

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2077

2005 SENATE EDUCATION

SB 2077

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2077

Senate Education Committee

☐ Conference Committee.

Hearing Date 1/10/05

Tape Number	Side A	Side B	Meter #
1	x		2984-5015
Committee Clerk Signature <i>Patty Wilkens</i>			

Minutes: relating to the maximum amount for student financial assistance program grants.

Senator Layton Freborg, Chairman called the meeting to order on SB 2077

Testimony in support of the Bill:

Peggy Wipf, Director of financial aid for the North Dakota University System

See attached: written testimony

Senator Flakoll : Is this limited to North Dakota students who attend an institution in the state of North Dakota?

Peggy Wipf : Correct.

Senator Flakoll : With respect to page two % of the money's, the 21% listed of the total money's is that just proportional to the % of students taking or attending those institutions?

Peggy Wipf: Yes, it is no less than 22% would go to Private Institution, this is listed in our appropriations bill of the 2003-2005 biennium.

Senator Flakoll : What % of the students attending qualifying institutions are in each of the categories, do we know the % of them that are attending?

Peggy Wipf : Yes, we will use 03-04 as an example, the last line % of all ND students attending college. Would be by institution types. (See chart on written testimony pg. 2)

Senator Flakoll : So why are we giving, Native American is on file, with the demographic population, but it would appear that the nonprofit four yr. do very well in this program.

Peggy Wipf : Yes, you are correct. Again our appropriations bill specifies that no less than 22% of the fund needed to go to the private institution.

Senator Flakoll : Is there a reason?

Peggy Wipf : In part, and this is only an assumption on my part, that the higher cost institution, is a possibly VS the public institution.

Senator G. Lee : Does the four yr. then benefit, the second column there, in terms that they have the higher institution benefit plan?

Peggy Wipf : Yes

Senator G. Lee : In your testimony it says it is unlikely that they will decrease the # of awards granted, why are we asking for a \$1000.00 if we are not going to, you obviously are going to decrease the # of awards granted, if you give out \$1000.00. Why are we asking for a \$1000.00

Peggy Wipf : In part because of the executive budget recommendation to increase the program of a little over 1.3 million. If that stands in our appropriations bill, we are thinking that at least by increasing the authority and statute to raise it up to \$1000.00, it would give the board more flexibility to do so.

Senator Erbele : What is the advantage, why would we support the bill, even with the 1.3 million dollars, you say at \$600.00 you could do 3650 grants VS \$1000.00 only 2100 grants. Wouldn't we want to benefit as many students as we can? With a \$400.00 difference significance wouldn't we want help more, even though it is less dollars.

Peggy Wipf : You are correct, It is our hope that we can come to some figure in between, if we were to do \$800.00 for example, at least we would be able to support the same amount of students that we are right now.

Senator G. Lee : Does everyone get the same amount if the amount is to be determined \$600.00 or \$800.00, does each student get that amount or does it vary with the student?

Peggy Wipf : Yes they get that amount.

Senator Taylor : Is the parent-student expected contribution, are you using parent and student income tax #'s for ages 18-22, then just the individual income tax or how is that calculated.

Peggy Wipf : Each student who applies for financial aid completes a form referred to as a free application for federal student aid of a FAFSA form. That's based on a Federal formula, so on that federal form it's income that asks for information on individuals in the household. All kinds of family, demographics plugged into the formula, so based on that calculation results the Federal Government comes up with an expected family contribution. Additionally, if they are eligible for a Federal Pell Grant, that would also come from that same calculation.

Senator Flakoll : With respect to the Senate side, roughly 22%, so, because of that you set aside that amount of money and it goes out with respect, without any consideration for the public institution, correct? I mean you could have someone who is much more needy but because they only have, 78% to work with or less, it's not comparative, correct??

Peggy Wipf : Correct, we do allow the private institution a higher cost of education, so the student would go to the top.

Senator Flakoll : So in essence if you have an individual they may not qualify for a public institution, but may qualify for or we are guiding them towards private institutions by doing this potentially because they may not qualify.

Peggy Wipf : Yes that is correct.

Testimony in opposition of Bill:

no one in opposition

Senator Freborg : closed the hearing on SB 2077

Senator Freborg : any further discussion?

Senator Seymour : I am ready to vote on it.

Senator Flakoll : As far as the discussion goes, I have less concern about this bill than I do about the, other than I would like to tweak the appropriation bill, I not really hep about a mandatory % going to private colleges.

Senator G. Lee : In terms of discussion if that % was not there would that # go up? If you didn't have a floor or ceiling? Would that # rise?

Senator Flakoll : Is it a maximum 22% or at least 22%?

Peggy Wipf : It stated no less than 22%.

Senator Flakoll : So it could go up, your not restricted from going up?

Senator Taylor : The no less that 22% is the proposal on the new grant money? Cause now we are at 20% and 21% so why are we at 22% right now if the language is not less?

