



MIDWESTERN HIGHER EDUCATION COMPACT

Cost Savings ♦ Student Access ♦ Policy Research

1



MHEC in North Dakota

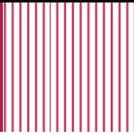


Presentation to

North Dakota Legislative Council
Higher Education Committee
Policy Summit
September 26-27, 2007

Larry A. Isaak, President
Midwestern Higher Education Compact

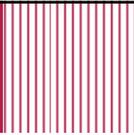
***“North Dakota Higher Education Trends
And Policy Implications”***



MHEC in North Dakota



- **Big Picture Context**
- **Recent Reports from the NCSL and NGA**
 - **North Dakota Data and Trends**
 - **Policy implications**



MHEC in North Dakota



- **Increasing Educational Attainment,
Quality and Productivity
Are Imperative Issues for
The United States**



MHEC in North Dakota



■ U.S. rank of percent of adults with postsecondary degrees:

(30 countries in Organization for Economic and Cooperative Development, OECD)

Age 55-64	1 st
Age 45-54	2 nd
Age 35-44	3 rd
Age 25-34	8 th *

*Countries ahead of U.S. are Canada, Japan, South Korea, Sweden, Finland, Norway, Belgium. Tied or very close to U.S. are Spain, France, Ireland, Australia, Denmark and United Kingdom.

Lumina Foundation for Education presentation by Dewayne Matthews, July 20, Annual SHEEO meeting



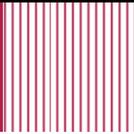
MHEC in North Dakota



NEEDED: More Degrees

- 7.3 million additional degrees are needed for U.S. to again have the highest rate of college degree attainment in the world.
- 16.2 million degrees required beyond expected production between 2005-2025 to meet domestic workforce needs. This is a 38% increase in production.

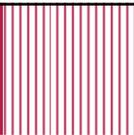
Lumina Foundation for Education presentation by Dewayne Matthews, July 20, Annual SHEEO meeting



Competition for workers in U.S. will intensify:

- 3 million more jobs than workers by 2012
- In ten years 40% of factory floor jobs need a bachelors degree
- 75 million retiring baby boomers...one-fourth of current population

Lumina Foundation for Education presentation by Dewayne Matthews, July 20, Annual SHEEO meeting



**Educated human capital is
the world's current and future "gold"**



Major Policy Discussion

Dialogue needs to be:

- about every citizen having access to and ability to succeed in postsecondary education. (“Production” will be the issue for the next decade as “accountability” was to the past decade.)

and

- about using higher education assets more effectively to address these needs.

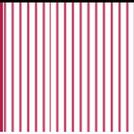
and

- about a major focus on public policy



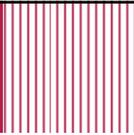
■ Two major reports recently issued:

- National Conference of State Legislatures, Blue Ribbon Commission on Higher Education: *“Transforming Higher Education, National Imperative-State Responsibility”*, October 2006
- National Governors Association: *“Innovation America, A Compact for Postsecondary Education”*, July 2007



■ **NCSL Report Recommendations**

- Define clear state goals
- Know your demographic trends up to 30 years out
- Identify a place or structure to sustain public agenda
- Hold institutions accountable for performance
- Rethink funding
- Rethink student aid
- Reduce borrowing and debt
- Recommit to access and success



■ **NCSL Recommendations (cont.)**

- Embrace innovation
- Encourage partnerships
- Transform the 12th grade
- Don't neglect adult learners
- Focus on productivity



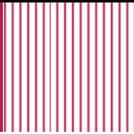
■ NGA Report Recommendations for An Innovative Postsecondary System

- Linked to the needs of the state
- Integrated into long-term economic development and growth strategy
- Globally focused
- Innovative and entrepreneurial
- Quality oriented
- Collaborative, transparent, and open
- Adaptable, flexible and market driven
- Accessible
- Accountable



■ NGA Report Recommendations (cont.)

- Clearly articulate and coordinate missions among colleges and universities
- Work with stakeholder groups (ND's Roundtable cited as an example:)
The Roundtable.....has played a critical role in helping ND align postsecondary education to its economic needs."
- Conduct audit of state needs
- Articulate goals and priority mission of postsecondary education
- Specify responsibilities of the state
- Create a system of mutual accountability

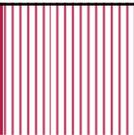


MHEC in North Dakota



NGA Report Recommendations (cont.)

