. HB 1356 House Education Committee

☐ Conference Committee

Hearing Date February 3, 2003

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Minutes: Chairman Kelsch opened HB 1356

Rep. Terry Froelich, District 31 See Attached Testimony, amendments attached

Rep. Hawken: Are you aware of what happens to student fees and who controls them?

Froelich: I have two sons, one is a resent graduate and one is attending. I can't give you the specifics.

Rep. Hawken: For your information. Student fees are highly controlled by the students themselves. That happens not at just NDSU but at every campus under the board of Higher Education. So now we would not allow one college to not be able to use these fees the way the students want to use them, is that correct under this bill?

Froelich: It is correct, if they want to go to Division I they would be limited.

Rep. Hawken Basically this bill is to penalize NDSU. And in your mind then the UND has never used one dime for the Division I Hockey. And that is okay. But it would not be okay for NDSU. I need to tell you personally, they are not going to use any academic money for Division I. The point is this is a very vindictive bill, and I can't quit understand how you can say it was

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House Education Committee
Bill/Resolution Number HB1356
Hearing Date February 3, 2003

okay for UND, but would not be okay for NDSU without ever knowing what the budget would be and how the money would be spent. Furthermore, handcuffing the students that go to the schools and how they choose to spend their student fee. I guess it more of a statement then a question, but I would like to know a answer to the UND question. That would be a yes or no.

Froelich: I understand there are problems, and I understand that UND has been doing this for a number of years. They have a great program and I am not out to penalize them. But when I have constituents come to me and these are there concerns.

Rep Hawken: Have you visited with anyone to see how the budget is laid out for NDSU?

Froelich: No I have not. Rep Hawken: Perhaps you may want to do that.

OPPOSITION:

(1294) Byron Clark, District 44 Fargo.

The brought up in the testimony why would you want to fund out state athletes to play Division I athletics in North Dakota. When of children want to play Division I athletics, they have to leave ND to play and then they are out of state students. This just provides another opportunity for students to play in Division I and stay in ND. UND has built a wonderful hockey program and that just speak acolytes for ND all the time. I don't see a problem with NDSU proposal to add Division I football team to provide another avenue in which our students can excel.

Rep. Herbel In most cases, out of state athletes are funded by scholarships. Are there any general moneys allocated to these scholarships? Clark: Not to my knowledge.

Rep. Ron Iverson, District 27, Fargo, See Attached Testimony

Rep. Solberg I have 4 daughters who have 4 husbands who have graduated from NDSU. I have huge investment in NDSU and I love it and I am a great fan of their football team. I have a

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Page 3 House Education Committee Bill/Resolution Number HB1356 Hearing Date February 3, 2003

neighbor who has played for NDSU and coached, he has 5 championship rings in his office. I have asked a lot of people and I have not received a good answer to my question. I need one really good reason why NDSU should go Division I.

Iverson: To be the best that you can possibly be. I don't think NDSU wants to continue playing the caliber talent like Moorhead and Crookston, Division II has gotten watered down. Years ago you had great teams in that Division. NDSU is seeking to make themselves better, be the best that they can be. And we should not limit them. Division I athletes from out-of-state coming in. Montana won the Division I championship a couple of years ago, and I think they had 45 of the 57 guys on the teams were from in state. The fact of the matter is our boys will get to play.

Rep. Blair Thorson, District 44, Fargo

I just want to make a comment, basically the students being very proud of the fact they are in control of the student funding. Students decide where those dollars would best go and I would hate to see this body take that ability away from our young leaders at any campus. It taught myself and a few others here in the room, what it means to take someone else's money and allocate it for good uses.

(1930-2326) Gene Taylor, Director of Athletics at NDSU, See Attached Testimony

Rep. Herbel As I read the paper and I look at the budgets of some of the major universities that are Division I, how do you propose as a matter of information, how you will meet the Division I costs?

Taylor: The average Division I, AA budget is about 7.5M ours currently is about 5.6 M we would need to come up to that level. the majority of that will come from scholarship allocation travel. And we are looking for external sources, I think we need to expand our moneys from the

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corporate side, from the team makers dollars, and certainly student activity fees is an area that we will look at as a revenue source. The opportunity to play Division I brings 2M in revenue, there is some opportunities to get the 2M whittled down.