Senator Freborg : Are we ready for a motion or do you want to further research?

Senator Erbele : Passing this bill, doesn't mean that we will go to \$1000.00, it just gives the board authority to go up to that level, they may chose to stay at \$600.00 or just go to 8 or are we just enabling people legislation?

Senator Freborg : right

Senator Seymour : I move a do pass,

Senator Freborg : Do we have a second?

Senator Freborg : Sorry Senator Seymour, we do not.

Senator Flakoll : If the committee would give me a little time, I don't have any problem with what's before us here. Just a matter of should we delve into some other areas that are related to this. I am thinking of doing that.

Senator Freborg : Hold the bill.

The meeting was adjourned.

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2077

Senate Education Committee

☐ Conference Committee

Hearing Date 1/12/05

Tape Number	Side A	Side B	Meter #
1		x	780-2400
Committee Clerk Signature <i>Patty Wilkens</i>			

Minutes: **relating to the maximum amount for student financial assistance program grants.**

Senator Layton Freborg, Chairman called the meeting to order on SB 2077

Testimony in support of the Bill:

Testimony in opposition of the Bill:

more discussion on SB 2077

Senator Flakoll : I think one of my points of concern is the garnet of the certain amount or the % of moneys that are set aside. In the instant of looking at pg. 2 testimony from Peggy Wipf, columns indicate percentage of students VS % of money awarded. The last couple of yrs. it seems like we have about 87% of students enrolled in public institutions and 75-76% of the money distributed. It appears that Native American Colleges #'s are fairly uniform with the % or student VS the % of money that's award. The out liar seems to be the private nonprofit 4 yr. colleges and hospital school of nursing. They are essentially garnered 22% of the moneys. This is my bone of contention. That this money is garnered and available for them.

Senator Freborg: They are garnered that %?

Senator Flakoll: Yes

Senator Flakoll : Reason again, as was with testimony, sometimes they apply for it and accepted and then drop out again, that's why it is not always fully realized, at 22% actual, but they are guaranteed a minimum of 22%. That seems wrong.

Senator Freborg : I need to know where you see the guarantee?

Senator Flakoll : That's in another bill I think.

Senator Freborg : Do you have any proposals to correct that?

Senator Flakoll : One of the things would be to take off the guarantee. There would already be a formula advantage, in that some of them charge more based upon the formula, than they would be to have a numeric advantage in the formula for qualifications. In the free market system I don't think we should be going against our public institutions, and guaranteeing others a certain amount of money.

Senator G. Lee : On that guarantee, I don't remember seeing that anywhere. If it is a guarantee then I would have a problem with it too. Is it just a % of money that was spent based on those that asked.

Senator Flakoll : I believe we were told it was a guarantee. That again was in other legislation,

Senator Freborg : Do you know who told us that Senator Flakoll?

Senator Flakoll : I believe she is in this room.

Senator Taylor : One concern I might have depending on how that was worded., would that % go even higher, based on just the formula because of the higher cost of education of the private institution. I don't know if that 22 is a ceiling or a floor.

Senator Flakoll : It is my understanding that the 22% is a floor. I am looking @ taking say the floor.

Senator G. Lee : ? without thinking, would this go higher, bad question.

Senator Freborg : Are you considering proposing.

Senator Flakoll : I think it would be germane.

Senator Freborg : Restrictive language?

Senator Flakoll : Either restrictive or allowable, allow to give to whoever is most appropriate without respect, without consideration for guarantees in here. If we would run the #'s I think we were talking at one point 1.2 million dollars of additional money someone gets the guaranteed 22%, someone automatically is going to get a quarter million dollars with that guaranteed as long as the kids show.

Senator Freborg : Peggy please come to the podium, and elaborate a little on the guarantee.

Peggy Wipf : Director of Financial Aid for the university systems. In our current appropriation bill, for academic yr. 03-05. There is a section in there that indicates that no less than 22% of the funds need to go to the private institution students. How we arrive at that and I will be very honest with you, is that they have a higher tuition and so therefore we can allow higher budget obviously they will float to the top. Within reason we put a students budget together based on tuition fee room board , books, supplies and miscellaneous expenses. Within normal packaging of financial aid that's the formula. We do allow higher amount of tuition for the private so that we can target the 22% that is listed in our appropriations bill. For the current appropriation bill for 05-07 which is SB 2003 it is not in there.

Senator Freborg : Did you people initiate the language that guarantees this?

Peggy Wipf : No we did not.

Senator Flakoll : Do you kind of know when that, what yr. that may have originated?

Peggy Wipf : Since 2001 I believe.

Senator Flakoll : If we were to pull off that guarantee and just make everyone equal, any idea what % that may drift to (private institution).

Peggy Wipf : If memory serve me correctly, we did have a yr. where we package everyone using the same budget regardless of institution ties. In that particular yr. and that group of students, I think about 18 % of the dollars still follow students wanting to attend a private institution. Base on result of the package of the FASFA form, that particular yr. was interesting.