- High School graduates must have critical skills and capabilities
- The postsecondary system must produce well qualified K-12 teacher corps highly skilled in science, technology, engineering and math
- Strategically invest in R&D in postsecondary education institutions
- Create budget alignment and stability
- Reduce bureaucratic and regulatory burden



MHEC in North Dakota



North Dakota Data and Trends



MHEC in North Dakota



Leading Demographic Indicators: North Dakota Compared to other MHEC states and the National Average

	Projected change in total population 2005-2030 ¹	Projected change in under-18 age group 2005-2030 ¹	Projected change in 18-64 age group 2005-2030 ¹	Projected change in over 64 age group 2005-2030 ¹	Population 25 years and over with less than a high school diploma or equivalent (2005) ²	Population 25 years and over with a bachelor's degree or higher (2005) ²	Residents enrolling in college for the first time who do so in other states (2004) ³	Net migration of all first-time degree-seeking undergraduate students (2004) ³
ND	-4.5%	-14.1%	-17.0%	62.7%	11.8%	25.5%	29%	18.4%
US	23.0%	16.4%	11.5%	94.7%	15.8%	27.2%	17%	3.5%
IA	-0.6%	-8.0%	-10.4%	52.2%	10.4%	23.8%	11%	18.2%
IL	5.8%	1.0%	-2.4%	58.6%	14.3%	29.2%	20%	-9.2%
IN	9.0%	6.6%	-0.3%	60.8%	14.7%	21.3%	12%	10.6%
KS	6.9%	1.0%	-3.1%	65.6%	11.3%	28.2%	14%	7.1%
MI	4.8%	-4.8%	-3.5%	67.0%	13.0%	24.7%	10%	-0.4%
MN	21.9%	17.9%	9.9%	93.4%	9.1%	30.7%	20%	-3.0%
MO	11.5%	5.6%	1.5%	69.1%	15.0%	24.0%	16%	4.0%
NE	4.3%	2.5%	-7.3%	61.1%	10.5%	27.3%	17%	0.5%
OH	0.6%	-6.3%	-8.2%	54.9%	13.7%	23.3%	14%	-1.0%
WI	10.7%	2.3%	-0.7%	82.0%	11.2%	25.0%	17%	-1.9%

¹National Center for Higher Education Management Systems. Data from the U.S. Census Bureau

²U.S. Census Bureau, 2005 American Community Survey

³U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS), Spring 2005

17



MHEC in North Dakota



Leading Financial Indicators: North Dakota Compared to other MHEC states and the National Average

	Average income of poorest 20% of the population (2003-05) ¹	Effective Tax Rate, 2003 ²	Effective Tax Rate, 1993 ²	Tax revenue per capita (2003) ²	Tax revenue per capita for each 1% of effective taxation ³	% increase in tax revenue, 1993 to 2003 (adjusted for inflation) ²	Children in poverty (2005) ⁴
ND	\$12,111	7.7%	8.9%	\$2,881	\$374	17.4%	13%
U.S.	\$12,168	7.8%	9.0%	\$3,235	\$415	8.0%	19%
IA	\$13,500	7.4%	9.7%	\$2,891	\$391	0.5%	14%
IL	\$12,500	7.7%	8.4%	\$3,200	\$416	10.0%	16%
IN	\$13,374	7.8%	8.2%	\$2,970	\$381	18.6%	17%
KS	\$12,848	7.8%	8.7%	\$3,079	\$395	12.9%	15%
MI	\$12,156	8.3%	9.6%	\$3,098	\$373	2.1%	19%
MN	\$16,728	8.5%	10.2%	\$3,672	\$432	9.7%	12%
MO	\$12,799	7.1%	7.4%	\$2,705	\$381	20.0%	19%
NE	\$13,409	8.1%	8.6%	\$3,312	\$409	21.9%	15%
OH	\$12,319	8.6%	8.4%	\$3,268	\$380	23.7%	19%
WI	\$14,000	8.8%	10.5%	\$3,424	\$389	6.2%	14%

¹National Center for Public Policy and Higher Education, *Measuring Up 2004*.

