

2009 HOUSE EDUCATION

HB 1447

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1447

House Education Committee

☐ Check here for Conference Committee

Hearing Date: **February 4, 2009**

Recorder Job Number: 8618

Committee Clerk Signature



Minutes:

Chairman Kelsch opened the hearing of HB 1447.

Representative Larry Bellew, District 38, introduced the bill. **(Attachment 1)**

Representative Wall: How could the Board of Higher Education set tuition before the session because they don't know what their budget would be?

Representative Bellew: That should be part of the budgetary process. It should be in their request when they come forward to the Legislature.

Representative Mueller: We get together here every two years. They set tuition and fees every year. How would those things reconcile themselves?

Representative Bellew: I believe they could go for a two-year period. When they submit their budget now through the Board of Higher Education, they always state that if we appropriate "x" dollars. I think it's feasible to do.

Chairman Kelsch: How do you envision this working? We set the appropriation level we would set the tuition and fee level as well? We would set that each biennium and if the university had any inflationary aspects such as decrease in enrollment, none of those things would be able to be adjusted? It would just have to be "you're on your own?" How do you envision this working?

Representative Bellew: I envision it this to just include the Legislature in the tuition rate setting process. Right now, the Legislature, as it states in the constitution, is the responsible body. We are the ones that are supposed to this. We gave that up in 1999 and I want to see the Legislature get it back and if nothing else, make the State Board of Higher Education more accountable to the citizens and the students of this State.

Representative Mark Dosch, District 32, testified in support of the bill. **(Attachment 2)**

Representative Hanson: Minot State is going to resident and non-resident tuition the same. Do you have a vision of the rest of the schools doing the same?

Representative Dosch: That's an area that definitely needs to be looked at. It's my understanding that the state every biennium to the tune of some \$200 million is financing the education of out of state students. Do we know we know how much of our State money is paying for those out of state and out of country students? I think that's a very important issue that we need to definitely take a look at.

Representative Hanson: I don't have a hang up on non-resident students. The problem I have is that it costs a resident student more than a non-resident because their parents are paying income tax and sales tax. Actually a ND resident is paying more to go to college.

Representative Dosch: I agree 100%.

Representative Mueller: Have you talked to any of the folks at the University System about your concerns?

Representative Dosch: I have not. My frustration comes in when I talk to the people that I represent in my district. Last session we increased funding for higher education \$100 million. They come back this summer and say they need another 56% increase. That's not even reasonable. I would be more than happy to sit down with any of them and justify what we are doing because there is a lot of stuff going on in Higher Ed that is not quite right.

Representative Mueller: I don't disagree, but I have sat with those folks. At least having an understanding of why they are talking about what they are talking about in terms of the increases—I think it makes sense to hear that end of that.

Representative Kelsh: The 56% is not to be confused with what was in the Governor's budget. What was that percent?

Representative Dosch: I believe the Governor's budget was around 23 - 26% increase.

Representative Rust: Does HB 1447 speak to only tuition or does it include fees.

Representative Dosch: I believe it's just tuition. Setting fees is something we should look at also. I understand that each of the respective campuses have different amenities, etc. So that might be a little more difficult. I would be quite happy to see that amendment.

Chairman Kelsch: If you look at page 2, line 3; it does say "tuition and fees established by the Legislative Assembly." So fees would be included which in my mind, the fees would be extremely difficult to legislate given the fact that student bodies have bodies have voted to pay fees such as for the UND Wellness Center.

Representative Dosch: Student bodies vote on those and set those fees. A lot of times these projects are predicated upon some revenue coming in from the student body to pay for the operation of these facilities. For instance, the BSC aquatic center the current students voted to pay fees to help support that center. Unfortunately, two years from now the majority of those students are gone and how do we then justify the operation of those facilities if next student body that come in says they don't want to pay those fees. What's the University going to do then? I have a problem making capital expenditures that can be changed by the students every year.

Chairman Kelsch: You are a businessman and you have to budget every year taking in to account salaries, insurance, overhead, property taxes, maintenance, and upgrades to your

facility. When the University System comes before us to ask for funding, do we know exactly why they're asking for those budget increases? Do we just say "here they come again?" We know they are making sure they have good teachers in our classes so our kids are coming out with a good education. In some cases if it is unreasonable what they are asking for or is it reasonable based what they have received in the past. Is the funding formula that we currently use to fund higher education flawed and that's why we are seeing a jump in tuition?

Representative Dosch: We as legislators manage and budget government. We have allowed higher education to spend a pile of money as they see fit. We manage government just fine through the legislative process. That has been working. I don't think it's working on the higher education side. We college presidents who are getting three times the salary we pay the Governor. We have teachers that are given severance package of over \$100,000. You can't help but to shake your head. If we had not been fair with higher education; if we were holding their funding to 3% a year, I would agree with you. I think this legislative body has been more than generous and it seems like the more money we give them, the more money they want. Where does it stop?

Dustin Gawrylow, executive director, ND Taxpayers Association, testified in favor of the bill. **(Attachment 3)**

Chairman Kelsch: I hear all the time that ND has the highest student debt. I'm curious how that number determined.

Gawrylow: It's based on an annual per graduate rate. As far as the actual debt load, we are 15th in the nation. We are 2nd in the nation for students that have debt at all. We have other states that have better paying jobs. Debt reduction will help more to stay here. The debt ratios are based on per graduate annualized basis.

Chairman Kelsch: Because we are an agricultural state and farmers receive their income not at the same time that others in the state do. Isn't it true that number of our students that are farm based take out the loans at a higher rate than may be necessary just because the income doesn't come in at the appropriate times for them in order to pay for their tuition and fees?

Gawrylow: I don't know. The law of averages says that sort of situation wouldn't have that large of an upward pull on the numbers.

Representative Wall: Your \$170 million does that include one-time spending for new construction?

Gawrylow: Yes.

Robert Harms, parent, testified in favor of the bill. I think the premise of the bill in front of you is good. I've spoken to the Board of Higher Ed by email etc., urging them to try to restrain the increase in tuition. I know the Legislature has been reasonably generous over the last decade in terms of general fund appropriations. What is happening is that we don't have all the decision makers in the same room. I think the highest increase in the last several years what 18%. Or 14%—it was double digit. I think the point of the bill is that the Legislature needs to reassert its authority over the University System. You need to set the policy for tuition in ND because it's not working as it's currently structured. The costs we are foisting on the students of ND is unfair. ND is in the top ten in the country of debt load for students.

Chairman Kelsch: I understand that. It's the reasoning behind the debt load—that's what we don't get. I know a lot of people who tell their children to take out the loans because the interest rate is lower and their money can continue earn interest. I also know a lot of farmers who say that when it's time to pay tuition is not the time I have the money. There are some personal reasons why the debt load is high.

Harms: I agree that the driver behind that debt may not be clear just yet. But I do know that the interest rates on student loans at the Bank of ND are not particularly cheap. The days of the 2-3% loans are long gone. I recall last year Laura Glatt declared that ND was no longer reasonably priced higher education state. If the Board of Higher Education won't manage those costs, then you as legislators need to help do so.

Representative Mueller: You are familiar with the Higher Education Roundtable, it would seem to me that if we passed this bill that we have told them to pack up and go away. What is reaction to is that what we should be doing?

Harms: I think that's a step you would be taking with the passage of this bill. That time is probably now and the right policy choice for the Legislature.

Opposition:

William Goetz, chancellor, ND University System, spoke in opposition of the bill.

(Attachment 4)

Representative Mock: I see the grids on your testimony. Is this consistent with state's share targets prior to 1999?

Goetz: No. What we have seen is the shift for higher tuition has really been progressing through the years and students picking up a greater and greater share of the cost and the state has been picking up a smaller percentage of the cost. It goes back beyond 1999.

Representative Hunsakor: If you go back to the depression years and the years following, the thinking of people was pay as you go—we are not going to go into debt. Over the years credit is easier so the thinking of society is different today. Has that contributed to the problem somewhat?

Goetz: We need to look at this in a bigger picture. Yes, we have certainly a segment of the student population where there may not be the recognition of the responsibility of incurring

debt. That is not the majority of students. The needs are there for financial assistance.

Tuition is higher because our costs are higher. I get frustrated when I hear the conclusions being reached that we have a lot of abuse of use of credit and student debt by students as being unnecessary and being incurred without a lot of responsibility. For most students that is not the case.

Representative Hunskor: To clear the record, I wasn't saying that students are irresponsible.

Chairman Kelsch: It's a good point and we heard it yesterday that credit has gotten out of control in this country. Sometimes it's an easier way to go.

Representative Kelsh: In your chart you are quite a bit off from what your target is for the state share and the actual in every instance. In the charts about the tuition increase in the 10 years, they are all over 100% except one is only 69% and one at 97%. That's double the rate of inflation. In your budgeting process have you ever considered asking for a pot of money that would specifically hold down the tuition increases?