Senator Flakoll : If we want to go forward basis at least in the appropriations bill will you guys have to make some changes internally, we would need to have some changes again as well to make it relative from institution to institution.

Peggy Wipf : Currently our computer system is designed so that we can plug in a budget by the student first choice of institution. If they tell us there first choice is private with align that in our computer to system to be with the private budget. If we sent the budget to be the same for all students, our system allows us to do that. We do have that flexibility within our computer, I think that is what I heard you say.

Senator Freborg : Peggy you stated the % 's for based on tuition costs, the tuition # of private schools would have to be 2 ½ times. In order to justify these %'s

Peggy Wipf : The budget that we allow currently for the private institution is \$12,100.00 for all other institution type we are allowing \$10,100.00 so there is not that much of a gain from the budget but it is enough to skew to get us to 22%.

Senator Erbele : Don't you have a problem with the 22%. They shouldn't be made to go to a public institution because they can't afford the private institution. The idea is to get the best education possible, and if they think that private institution is going to serve their needs the best they should have the right to do that. Having said that, my ? for Peggy is, my greater problem is what would be the advantage of giving a 1000.00 dollars to 2100 students as 600.00 dollars to 3900 students. We would we be better at serving a greater amt. at lesser \$'s.

Peggy Wipf : This is my own personal opinion VS a board opinion. Based on the testimony I gave this week, we indicated what the increase in funding of 1.2 million and even if the grant amt. were to go to 800.00 dollars we would still be able to serve the same # of students. In financial aid of the true cost of tuition, which is room and board that type of thing, the line item just for the book and supplies alone is pretty equal to, we say 750.00 at our state institution. What is an example a \$ amt. of 800.00 would apply then per student would be for books and supplies. This is how we approach it from a financial aid angle. Additional comment not to confuse or not to imply anything either. The language that we are proposing in 2007, will only give the board permission, to increase in increment. What's in our appropriations bill is what we have been directed to do. As a result of that there are two different things involved in that.

Senator Flakoll : I know you have the flexibility, with respect to the \$ amt. allocated per student, should I be worried at all that there may be a scenario where some say this one cost more, so lets give 800.00 to this person going to this institution and 600.00, has there been any board discussion that would lead one down that road?

Peggy Wipf : The state Financial Aid Directors meet every yr. Based on consumer price indexing and that type of thing, take a look at two items. Backing the books and supply line item, and the

miscellaneous line item. We're saying at least within our own institution it's equal, the students are going to have to buy books at any institution. The misc. line item is for personal needs.

Comperablely it is going to be equal, our recommendation, when we make these presentations to our board, it's based on consistency, amongst the institutions.

Senator Freborg : Would you be comfortable with the language, that removed the guarantee and left it open ended?

Peggy Wipf : Remove the guarantee of ours?

Senator Freborg : Yes

Peggy Wipf : That is certainly within our authority in our appropriations bill.

Senator Freborg : Part of it wouldn't have to change anything, but the decision would still be, as to where the \$'s went.

Peggy Wipf : It would be in the end, if the language were removed from our appropriations bill completely, then (meter 2110). Board would have the flexibility.

Senator Freborg : A little more to this than what we see on the surface.

Senator Flakoll : We will need more time.

Senator Freborg : closed the hearing on SB 2077

There was no further discussion

The meeting was adjourned.

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2077

Senate Education Committee

☐ Conference Committee

Hearing Date 1/17/05

Tape Number	Side A	Side B	Meter #
1		x	5325-6224
Committee Clerk Signature <i>Patty Wilkins</i>			

Minutes: relating to the maximum amount for student financial assistance program grants.

Senator Layton Freborg, Chairman called the meeting to order on SB 2077

discussion on SB 2077

Senator Flakoll, the proposed change was from 600-1000 dollars, short bill about grants.
Another

bill having additional Moines set aside for that. 2500-2700 , 3000 students that could be eligible for that and is it appropriate for us to develop maybe two or three different gradations, right now they are getting 600.00 dollars, the SBHE is looking to raise it to 1000.00 dollars, and have that flexibility, I wonder if we should have some gradation, the one ranked the highest, say in terms of their needs, might be much more significant in the person who is ranked 2500-3000 so should we have two different levels in there so that the top half of it, so rather than move to the average of 800.00 dollars, to say that the half of the most needed, 1500 would get 1000.00, and the bottom half would be eligible for 600.00 dollars. All according to their need.

Senator Freborg : So is it either 600.00 or 1000.00 and nothing in between?

Senator Flakoll : I originally had thought of that, we certainly could break it into three points, but it would be more paper work. We could go 600-800-1000.

Senator Freborg : Weather you go with two or three you will be close on both ends.

Senator Flakoll : That is the general theory considering the amendment.

Senator G. Lee : I am not sure what your method would the private schools be in the 1000.00 category and non-private in the 600.00?