²State Higher Education Executive Officers, *State Higher Education Finance, FY 2004*. Tax revenue per capita includes revenue generated through taxation by both state and local governments. The Effective Tax Rate is equal to a state's actual tax revenue divided by its total taxable resources.

³Annie E. Casey Foundation, *Kids Count*, <http://www.aecf.org/kidscount/>.

18



MHEC in North Dakota



Postsecondary Preparation: North Dakota Compared to other MHEC states and “Top Performing” States in the Nation¹

	18-24 year-olds with a high school credential (2002-2004)	9 th to 12 th graders taking at least one upper-level math course (2003-04)	9 th to 12 th graders taking at least one upper-level science course (2003-04)	7 th to 12 th graders in math courses taught by teachers with a major in their field (1999-2000)	7 th to 12 th graders in science courses taught by teachers with a major in their field (1999-2000)	7 th to 12 th graders in academic core courses ³ Taught by teachers with a major in their field (1999-2000)
ND	95%	53%	34%	76%	81%	73%
Top performing states ²	94%	64%	40%	84%	88%	81%
U.S.	87%	53%	31%	65%	73%	70%
IA	90%	57%	43%	70%	90%	80%
IL	87%	n/a	n/a	63%	87%	70%
IN	89%	47%	30%	71%	82%	79%
KS	88%	n/a	n/a	56%	77%	70%
MI	90%	35%	23%	63%	78%	66%
MN	92%	46%	29%	88%	88%	92%
MO	88%	54%	35%	51%	70%	66%
NE	90%	61%	37%	84%	82%	80%
OH	86%	60%	28%	75%	65%	61%
WI	91%	61%	38%	69%	86%	81%

¹All data in the table are from the National Center for Public Policy and Higher Education, *Measuring Up 2004*. Data are from the U.S. Census Bureau, the Council of Chief State School Officers, and the U.S. Department of Education's National Center for Education Statistics. 19

²For this and all subsequent tables, the benchmark for “top performing states” is the median performance level of the top five states on a given indicator (i.e., the third highest scoring state).

³Core courses include: English, Math, Social Studies, and Science.



MHEC in North Dakota



Postsecondary Participation, Persistence, and Completion: North Dakota Compared to other MHEC states and “Top Performing” States in the Nation¹

	Chance for college by age 19 (2002) ²	18-24 year-olds enrolled in college (2002-04)	25-49 year-olds enrolled part-time in any type of postsecondary education (2003)	First to second year persistence of full-time students at two-year institutions (Fall 2004)	First to second year persistence of full-time students at four-year institutions (Fall 2004)	First-time, full-time students earning a bachelors within 6 years of enrollment (2003-04)	Certificates, degrees, and diplomas awarded at all institutions per 100 undergraduates (2003-04)
ND	62%	41%	2.9%	48%	71%	48%	18
Top performing states	52%	41%	5.1%	62%	82%	64%	20
U.S.	38%	35%	3.9%	53%	77%	55%	17
IA	51%	35%	3.5%	48%	75%	64%	19
IL	42%	35%	4.9%	51%	76%	58%	17
IN	42%	29%	3.2%	54%	76%	55%	18
KS	50%	38%	4.0%	50%	74%	53%	18
MI	38%	42%	4.4%	57%	74%	55%	15
MN	53%	38%	3.7%	50%	78%	57%	20
MO	39%	33%	4.0%	51%	73%	56%	18
NE	48%	37%	4.0%	55%	75%	55%	17
OH	41%	35%	3.2%	51%	73%	54%	17
WI	46%	35%	3.8%	57%	79%	57%	20

¹Information in this table is from the National Center for Public Policy in Higher Education, *Measuring Up 2006*, with data from Thomas Mortenson and *Postsecondary Education OPPORTUNITY*, the U.S. Census Bureau, the National Center for Higher Education Management Systems, and the National Center for Education Statistics. 20

²“Chance for college” is defined as the relative probability that a student entering ninth grade will finish high school in four years and proceed directly to college.