Rep. Herbel I see a lot of programs being cut at these schools because of the tight budget problems, do you foresee this being a problem or not?

Taylor: We are not going to be allowed to cut programs because we are at the minimum now, which is 16 sports.

Rep. Mueller Division I is primarily about athletics, can you give us some tic into the academic well being and the relationship we want?

Taylor: Many Presidents across the country, and this may be debatable, and I certainly agree with it, the athletics program is front porch to the University. It is a way to get exposure about your program and unfortunately is it negative exposure. The great thing about the student athletes at NDSU is that they are truly student athletes. You want you athletic program to mirror your academic vision and image. I think right now NDSU academics is up here and it is continually going up. In the world of Division II that we have all become a custom to over the years, during the period of the eight championships, a lot of hose institutions that we competed against have now taken their program to Division I level. So we are now raising our program up to equal the image of the institution. There is a tie because notoriety by the performance of your team and opportunities you provide across the country.

Rep. Mueller Greatly concerned if effort on behalf of Division I, has any type of a negative impact on the academic excellence that we have come to expect from NDSU. Lets not put

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Athletics over academics. 37 students maintaining a 4.0 gpa and over 56% of the student athletes have a 3.5 gpa. or higher. That academic leve! will stay the same, I can promise you that.

Rep. Solberg: Give me a reason for NDSU to go to Division I.

Taylor: To keep pace with the image and the direction of the university is going as a whole. And currently where I feel Division II athletics is going is in the opposite direction of the university. They are becoming smaller and they don't profile like we profile, they are national research institutions like we are, and their programs are not broad based focused programs. Where all programs can be successful.

Rep. Hanson Graduate rate of men and women athletes, 63% women & men, 4 years average 47%, student body of 43%.

Rep. Haas Student fee portion of it can you give us an example:

Taylor: That was our athletic number in the handout.

Chairman Kelsch: As to how NDSU to fund venture to Division I? A lot of people are concerned about this. Because Fargo has the largest retail center in ND, and if we want to keep our dollars in ND and you want to take your family and shop, people don't utilize the dome but they have to pay the sales tax to pay for the dome. Their is a concern is their going to be a tax to help pay for Division I, so tell me again, what is going to pay the 2 M increase. Is there going to be a increased sales tax, or Student fees?

Taylor: The tax thing is not on the radar screen at all. Student activity fees are one source. Based on a survey that the students were part of, increase it up as much as a 1M to 1.2 M as high as 1.8M of what they would be willing to pay. The students have control, there are clear checks and

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balances and they can turn us down. The student fees are lower that most Division II schools in the country.

Chairman Kelsch What is the average student activity fee? for one student.

Taylor: \$8/ credit hour per semester, with a maximum of 259.00

James Bergam, President of the Student Body at NDSU

Student activity fees, a solely controlled student fee. Last year the budget was 1.873M that the students gave out. We have a great process in place. Two weeks ago, The North Dakota Student Association took a stance against this bill unanimously. We are very proud of the fact that we have this opportunity to propose and control these fees ourselves.

Last year the student senate took a stance in favor of a move to Division I. The students also was a hot topic in the student body election. And both the top two vote getting tickets, were in favor of moving to Division I. The student are very excited about this move.

Rep. Mueller referenced a survey, can you tell me how many responded to the survey and what the actual results were?

Bergam: It was part of the car study. 1161 surveys, 240 responded, at least a \$25 increase 83%, \$50/ semester increase were 78%, \$75 /semester increase were 73%, random sampling of students.

Rep. Hanson How many Division I athlete from ND are out-of-state now?, Do you have any idea?

Taylor: I only know of two.

Rep. Hunskor Are these paid per semester?

Bergam: Yes per semester.

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Page 7 House Education Committee Bill/Resolution Number HB1356 Hearing Date February 3, 2003

Rep. Jon Nelson Wellness Center was built on an increase of student fees. Were your students polled during this process and was it favorable?