Senator Flakoll : Other thing I would consider that once you have the qualified pool of 3000.00, that you would take out the school portion of it and look at the greatest need, aside from what the tuition level would be.

Senator G. Lee : Where did the 22% come from?

Senator Flakoll : It's not going to be there on a go forward basis, the appropriations bill doesn't have the provision in there anymore. Not sure if anyone has that answer specifically.

Senator Taylor : Not to worry about the 22% as it isn't in appropriations, not considering the cost of education. Would we just look at the bottom half of the equation which is need, looking at the two tiered. The bottom half of the equation is family contribution, pell grants, veterans benefits or whatever, so the lower the bottom is the needier you will be? Your amendment will be to just look at the bottom half of your equation?

Senator Flakoll : I would like to see some #'s on this to see that it is a double process. I look at it as going back to the ND students needs vs public or private institutions.

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Senate Education Committee

Bill/Resolution Number SB 2077

Hearing Date 01/17/05

Senator Erbele : What would you think of looking at giving 25% to the most needy and then a larger pool in the middle at 800.00 at 50 % and then 25% for the 1000.00.

Senator Freborg : We will take this up later

Senator Freborg : closed the hearing on SB 2077

The meeting was adjourned.

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2077

Senate Education Committee

☐ Conference Committee

Hearing Date 1/18/05

Tape Number	Side A	Side B	Meter #
Committee Clerk Signature <i>Patty Wilkens</i>			

Minutes: relating to the maximum amount for student financial assistance program grants.

Senator Layton Freborg, Chairman called the meeting to order on SB 2077

Senator Flakoll : asked for Peggy to come back, primarily out of curiosity points and this relates to the financial system grant program of your request for switching from 600.00 to 1000.00 dollars per individual per academic yr. One of the things that was discussed in committee and out of committee was should we provide a gradation, so that the person who is ranked #1 in terms of who is most needy, receive more \$'s than the person who is ranked 2500. Has there been any discussion about that for example trying to average 800.00 possibly give (1/3) 1000.00, (1/3) 800.00 and (1/3) 600.00 or some fraction thereof. It was also mention to give the highest ones, 25% to the highest, 50% to the middle and 25% to the bottom to the least needy. If you could comment on that scenario.

Peggy Wipf : Director of Financial Aid for the University System. The only problem that I would see with that, would be that there are federal funds also involved in this program about

less than 200 thousand. We have to abide by what is in state statute but also coincide with what is in federal statute for title 4 programs. We have to define unmet need, and I think we would get in trouble and loose federal funding if we were to define need to accommodate that scenario.

Senator Flakoll : How so? You are just giving more money to the most needy.

Peggy Wipf : I would have to do some more checking.

Senator Flakoll : I know that it would take away a little of the flexibility that was originally in the bill, and is proposed in terms of pretty much set, or could set specific # of perimeters or there could be escalator built in there based upon the #'s. We don't know what # appropriations my recommend to the body. I know this makes it a bit of a challenge too.

Peggy Wipf : It does, whatever is in our bill we have to abide by. If you would let me do some checking at least? I will get back to you and I am not sure that I will have a good answer for you.

Senator Flakoll : You could typically generate a gradation of 1-2500.00 or 3 thousand, and the follow up to that, do we know the sweep in terms of \$ amts. from first to last typically.

Peggy Wipf : The unmet need figure? Yes, we would.

Senator Flakoll : Could we also get that too, to see if it is worth looking at.

Peggy Wipf : The greatest unmet need is right around 9000.00 dollars again defined as cost of education, minus the expected family contribution that is determined by the federal government, minus federal pell grant, and other resources including veterans benefits. We arrive at the unmet need figure that is ranked from high to low meeting all the other requirements that are in statute of being a ND resident FTS and not defaulting on loans and those types of things.

Senator Flakoll : 9000.00 is the highest,? Where is the lowest range be?

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Senate Education Committee
Bill/Resolution Number SB 2077
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Peggy Wipf :if we take off 30 thousand students we don't allow for anything past 500.00 dollars of unmet need. Where we run out of funding, we ran out in academic yr. 03-04 of an unmet need figure of about 5900.00 dollars.(handed out other chart)

Senator Freborg : closed the hearing on SB 2077

The meeting was adjourned.

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2077

Senate Education Committee

☐ Conference Committee

Hearing Date 1/24/05

Tape Number	Side A	Side B	Meter #
2	x		1616-4000
Committee Clerk Signature <i>Patty Wilkins</i>			

Minutes: relating to the maximum amount for student financial assistance program grants.

Senator Layton Freborg, Chairman called the meeting to order on SB 2077

Senator Flakoll : the amendments that I have handed out relate to the bill that came before us from the BHE, looking to change the allowable grants from 600-1000 dollars. We have been through different gradations according to their needs. It is tough to get our hands on the money, because we don't know if it is going to increase or not. We were hoping to provide a little more money for the so called most needy. Based more on their need and not on the institution you go might go to.