MHEC in North Dakota



Benefits of Higher Education: North Dakota Compared to other MHEC States and the National Average

	Population 25-64 years old with a bachelors degree or higher (2002-2004 average) ¹	Difference in unemployment rates for individuals with a bachelors degree vs. a high school credential (2004) ²	Net gain/loss of associates degree holders for every 100 degrees produced in the state (2001-03 average) ³	Difference in median earnings, workers age 25-65 with some college vs. a high school credential (2002-04 average) ¹	Net gain/loss of bachelors degree holders for every 100 degrees produced in the state (2001-03 average) ³	Difference in median earnings, workers age 25-65 with a bachelors degree vs. a high school credential (2002-04 average) ¹	Increased likelihood of volunteerism for individuals with some college or higher vs. a high school credential (2003-05 average) ³
ND	28%	-2.2%	-11	\$3,000	-34	\$13,000	50%
U.S.	30% ⁴	-2.8%	NA	\$5,000	NA	\$21,000	85%
IA	27%	-3.1%	-5	\$2,000	-19	\$14,000	62%
IL	32%	-2.5%	-4	\$6,000	+7	\$21,800	82%
IN	23%	-2.8%	+9	\$3,000	-12	\$21,000	89%
KS	31%	-4.1%	-1	\$3,500	-5	\$17,000	71%
MI	27%	-7.2%	+3	\$6,000	+1	\$23,000	80%
MN	33%	-2.6%	+10	\$2,200	+15	\$19,000	64%
MO	31%	-3.6%	+14	\$7,000	+2	\$18,000	82%
NE	29%	-3.1%	-2	\$4,000	-6	\$15,000	60%
OH	26%	-2.4%	+2	\$7,000	-5	\$22,000	84%
WI	28%	-5.1%	+2	\$2,000	-7	\$17,000	75%

¹National Center for Public Policy in Higher Education (Data from the U.S. Census Bureau and the U.S. Bureau of Labor Statistics).

²Institute for Higher Education Policy, *The Investment Payoff* (Data from the Current Population Survey, 2004).

³National Center for Higher Education Management Systems (Data from the U.S. Census Bureau).

21



MHEC in North Dakota



Affordability of Higher Education: North Dakota Compared to Other MHEC States and the National Average

	% of average annual family income needed to pay for public 2-year college expenses after financial aid, 2005-06 ¹	% of average annual family income needed to pay for public 4-year college expenses after financial aid, 2005-06 ¹	% of average annual family income needed to pay for private 4-year college expenses after financial aid, 2005-06 ¹	Family share of public higher education operating revenues (2005) ²	Family share of public higher education operating revenues (1995) ²	Average annual per student borrowing of federal undergraduate education loans, 2004-05 ^{1,3}	Average total student loan debt of bachelors degree recipients at in-state public and private institutions, and state rank, 2005 ⁴
ND	24%	28%	34%	44%	36%	\$3,110	\$22,682 (3)
U.S.	24%	31%	72%	37%	31%	\$3,619	\$17,599 ⁵
IA	26%	30%	59%	49%	34%	\$3,112	\$22,727 (2)
IL	24%	35%	69%	28%	20%	\$3,770	\$17,089 (30)
IN	24%	30%	66%	50%	41%	\$3,549	\$19,518 (11)
KS	20%	26%	47%	38%	30%	\$3,377	\$16,753 (33)
MI	24%	36%	48%	52%	44%	\$3,120	\$18,942 (19)
MN	22%	26%	54%	45%	30%	\$3,234	\$20,560 (7)
MO	23%	31%	54%	40%	38%	\$3,407	\$16,505 (38)
NE	21%	27%	50%	36%	27%	\$3,447	\$17,792 (23)
OH	30%	42%	67%	50%	44%	\$3,552	\$19,259 (16)
WI	21%	26%	61%	37%	28%	\$3,277	\$17,224 (28)

¹National Center for Public Policy and Higher Education, *Measuring Up 2006*. Data from National Center for Higher Education Management Systems, National Center for Education Statistics, and the U.S. Census Bureau.

²State Higher Education Executive Officers, *State Higher Education Finance, FY 2005*.

³Figures include both student and parent subsidized and unsubsidized loans, but do not include loans originating from state sources or private loans (including credit card debt).

⁴Project on Student Debt, *Student Debt and the Class of 2005*. Data is weighted by enrollment and the proportion of graduates with debt. Figures include all loans handled by campus financial aid offices; actual debt may be higher due to private loans secured by students independently. Figures also do not include borrowing by students who transfer into an institution.

