

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

HIGHER EDUCATION COMMITTEE

Wednesday and Thursday, November 9-10, 2005
Roughrider Room, State Capitol
Prairie Room, Student Union, Bismarck State College
Bismarck, North Dakota

Senator Ray Holmberg, Chairman, called the meeting to order at 1:00 p.m. on Wednesday, November 9, 2005, in the Roughrider Room, State Capitol, Bismarck.

Members present: Senators Ray Holmberg, Tim Flakoll, Tony Grindberg, Nicholas P. Hacker, Ed Kringstad, Dave Nething, David O'Connell; Representatives Ole Aarsvold, Larry Bellew, Lois Delmore, Andrew G. Maragos, Bob Martinson, Darrell D. Nottestad, Mark S. Owens, Earl Rennerfeldt, Steven L. Zaiser

Members absent: Senator Elroy N. Lindaas; Representatives Tom Brusegaard, Mary Ekstrom, Kathy Hawken, Nancy Johnson

Others present: Merle Boucher, State Representative, Rolette

Margaret Sitte, State Representative, Bismarck

See attached appendix for additional persons present.

It was moved by Senator O'Connell, seconded by Representative Maragos, and carried on a voice vote that the minutes of the October 5, 2005, meeting be approved as distributed.

HIGHER EDUCATION FUNDING AND ACCOUNTABILITY STUDY

Dr. Mary McKeown-Moak, Partner, MGT of America, Inc., provided a status report on the higher education funding and accountability study, a copy of which is on file in the Legislative Council office.

State of Higher Education

Dr. McKeown-Moak identified the following conditions relating to the state of higher education in the United States and how North Dakota compares in finance and performance, national higher education trends, per capita higher education funding, and trends in funding higher education from nonstate revenue sources:

- The mix of population by age level for North Dakota is close to the averages for Minnesota, Montana, South Dakota, and the national averages.
- The percentage of North Dakota high school graduates going directly to college is

73.7 percent compared to the national average of 47.5 percent.

- North Dakota has a 56.6 percent bachelor's degree graduation rate compared to the national average of 54.3 percent and a 36.2 percent associate degree graduation rate compared to the national average of 30.6 percent.
- North Dakota's personal income per capita for 2004 was \$29,247 compared to \$36,173 for Minnesota, \$27,666 for Montana, \$30,617 for South Dakota, and the national average of \$33,041.
- North Dakota's state tax collections per capita for 2000 was \$2,675 compared to \$3,694 for Minnesota, \$2,363 for Montana, \$2,300 for South Dakota, and the national average of \$3,100.
- North Dakota allocated 17.3 percent of its general fund budget to higher education for fiscal year 2003-04 compared to 7.3 percent for Minnesota, 10.2 percent for Montana, 12.6 percent for South Dakota, and the national average of 10.8 percent.
- North Dakota allocated from the state general fund \$258 for higher education per capita for fiscal year 2003-04 compared to \$213.02 for Minnesota, \$155.34 for Montana, \$167.18 for South Dakota, and the national average of \$198.69.
- North Dakota's state net dollars per full-time equivalent (FTE) student for fiscal year 2003-04 was \$5,528 compared to the national average of \$6,013.
- Total education revenues per FTE student, including education appropriations and net tuition revenues, are:

	Education Appropriations Per FTE Student	Net Tuition Revenue Per FTE Student	Total Education Revenues Per FTE Student
North Dakota	\$4,345	\$2,945	\$7,290
Minnesota	\$5,564	\$3,983	\$9,547
Montana	\$3,915	\$3,873	\$7,788
South Dakota	\$4,408	\$4,560	\$8,968
National average	\$5,737	\$3,187	\$8,924

- Net tuition revenues as a percentage of total education revenues for fiscal year 2003-04 was 40.4 percent for North Dakota compared to 41.7 percent for Minnesota, 49.7 percent for Montana, 50.8 percent for South Dakota, and the national average of 35.7 percent.
- The percentage increase in education appropriations per FTE student from 1990-91 to 2003-04 was 49 percent for North Dakota compared to 32.3 percent for Minnesota, 35.6 percent for Montana, 88.1 percent for South Dakota, and the national average of 62.1 percent.
- The percentage change in education appropriations per FTE student from 1991-2004 using constant 2004 dollars adjusted by a higher education cost adjustment was (21.4) percent for North Dakota compared to the national average of (11.9) percent.
- North Dakota state appropriations for higher education increased from \$183.5 million for fiscal year 2000 to \$201.5 million for fiscal year 2003, then dropped to \$200.4 million for fiscal years 2004 and 2005 before increasing to \$215.3 million in fiscal year 2006.
- For the 10-year period 1995-2005, North Dakota higher education appropriations increased 1.7 percent per year compared to the national average of 2.1 percent.