Goetz: Yes. The budget that is before you does exactly that. Our objective was no tuition increase for community colleges for this biennium and no more than 4% for our 4-year institutions. That was equivalent to \$12.5 million number to hold that budget. That with the financial need and salaries is the big numbers which contribute to the percentage increase. The base of the budget is salaries, health insurance, keeping tuition at the level I just indicated, and the financial need number. The base funding increase that has been recommended to you by the Governor is a 22% increase—it's those items that contribute to that 22%. There are other things in there such as continued loan forgiveness for students that go into medicine, teaching, and technology. Those are the big numbers. How do they arrive at 50%? They are adding in one-time spending which are initiatives that can be taken for what they are worth on a one-to-one basis and are not part of the overall operations of the University System. My

point is this. A lot of thought goes in to this specifically this time in terms of tuition. I feel tuition needs to be looked at. We need to begin to change that share of cost for several reasons. The day of the traditional student is over. We also have to do a better job of attracting students who have not finished college or have not had the opportunity. We have individuals who are in need of additional education. We have traditional students. We need to retain these students and make it more accessible. That all is an expression of tuition policy that is reflected in this budget. That's where the debate needs to take place. For conclusions to be reached that are based on percentage increases without understanding what is in the budget is a pretty poor way of developing policy conclusions.

Representative Kelsh: Is loan forgiveness part of the higher education budget or is that part of the Bank of ND.

Goetz: It's in our budget.

Representative Mock: When you take out the one-time spending what's the percentage increase?

Goetz: 22%

Representative Mock: Why is it that priority is given to one-time spending?

Goetz: Priority in the base budget is an attempt to make a transition to how we build tuition. The other was to look at what we can do in the area of needs based and the Board addressed that and the Governor has addressed that in his budget substantially. Good judgment prevails with how far you go. Another one-time spending deals with deferred maintenance. That's a big chunk of money. Security on our campuses is critically important—that's one-time spending. Like everything else it requires good information and judgment on how far you can take these things. This budget is the first big step and addresses the issue we are here today to discuss.

Representative Rust: Get your crystal ball out for a bit. What would you envision happening at the higher education level if 1447 would pass?

Goetz: It would obviously take the flexibility that now exists in terms decision making of how tuition is raised and what I worry about is the objective about how tuition might be handled would be totally compromised. I think we can be proud of what has taken place in the last 10 years regarding the University System. That is flexibility. We have been able to come together as a University System as a system. It has meant coming together in terms of financial decision making and fiscal policy. It would end up in more of a political arena. The Legislature still has a great opportunity to participate in the policy side of the System. If you pass our budget as it is today you are then saying policy wise, we need to begin to shift this balance of tuition and state share. That's a policy decision you are making. You are also saying that we are going to turn the corner on financial need where very little attention has been paid in recent biennium. There is a need in this state to increase the grant program to help needy students—that's a policy statement. I welcome discussion of loan forgiveness programs to encourage students to remain in this state.

Chairman Kelsch: If the Legislature sets the tuition low, and does not put up the State's share, ultimately what happens to our campuses? There's always been a fear of starving out some of the campus needs that Legislators don't care for.

Goetz: That is part of the equation. I think that because we are at today in terms of overall policy, we have addressed in greater degree accessibility. We are much more cognizant of program offerings and mission, which we are also going to be reviewing.

Chairman Kelsch: My point is, where do you go if tuition is set low and the state is not picking up the rest of that share?

Goetz: You cut programs and personnel and you are forced in to a situation where the campuses would be forced make decisions relative to programs and delivery system of education. All of those things would come to bear.

Vice Chairman Meier: Of the 22% increase what percent is for employee salaries and how many new FTE?

Goetz: I'd have to go back to look at the numbers. In terms of added FTE, this is an increase based on current staffing health insurance, utility costs, and inflation rate which contributed to that increase. Unless you have added programs that campuses want to add, certainly they have to make those reallocations and look at their available resources. This does not speak to that.

Representative Mock: Tuition keeps going up. The more you charge, the more you have to pay out in scholarships and grants and loan forgiveness programs. On your back page you talked about increases in fees. At what point is an increase brought to a vote of the student body?

Goetz: It depends on the fee that is being proposed or increased as to where student participation directed by vote takes place. The student government gets involved. There are program fees where certain input from students takes place or should take place. For example, the law school, there was a lot of discussion that took place with students. It depends upon the fee. Connect ND fee was all part of that in terms of input.

Chairman Kelsch: The reason for the fee and if you didn't get input in to it, is because it is the way of funding Connect ND. The State gave permission.

Representative Mock: Is there a set point which it has to go before a vote of the student population.

Goetz: There are fees that by policy receive differences in how they are approved. That's a general statement because there are mandatory fees and non-mandatory fees that students pay.

Chairman Kelsch: As far as the law school, I have to make a statement. I have a son that is applying all over the country to law schools. He is seriously not considering UND because he would like to experience life outside of ND. As we were assessing tuition and fees would cost at the law schools he would like to attend, if he attends UND law school he could travel every summer to London to take a class, he could take a class from Chief Justice Roberts, he could go to Austria, he could go to Norway and take some of the classes taught by some of the top justices in the nation and he will save a heck of a lot of money. UND law school is a bargain.

Jacob Holm, sophomore in the University System, spoke in opposition to HB 1447.

(Attachments 5 and 5a)

Representative Hanson: The member you have on the Board of Education is a non-voting member? Would you still oppose 1447 if the Legislature lowered your tuition?

Holm: They are a voting member. As students we understand that we want to pay less in tuition. As an organization we realize the importance of growth inside the organization. We want a quality education. By cutting tuition it doesn't mean you are providing the best quality education.

Representative Hunsakor: I notice that one or two institutions of higher learning on the bottom of this letter like Dickenson State. Is there a reason?

Holm: We draft in committee and somebody carries it to the full body. These are just the carriers of the bill.

Representative Mock: I'm actually not surprised at NDSA's support of this because of the voting and I think that's important. You have so much pride in representing every student in

higher education in this state of the eleven institutions. When I look at this chart that shows how tuition has gone up in the past ten years at all of those institutions, I'm very amazed that you are saying that students are happy with an 123% increase in tuition since the control has been lost. My question is how impactful is your vote on the Board of Education because tuition continues to go up. Why are all the 40,000 students you represent content to see tuition go up at this rate?

Holm: One thing we realize is that in ND we have some of the lowest tuition rates in the county. We understand that there a lot of things that increase over the years. We don't expect to sit back and get a free education. We know that to be working members of society and belong to the world we need to pay in to it also.

There being no further testimony, Chairman Kelsch closed the hearing of 1447.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. **HB 1447**

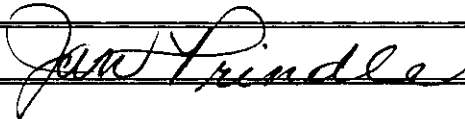
House Education Committee

☐ Check here for Conference Committee

Hearing Date: **February 11, 2009**

Recorder Job Number: 9220

Committee Clerk Signature



Minutes:

Chairman Kelsch opened discussion of HB 1447. I have information Chancellor Goetz asked me to give to the Committee. **(Attachment 1)** I know there have been emails going around about non-resident students, tuition, all those issues, etc.

Representative Mueller: I move **Do Not Pass**.

Representative Johnson: **Second.**

Representative Mock: I will vote for the don not pass because I don't know that we need to regress back to the control of tuition. I do believe that the proponents of this bill do raise an interesting point. In the ten years the State Board of Higher Education has controlled tuition, we have seen tuition go up exorbitant amounts—more than double in ten years. That was something that wasn't seen when the Legislative Assembly controlled the rate of tuition. I think a bill like this sends a powerful message to the University System and Chancellor Goetz and the rest of the State Board of Higher Education that something needs to be done. The more tuition goes up the more students have to borrow to go to college. We're not in society that's saying you can get a high-paying job without a college degree. We demand students go to a two- or four-year institution. HB 1400 speaks to that. We are going to require students to take an ACT, SAT, or other assessment in high school. That's the message we are saying—we expect you to go on with your education. The more we charge for tuition, the more students

will go into debt, the more aid the State will have to pay out to in-state students to state institutions. It's a cyclical problem that needs to be addressed. I admire what Representative Bellew and the co-sponsors did with this bill. I'm almost half tempted to say let's pass the bill and see what the State Board of Higher Education says to that. Maybe that gets the message across. I come from a district that UND there and students are not standing in line with it. NDSA testified against this bill. People are not happy with the way tuition has gone up. What was said is not the case and going door-to-door in a college district, I know firsthand why the tuition freeze was such a big issue in our part of the state.