⁵This is the median of the 50 states and the District of Columbia.

22



MHEC in North Dakota



Higher Education Funding: North Dakota Compared to Other MHEC States and the National Average

	Total State Grant Expenditures (Need and Merit Based) as a Percentage of Higher Education Operating Expenses (2004-05) ¹	Percentage of Total Grant Aid Awarded Solely on the Basis of Need (2004-05) ¹	State and Local Appropriations for Public Higher Education Operating Expenses per FTE ¹		State and Local Appropriations for Public Higher Education Operating Expenses per capita ¹		State and Local Appropriations for Higher Education as a Percentage of Tax Revenue and Lottery Proceeds (2003) ²		State Need-Based Grant Aid Awarded by Sector, 2004-05 (in millions) ³	
			2005	1995-2005 change	2005	1995-2005 change	2003	1993	Public In-State	Private, Not-for-Profit In-State
ND	0.9%	77.9%	4413	-17.2	317	0.3	11.8	14.3	1.1	0.3
U.S.	11.0%	73.5%	5833	-8.9	243	1.7	7.6	7.6	2,987.1	1481.9
IA	6.9%	99.2%	5069	-31.1	264	-13.7	9.7	10.4	3.4	40.96
IL	13.8%	92.0%	6747	1.7	260	5.3	8.0	7.7	174.1	147.50
IN	19.5%	95.9%	4845	-12.1	226	7.1	7.7	8.3	198.4	62.16
KS	2.2%	94.3%	5877	-1.3	319	-3.3	10.1	11.5	n/a ⁴	n/a ⁴
MI	10.3%	46.7%	5297	-18.0	240	-4.8	8.3	8.2	30.0	66.1
MN	10.3%	99.9%	5362	-18.8	248	-14.8	7.1	8.6	73.0	37.6
MO	6.6%	42.5%	5916	-4.0	185	0.5	6.9	7.4	8.4	15.9
NE	1.6%	100%	5755	-1.6	340	-2.0	11.0	12.3	4.8	2.2
OH	11.4%	66.8%	4365	-14.0	194	0.5	5.9	6.5	91.0	38.6
WI	7.5%	96.1%	5840	-23.1	265	-13.4	8.1	9.1	54.0	24.26

¹State Higher Education Executive Officers, *State Higher Education Finance, FY 2005*. Data is adjusted for regional cost of living, the relative mix of enrollments by institutional type, and 2005 dollars.

²State Higher Education Executive Officers, *State Higher Education Finance, FY 2004*. Adjusted to 2003 dollars.

³National Association of State Student Grant and Aid Programs.

⁴Data by sector not available. Total need-based student aid awarded in Kansas in 2004-05 was \$15.1 million.

23



MHEC in North Dakota



SIGNIFICANT NORTH DAKOTA FACTS

- Projected 21% decline in high school graduates in next ten years. This is a "job one" major public policy issue facing the state because of its impact on college enrollment and degree attainment and subsequently on the availability of a highly educated and trained workforce needed to sustain a successful economy.
- High school credentialing rate among highest in the nation (although down from 97% to 95%).
- Percentage of adults with a bachelor's degree near the regional average.
- Percentage of adults with an associates degree one of the highest in the country.
- Net gain of enrolled first-year college students (18%), but net loss of degree earners, thus, out-migration continues to be an issue.
- Estimated decline in population, down 4.5% overall by 2030 (but up 63% in citizens 65 and older).
- Effective tax rate near the national average in 2003; tax revenue generated per capita per 1% of tax rate below national average (\$374 vs. \$415).
- Near the middle of region in high school students taking advanced math and science.
- Students entering college directly from high school is among the highest, or highest in the country.
- 18-24 year olds enrolled in college at one of the highest rates in the nation (41%).
- 25-49 year olds enrolled in postsecondary programs at one of the lowest rates in the region (2.9%).