Senator Flakoll : I move the amendments to SB 2077 as drafted before you.

Senator Seymour, second the motion.

Senator G. Lee : You are wanting them to take a look at it and study it? Not doing anything else to it.

Senator Flakoll : Also to put it into place if they can.

Senator G. Lee : otherwise, they do just as?

Senator Flakoll : The exact amt. my intent is not to alter the rest of the bill, and allow them to have the flexibility to move up to 1000.00 dollars.

Senator Taylor : Could you explain the last line without negatively impacting students from the ability of funding other financial sources?

Senator Flakoll : I think the reason that the University wanted that portion in there was because there are some federal funds that can come in the can qualify, to make sure that we would not be in conflict with any federal funds that we may be eligible to receive.

Senator Erbele : Is there any reason why the incremental is in parenthesis?

Senator Flakoll : That was just the terminology that came to us, so they just didn't want to increase, but have an incremental breakdown in terms of, to let people know their could be more than one level.

Senator Taylor : Could you visit a little bit about, working this up with the groups, state grant folks or the BHE. I can support the concept a little bit, but it does seem so soft and kind of nebulous that I am not seeing the benefit of putting this into code. I would need to be sold on it a little more.

Senator Flakoll : It is pretty soft and we are not mandating that they do it, part of it is that we don't know how many \$'s. If we only have the same amt. of money we had last session where we could only give out 600.00 per student. It wouldn't pay to do this, that's why it is shall consider, VS shall.

Senator Flakoll, Made a motion on amendment.

Seconded By, **Senator Seymour**

Senator Freborg : Do you have another concern?

Senator Flakoll : My concern will happen in the last 24 hrs of the session to make sure that our friends on the House don't try to sneak in the mandatory 22 % . We can't really address that in this bill, b/c again this bill is either going to be passed or killed within the first month and a half and that would supersede this. With that Mr.Chairman, if you are ready for a motion then I am ready.

Senator Freborg : With the 1000.00 did it raise the level, last time the program ran out of 5937.00 dollars, would we raise that if we go to a thousand dollars?

Senator Flakoll : It all depends upon how many awards they grant again. It also depends on what happens down the hall if they get extra money that is in the budget already. One point 3 million dollars over the current biennium. They could at 600.00 dollars give 3650 of them away, where at 1000.00 dollars they could only give 2190.

Senator Freborg : The reason I ask is b/c of the cutting in the budget, the additional one million plus may not be there.

Senator Flakoll : If that would happen we wouldn't need this bill. The wishes of higher ed. is to keep it at 600.00 if there is no additional funding. Should we shoot for x-# of awards b/c if we give out more money, we may lose a few that may be eligible.

Senator Erbele : When this comes right down to it I would still rather have 3600 get the 600.00. Than 2100 students getting 1000.00, plus you have a gap there where some students aren't getting any money.

Senator Flakoll : If we would tap it at 800.00 and the new money was there. Again, not saying that it is going to be there. It is estimated that we could give 2735 awards away a yr. compared to 2424 this past yr. If the additional \$'s stay in the budget.

Senator Freborg : If the money comes out on our side, in appropriations, that will leave us an opportunity at least to discuss what we think should happen with their committee, otherwise it will all be handled in a conference committee and appropriations will have a hand in the conference committee, if they make that major change and take the money out.

Senator G. Lee : For the sake of discussion if we killed this here, there is another bill out there dealing with the 22 % issue that could deal something with this if we wanted to? If this dies, then we are done with this issue, in total in the process?

Senator Freborg : Are you asking if we could amend this bill into the other one that deals with this. We could, it's a little bit shaky to amend a bill without a hearing b/c it would change the bill radically, although we have had a hearing on what the amendment perhaps would do. So maybe we could. I do believe the 22 % bill is a lot more apt to die than this one.

Senator Erbele : If there is a no vote, if this doesn't pass does it leave it at the 600.00 dollar level? I can't repeat what you had said could you clarify what you said about this bill prior to it moving to a conference committee.

Senator Freborg : If the money comes out, it will be the appropriations committee in the Senate or in the House. If it comes out in the Senate we have the opportunity to speak against that amendment on the floor, if we want the money in. We can try to get the Senate to go back to the 1.3 million dollar increase, b/c all the amendment will do is take the money out. They may make some adjustments to the \$ amt. or they might kill the bill and that would take the 1.3 million.

They are not to do that. The appropriations is only to deal with the \$'s in a bill not to change the structure of the bill. Many times taking the \$ out does change, or kills the total effect of the bill. I don't think they will take the money out and they speak with us before doing it.

Senator Erbele : If the money in addition doesn't stay in, do you still want the amendment to read as it is Senator Flakoll?

Senator Flakoll : It would be something that I assume wouldn't be put into place. Going back to the language, shall consider VS shall.