Representative Mueller: You make very legitimate points but I come from a district that has a small school. Rest assured those folks aren't sitting there and figuring out how they can raise tuition and in essence keep kids from coming to that college. That's not at all what this is about. It serves no purpose for institutions to keep shoving those rates other than keep the door open. It's totally counterproductive for tuition increases that aren't justified. Students are not going to go there and that's the last thing you want to happen. I'm afraid we are going to micro manage and have some unintended consequences.

Chairman Kelsch: Representative Wall, during the interim when we had discussions regarding the funding formula, not once did this come up by the consultants or the Higher Ed Committee.

Representative Wall: That is correct. It never came up and certainly the University System itself would be jeopardized. The Round Table as we know it would be over.

Representative Mock: I do want to say when talking to members of the State Board of Higher Education is it doesn't make sense from a business standpoint to raise tuition so your customers can't product. We've seen in testimony on other bills, parents tend to bail out their children. We have loan forgiveness programs. The fees on student loans are low because

students are able to work through it and have debt consolidation and other financial management plants. The issue isn't that students are turning down a higher education because it's getting too high. They are making the loans and the accommodations to pay for it. I think some institutions see that. They can provide more services, they can use the University for Economic Development, and they can raise tuition. They're going to get their money. Students will show up. Society expects them to show up. Raising tuition does have its merits in some points. But, when you can freeze tuition at a two-year institution and you can limit it to a 4% increase at four-year institutions we do not want to appear the K-Mart of higher education. It's not all about providing higher salaries and better services to students, sometimes it's about image. If you have the lowest tuition in your marketing message to other students you may get the question "why are you so cheap?" If you raise the tuition we have a better product to sell which is why it costs a little more to come here. There are other reasons to raise tuition and there isn't shortage of students. I will support the do not pass, but I think this Committee should have those considerations on mind when looking into the next session.

Representative Kelsh: I'm going to support the do not pass. I want to say that at least double the rate of inflation may be unacceptable for increases. It is causing a lot of concern.

Representative Rust: This is one of the few issues that I probably get more emails on. I agree with Representative Wall but I don't want this to be a 14-0 so I'm going to vote no. A message needs to be given that if we don't look a little bit closer at what we are doing that maybe the Legislature next time makes a change.

Representative Hanson: A bill like this is nothing new to the Legislature. We've had bills to do away with the Board of Higher Education altogether. I don't think they have to answer to anybody except somewhat to the Governor but basically they do what they want to do. Some of the rate hikes have been outrageous so I'm going to vote no.

Representative Wall: I can only speak about the institution in my district. They have raised tuition minimally but have raised it. They have kept it low because they have to compete with a lot of community colleges across the border. After last session the college immediately cut \$250,000 in programs and people. It was hard for them to do it. I'm pretty familiar with that college and it's a bare bones operations. Their marketing person resigned a year ago and they didn't have the money to replace that person until about a month ago. This year we have heard about what the University System has asked for. If we got everything that was asked for in my college this year, I'm going to go home after this session and watch that college cut \$300,000 in people and programs. That's pretty painful. They are bare bones. These are people that are pretty smart financially and they want to keep tuition as low as possible so they can compete.

Chairman Kelsch: Part of that is an inherent flaw in the formula. We did not have enough information to determine what changes we needed to make. You will see the continuation of that study in the next interim.

Representative Wall: Getting compared by peer institutions and equity pay and so on has been beneficial to several institutions in the state and has very much handicapped others.

Chairman Kelsch: One of the frustrating parts for me is that when I talk to colleagues and they ask what I am paying for tuition for my kids, they laugh at me because it's such a bargain. Even though we hear that we are highest, I don't know where they are getting that. My son said UND Law School tuition is \$8,000. Any other school he is interested in will start at \$20,000. He is not applying to Harvard, Yale or any of those.

A roll call vote was taken: Yes: 8, No: 6, Absent: 0 HB 1447 does not pass.

Representative Wall will carry the bill.

Date: 2-11-09
Roll Call Vote #: _____

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1447

House Education Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken ☐ Do Pass ☒ Do Not Pass ☐ Amended

Motion Made By Rep Mueller Seconded By Rep. Johnson

| Representatives | Yes | No | Representatives | Yes | No |
|--------------------------|-----|----|----------------------|-----|----|
| Chairman RaeAnn Kelsch | ✓ | | Rep. Lyle Hanson | | ✓ |
| Vice Chairman Lisa Meier | | ✓ | Rep. Bob Hunsakor | ✓ | |
| Rep. Brenda Heller | | ✓ | Rep. Jerry Kelsh | ✓ | |
| Rep. Dennis Johnson | ✓ | | Rep. Corey Mock | ✓ | |
| Rep. Karen Karls | | ✓ | Rep. Phillip Mueller | ✓ | |
| Rep. Mike Schatz | | ✓ | Rep. Lee Myxter | ✓ | |
| Rep. John D. Wall | ✓ | | | | |
| Rep. David Rust | | ✓ | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

Total (Yes) 8 No 6

Absent 0

Floor Assignment Rep Wall

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

REPORT OF STANDING COMMITTEE

HB 1447: Education Committee (Rep. R. Kelsch, Chairman) recommends DO NOT PASS
(8 YEAS, 6 NAYS, 0 ABSENT AND NOT VOTING). HB 1447 was placed on the
Eleventh order on the calendar.

2009 TESTIMONY

HB 1447

House Education Committee

HB 1447

Tuition and Fees

Madame Chairman, members of the House Education Committee, I am here to introduce and support HB 1447

Article VIII, Section 2 of the North Dakota Constitution states that the legislative assembly may authorize tuition, fees, and service charges to assist in the financing of public schools of higher education.

HB 1186 of the 1999 session gave this legislative responsibility to the State Board of Higher Education. Since implementation of this law, college tuition rates have sky-rocketed. See attachment.

HB 1447 gives the State Legislature back its Constitutional authority and duty to authorize tuition and fees.

Another problem with the way it is done today is that the State Board of Higher Education always sets tuition rates after the Legislative session is finished. I feel this is wrong as I believe we need to analyze the requests for tuition increases while we are in session and the request for increases is part of the higher education budget.

Madame Chairman, members of the House Education Committee, I ask for your support.

NDUS

History of ND Resident Tuition Rates from 1998-99 to 2008-09 Assumes Average Load of 15 Credits per Semester

Total Increase

| | 1998-99 | 1999-00 | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | |
|---------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|------|
| BSC | 1,552.00 | 1,592.00 | 1,648.92 | 1,703.00 | 1,784.38 | 2,016.30 | 2,628.90 | 2,786.70 | 3,051.60 | 3,204.00 | 3,364.20 | 117% |
| | | 2.58% | 3.58% | 3.28% | 4.78% | 13.00% | 30.38% | 6.00% | 9.51% | 4.99% | 5.00% | |
| LRSC | 1,552.00 | 1,592.00 | 1,632.00 | 1,682.00 | 1,782.00 | 2,040.00 | 2,328.00 | 2,550.00 | 2,780.00 | 2,919.00 | 3,065.00 | 97% |
| | | 2.58% | 2.51% | 3.06% | 5.95% | 14.48% | 14.12% | 9.54% | 9.02% | 5.00% | 5.00% | |
| WSC | 1,552.00 | 1,592.00 | 1,632.00 | 1,682.00 | 1,811.42 | 1,920.10 | 2,073.76 | 2,198.30 | 2,374.32 | 2,493.14 | 2,617.68 | 69% |
| | | 2.58% | 2.51% | 3.06% | 7.69% | 6.00% | 8.00% | 6.01% | 8.01% | 5.00% | 5.00% | |
| UND | 2,362.00 | 2,480.00 | 2,604.00 | 2,754.00 | 2,954.00 | 3,441.00 | 4,009.00 | 4,390.00 | 4,786.00 | 5,025.00 | 5,276.00 | 123% |
| | | 5.00% | 5.00% | 5.76% | 7.26% | 16.49% | 16.51% | 9.50% | 9.02% | 4.99% | 5.00% | |
| NDSU | 2,362.00 | 2,480.00 | 2,604.00 | 2,754.00 | 2,904.00 | 3,374.00 | 3,982.00 | 4,360.00 | 4,774.00 | 5,013.00 | 5,264.00 | 123% |
| | | 5.00% | 5.00% | 5.76% | 5.45% | 16.18% | 18.02% | 9.49% | 9.50% | 5.01% | 5.01% | |
| NDSUS | 1,552.00 | 1,592.00 | 1,632.00 | 1,682.00 | 1,782.00 | 2,052.00 | 2,670.00 | 2,827.50 | 3,054.00 | 3,207.00 | 3,367.50 | 117% |
| | | 2.58% | 2.51% | 3.06% | 5.95% | 15.15% | 30.12% | 5.90% | 8.01% | 5.01% | 5.00% | |
| DSU | 1,832.00 | 1,906.00 | 1,982.00 | 2,067.00 | 2,202.00 | 2,554.00 | 3,040.00 | 3,329.00 | 3,646.00 | 3,828.00 | 4,019.00 | 119% |
| | | 4.04% | 3.99% | 4.29% | 6.53% | 15.99% | 19.03% | 9.51% | 9.52% | 4.99% | 4.99% | |
| MASU | 1,832.00 | 1,906.00 | 1,982.00 | 2,067.00 | 2,202.00 | 2,576.00 | 3,014.00 | 3,300.00 | 3,614.00 | 3,795.00 | 3,985.00 | 118% |
| | | 4.04% | 3.99% | 4.29% | 6.53% | 16.98% | 17.00% | 9.49% | 9.52% | 5.01% | 5.01% | |
| MISU | 1,960.00 | 2,050.00 | 2,144.00 | 2,244.00 | 2,384.00 | 2,730.00 | 3,160.00 | 3,460.00 | 3,790.00 | 3,980.00 | 4,179.00 | 113% |
| | | 4.59% | 4.59% | 4.66% | 6.24% | 14.51% | 15.75% | 9.49% | 9.54% | 5.01% | 5.00% | |
| VCSU | 1,832.00 | 1,906.00 | 1,982.00 | 2,067.00 | 2,202.00 | 2,652.00 | 3,130.00 | 3,427.50 | 3,753.00 | 3,940.80 | 4,137.90 | 126% |
| | | 4.04% | 3.99% | 4.29% | 6.53% | 20.44% | 18.02% | 9.50% | 9.50% | 5.00% | 5.00% | |
| MISU-BC | 1,552.00 | 1,592.00 | 1,632.00 | 1,682.00 | 1,782.00 | 2,042.00 | 2,362.00 | 2,575.00 | 2,830.00 | 2,972.00 | 3,120.00 | 101% |
| | | 2.58% | 2.51% | 3.06% | 5.95% | 14.59% | 15.67% | 9.02% | 9.90% | 5.02% | 4.98% | |