In response to a question from Representative Delmore regarding North Dakota's graduation rates, Dr. McKeown-Moak said she will have to determine if the graduation rates account for students who may transfer and graduate from another institution within the state.

In response to a question from Senator Flakoll regarding state tax collections per capita, Dr. McKeown-Moak said the state tax collections per capita figures include property taxes.

In response to a question from Representative Rennerfeldt regarding state tax collections, Dr. McKeown-Moak said she would provide the committee with information regarding the types of taxes included in the miscellaneous tax collection category.

In response to a question from Representative Aarsvold regarding state general fund dollars provided for private higher education institutions, Dr. McKeown-Moak said if a state appropriates funding for support of private higher education institutions, the funding would be included in the state general fund dollars for higher education per capita figures.

Senator Hacker suggested MGT of America, Inc., provide information in two-year periods to correlate with the state's biennial periods where possible.

Long-Term Financing Plan and Peer Institutions

Dr. McKeown-Moak said MGT of America, Inc., uses a statistical approach to determine appropriate peer institutions. Under the approach, institutions are compared using over 150 variables relating to size, location, type of institution, staffing, program mix, degrees awarded by program, and student body composition. Each institution is compared to all other institutions in the group and those institutions with similar scores are considered to be potential peer institutions. She said MGT of America, Inc., recommends an institution have a peer group of at least 15 institutions. She said states must also determine whether or not to include aspirational peers in peer groups. The following is a summary of the preliminary effort of MGT of America, Inc., to determine the appropriateness of the peer institutions selected for the North Dakota University System, including information on whether current peer institutions are valid and other recommended peer institutions:

Institution	Current Peer Institutions		Other Recommended Peer Institutions
North Dakota State University	Clemson University Clemson, South Carolina	Valid	Montana State University Bozeman, Montana
	Kansas State University Manhattan, Kansas	Valid	South Dakota State University Brookings, South Dakota
	New Mexico State University-Main Campus Las Cruces, New Mexico	Valid	Colorado State University Fort Collins, Colorado
	Oregon State University Corvallis, Oregon	Valid	University of Nebraska at Lincoln Lincoln, Nebraska
	University of Alaska Fairbanks Fairbanks, Alaska	Valid	University of Maine Orono, Maine
	University of Arkansas-Main Campus Fayetteville, Arkansas	Valid	Washington State University Pullman, Washington
	University of Idaho Moscow, Idaho	Valid	
	University of Wyoming Laramie, Wyoming	Valid	
	Utah State University Logan, Utah	Valid	