Senator Freborg : I think Senator Erbele we pass the amendment we need to assume that the bill will pass as is.

Senator Erbele : If the 1.3 new money doesn't go in with the bill, would move it to a thousand as it reads? I need to work through this, I know the answer.

Senator Seymour : To me it stays at 1000.00 if you read the amendment then they decide, this gives them a parameter to go by, we need to look in the future these bills are not for this yr. This could be 10-15 yrs down the road and the flexibility seems good..

Senator Flakoll : Sometimes one maybe tempted to change to 800.00 but I think we would be encouraging appropriations to maybe cut the appropriations in some peoples eyes. We went from an increase from x % down to increase of 33 % and this may be view at starting to chipping away at the appropriations.

Senator Taylor : For discussion as well, the language is pretty permissive throughout and I guess I do have enough of a comfort level with the state board to maybe use a thousand, if they keep the \$'s and if they don't they still have the 600.00 it is up to their discretion to put it into their hands.

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Senate Education Committee

Bill/Resolution Number SB 2077

Hearing Date 01/24/05

Senator Flakoll : I move a Do Pass as amended SB 2077

Senator G. Lee, second the motion

There being no other discussion roll call vote was taken. vote: **6-0-0**

Senator Seymour, will carry this bill

Senator Freborg : closed the hearing on SB 2077

The meeting was adjourned.

FISCAL NOTE

Requested by Legislative Council
12/17/2004

Bill/Resolution No.: SB 2077

1A. 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.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 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

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

2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

SB2077 would permit the State Board of Higher Education (SBHE) to increase the amount of the student financial assistance grant from \$600 to up to \$1,000 per recipient, if determined necessary by the SBHE. The SBHE would consult the statutory advisory board, which is comprised of public, private and tribal college representatives, a high school counselor and a post secondary student, concerning any changes to the grant award amount. Since the legislation is permissive there is no mandatory related fiscal impact.

The student financial assistance grant program (more commonly referred to as the state grant program) currently provides a \$600 grant to students based on financial need. Current 2003-05 available funding from general and federal funds is \$3.071 million. At \$600 per recipient, this will support an estimated average 2,570 students per year in the current 03-05 biennium or fund a little over eight percent of the 30,000 ND students who apply for funding each year.

The 2005-07 executive budget recommendation provides \$4.376 million in general and federal funds, an increase of approximately \$1.3 million over 03-05 available funding. Based on this proposed funding level the state grant program would be able to fund approximately 3,650 grants per year at \$600 per student or about twelve percent of the program applicants. If the SBHE chose to increase the grant award to the maximum of \$1,000, as proposed in the legislation, the program would be able to fund approximately 2,190 grants per year in 05-07 or a little over seven percent of the annual applicants. At \$800 per student, the proposed budget would provide an average of 2,735 awards per year and assist about nine percent of the annual applicants.

The amount of the award will be based, in part, on the level of funding appropriated by the legislature. It is unlikely that the amount of the grant award would be increased if no additional funding is provided. It is also unlikely that the grant award amount would be set at a level which would result in fewer number of awards than currently granted this biennium.

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.*

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.*

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Name:	Laura Glatt	Agency:	NDUS
Phone Number:	328-4116	Date Prepared:	12/27/2004

PROPOSED AMENDMENT TO SENATE BILL NO. 2077

Page 1, after line 8 insert:

“a. The State Grant Advisory Board and State Board of Higher Education are urged to study and consider the feasibility of providing an increasing (incremental) dollar amount of state grant awards to students who demonstrate the most significant financial need, without negatively impacting student eligibility of funding from other financial aid sources.”

Renumber accordingly

Date: 1/10/05
Roll Call Vote #: 1

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2077

Senate SENATE EDUCATION Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken in amendment

Motion Made By Flakoll Seconded By Erbele

Senators	Yes	No	Senators	Yes	No
CH- SENATOR FREBORG	✓		SENATOR SEYMOUR	✓	
V-CH- SENATOR G. LEE	✓		SENATOR TAYLOR	✓	
SENATOR ERBELE	✓				
SENATOR FLAKOLL	✓				

Total (Yes) 6 No 0

Absent _____

Floor Assignment _____

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

Date: /
Roll Call Vote #: 2

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2077

Senate SENATE EDUCATION Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Do Pass as amended

Motion Made By Alakoll Seconded By G Lee -

[illegible]

Total (Yes) 6 No 0

Absent _____

Floor Assignment Sen. Lyman

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

REPORT OF STANDING COMMITTEE

SB 2077: Education Committee (Sen. Freborg, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2077 was placed on the Sixth order on the calendar.

Page 1, line 2, after "grants" insert "; and to provide for a study of state education grants"

Page 1, after line 8, insert:

"SECTION 2. STUDY OF EDUCATION GRANTS. The state grant advisory board and state board of higher education are urged to study and consider the feasibility of providing an increasing, incremental, dollar amount of state grant awards to students who demonstrate the most significant financial need, without negatively impacting student eligibility of funding from other financial aid sources."