Attachment 2

HB 1447

Education Committee

R. Kelsch, Chairman

February 4, 2009,

Madam Chairman Members of the Education Committee, for the record my name is Representative Mark Dosch, representing the 32 District. I come before you today to ask your support for HB 1447 dealing with tuition rates for institutions.

I am very happy to testify in favor of this bill, not only personally, but on behalf on many of the people I represent who feel that we have lost control of higher Ed.

Back in the day when the funding for higher Ed was turned over to the board of higher Ed. It seemed a reasonable thing to do. Why micro manage higher Ed. Let them decide how best to spend the money that us the legislators appropriate.

Unfortunately this trust we have placed in the board has resulted in a free for all. An enormous disappointment to say the least. Rather than being prudent handlers of the taxpayers money entrusted to them by the legislators, they have empowered an environment of uncontrolled spending.

Despite record amounts of funding increases this "black hole" called higher Ed has developed and unquenchable appetite for money. Nothing can be more evident than their recent budget request, requesting a 56% increase in funding. This unbelievable request was on top of record funding that the Legislature approved last session clearly demonstrates that the board of higher Ed is completely out of touch with reality. Ask yourself one question. Is this who you want to be in charge of establishing our student's tuition increases?

The hording of state taxpayer monies and still their raising of tuition rates for our states students clearly demonstrate that they are completely incapable of reasonably setting their own budgets and living within even the most generous means that the Legislature has allotted them.

As a Legislator, I for one am tired of providing record amount of funding to Higher Ed, only to be accused of not giving them enough money, as their reason for raising the tuition rates of our students.

The only way to try and control this out of control board is by passing of this bill. Since it is the legislators that provides the funding, we should also be ones to control the tuition.

The board of higher Ed has clearly demonstrated that they are unable to control their spending and that they are unable to set forth reasonable budgets. I conclude that they most certainly are not the ones we want determining the next tuition increase... unless of course you may think that perhaps a 56% hick in our student's tuition rates would also be considered "reasonable".

Madam Chairman, this concludes my testimony, I would be happy to answer any questions.

North Dakota Taxpayers' Association - PAC

Attachment 3

Wednesday, February 4th, 2009

Testimony in Support of House Bill 1447

Madam Chairwoman, and Members of the Committee,

House Bill 1447 seeks to re-establish accountability with elected officials concerning the rapid increase of college tuition at North Dakota's colleges and universities. In the late 90's this power was handed off to the Board of Higher Education and the Roundtable.

Since then, the legislature has been blamed for the increasing tuition even though it gave up that power. I know this because I used to be one of those people that blamed the legislature. But that was before I was educated in the fact that the real problem is a run-away bureaucracy that does not want to be accountable to anybody.

Recently, members of the Board of Higher Education stated publicly that Governor Hoeven's generous \$170 million proposed spending increase was not enough to hold down tuition.

This is simply absurd.

The legislature gave up its power to set tuition at the urging of so-called experts who said that taking the politics out of the process would be good for students.

It hasn't. Since giving up the power to set it, tuition has increased nearly 120% in 10 years and North Dakota regularly ranks as a state with one of the highest student debt ratios in the nation.

Madam Chairwoman, Members of the Committee, this is not working.

It is time we realize that having elected, accountable representatives of the people with the final say on tuition is the only way to stem the rise in tuition costs and student debt.

The runaway train of rising tuition costs is pricing North Dakota out of the market, and encouraging North Dakota high school graduates to look out-of-state for their education because it's not that much more expensive anymore.

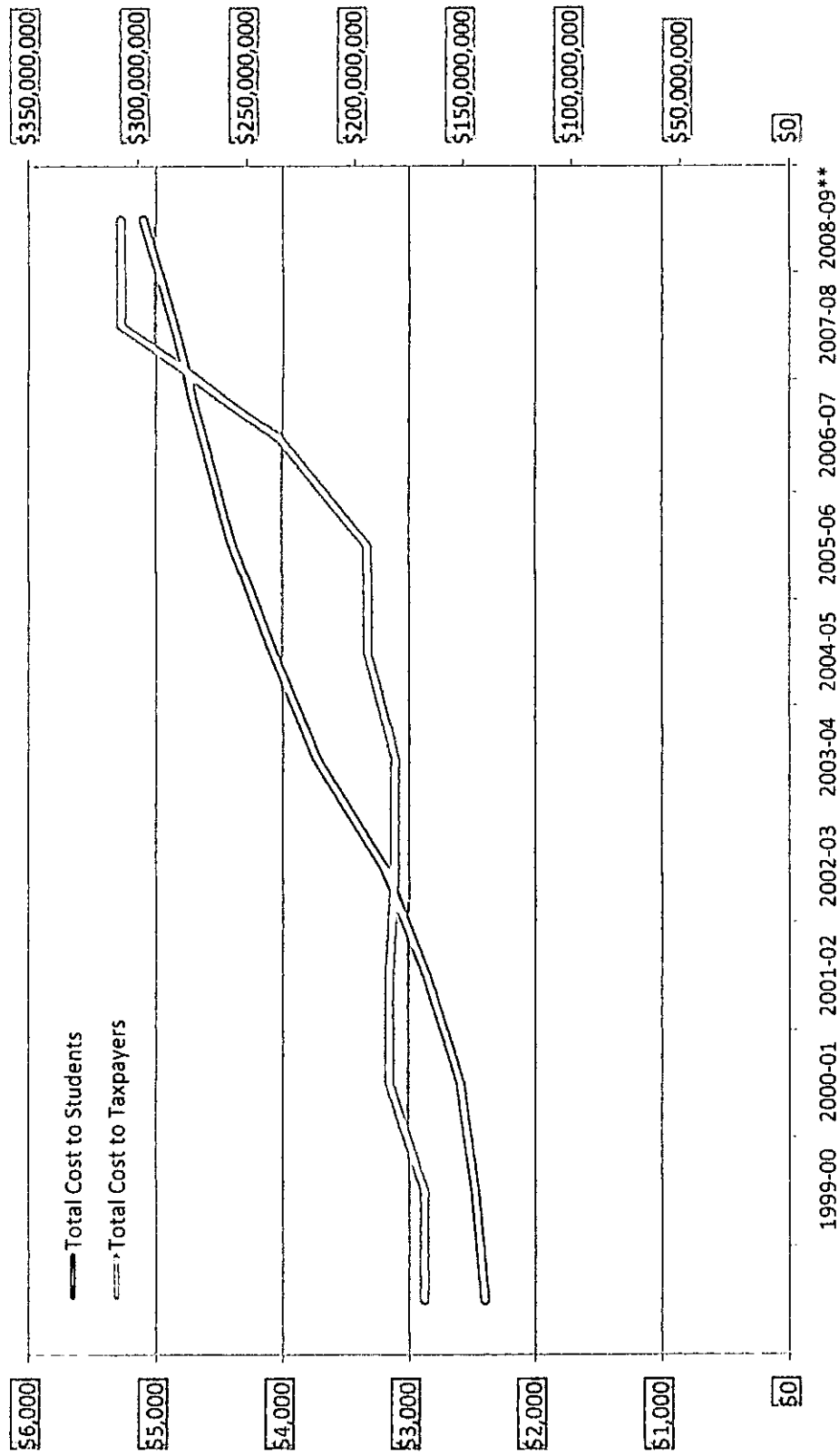
It is time that the legislature takes back its rightful oversight power of tuition and bring accountability back to the North Dakota University System.