Bergam: yes, Two years ago we raised the activity fees for the first time in ten years. And there were a lot of cuts going on and the student senate had to make a lot of tuff decisions.

Rep. Sitte Students Student Activity fees are \$8/ semester hour per semester and \$6/ semester for health fees, with a maximum of \$259.00 per semester.

Chancellor Larry Isaak, of the ND Higher Education System

The board has discussed this bill and voted to recommend a DO NOT PASS on the bill. I think the thing that impressed the board the most in their discussion was the process that NDSU used to come to the decision. I immediately asked President Chapman about the funding. He sent me a letter that clarified the issue that what they would pay from state dollars for this would not increase any more than other part of the institutions budget. They would not be diverting current dollars into this effort. The other issue was there a sound process engaged by the institution in coming to this decision. And the board was satisfied on the briefing that they received in June. The board has asked and challenged everyone of our institutions to be more entrepreneurial to take more risks. Because we believe that is in the best interest of ND for the university system to lead ND into a stronger economy.

Rep. Herbel Do you see increases of student fees at UND fairly consistent with NDSU? Isaak: I believe UND are higher than NDSU, You are not comparing apples to apples. They have different circumstances on campus.

Closed hearing on 1356

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2003 HOUSE STANDING COMMITTEE MINUTES BILL/RESOLUTION NO. HB 1356 House Education Committee

☐ Conference Committee

Hearing Date February 3, 2003

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Minutes: Chairman Kelsch opened HB 1356

Rep. Jon Nelson moved to accept the amendments, Rep. Mueller seconded voice vote: passed

Rep. Jon Nelson moved a DO NOT PASS as amended, Rep Hawken second

Discussion: Chairman Kelsch I truthfully think Rep Froelich is pleased with the outcome of the hearing. It wasn't that he was being vindictive with the bill, was he was doing was truly a concern about the tax payers dollars. Now we can say all we want about weather or not some of that money, but the concern has come up in conversations with friends, on if NDSU will be able to financially make it as Division I. It was good to have NDSU stand in front of us and make the comments that they did.

Roll vote: A DO NOT PAS As amended, 12-1-1 carrier of the bill Rep. Herbel.

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30475.0202 Title.0300 Prepared by the Legislative Council staff for Representative Froelich

January 31, 2003

HOUSE AMENDMENTS TO HOUSE BILL NO. 1356 KDU 2-04-03

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act relating to the use of funds on behalf of division I designation within the national collegiate athletic association.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. National collegiate athletic association - Division I member institutions - Use of funds - Exception.

- 1. The state board of higher education and the institutions under the control of the board may not expend state general fund moneys for any activity directly or indirectly related to an institution's designation as a division I member institution within the national collegiate athletic association.
- 2. The state board of higher education and the institutions under the control of the board may not expend any moneys generated by an increase in student fees above the level at which the fees were set on June 30, 2003, for any activity directly or indirectly related to an institution's designation as a division I member institution within the national collegiate athletic association.
- 3. This Act does not apply to expenditures for any division I athletic program in existence before January 1, 2001."

Renumber accordingly

Page No. 1

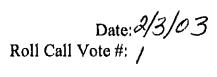
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Deanna Stollasto

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2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES BILL/RESOLUTION NO.

House HOUSE EDUCATION	Ч		1356	Com	mittee
Check here for Conference C	Committee				
Legislative Council Amendment l	Number	ame	ndments		
Action Taken	······				
Motion Made By Nelson	7	Seco	onded By Muller	<u> </u>	····
Representatives	Yes	No	Representatives	Yes	No
Chairman Kelsch	17				
Rep. Johnson					
Rep. Nelson					
Rep. Haas	/				
Rep. Hawken					
Rep. Herbel	/				
Rep. Meier					
Rep. Norland					
Rep. Sitte					
Rep. Hanson					
Rep. Hunskor	\				
Rep. Mueller					
Rep. Solberg	/				
Rep. Williams	/				
Total (Yes)Y	i Ce 10 te	No			
Floor Assignment If the vote is on an amendment, br					

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Deanna Stallast

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Date: 2/3/03
Roll Call Vote #: 2