Institution	Current Peer Institutions		Other Recommended Peer Institutions
University of North Dakota	Ohio University-Main Campus Athens, Ohio	Not valid	East Tennessee State University Johnson City, Tennessee
	Southern Illinois University-Carbondale Carbondale, Illinois	Valid	University of Vermont Burlington, Vermont
	SUNY at Buffalo Buffalo, New York	Valid	University of South Dakota Vermillion, South Dakota
	University of Louisville Louisville, Kentucky	Valid	University of Alabama at Birmingham Birmingham, Alabama
	University of Missouri-Kansas City Kansas City, Missouri	Valid	University of South Alabama Mobile, Alabama
	University of Nevada-Reno Reno, Nevada	Valid	East Carolina University Greenville, North Carolina
	University of South Carolina-Columbia Columbia, South Carolina	Valid	University of Utah Salt Lake City, Utah
	West Virginia University Morgantown, West Virginia	Valid	
	Wright State University-Main Campus Dayton, Ohio	Valid	
Minot State University	Albany State University Albany, Georgia	Valid	University of West Alabama Livingston, Alabama
	Delta State University Cleveland, Mississippi	Valid	Southern Arkansas University-Main Campus Magnolia, Arkansas
	East Central University Ada, Oklahoma	Valid	North Georgia College and State University Dahlonega, Georgia
	Eastern New Mexico University-Main Campus Portales, New Mexico	Valid; Not recommended	Kentucky State University Frankfort, Kentucky
	Mansfield University of Pennsylvania Mansfield, Pennsylvania	Valid	Chadron State College Chadron, Nebraska
	Midwestern State University Wichita Falls, Texas	Valid; Not recommended	Eastern Oregon University La Grande, Oregon
	Southwestern Oklahoma State University Weatherford, Oklahoma	Valid; Not recommended	Southeastern Oklahoma State University Durant, Oklahoma
	University of Michigan-Flint Flint, Michigan	Valid	Bemidji State University Bemidji, Minnesota
	University of Montevallo Montevallo, Alabama	Valid	Western New Mexico University Silver City, New Mexico
Dickinson State University	Dakota State University Madison, South Dakota	Valid	Lyndon State College Lyndonville, Vermont
	Glenville State College Glenville, West Virginia	Valid	Purdue University-North Central Campus Westville, Indiana
	Indiana University-East Richmond, Indiana	Valid	Western State College of Colorado Gunnison, Colorado
	Lewis-Clark State College Lewiston, Idaho	Valid	Texas A&M University at Galveston Galveston, Texas
	Shawnee State University Portsmouth, Ohio	Not valid	New College of Florida Sarasota, Florida
	University of Arkansas at Monticello Monticello, Arkansas	Valid	Oklahoma Panhandle State University Goodwell, Oklahoma
	University of Maine at Farmington Farmington, Maine	Valid	University of Montana-Western Dillon, Montana
	University of South Carolina at Aiken Aiken, South Carolina	Not valid	University of Pittsburgh-Bradford Bradford, Pennsylvania
	West Liberty State College West Liberty, West Virginia	Valid	
Mayville State University	Bluffton College Bluffton, Ohio	Not valid	Glenville State College Glenville, West Virginia
	Concordia University Irvine, California	Not valid	University of Pittsburgh-Bradford Bradford, Pennsylvania
	Dakota State University Madison, South Dakota	Valid; Not recommended	Lewis-Clark State College Lewiston, Idaho

Institution	Current Peer Institutions		Other Recommended Peer Institutions
Valley City State University	Greensboro College Greensboro, North Carolina	Not valid	Black Hills State University Spearfish, South Dakota
	Houghton College Houghton, New York	Not valid	The University of Virginia's College at Wise Wise, Virginia
	Lyndon State College Lyndonville, Vermont	Valid	Texas A&M University at Galveston Galveston, Texas
	Oklahoma Panhandle State University Goodwell, Oklahoma	Valid	New College of Florida Sarasota, Florida
	University of Maine at Presque Isle Presque Isle, Maine	Valid	Massachusetts College of Liberal Arts North Adams, Massachusetts
	University of Montana-Western Dillon, Montana	Valid	Purdue University-North Central Campus Westville, Indiana
			Western State College of Colorado Gunnison, Colorado
			University of Science and Arts of Oklahoma Chickasha, Oklahoma
	Bluffton College Bluffton, Ohio	Not valid	Glenville State College Glenville, West Virginia
	Concordia University Irvine, California	Not valid	University of Pittsburgh-Bradford Bradford, Pennsylvania
	Dakota State University Madison, South Dakota	Valid	Lewis-Clark State College Lewiston, Idaho
	Greensboro College Greensboro, North Carolina	Not valid	Black Hills State University Spearfish, South Dakota
	Houghton College Houghton, New York	Not valid	Texas A&M University at Galveston Galveston, Texas
	Lyndon State College Lyndonville, Vermont	Valid	Western State College of Colorado Gunnison, Colorado
Oklahoma Panhandle State University Goodwell, Oklahoma	Valid	New College of Florida Sarasota, Florida	
University of Maine at Presque Isle Presque Isle, Maine	Valid	Massachusetts College of Liberal Arts North Adams, Massachusetts	
University of Montana-Western Dillon, Montana	Valid	Purdue University-North Central Campus Westville, Indiana	
Lake Region State College	Brunswick Community College Supply, North Carolina	Valid	Luna Community College Las Vegas, New Mexico
	Carteret Community College Morehead City, North Carolina	Valid	Frank Phillips College Borger, Texas
	Cecil Community College North East, Maryland	Valid	Dabney Lancaster Community College Clifton Forge, Virginia
	Clatsop Community College Astoria, Oregon	Valid	Feather River Community College District Quincy, California
	Kirtland Community College Roscommon, Michigan	Valid	Rich Mountain Community College Mena, Arkansas
	Paul D. Camp Community College Franklin, Virginia	Valid	Ivy Tech State College-Columbus Columbus, Indiana
	Sampson Community College Clinton, North Carolina	Valid	Morgan Community College Fort Morgan, Colorado
	West Shore Community College Scottville, Michigan	Valid	
Williston State College	East Central College Union, Missouri	Valid	Clarendon College Clarendon, Texas
	Feather River Community College District Quincy, California	Valid	Itasca Community College Grand Rapids, Minnesota
	Iowa Valley Community College District Marshalltown, Iowa	Valid	New Mexico State University-Carlsbad Carlsbad, New Mexico
	Lurleen B. Wallace Jr. College Andalusia, Alabama	Valid; Not recommended	University of Pittsburgh-Titusville Titusville, Pennsylvania