Madam Chairwoman, Members of the Committee, thank you for your time.

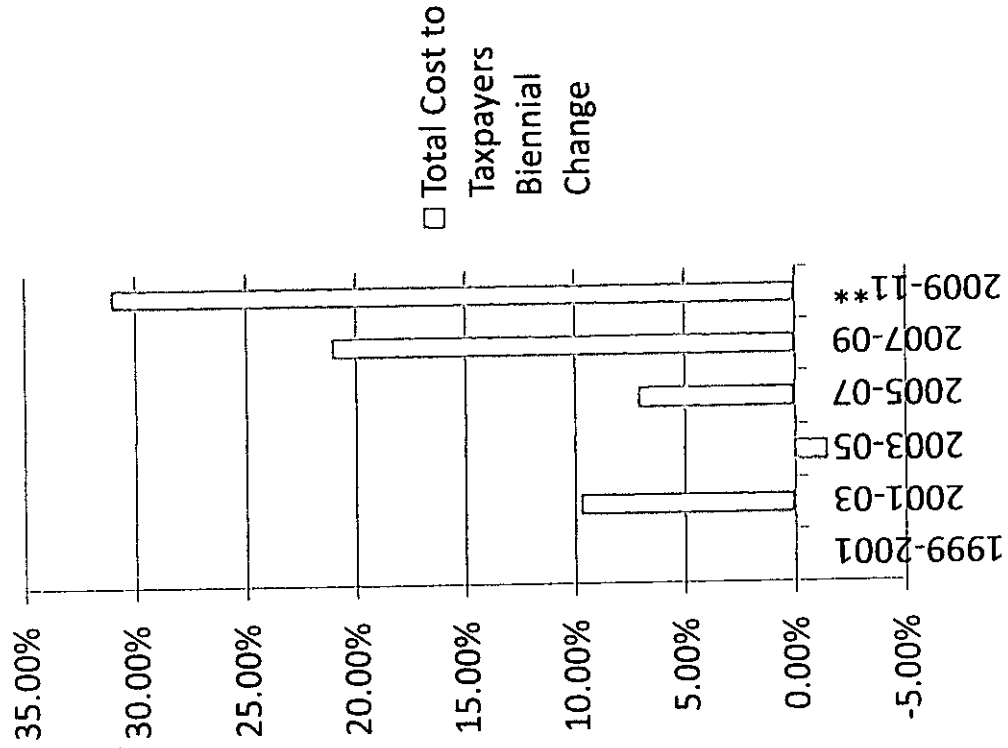
-Dustin Gawrylow, Executive Director (Lobbyist # 198)

Higher Education Costs (1999-2009)

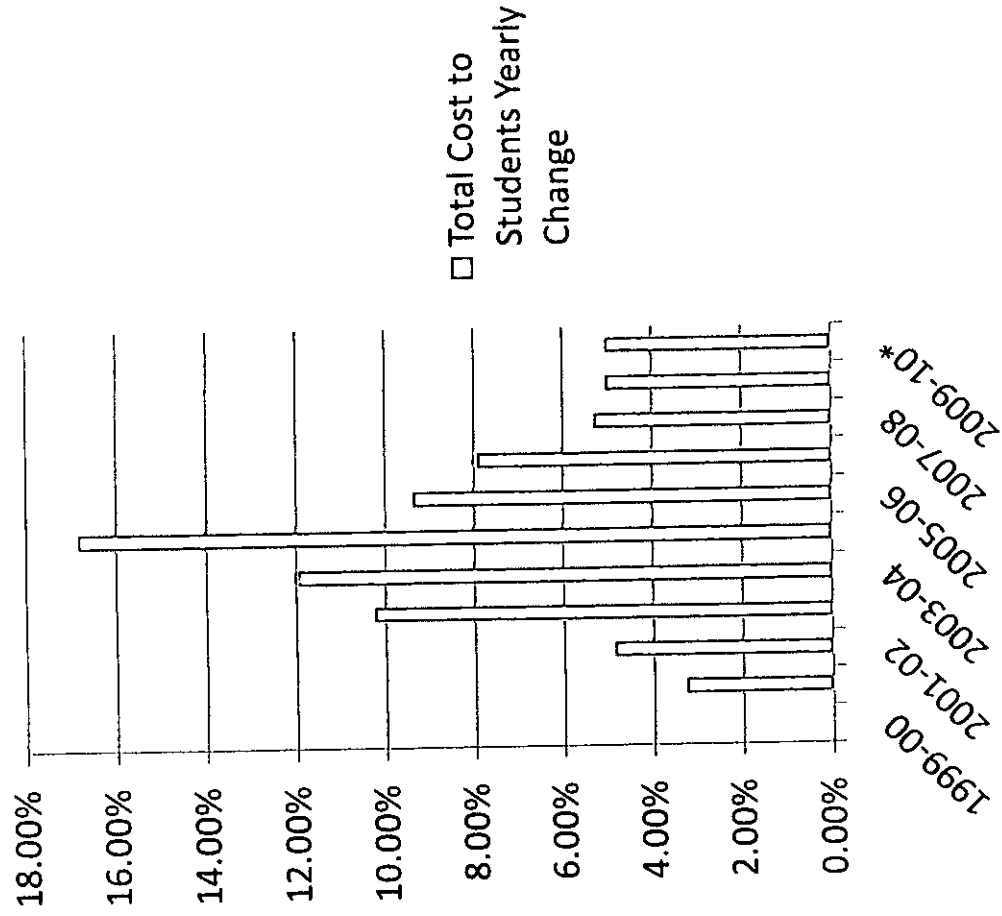
Average Cost to Student vs. Total Cost to Taxpayers



Total Cost to Taxpayers Biennial Change



Total Cost to Students Yearly Change



*reflects Governor Hoeven's intent to keep tuition growth below the rate of inflation

**reflects Governor Hoeven's Executive budget proposal

Resident Undergraduate Tuition

| | 1999- 00 | 2000- 01 | 2001- 02 | 2002- 03 | 2003- 04 | 2004- 05 | 2005- 06 | 2006- 07 | 2007- 08 | 2008- 09* | 2009- 10* | 10 Year % Change |
|------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------------|
| BSC | 1592 | 1679 | 1703 | 1784 | 2016 | 2629 | 2787 | 3052 | 3204 | \$3,364 | \$3,532 | 122% |
| DSU | 1906 | 1982 | 2067 | 2202 | 2554 | 3040 | 3329 | 3646 | 3828 | \$4,019 | \$4,220 | 121% |
| Mayville | 1906 | 1982 | 2067 | 2202 | 2576 | 3014 | 3300 | 3614 | 3795 | \$3,985 | \$4,184 | 120% |
| MSU | 2050 | 2144 | 2244 | 2384 | 2730 | 3160 | 3460 | 3790 | 3980 | \$4,179 | \$4,388 | 114% |
| MSU-B | 1592 | 1632 | 1682 | 1782 | 2042 | 2362 | 2575 | 2830 | 2972 | \$3,121 | \$3,277 | 106% |
| SCS | 1592 | 1632 | 1682 | 1782 | 2052 | 2670 | 2828 | 3054 | 3207 | \$3,367 | \$3,536 | 122% |
| NDSU | 2480 | 2604 | 2754 | 2904 | 3374 | 3982 | 4360 | 4774 | 5013 | \$5,264 | \$5,527 | 123% |
| UND | 2480 | 2604 | 2754 | 2954 | 3441 | 4009 | 4390 | 4786 | 5025 | \$5,276 | \$5,540 | 123% |
| Lake Region | 1592 | 1632 | 1682 | 1782 | 2040 | 2328 | 2550 | 2780 | 2919 | \$3,065 | \$3,218 | 102% |
| WSU | 1592 | 1632 | 1682 | 1811 | 1920 | 2074 | 2198 | 2374 | 2493 | \$2,618 | \$2,749 | 73% |
| VCSU | 1906 | 1982 | 2067 | 2202 | 2652 | 3130 | 3428 | 3753 | 3941 | \$4,138 | \$4,345 | 128% |
| Average Tuition | \$1,881 | \$1,955 | \$2,035 | \$2,163 | \$2,491 | \$2,945 | \$3,200 | \$3,496 | \$3,671 | \$3,854 | \$4,047 | 114% |