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES **BILL/RESOLUTION NO.**

House HOUSE EDUCATIO	N		-	Committee
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Legislative Council Amendment	Number	al	amendeo	/
Action Taken D6 N	Ot Pa	PSS		
Motion Made By	51	Seco	onded By Hawk	len_
Representatives	Yes	No	Representatives	Yes No
Chairman Kelsch	V			
Rep. Johnson	<u> </u>			
Rep. Nelson	46			
Rep. Haas	<u> </u>			
Rep. Hawken				
Rep. Herbel				
Rep. Meier				
Rep. Norland	_ //			
Rep. Sitte	_ /			
Rep. Hanson				
Rep. Hunskor				
Rep. Mueller	<u> </u>			
Rep. Solberg		レー		
Rep. Williams				
Total (Yes)	12 #	No _		/
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If the vote is on an amendment, br	iefly indicat	e intent:		

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Module No: HR-21-1650 Carrier: Herbel

Insert LC: 30475.0202 Title: .0300

REPORT OF STANDING COMMITTEE

HB 1356: Education Committee (Rep. R. Kelsch, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO NOT PASS (12 YEAS, 1 NAY, 1 ABSENT AND NOT VOTING). HB 1356 was placed on the Sixth order on the calendar.

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act relating to the use of funds on behalf of division I designation within the national collegiate athletic association.

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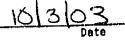
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Page No. 1

HR-21-1650

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2003 TESTIMONY

HB 1356

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Date

TESTIMONY HB 1356 REPRESENTATIVE FROELICH

Madam Chair Kelsch Members House Education Committee

For the record, I am Rod Froelich, District 31 Representative, which includes all of Sioux, Grant, and parts of Hettinger and Morton counties.

I am here today to present to you HB 1356.

I would like to offer some amendments to the bill.

Members of the committee, let me make something very clear! I attended NDSU. Three of my brothers graduated from NDSU, and my son recently graduated from NDSU. I believe NDSU is one of the finest institutions of higher education in the state and the region.

Let me explain these amendments, any funds now being used for an athletic program would still be used for such programs, but not any increased fees.

The second amendment would exclude any division one program now in existence, namely the University of North Dakota's hockey program.

When I attended NDSU, I roomed across the hall from one of the best football players New England, ND and NDSU has produced, Joe Roller. Joe was a great person, and one hell of a great running back.

North Dakota State University's football team is my favorite college team. I had also better admit that the University hockey team is my favorite hockey team.

My reasons for proposing this bill are based on economics.

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With the current status of our economy and the huge budget constraints we are placing on every state entity, it would be hypocritical to ask the taxpayers and students attending a University to fund a program that could cost millions of dollars now or in the future.

Ladies and gentlemen I have constituents that have repeatedly asked who is going to fund such a move?

They also ask, are we going to fund out of state athletes who are more than likely not going to remain in our state? What opportunities does this leave for our in state athletes?

Some will say, the legislators should not be getting involved in these decisions, to them I ask? How many dollars do we expend on higher education budgets from the general funds or from sales tax collections? Is it not the job of legislatures to insist that these moneys be spent wisely?

If we allow Universities to divert money from academic programs, or from building construction or improvements; or from salaries, who will benefit?

I have been informed by NDSU officials that student fees and general fund moneys would not be used for division one athletics, how many of us legislators have heard the phrase "Trust Me". What assurances do we as taxpayers have that university officials will not be asking our youth and citizens of North Dakota two, three, or four years down the road for funds? I believe in bold new ideas, but these ideas need to be paid for. We all would like to drive a Cadillac, but can we afford one?

I would not be here before you today, if I knew the funds were to be expended for academics. I believe this state has some of the brightest and most intelligent young people in the world. We must set our priorities, ladies and gentlemen, ACADEMICS or ATHLETICS?

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Good Morning Chairman Kelsch and Members of the Committee.

For the record my name is Ron Iverson, I represent the 27th district which is comprised of SW Fargo.

I am here today to testify against HB 1356.

NDSU is striving for excellence in all phases of its educational mission. This includes academic, research and athletics. It is this striving that has made NDSU a top notch University. That is why I am so perplexed as to why the legislature would want to sabotage this effort with this needless legislation.