Institution	Current Peer Institutions		Other Recommended Peer Institutions
Minot State University - Bottineau	McDowell Technical Community College Marion, North Carolina	Valid	Coffeyville Community College and Area Technical School Coffeyville, Kansas
	Miles Community College Miles City, Montana	Valid	Waycross College Waycross, Georgia
	Northwest Community College Powell, Wyoming	Valid	Northeast Alabama Community College Rainsville, Alabama
	University of Arkansas Community College-Morrilton Morrilton, Arkansas	Valid	
	West Shore Community College Scottville, Michigan	Valid	
	Clarendon College Clarendon, Texas	Valid	Lamar Community College Lamar, Colorado
	Feather River Community College District Quincy, California	Valid	Independence Community College Independence, Kansas
	Garrett College McHenry, Maryland	Valid	Mesalands Community College Tucumcari, New Mexico
	Martin Community College Williamston, North Carolina	Valid	Quinebaug Valley Community College Danielson, Connecticut
	Miles Community College Miles City, Montana	Valid	Itasca Community College Grand Rapids, Minnesota
	Ozarka College Melbourne, Arkansas	Valid	Frank Phillips College Borger, Texas
	Rich Mountain Community College Mena, Arkansas	Valid	
	University of Pittsburgh-Titusville Titusville, Pennsylvania	Valid	
Warren County Community College Washington, New Jersey	Valid		
Bismarck State College	Abraham Baldwin Agricultural College Tifton, Georgia	Valid	Pueblo Community College Pueblo, Colorado
	Central Lakes College-Brainerd Brainerd, Minnesota	Valid; Not recommended	Lake Washington Technical Community College Kirkland, Washington
	East Central Community College Decater, Mississippi	Valid	Northeast Mississippi Community College Booneville, Mississippi
	Hawkeye Community College Waterloo, Iowa	Not valid	Northeast State Technical Community College Blountville, Tennessee
	Iowa Valley Community College District Marshalltown, Iowa	Not valid	Western Dakota Technical Institute Rapid City, South Dakota
	North Idaho College Coeur d'Alene, Idaho	Not valid	Texas State Technical College-Harlingen Harlingen, Texas
	Northwest Shoals Community College-Muscle Shoals Muscle Shoals, Alabama	Valid	Gwinnett Technical College Lawrenceville, Georgia
	Ridgewater College Willmar, Minnesota	Valid	Lake Superior College Duluth, Minnesota
	SUNY College of Technology at Canton Canton, New York	Valid	East Central College Union, Missouri
			Edison State Community College Piqua, Ohio
State College of Science	Central Carolina Technical College Sumter, South Carolina	Not valid	Florence Darlington Technical College Florence, South Carolina
	Indian Hills Community College Ottumwa, Iowa	Valid	Hawkeye Community College Waterloo, Iowa
	North Idaho College Coeur d'Alene, Idaho	Not valid	Hennepin Technical College Brooklyn Park, Minnesota
	Northwest Technical College-Bemidji Bemidji, Minnesota	Not valid	Thaddeus Stevens College of Technology Lancaster, Pennsylvania
	Oklahoma State University-Okmulgee Okmulgee, Oklahoma	Valid	Northeast Community College Norfolk, Nebraska
		Midland College Midland, Texas	