Required Fees Outside Tuition

| | 1999- 00 | 2000- 01 | 2001- 02 | 2002- 03 | 2003- 04 | 2004- 05 | 2005- 06 | 2006- 07 | 2007- 08 | 2008-09* | 2009-10* | 10 Year % Change |
|---------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|---------------------|
| BSC | 296 | 321 | 351 | 435 | 445 | 499 | 568 | 588 | 568 | \$596 | \$626 | 92% |
| DSU | 396 | 396 | 396 | 596 | 584 | 758 | 824 | 824 | 944 | \$991 | \$1,041 | 138% |
| Lake Region | 446 | 446 | 478 | 694 | 682 | 736 | 782 | 782 | 842 | \$884 | \$928 | 89% |
| Mayville | 1200 | 1200 | 1247 | 1356 | 1404 | 1468 | 1642 | 1642 | 1642 | \$1,724 | \$1,810 | 37% |
| MSU | 280 | 280 | 309 | 461 | 498 | 552 | 632 | 701 | 793 | \$833 | \$874 | 183% |
| MSU-B | 326 | 326 | 407 | 513 | 511 | 575 | 626 | 626 | 661 | \$694 | \$729 | 103% |
| SCS | 216 | 217 | 247 | 338 | 350 | 404 | 440 | 450 | 522 | \$548 | \$576 | 142% |
| NDSU | 406 | 406 | 518 | 602 | 590 | 750 | 903 | 947 | 962 | \$1,010 | \$1,061 | 137% |
| UND | 476 | 484 | 507 | 708 | 715 | 819 | 937 | 1006 | 1105 | \$1,160 | \$1,218 | 132% |
| VCSU | 1191 | 1191 | 1238 | 1385 | 1374 | 1428 | 1504 | 1553 | 1642 | \$1,724 | \$1,810 | 38% |
| WSU | 284 | 284 | 284 | 392 | 453 | 506 | 652 | 691 | 726 | \$762 | \$800 | 156% |
| Average Fees | \$502 | \$505 | \$544 | \$680 | \$691 | \$772 | \$865 | \$890 | \$946 | \$993 | \$1,043 | 113% |

| | | | | | | | | | | | | |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------|
| Total Cost to Students | \$2,382 | \$2,460 | \$2,579 | \$2,843 | \$3,182 | \$3,718 | \$4,065 | \$4,386 | \$4,617 | \$4,848 | \$5,090 | 114% |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------|

* based on a 5% projected annual growth rate

| Legislative Funding | | | | | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 1999- 2001 | 2001- 03 | 2003- 05 | 2005- 07 | 2007- 09 | 2009- 11** | | | | | |
| Higher Ed. | 334,449,287 | 366,953,836 | 361,541,418 | 387,157,893 | 468,649,624 | 614,224,947 | 84% | | | | |
| Total Cost to Taxpayers Biennial Change | | 9.72% | -1.47% | 7.09% | 21.05% | 31.06% | | | | | |
| | | | | | | | | | | | |
| Legislative Funding | 167,224,644 | 167,224,644 | 183,476,918 | 183,476,918 | 180,770,709 | 180,770,709 | 193,578,947 | 193,578,947 | 234,324,812 | 307,112,474 | 307,112,474 |
| Total Cost to Taxpayers | \$167,224,644 | \$167,224,644 | \$183,476,918 | \$183,476,918 | \$180,770,709 | \$180,770,709 | \$193,578,947 | \$193,578,947 | \$234,324,812 | \$307,112,474 | \$307,112,474 |
| | | | | | | | | | | | 84% |

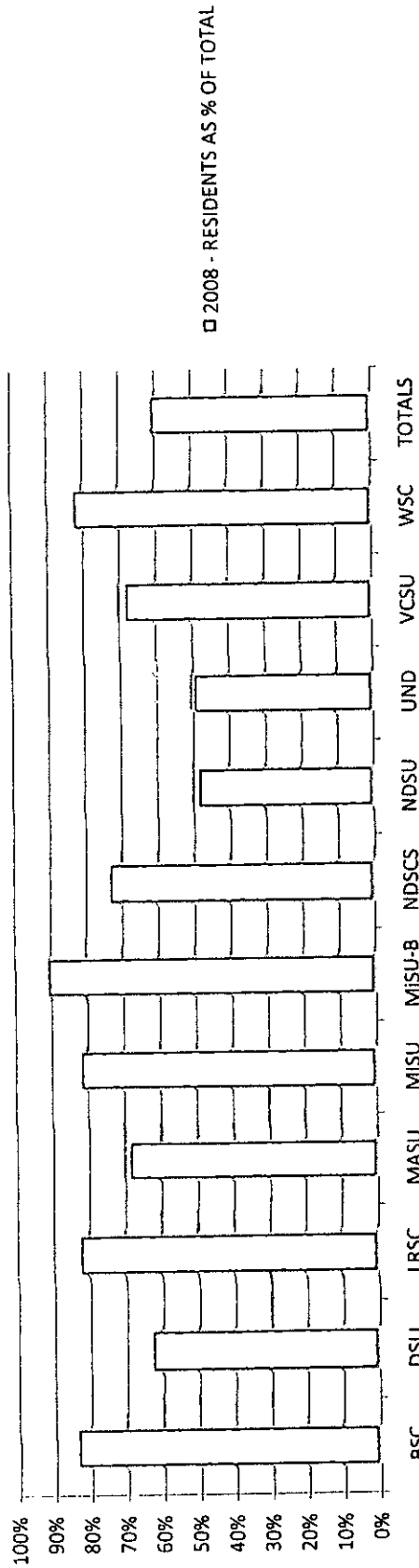
** reflects Governor Hoeven's proposed 2009-11 budget

***based on Governor Hoeven's proposed budget annualized

| 2006 HEADCOUNT ENROLLMENTS BY TUITION RESIDENCY STATUS | | | | | | | | | | | | |
|--|-------|-------|-------|------|-------|--------|-------|--------|--------|-------|-----|--------|
| RESIDENT | BSC | DSU | LRSC | MASU | MISU | MISU-B | NDSCS | NDSU | UND | VCSU | WSC | TOTALS |
| NORTH DAKOTA 2006 | 2,926 | 1,716 | 1,314 | 569 | 2,972 | 512 | 1,693 | 6,399 | 6,539 | 750 | 720 | 26,110 |
| NON-RESIDENT | | | | | | | | | | | | |
| MANITOBA | 1 | 13 | 1 | 13 | 44 | 18 | 0 | 10 | 80 | 22 | 3 | 205 |
| MINNESOTA | 64 | 20 | 54 | 103 | 40 | 3 | 512 | 4,493 | 3,870 | 107 | 4 | 9,270 |
| OTHER MHEC STATES | 75 | 19 | 21 | 17 | 38 | 6 | 22 | 150 | 477 | 19 | 17 | 861 |
| MONTANA | 39 | 274 | 2 | 5 | 131 | 9 | 68 | 70 | 168 | 12 | 93 | 871 |
| SASKATCHEWAN | 0 | 18 | 2 | 2 | 176 | 4 | 4 | 1 | 8 | 8 | 14 | 237 |
| SOUTH DAKOTA | 43 | 76 | 7 | 2 | 24 | 2 | 118 | 286 | 236 | 17 | 12 | 823 |
| OTHER WICHE STATES | 123 | 196 | 22 | 69 | 122 | 7 | 22 | 100 | 789 | 47 | 23 | 1,520 |
| OTHER | 206 | 240 | 85 | 52 | 165 | 44 | 51 | 749 | 667 | 55 | 26 | 2,340 |
| NON-RESIDENT SUBTOTAL | 551 | 856 | 194 | 263 | 740 | 93 | 797 | 5,859 | 6,295 | 287 | 192 | 16,127 |
| GRAND TOTALS | 3,477 | 2,572 | 1,508 | 832 | 3,712 | 605 | 2,490 | 12,258 | 12,834 | 1,037 | 912 | 42,237 |
| RESIDENTS AS % OF TOTAL | 84% | 67% | 87% | 68% | 80% | 85% | 68% | 52% | 51% | 72% | 79% | 62% |