Renumber accordingly

2005 HOUSE EDUCATION

SB 2077

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **SB 2077**

House Education Committee

☐ Conference Committee

Hearing Date **7 March 2005**

Tape Number	Side A	Side B	Meter #
1	X		77 - 700
	X		4650 - 4900
Committee Clerk Signature <i>Jan Prindle</i>			

Minutes:

Chairman Kelsch opened the hearing of **SB 2077**.

Peggy Wipf, director of financial aid for the NDUS, introduced the bill on behalf of the University System. (Testimony attached.)

Rep. Meier: When was the level set at \$600?

Wipf: Sixteen years ago.

Rep. Haas: Of that \$4.637 how much is federal and how much is state?

Wipf: The federal part is a little over \$172,000 per biennium about \$82,000 a year and the remaining amount would be state dollars.

Rep. Mueller: If we move this level up is there some anticipation that program funding will increase?

Wipf: Based on the executive recommendation the level of funding is proposed to increase \$1.3 million.

Rep. Hunsakor: Could you elaborate a little bit on if you got extra money would you give that money to more students or give more money to fewer students.

Wipf: If the \$1.3 million stays in the appropriations bill, I can't speak for the board per se, but it would be my recommendation that they would increase to \$800 and fund about the same number of students that we now fund at \$600.

There being no further testimony Chairman Kelsch closed the hearing of SB 2077.

At a later time Vice Chairman Johnson opened discussion of the bill.

Rep. Mueller: I move a do pass.

Rep. Hawken: I second.

A roll call vote was taken.

Yes: 13 No: 0 Absent: 1 (Kelsch)

Rep. Norland will carry the bill.

Date: 74 Mar 05
Roll Call Vote #: 1

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2077

House Education Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken also Pass

Motion Made By Mueller Seconded By Hawken

Representatives	Yes	No	Representatives	Yes	No
Chairman Kelsch	<u>0</u>		Rep. Hanson	<u>✓</u>	
Vice Chairman Johnson	<u>✓</u>		Rep. Hunsakor	<u>✓</u>	
Rep. Haas	<u>✓</u>		Rep. Mueller	<u>✓</u>	
Rep. Hawken	<u>✓</u>		Rep. Solberg	<u>✓</u>	
Rep. Herbel	<u>✓</u>				
Rep. Horter	<u>✓</u>				
Rep. Meier	<u>✓</u>				
Rep. Norland	<u>✓</u>				
Rep. Sitte	<u>✓</u>				
Rep. Wall	<u>✓</u>				

Total (Yes) 13 No 0

Absent 1 (Kelsch)

Floor Assignment Norland

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

REPORT OF STANDING COMMITTEE (410)
March 7, 2005 10:32 a.m.

Module No: HR-41-4252
Carrier: Norland
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2077, as engrossed: Education Committee (Rep. R. Kelsch, Chairman) recommends DO PASS (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). Engrossed SB 2077 was placed on the Fourteenth order on the calendar.

2005 TESTIMONY

SB 2077

STATE STUDENT INCENTIVE GRANT PROGRAM

(State Grant or SSIG)

HISTORY

The State Student Incentive Grant (State Grant or SSIG) Program was implemented in 1973. This program is need-based. Along with determining if a student may be eligible for a State Grant (based on financial need as approved by the U.S. Department of Education), we have required that a student also be a first-time undergraduate, enrolled for 12 or more credits, not be in default or owe a refund on a student loan or other Title IV programs, attend an eligible in-state institution, be a North Dakota resident, and meet the March 15 top priority deadline date.

Prior to the 1979 Legislative Session, representatives of the independent, non-profit colleges in North Dakota determined that the State Grant Program **had not** responded to the needs of students choosing to attend independent colleges. The State Grant funds awarded to students attending independent, non-profit colleges was a very small share of the total, reflecting fairly closely their share of total enrollment. The independent colleges decided that as long as the State Grant Program failed to take into account the higher tuition of independent, non-profit colleges, they could not expect to gain a larger share of State Grants. Legislation was proposed in the 1979 Legislative Session that established a Tuition Equalization Grant (TAG) Program only for students attending private, non-profit colleges in North Dakota, e.g., Jamestown College and the University of Mary. The TAG Program was authorized and \$200,000 was appropriated for the 1979-81 biennium. **It should be noted that students attending the independent, non-profit colleges could receive a State Grant and a Tuition Assistance Grant at the same time.** The unmet need for the TAG Program was tallied for all applicants to yield an aggregate unmet need figure. That figure was divided into the funds available for a given year to further yield a percentage of funds available to meet the unmet need. Our office was told to administer the TAG Program, even though no administrative funds were appropriated which was one reason for combining programs. With the combined programs, we do have funds for computer capabilities.