Institution	Current Peer Institutions		Other Recommended Peer Institutions
	St. Paul Technical College St. Paul, Minnesota SUNY College of Technology at Alfred Alfred, New York SUNY College of Technology at Canton Canton, New York Texas State Technical College-Harlingen Harlingen, Texas	Not valid Valid Not valid Not valid	Texas State Technical College-Waco Waco, Texas Lake Area Technical Institute Watertown, South Dakota Bellingham Technical College Bellingham, Washington Vincennes University Vincennes, Indiana Linn State Technical College Linn, Missouri Central Maine Community College Auburn, Maine Spartanburg Technical College Spartanburg, South Carolina Southeast Technical Institute Sioux Falls, South Dakota

Representative Delmore requested MGT of America, Inc., provide the committee a listing of the 150 variables used in the peer institution comparisons.

In response to questions from Senator Holmberg and Senator Nething, Dr. McKeown-Moak said location was used as a comparison factor for determining peer institutions; however, location was used in terms of population size not geographic location.

Dr. McKeown-Moak said she would like guidance from the committee whether or not the state would like to include aspirational peers in peer groups. She said some states use aspirational peers for reviewing accountability. She said at the present time MGT of America, Inc., has not included aspirational peers in the recommended peer groups.

Senator Nething said approximately 22 percent of students in the North Dakota University System are receiving tuition waivers and are not paying full tuition.

In response, Dr. McKeown-Moak said MGT of America, Inc., did not use any funding or revenue factors as a comparison factor for determining peer institutions. She said higher education institutions' use of tuition waivers will differ by institution.

Dr. McKeown-Moak said the recommended peer groups are preliminary. She said MGT of America, Inc., would like to see no more than two peer institutions from the same state. She said she will be reviewing the recommended peer groups with the North Dakota University System higher education institutions and will bring the firm's recommendations regarding peer groups to the Higher Education Committee.

In response to a question from Representative Owens, Dr. McKeown-Moak suggested that peer groups be reviewed every two to three bienniums, but the collection of data relating to peer institutions should be completed each biennium.

Representative Aarsvold said he is concerned with selecting peer institutions from states with a large number of private higher education institutions. He

said those states may be able to provide more funding to their public higher education institutions.

Accountability Measures

Dr. McKeown-Moak said MGT of America, Inc., is in the process of evaluating the North Dakota University System accountability measures and benchmarks in terms of appropriateness and adequacy. She said accountability measures may be classified as:

- Input measures - Human, financial, and physical resources received to support programs, activities, and services.
- Process measures - Means or method used to deliver programs, activities, and services.
- Output measures - Quantity of products produced.
- Outcome measures - Quality of the benefit or impact of the programs, activities, and services on students, states, and society.

Dr. McKeown-Moak said all states have implemented accountability measures for higher education. She said North Dakota has some of all four types of measures similar to a majority of other states.

Other Interested Persons

Ms. Pam Kostelecky, President, State Board of Higher Education, Dickinson, commented on the committee's study of higher education funding and accountability and the State Board of Higher Education review of the long-term financing plan. A copy of her comments is on file in the Legislative Council office. She said the State Board of Higher Education appreciates MGT of America, Inc., taking the time to meet with representatives of the higher education institutions and the North Dakota University System office to gain their perspective and insight on the issue of higher education funding and accountability. She said the board will assist in any way to help ensure a successful outcome to the study.

In response to a question from Representative Delmore regarding centers of excellence, Mr. Eddie Dunn, Vice Chancellor for Strategic Planning, North Dakota University System, said the Center of

Excellence Commission has recommended funding for the following four proposed centers of excellence:

- North Dakota State University Center for Advanced Design and Manufacturing Electronics - \$3 million.
- University of North Dakota National Center of Hydrogen Technology - \$2.5 million.
- Bismarck State College Energy Center of Excellence - \$3 million.
- Lake Region State College Technology Optimized Agriculture - \$450,000.

Mr. Dunn said the centers must also be approved by the Economic Development Foundation, State Board of Higher Education, and Budget Section. He said the Center of Excellence Commission will be considering a second round of centers of excellence proposals in January 2006.