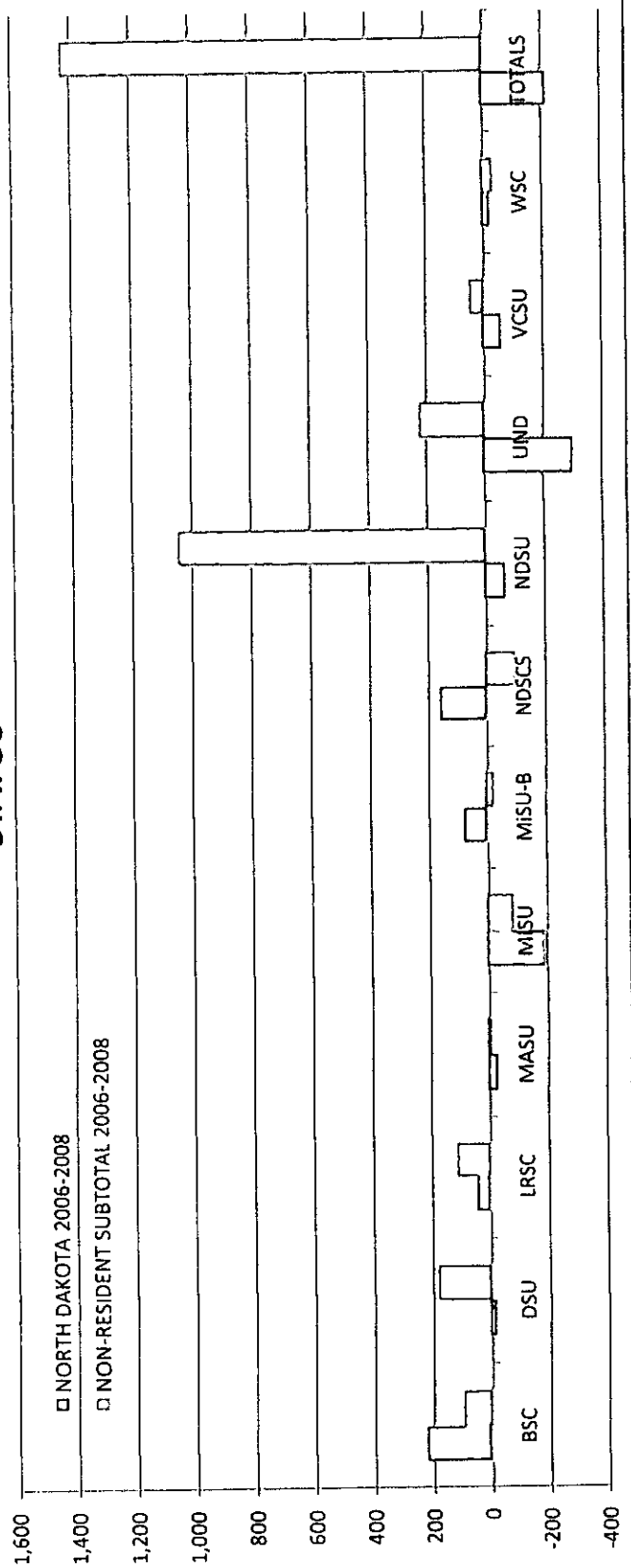
| 2008 HEADCOUNT ENROLLMENTS BY TUITION RESIDENCY STATUS | | | | | | | | | | | | |
|--|-------|-------|-------|------|-------|--------|-------|--------|--------|-------|-----|--------|
| RESIDENT | BSC | DSU | LRSC | MASU | MISU | MISU-B | NDSCS | NDSU | UND | VCSU | WSC | TOTALS |
| NORTH DAKOTA 2008 | 3,144 | 1,697 | 1,355 | 536 | 2,779 | 587 | 1,848 | 6,329 | 6,234 | 687 | 694 | 25,890 |
| NON-RESIDENT | | | | | | | | | | | | |
| MANITOBA | 0 | 10 | 1 | 15 | 58 | 18 | 0 | 10 | 81 | 19 | 4 | 216 |
| MINNESOTA | 89 | 17 | 91 | 97 | 41 | 5 | 460 | 5,129 | 4053 | 113 | 8 | 10,103 |
| OTHER MHEC STATES | 129 | 25 | 24 | 16 | 30 | 11 | 19 | 246 | 475 | 27 | 6 | 1,008 |
| MONTANA | 37 | 221 | 1 | 3 | 107 | 8 | 62 | 75 | 136 | 8 | 81 | 739 |
| SASKATCHEWAN | 0 | 16 | 1 | 2 | 166 | 3 | 1 | 3 | 11 | 5 | 9 | 217 |
| SOUTH DAKOTA | 43 | 76 | 12 | 8 | 12 | 2 | 91 | 276 | 210 | 15 | 5 | 750 |
| OTHER WICHE STATES | 110 | 222 | 53 | 70 | 86 | 3 | 21 | 106 | 672 | 66 | 21 | 1,430 |
| OTHER | 236 | 446 | 119 | 42 | 153 | 18 | 43 | 1,055 | 876 | 79 | 22 | 3,089 |
| NON-RESIDENT SUBTOTAL | 644 | 1,033 | 302 | 253 | 653 | 68 | 697 | 6,900 | 6,514 | 332 | 156 | 17,552 |
| GRAND TOTALS | 3,788 | 2,730 | 1,657 | 789 | 3,432 | 655 | 2,545 | 13,229 | 12,748 | 1,019 | 850 | 43,442 |
| 2008 - RESIDENTS AS % OF TOTAL | 83% | 62% | 82% | 68% | 81% | 90% | 73% | 48% | 49% | 67% | 82% | 60% |

2008 - RESIDENTS AS % OF TOTAL



| 2006 to 2008 CHANGE HEADCOUNT ENROLLMENTS BY TUITION RESIDENCY STATUS | | | | | | | | | | | | |
|---|-----|-----|------|------|------|--------|-------|------|------|------|-----|--------|
| | BSC | DSU | LRSC | MASU | MISU | MISU-B | NDSCS | NDSU | UND | VCSU | WSC | TOTALS |
| RESIDENT | | | | | | | | | | | | |
| NORTH DAKOTA 2006-2008 | 218 | -19 | 41 | -33 | -193 | 75 | 155 | -70 | -305 | -63 | -26 | -220 |
| NON-RESIDENT | | | | | | | | | | | | |
| MANITOBA | -1 | -3 | 0 | 2 | 14 | 0 | 0 | 0 | 1 | -3 | 1 | 11 |
| MINNESOTA | 25 | -3 | 37 | -6 | 1 | 2 | -52 | 636 | 183 | 6 | 4 | 833 |
| OTHER MHEC STATES | 54 | 6 | 3 | -1 | -8 | 5 | -3 | 96 | -2 | 8 | -11 | 147 |
| MONTANA | -2 | -53 | -1 | -2 | -24 | -1 | -6 | 5 | -32 | -4 | -12 | -132 |
| SASKATCHEWAN | 0 | -2 | -1 | 0 | -10 | -1 | -3 | 2 | 3 | -3 | -5 | -20 |
| SOUTH DAKOTA | 0 | 0 | 5 | 6 | -12 | 0 | -27 | -10 | -26 | -2 | -7 | -73 |
| OTHER WICHE STATES | -13 | 26 | 31 | 1 | -36 | -4 | -1 | 6 | -117 | 19 | -2 | -90 |
| OTHER | 30 | 206 | 34 | -10 | -12 | -26 | -8 | 306 | 209 | 24 | -4 | 749 |
| NON-RESIDENT SUBTOTAL 2006-2008 | 93 | 177 | 108 | -10 | -87 | -25 | -100 | 1041 | 219 | 45 | -36 | 1425 |
| GRAND TOTALS | 311 | 158 | 149 | -43 | -280 | 50 | 55 | 971 | -86 | -18 | -62 | 1,205 |

2006 to 2008 CHANGE HEADCOUNT ENROLLMENTS BY TUITION RESIDENCY STATUS



North Dakota University System

HB 1447 - House Education

February 4, 2009

William Goetz, Chancellor

Good morning Madame Chairman and members of the House Education Committee. For the record, my name is William Goetz, Chancellor of the North Dakota University System.

I am appearing today on behalf of the State Board of Higher Education (SBHE) in opposition to HB1447. This change would shift responsibility for setting tuition and fee rates from the SBHE to the legislative assembly. The SBHE has had long-standing authority to set fee rates, and with limited exceptions, like non-resident tuition rates, has also been delegated authority to set tuition rates. The proposed change would be inconsistent with practices across the country. According to a November 2006 SHEEO report, there are five states – California, Florida, Louisiana, Texas and Washington – where the legislature sets tuition rates, but not fee rates. In all other states, tuition and fees are set by either the governing or coordinating board or by the individual institution, or a combination thereof.