24



SIGNIFICANT NORTH DAKOTA FACTS

- Student retention from first to second year at public colleges lowest in the region.
- Six-year college graduation rate lowest in the region (although up from 44% to 48%).
- North Dakota ranks near the middle of MHEC states in the affordability of public two- and four-year colleges.
- College is less affordable for lower-income families in North Dakota than in all but one other MHEC state.
- North Dakota students borrow more than students in most states.
- North Dakota is a “low to moderate tuition/low aid” state. But, that doesn’t mean tuition is “cheap” especially since North Dakotans borrow more than students in most states.
- North Dakota devotes a greater percentage of its total tax and lottery revenues to higher education than any other MHEC state.
- Second highest appropriations per capita, but second lowest in region in appropriations per FTE, a very unusual dynamic.



POLICY IMPLICATIONS

The major issues for North Dakota’s continued economic success are:

- ◆ **Increase the proportion of its population with college degrees, and to simultaneously**
- ◆ **Grow its population/workforce, and**
- ◆ **Retain its workforce in the state.**

This will require: (See next slide)



Policy Implications (continued)

This will require:

- ✓ Adequate high school preparation, especially in core academic subjects and Increasing high school and college graduates.
- ✓ Maintaining or growing college enrollment.
- ✓ Improving college retention and completion rates.
- ✓ Making college affordable
- ✓ Matching degree opportunities with jobs.
- ✓ Maintain a culture that accepts risk taking by leaders
- ✓ Creating a strong twenty first century economy, quality of place, good paying jobs and keeping college graduates in (or returning to) North Dakota.



Policy Implications (continued)

- ✓ Adequate high school preparation, especially in core academic subjects and Increasing high school and college graduates:
 - Align high school graduation requirements and college entrance standards.
 - Ensure that requirements are rigorous to compete nationally and globally.
 - P-16 coordination necessary.
 - Provide incentives for students to take “targeted” subjects (i.e. science, math).



MHEC in North Dakota



Policy Implications (continued)

- ✓ Maintaining or growing college enrollment:
 - Inform students early.
 - Student cost is important so maintain affordability.
 - Use technology wherever possible to streamline delivery.
 - Increase college participation by North Dakota's working-age adults.
 - More non-resident students.
 - Improve college retention and completion rates
 - Consider incentives for students to complete.
 - Dedicate portion of student financial aid based on completion.
 - Allocate portion of campus and department funding based on completion, not just enrollment.
 - Ensure smooth transfer between institutions.
 - Reward collaboration that increases productivity/opportunity within an institution and between institutions.
 - Keep college affordable



MHEC in North Dakota



Policy Implications (continued)

- ✓ Making college affordable:
 - Don't confuse "affordability" with "cheap".
 - Financial aid matching tuition/fee/other student cost increases.
 - Focus resources and contain costs.
 - Consistently review program offerings for relevancy.
 - Use special initiatives to target funding for specific purposes.
 - Consolidate administrative functions and/or use common business practices within and between campuses... where it makes sense.
 - Provide incentives for collaboration...both academically and administratively.
 - Remove costly regulations and reporting.
 - Streamline delivery using technology.
 - Review essential services.
 - Encourage greater use of faculty who have had career experiences since there will be a significant pool of talented retirees.



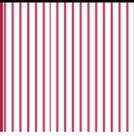
Policy Implications (continued)

- ✓ Matching degree opportunities with jobs:
 - Focus curriculums and research for specific industries that you want to grow, that match the workforce with ND's industries for the 21st century.
 - Use multiple institutions to offer degrees.....collaborate.
 - Maintain strong liberal arts education standards.
 - Develop leadership coalitions of the private sector, education and government to provide visions and strategies for educating the workforce.
 - Consistently review program offerings for relevance and enrollment. Do they match the 21st century education needed to be successful, for ND's industries of the 21st century?



Policy Implications (continued)

- ✓ Maintain a culture that accepts risk taking by leaders, faculty and staff:
 - Balance flexibility and accountability.
 - Encourage entrepreneurial instructional delivery and research.
 - Collaborate and coordinate to serve all of North Dakota.
 - Maintain appropriate accountability that focuses on results tied to creating and keeping a workforce matched to ND's industries for the 21st century.
- ✓ Creating a strong twenty first century economy, quality of place, good paying jobs and keeping college graduates in (or returning to) North Dakota:
 - Develop leadership coalitions of the private sector, education and government to provide visions and strategies.
 - Competitive wage levels to retain people, and to grow the population/workforce.



MHEC in North Dakota



■ **QUESTIONS?**