In response to questions from Representative Delmore and Senator Grindberg, Ms. Kostelecky said the North Dakota University System is in active discussion with representatives of the kindergarten through grade 12 community, private sector, and governmental leaders to convene a broad-based P-16 initiative to craft a solution to the impending crisis in the state and nation concerning global competitiveness of the workforce.

In response to a question from Senator Flakoll regarding the \$2 million equity pool appropriated to the North Dakota University System for the 2005-07 biennium, Ms. Kostelecky said the State Board of Higher Education has indicated an interest in allocating the funding as soon as possible after January 1, 2006. She said Section 9 of 2005 Senate Bill No. 2003 provides that the funding must be used "to address equity at higher education institutions and other campus needs" as determined by the State Board of Higher Education. The board may not select a formula for distributing the equity funding until January 1, 2006.

Ms. Laura Glatt, Vice Chancellor for Administrative Affairs, North Dakota University System, commented on the State Board of Higher Education review of the long-term financing plan. A copy of her comments is on file in the Legislative Council office. She said the Long-Term Financing Plan Review Committee established by the State Board of Higher Education is comprised of volunteer representatives from Bismarck State College, Lake Region State College, University of North Dakota, North Dakota State University, State College of Science, Minot State University, and Valley City State University. She said the recommendations of the committee are forwarded to the Administrative Affairs Council, chancellor's cabinet, and State Board of Higher Education for approval. She said the committee has refined the long-term financing plan guiding principles and is examining the long-term financing plan components that have been identified for review. She said in regard to the long-term financing plan components, the committee:

- Will recommend changes in enrollment calculations used in the resource allocation model to move away from using the most current fall FTE enrollment to an average of the two most current years' fall FTE enrollment.
- Will not recommend any changes in the calculation of parity costs, including salary and health insurance increases and operating inflation increases.
- Will recommend the operating fund benchmarks for higher education institutions be updated using the most current integrated postsecondary education data systems (IPEDS) data available at the time the biennial budget request is prepared.
- Will recommend the peer institutions be reviewed and updated every four years instead of every six years.
- Has not reached conclusions on state and student shares, use of gross tuition revenues compared to net tuition revenues, equity funding allocation methodology, equity and parity distribution, and funding targets.
- Will recommend delaying the selection of peer institutions pending the outcome of the higher education funding and accountability study.

Committee Discussion

Senator Holmberg said MGT of America, Inc., is to evaluate the long-term financing plan for the North Dakota University System and determine:

- If the current method of funding for the University System and the method of determining and evaluating equity among the institutions is appropriate and, if so, the appropriateness of the peer institutions selected and the need to update peer institution funding comparisons.
- If the long-term financing plan is realistic based on historic funding increases and forecasted economic growth in North Dakota.
- If the current State Board of Higher Education method of setting funding priorities is appropriate.
- If the long-term financing plan adequately addresses the use of various sources of revenues and allocations and the need for funding initiatives at the state's institutions.
- If the current method of funding for the University System is not appropriate, develop an alternative method of funding using existing resources for the University System, including allocation of funding to institutions and a comparison of the proposed allocation of funding to institutions to the funding provided for the 2005-07 biennium.

Senator Nething said if aspirational peer institutions were included in the peer groups for the North Dakota University System institutions, the State Board

of Higher Education would review the appropriateness of the aspirational peers on a four-year basis.

Senator Hacker said student internships are available; however, students may not participate in an internship if they are required to pay for the credit hours relating to the internship.

COMMITTEE DISCUSSION

In response to information provided by Chairman Holmberg regarding an upcoming meeting of the Higher Education Roundtable, Senator Nething said information regarding the Western Interstate Commission on Higher Education's state scholars initiative and information regarding student internships from representatives of the Experimental Program to Stimulate Competitive Research may be potential agenda items for the upcoming meeting of the Higher Education Roundtable.

The committee recessed at 4:00 p.m.

The committee reconvened at 9:00 a.m. on Thursday, November 10, 2005, in the Prairie Room of the Student Union, Bismarck State College, Bismarck.