Imagine if you will that you are told that you are going to run a hundred yard dash only to have someone tie your shoelaces together before the race was to begin. Your chances of winning would be very slight if at all. Well if we pass this legislation that is what we will be asking NDSU to do with its athletic program. WE tell our kids reach for the stars and be all you can. WE certainly wouldn't want to hamstring them with anything that would hamper there success.

Now am I asking for you to give NDSU a blank check, no I wouldn't be a responsible member of this body if I did that. What I am asking is for you to let NDSU use all the tools they have at their disposal to the maximum benefit of the students and North Dakota.

Madam Chairman and members of the committee I urge a DO NOT PASS on HB 1356

I would be happy to answer any questions.

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HOUSE EDUCATION SUB-COMMITTEE

Representative RaeAnn G. Kelsch, Chair 10:00 a.m. Monday, February 3, 2003

HB 1356

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"North Dakota State University President Joseph A. Chapman has challenged all campus units to define a "next level of excellence" and to submit proposals to reach these goals. The challenge has resulted in a growing array of academic programs, an expanded research portfolio and increased graduate and undergraduate enrollment".

In defining its next level of excellence, the NDSU Intercollegiate Athletic program investigated Division I Intercollegiate Athletics.

North Dakota State University obtained facts that presented a complete and valid framework from which to make this critical decision to seek reclassification. The positive findings resulted in North Dakota State University submitting to the NCAA its intent to reclassify its NCAA Division II Intercollegiate Athletics Program to Division I-AA.

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¹ Carr Sports Associate, Inc. Report, January 2002

STATE APPROPRIATED FUNDING FOR ATHLETICS (5 Year History)

	State	State
	Appropriated Appropriated	Appropriated Funds
	Funds	% Increase/Decrease
1998-99	\$634,088	•
1999-00	\$649,462	2,42%
2000-01	\$665,480	2.47%
2001-02	\$713,514	7.22%
2002-03	\$738,512	3.50%

	State	State	% of Total	State	% of Total
	Appropriated	Appropriated	State Appropriated	Appropriated	State Appropriated
	Funds	Salary	Funds for Salary	Operating Exp.	Funds for Op. Exp.
1998-99	\$634,088	\$547,748	86.38%	\$86,340	13.62%
1999-00	\$649,462	\$563,122	86.71%	\$86,340	13.29%
2000-01	\$665,480	\$579,140	87.03%	\$86,340	12.97%
2001-02	\$713,514	\$623,909	87.44%	\$89,605	12.56%
2002-03	\$738,512	\$648,907	87.87%	\$89,605	12.13%

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	Funds	% Increase/Decrease
1998-99	\$634,088	-
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2001-02	\$713,514	7.22%
2002-03	\$738,512	3,50%

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STATE APPROPRIATED SALARY TO ATHLETICS

	State Appropriated Salary	State Appropriated Salary % Increase/Decrease
1998-99	\$547,748	-
1999-00	\$563,122	2.81%
2000-01	\$579,140	2.84%
2001-02	\$623,909	7.73%
2002-03	\$648,907	4.01%

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STATE APPROPRIATED OPERATING EXPENSES TO ATHLETICS

	State	State
	Appropriated	Appropriated Op. Exp.
	Operating Exp.	% Increase/Decrease
1998-99	\$86,340	-
1999-00	\$86,340	0.00%
2000-01	\$86,340	0.00%
2001-02	. \$89,605	3.78%
2002-03	\$89,605	0.00%

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STUDENT FEES TO ATHLETICS (5 Year History)

	Student Fees	Student Fees % Increase/Decrease
1998-99	\$328,170	-3.03%
1999-00	\$330,949	0.85%
2000-01	\$314,409	-5.00%
2001-02	\$592,583	88.48%
2002-03	\$689,491	16.35%

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ATHLETIC SCHOLARSHIPS PAID BY ATHLETICS TO THE UNIVERSITY (Tuition, Fees, Room & Board)

1998-99	\$693,532
1999-00	\$762,117
2000-01	\$744,969
2001-02	\$814,794
2002-03*	\$966,789

* Budgeted

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