Tuition, together with state general fund appropriations, provides the resources to support the core instructional activities at each campus. A delicate balance is needed, with a change in one or both leading to changes in instructional programs or services. The balance or "shares" was defined by the SBHE as part of the Long-Term Finance (LTF) Plan adopted in 2001, and has been used consistently by the SBHE in preparing the biennial request since that time. The plan calls for costs to be shared by the state, student and institution. The institution's responsibility is to continue to operate cost effectively, as evidenced by comparison to other similar peers, and to continue to generate additional external funding sources. Costs to continue providing current services and to address peer equity are distributed between the state and students based on the following cost share targets:

| Campus | Target | | Actual | |
|-------------------|-------------|---------------|-------------|---------------|
| | State Share | Student Share | State Share | Student Share |
| UND, NDSU | 60% | 40% | 40 - 38% | 60 - 62% |
| MiSU | 65% | 35% | 53% | 47% |
| DSU, MaSU, VCSU | 70% | 30% | 68 - 49% | 32 - 51% |
| Two-Year Campuses | 75% | 25% | 69 - 49% | 31 - 51% |

There have been times when the state has not been in a position to pick up its prorata share of the cost, leading to the unfunded state share being shifted to the student. This shift, along with historical funding practices, has contributed to state/student shares that, at some campuses, are almost reverse of the LTF Plan targets. For example, at BSC the split is about 50%/50% instead of the targeted 75%/25% and at UND and NDSU the state share is closer to 40% instead of the 60% state share target. It should be

noted that Mr. Dennis Jones, a higher education consultant hired by the most recent interim higher education committee, continued to endorse this cost share model for funding higher education.

In addition to the biennial budget process which takes place one to three years in advance of the actual academic years, the SBHE annually evaluates and sets tuition rates. Each year, the SBHE receives a comprehensive student affordability report which includes information on: tuition and fee comparisons to other states and regions; family ability to pay, total cost of education including room, board and living expenses; availability of financial aid; student debt loads, etc. In addition, the SBHE receives and considers input from the institutional presidents and student representatives in setting rates. It is a long and thoughtful process, which starts with the biennial budget process, but is also linked to more time-sensitive information on enrollments and costs.

Fees require SBHE, Chancellor or presidential approval. For example, the SBHE must approve new or changes in program fees or the CND fee. The Chancellor must approve any changes in the technology fee, while the individual president has the authority to set some fees such as the university fee. Whether approved by the SBHE, Chancellor or president, student input is sought during the fee setting process. Fees are used to support a separate and distinct activity, which is generally self-supporting through its fee source. Each is unique and must be evaluated independent of other activities. Examples include flight fees, specific course fees, and parking fees. For example, funds generated from parking fees and fines must support the cost of new parking lots, resurfacing and maintaining existing parking lots, and related debt requirements, and proper staffing. Institutions must have the flexibility to adjust these annually based on up-to-date projections of costs and number of participants. The SBHE must be able to adjust room and board rates annually to address changing employee costs, food costs, and other changes in operating costs, based on demand.

This year, the SBHE has mandated as part of its annual work plan, a study of tuition and fee rates. We have kicked off that study and hope to have it completed later this year. I would anticipate the study will include, at a minimum, a review and discussion about rates, both tuition and fee model structures, categories of tuition rates, and the process for review and approval. The SBHE takes its tuition and fee setting responsibility very seriously, but believes that it is time for a comprehensive review, especially due to the dynamic and complex nature of delivering post-secondary education (on-campus, distance delivery, collaborative programs); opportunities for the NDUS to serve as a greater engine for economic growth; and, the concern with increasing costs of education.

Thank you and I would appreciate your no vote on the bill. I would be happy to try to answer any questions.

My name is Jacob Holm and I am a sophomore within the University System majoring in History Education and Sociology. I am a student, but today I am speaking on behalf of all the students of North Dakota as the North Dakota Student Association Student's Lobbyist. As you may know the North Dakota Student Association, also known as NDSA, is a cooperative effort between all the eleven state universities and colleges in North Dakota. Our common goal is to provide an affordable and a quality education to all our students and achieve this goal by working with entities in the state, such as the North Dakota Legislature, the University System, and the Board of Higher Education. Every student within the North Dakota University System is a paying member to NDSA and every college or university has a vote when it comes to final decisions. This is by no means an effort of a few campuses and a handful of students.

I am here today to express the North Dakota Student Association's opposition of House Bill 1447. As you can see on the attached page of this handout our legislative affairs committee at our last meeting drafted and passed a resolution clearly stating our opposition to legislative control of college tuition. The reason why our organization feels so strongly against this bill is because legislative control of tuition would not allow for direct and equal representation of the students. As you know, tuition control currently rests in the hands of the State Board of Higher Education. Of those eight members on the board one position is allocated for a student of the University System, which we believe provides us with the most direct and effective way of using student input and knowledge of the subject. House Bill 1447 does not call for any youth involvement or consideration when tuition is in question. As our resolution reads, it is NDSA's duty to represent the views of the thousands of students in post-secondary education in North Dakota. The students in your University System wish to have direct involvement and an equal vote when it comes to changes in our tuition. We ask you to allow us have equal say in the price of our education. We ask you to provide House Bill 1447 with a recommendation of Do Not Pass.

Thank you for your time.

SA HB 1447

North Dakota Student Association

SLAC 03-0809

Date: January 24, 2009

To: North Dakota Student Association

From: State Legislative Affairs Committee

Re: House Bill 1447

Whereas the North Dakota Student Association recognizes the importance of its relationship with the North Dakota State Board of Higher Education, and

Whereas, House Bill 1447 affects the State Board of Higher Education, the North Dakota University System and the Students within its 11 institutions, and

Whereas, the State Board of Higher Education works with the institutions and staff within the North Dakota University System on setting appropriate and affordable tuition and fee rates for the students of North Dakota, and

Whereas, it is the responsibility of the North Dakota Student Association to articulate the views of its constituents, and

Whereas, the North Dakota student body has representation on the State Board of Higher Education, and

Whereas it is not defined in House Bill 1447 whether there will be a student voice or representation in order to convey the best interest of the students within the University System.

Therefore, let it be resolved that the North Dakota Student Association stands in opposition to House Bill 1447, due to the taking away of important responsibilities from the State Board of Higher Education and another source of representation from the North Dakota Student Association.

Respectfully Submitted,

Ken Story
SLAC Chair
MiSU

Cameron Battagler
NDSA Vice President
VCSU

Mike Little
UND

Brady Pelton
Head Delegate
UND

Stephanie Murack
NDSCS

Charmaine Boehler
BSC

Attachment 1
HB 1447

**Benefits of Nonresident Students
to the State of North Dakota and the North Dakota University System**

- Nonresident student expenditures have a significant economic impact on our state's economy.
 - Nonresident students spend, on average, \$8,700 per year in North Dakota, primarily on living expenses, in addition to tuition and fees paid to the institutions.
 - Systemwide, 17,552 nonresident students were enrolled in the Fall of 2008, which resulted in up to \$152 million in nonresident student spending, in addition to tuition and fees.
 - Non-resident students pay sales and other taxes (including property taxes paid indirectly through rent). Many nonresident students are employed in North Dakota while attending college and pay state income taxes.
- Nonresident students bring diversity and a broader range of experiences. They contribute to a richer academic experience at NDUS institutions and expand the horizons of North Dakota students.
- Non-resident students, including Minnesota students, pay higher tuition rates than do North Dakota residents. (Note: In addition, the state of Minnesota pays North Dakota for the difference in the number of Minnesota students who attend North Dakota institutions compared to North Dakota students who attend Minnesota institutions. 2007-08 reciprocity payments to North Dakota from Minnesota totaled \$3,114,302.)
 - Contractual student exchange programs, such as the North Dakota/Minnesota reciprocity program, facilitate the flow of students between states and provide additional opportunities for North Dakota residents to attend college out-of-state at a reduced cost.
- Many University System programs have available space, and recruiting nonresident students to fill these spaces makes sense because additional revenues are generated without significant added cost. The added enrollment helps spread fixed costs over a larger student base, thereby helping control cost increases for North Dakota students. If it wasn't for non-resident students, some current programs may not be available to North Dakota resident students.
- NDUS research efforts would be severely limited without the contributions of highly educated nonresident students, particularly graduate students, who contribute to our growing global economy.
- Recruitment of out-of-state students is supported by the private sector, as stated by private sector members of the Roundtable on Higher Education.
- The number of nonresident students who stay in the state after graduation is increasing, thus growing our population and our workforce. According to the most recent statistics, 28.3 percent of nonresident students remain in North Dakota after completion of their programs; some are re-enrolled, but most are employed.
- These out-of-state students who graduate from NDUS institutions and remain in the state are an important part of our educated workforce. They enable employers to fill positions in high demand and highly skilled areas without spending considerable resources to recruit workers from other states.
- Just as private sector businesses recruit out-of-state employees, the NDUS attracts talent by recruiting out-of-state faculty, staff and students.