By the 1985 Legislative Session, the TAG Program had grown to a biennial appropriation of \$500,000.

A successful merger of the State Grant Program and Tuition Assistance Grant Program occurred in the 1987 Legislature. As a result, the amounts allowed in each student's budget have been standard except for the amount allowed for tuition. With the defunding of the TAG Program, the State Grant Program began to allow a higher budget for students attending independent, non-profit colleges and universities to reflect the higher tuition they pay. (This is consistent with student grant programs in other states.) Additionally, a lower tuition figure for other eligible institution-types was used.

HB 1003, Section 17, requires that, in the 2003-05 biennium, no less than 22 percent of the funds appropriated for the State Grant Program go to students who attend private (non-profit) post-secondary institutions in North Dakota, as opposed to the requirement of 20 percent in the 2001-03 biennium.

Continued representation from the private, non-profit, and tribal colleges is necessary on the State Grant Advisory Board to ensure that North Dakota does not return to two separate state grant programs for need-based student financial aid.

Testimony before
House Education Committee
March 7, 2005
Engrossed SB 2077

*same
given to
Senate*

Madame Chair and members of the House Education Committee, my name is Peggy Wipf and I am director of financial aid for the North Dakota University System.

Engrossed Senate Bill No. 2077 relates to the student financial assistance grant program. The North Dakota Student Financial Assistance Program (State Grant Program) presently provides a \$600 grant per year to North Dakota residents pursuing their undergraduate degree and who attend North Dakota's public, private, and tribal colleges based upon demonstrated financial unmet need. The purpose of this needs-based grant is to assist students with their cost of attending a North Dakota postsecondary institution. A State Grant also reduces the amount of money a student needs to borrow to pay for their education. The amount of a State Grant has been \$600 for the past 16 years.

During the 2003-04 academic year, over 30,000 North Dakota students applied for a state grant. The State Grant Program was able to fund 2,424 needy students or roughly 8 percent of the eligible students during 2003-2004 due to the amount of program funding available. For 2003-2004, the greatest unmet need of a State Grant Program recipient was \$9,826 while the average unmet need was \$4,843. Program funding and awards ran out at an unmet need of \$5,937 in 2003-04. In other words, those students demonstrating an unmet need of \$5,937 or less did not receive State Grant support. Unmet need for this program is calculated as follows: Cost of education minus parent/student expected contribution, minus Federal Pell Grant, minus other resources, e.g., veterans' benefits, equals unmet need.

The table that follows shows the: number of applications received, number of students receiving awards, dollars and percent awarded by institution type, and percentage of all ND students attending college by sector for 2003-04 and 2004-05.

Students Receiving State Grant Dollar Awarded by Institution Type				
	Public Institution	Private Non- Profit 4-Year Colleges & Hospital School of Nursing	Native American Community Colleges	Total
2004-2005 School Year (est.)				
# Applying 29,257				
# of Students Receiving Awards	2,045	570	102	2,717
\$ Awarded	\$1,221,900	\$340,100	\$61,200	\$1,623,200
% of Total \$ Awarded	75%	21%	4%	100%
% of all ND Students Attending College	86.7%	8.7%	4.6%	100%
2003-2004 School Year				
# Applying 30,255				
# of Students Receiving Awards	1,842	473	109	2,424
\$ Awarded	\$1,020,747	\$267,949	\$57,300	\$1,345,996
% of Total \$ Awarded	76%	20%	4%	100%
% of all ND Students Attending College	86.7%	8.7%	4.6%	100%

The suggested change in Section 1 of Engrossed Senate Bill 2077 would permit the State Board of Higher Education (SBHE) to increase the amount of a State Grant from \$600 to up to \$1,000 per recipient. The SBHE would first consult the statutory State Grant Advisory Board, which is comprised of three financial aid directors, one college president, one secondary school counselor, and a student, concerning any changes

to the grant award amount. Generally, the advisory board includes representatives from the public, private, and tribal colleges.

There is no fiscal impact as a result of the suggested change. The 2005-07 executive budget recommendation provides \$4.376 million in general and federal funds, an increase of approximately \$1.3 million over 2003-05 available funding for this program. Based on this proposed funding level the State Grant Program would be able to fund approximately 3,650 grants per year at \$600 per student or about twelve percent of the program applicants. If the SBHE chose to increase the grant award to the maximum of \$1,000, as proposed in the legislation, the program would be able to fund approximately 2,190 grants per year in 2005-07 or a little over seven percent of the annual applicants. At \$800 per student, the proposed budget would provide an average of 2,735 awards per year and assist about nine percent of the annual applicants. The Board's consideration of the award amount will be greatly influenced by the level of available program funding and changes in the cost of education. It is unlikely that the amount of the grant award would be increased if no additional funding were provided.

Madame Chair and House Education Committee members, on behalf of the State Board of Higher Education, I urge your support of this change to Engrossed Senate Bill 2077 and would be happy to answer any questions.