Chairman Holmberg reviewed a tentative schedule for the next meetings and budget tours of the Higher Education Committee, as follows:

Tentative Meeting Date	Institution or Location
February 14-15, 2006 (Tuesday and Wednesday)	Committee meeting, including the presentation of the preliminary final report for the higher education funding and accountability study, and Higher Education Roundtable meeting, Bismarck
March 14-15, 2006 (Tuesday and Wednesday)	Committee meeting, including the presentation of the final report for the higher education funding and accountability study (Tuesday p.m.), and budget tours of State College of Science, Wahpeton, and North Dakota State University, Fargo

Chairman Holmberg called on Dr. Robert L. Potts, Chancellor, North Dakota University System, who provided information regarding the next meeting of the State Board of Higher Education tentatively scheduled for Wednesday and Thursday, November 16-17, 2005, at North Dakota State University, Fargo. Dr. Potts said the State Board of Higher Education will be considering whether to allocate \$1.5 million of funding from board initiative funds to support an international student recruiting and retention initiative. He said the North Dakota University System office will forward information regarding the proposed initiative to Higher Education Committee members.

BISMARCK STATE COLLEGE - BUDGET TOUR

Dr. Donna Thigpen, President, Bismarck State College, welcomed the committee to the campus of Bismarck State College and reviewed the contents of

the committee's tour packet. A copy of the packet is on file in the Legislative Council office.

Dr. Thigpen provided information regarding the Bismarck State College mission, programs, and enrollment. The information is included in the committee's tour packet. She said Bismarck State College provides a high-quality, learning-centered education that maximizes student learning and makes students partners in their education. She said the college has the fourth largest enrollment in the North Dakota University System and offers transfer, technical, and corporate and continuing education programs. She said the college's fall 2005 enrollment is summarized as follows:

	Fall 2004	Fall 2005	Increase (Decrease)
Headcount enrollment	3,546	3,370	(176)
Full-time equivalent enrollment	2,625	2,440	(185)
Full-time enrollment	2,330	2,151	(179)
Part-time enrollment	1,216	1,219	3
Distance education headcount	1,072	1,173	101
Online and on-campus headcount	508	547	39
Online only headcount	564	626	62

In response to a question from Senator Hacker regarding distance education enrollment, Dr. Thigpen said the college's fall 2005 distance education headcount enrollment of 1,173 includes both part-time and full-time students. She said the distance education headcount enrollment is included in the college's total fall 2005 headcount enrollment of 3,370.

In response to a question from Representative Delmore regarding out-of-state enrollment, Dr. Thigpen said the college's increase in out-of-state enrollment is largely due to an increase in the enrollment in the college's distance education energy-related programs.

In response to a question from Representative Nottestad, Dr. Thigpen said the college partners with members of the energy industry to meet the industry's entry-level and customized training needs.

In response to a question from Representative Aarsvold regarding dual credit enrollment, Dr. Thigpen said approximately 100 of the college's fall 2005 headcount enrollment is dual credit enrollment.

Dr. Thigpen said in regard to long-term enrollment plans, the college intends to continue to use external environmental scanning and strategic planning to determine new programs, continue to develop new programs based on industry needs, and maintain the percentage of local students attending the college through various marketing strategies. She said the college's goal is to achieve a headcount enrollment of 4,000 by the year 2010.

Ms. Tara Karlberg, student, Bismarck State College, provided information regarding her experience at Bismarck State College. She said she is the president of the college's board of governors and is enjoying her experience and opportunities at Bismarck State College.

Dr. Wayne Boekes, Provost and Vice President for Academic and Student Affairs, Bismarck State College, provided information regarding the college's new programs. The information is included in the committee's tour packet. He said the college is in various stages of implementing new programs in the following areas:

- Transportation and supply chain management.
- Industrial maintenance technology.
- Instrumentation and control.
- Geographic information systems.
- Web page development and design.
- Nursing.

In response to a question from Senator Holmberg regarding the Dakota Nurse program, Dr. Boekes said the Dakota Nurse program is a collaborative nursing education program implemented by Bismarck State College, Lake Region State College, Williston State College, and Minot State University - Bottineau. He said the program is organized as a career ladder that begins with certified nursing assistant training. Students may earn a certificate in practical nursing after the first year of nursing classes and may continue for a second year to earn an associate in applied science degree in nursing. He said the college has a positive working relationship with the State Board of Nursing.

Dr. Boekes said Bismarck State College is in the process of implementing a new process for maintaining the college's accreditation with the North Central Association. He said under the new process, the college will become an academic quality improvement program campus. He said the college is also proposing to establish and deliver a bachelor in applied science degree in energy management.

In response to a question from Senator Hacker regarding the college's academic quality improvement program status, Dr. Thigpen said the academic quality improvement program requires a quality improvement philosophy and culture on the entire campus. She said the program also includes validation of the campus' strengths and weakness by the North Central Association.

In response to a question from Representative Martinson regarding the proposed bachelor in applied science degree in energy management, Dr. Thigpen said the proposed program would only be offered online. She said the college anticipates approximately 15 to 20 students would enroll in the program in the first year.

Dr. Thigpen provided information regarding the college's energy center of excellence proposal. The information is included in the committee's tour packet. She said the college has proposed the construction of a career and technology institute to serve as an energy center of excellence. She said the facility would combine energy workforce training with environmental research while advancing the use of coal combustion products. She said the college has

secured pledges and commitments totaling \$9.5 million to date for the project and has additional pending pledges and commitments of \$1.1 million. She said the Centers of Excellence Commission has recommended the college receive \$3 million of funding from the funding appropriated by the 2005 Legislative Assembly for centers of excellence.

In response to a question from Senator Holmberg regarding the proposed energy center of excellence, Mr. Dave Clark, Executive Vice President, Bismarck State College, said the career and technology institute would consist of a national energy center for the college's energy programs, a higher education center for collaborative education programs, and a workforce training center for multipurpose training and business incubation. He said the estimated cost of the facility is \$13.6 million.

Mr. Clark provided information regarding the status of the 2005-07 budget, salary adjustments, and capital improvement projects. The information is included in the committee's tour packet. He said the college's tuition revenue collections for fiscal year 2006 are approximately \$135,000 behind projections due to a 5 percent decrease in enrollment and the college's spending for fiscal year 2006 is on track with budgeted expenditures. He said the college anticipates using carryover funds from the 2003-05 biennium for one-time operational and capital improvement needs.

In response to a question from Senator Flakoll, Mr. Clark said the college plans to use any funding received from the distribution of the \$2 million equity pool appropriated by the 2005 Legislative Assembly to the North Dakota University System to make up any tuition shortfall.

Mr. Clark said the college provided faculty and staff salary increases of approximately 4.8 percent for fiscal year 2006 which was slightly less than the North Dakota University System average increase of 5.3 percent. He said the college's funding and operational challenges include maintaining competitive salaries in the Bismarck and Mandan labor market, lack of space issues, and increasing utility costs.

Mr. Clark said the 2005 Legislative Assembly provided Bismarck State College funding of \$243,481 from the general fund for extraordinary repairs. He said the college will use approximately \$100,000 of the funding for special assessment payments to the city of Bismarck. He said the college is considering using a portion of its 2003-05 carryover funds for replacement of the bleachers in the armory. He said the college's priorities for 2007-09 capital improvement needs include the renovation of the Vocational Technical Center and the construction of a plant services building, a student wellness center, and a fine arts building.

Ms. Jeanne Masseth, Workforce Training Manager, Bismarck State College, provided information regarding the college's workforce training

partnerships. The information is included in the committee's tour packet. She said the college provides workforce training in several areas to local businesses, including formal mentoring programs, strategic planning, customer service, ethics, and employee retention.

Mr. Zachary Allen, Energy Technology Online Multimedia Coordinator, Bismarck State College, provided information regarding interactive learning tools being utilized by the college. He said Bismarck State College is in the process of implementing the following interactive learning tools in its online programs:

- Automated lectures and self-checks.
- Animations.
- Minisimulations.
- Full simulations.
- WebLab.

In response to a question from Senator Nething, Mr. Allen said he remains in close contact with business and industry and he enjoys being able to educate students interested in the energy field.

The committee conducted a tour of the campus of Bismarck State College, including the site of the Career and Technology Institute, the site of the new student housing facility, and the college's downtown allied health campus.

The committee recessed for lunch at 12:15 p.m.

After lunch, **it was moved by Representative Aarsvold, seconded by Representative Delmore, and carried on a voice vote that the committee adjourn subject to the call of the chair.** The meeting was adjourned at 12:45 p.m.

Roxanne Woeste
Senior Fiscal Analyst

Jim W. Smith
Legislative Budget Analyst and Auditor

[ATTACH:1](#)