

2009 SENATE EDUCATION

SB 2038

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2038

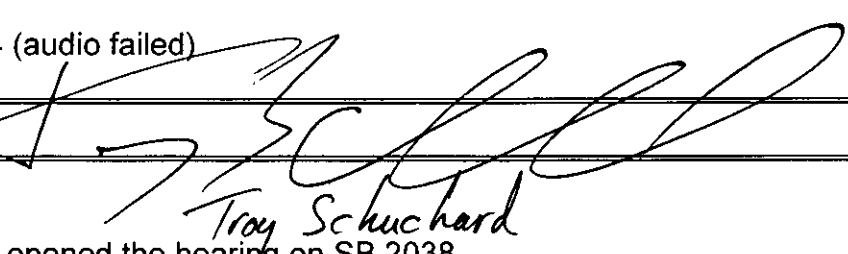
Senate Education Committee

☐ Check here for Conference Committee

Hearing Date: January 13, 2009

Recorder Job Number: 6864 (audio failed)

Committee Clerk Signature



Troy Schuchard

Minutes: **Chairman Freborg** opened the hearing on SB 2038.

William Goetz, Chancellor of North Dakota State Board of Higher Education, testified in favor of SB 2038. (See attachment #1)

Nobody testified in opposition of SB 2038.

Chairman Freborg closed the hearing on SB 2038.

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2038

Senate Education Committee

☐ Check here for Conference Committee

Hearing Date: January 14, 2009

Recorder Job Number: 7005

Committee Clerk Signature



Minutes:

Chairman Freborg opened the discussion on SB 2038. All members were present.

Senator Flakoll distributed amendment .0201. The first portion, with respect to required reports, the #1 report is something we have asked for from Higher Ed a couple of times over the past 6 years. Initially they did not have the data available because they were transitioning due to People Soft. More recently, he has asked once or twice. The report would provide comparison data of compensation with respect to people on 9 – 10 month contracts with Master's Degrees by campus. In subsection b, it would compare that to K – 12 schools in the same community. It would compare somewhat similar education and contracts. In #2 it asks them to provide a report by campus of the number of students enrolled in classes solely delivered electronically. He may have to reword the amendment. In #3 it asks how many high school students are taking higher ed classes for credit. #4 describes when the reports need to be completed. The next section, line 21, is because we are getting a lot of higher education bills that come from discussions during the interim. There were no members of the Senate Education Committee that served on the interim higher education committee and there were only 2 out of 14 members from the House Education Committee, one had to make a request after the fact to be on that committee. It would seem, if we are going to be getting these bills

during the session, it would be helpful if we had a couple of members of the Senate Education Committee on the interim higher education committee. It requests the Senate and House Education Committee's chairs or the chairs' designee serve on the interim higher ed committee. The minority party would also have a representative.

Senator Lee asked in #2, the number of students in courses delivered electronically, is it students who are taking an online course or what is he looking for?

Senator Flakoll said he means the course is an online or distance delivery course, as its principal method of delivery.

Senator Taylor said it looks like information we ought to be able to get regardless but if needs to be drawn in the bill, then so be it. It seems a little bit of a stretch to ask Higher Ed to provide information on the K – 12 arena. What are we trying to find out?

Senator Flakoll said we are trying to find out where are they relative to one another. In some cases there is competition for those people. We hear stories one way or the other. He wants to know where we are at. The K – 12 salaries are public information.

Senator Bakke asked why we need this information relative to the salaries and benefits.

Senator Flakoll said because we are curious. He thinks we know where we are in K – 12 relative to the education community but we don't really know in higher education.

Senator Bakke asked if he is looking for adjunct faculty. Most of the faculty would have to have a doctorate. Does he want to know how much they are using adjunct faculty?

Senator Flakoll said no, they could have a title of lecturer and/or instructor at that level of education. It could be a 9 , 10 or 12 month position.

Senator Bakke asked if he is also looking for graduate teaching assistants.

Senator Flakoll said no, that is not the intent.

Senator Taylor said when we are doing student reports right now and we hear NDSU has record enrollment, is that including those online course takers who are high school students? Is that padding the number right now?

Senator Flakoll said there are different ways of reporting. When they report their gross enrollment, high school students who are taking courses early or online would be included in the total.

Senator Bakke asked what we are going to do with this information.

Senator Flakoll said you cannot improve what you do not measure. We don't know where we are at with the compensation data in terms of our baseline. They have a significant number of other required reports within the bill in 2038. He asked if anyone on the committee knows if there are 100 or 500 high school students taking college classes, are there more this year than 10 years ago? How are we doing in terms of growth of electronic delivery systems. How many are in state vs. out of state? There are a lot of things popping up that we don't have a handle on in terms of diagnostics. When we look at capital construction needs, this type of information plays into it. If there are live bodies on the campus vs. virtual delivery, needs for physical facilities vary. Eventually we want to be able to evaluate collaboration between campuses.

Senator Bakke said she doesn't want to micromanage at the university level. Do we need the reports every year?

Senator Flakoll said the reporting is required once during the biennium. If it is determined to be important, it can be ongoing. Some classes can be taught much more efficiently than others. For example, the diesel mechanics programs at Wahpeton are very intense in terms of their expense, their need for space, compared to business classes. He hopes we can better understand the long term needs. We have seen an explosion of electronic delivery. There are

campuses nationally, Phoenix, that have 374,000 students. He clarified that #2 of the amendment is to request numbers of students that only take classes through distance learning. He wants to add the word "only".

Senator Bakke asked if this would be a onetime request, only for the interim 2009 – 2010.

Senator Flakoll said yes. He noted if people like it, it could happen again.

Senator Flakoll moved the .0201 amendment with the addition of the word "only", seconded by Senator Lee.

Amendment .0201 passed 5 – 0.

Senator Flakoll moved a Do Pass As Amended on SB 2038 and Rerefer to Appropriations, seconded by Senator Lee.

The motion passed 5 – 0. Senator Flakoll will carry the bill.

FISCAL NOTE
Requested by Legislative Council
04/30/2009

Amendment to: Engrossed
SB 2038

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2007-2009 Biennium		2009-2011 Biennium		2011-2013 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$1,600,000			
Appropriations						

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

2007-2009 Biennium			2009-2011 Biennium			2011-2013 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. Bill and fiscal impact summary: *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Extends "flexibility with accountability" legislation for an additional two years through June 30, 2011, including campus retention of local funds, block grant appropriations, and carryover authority. Includes continuation of interim higher education study and new accountability measures.

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 4 permits the carryover of unspent general funds from the 07-09 to 09-11 biennium. Section 5, 7 and 8 creates additional or revised reporting requirements which at this time it is difficult to determine the potential fiscal impact.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

NDUS Office estimated general fund carryover at the end of the 07-09 biennium, excluding capital assets, is \$1.6 million. This amount would be carried over and spent in the 09-11 biennium. However, a portion of this has been specifically earmarked in SB2003.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Name:	Laura Glatt	Agency:	NDUS
Phone Number:	328-2963	Date Prepared:	04/30/2009

FISCAL NOTE
Requested by Legislative Council
04/14/2009

Amendment to: Engrossed
SB 2038

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2007-2009 Biennium		2009-2011 Biennium		2011-2013 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$1,567,000			
Appropriations						

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

2007-2009 Biennium			2009-2011 Biennium			2011-2013 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. Bill and fiscal impact summary: *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Extends "flexibility with accountability" legislation for an additional two years through June 30, 2011, including campus retention of local funds, block grant appropriations, and carryover authority. Includes continuation of interim higher education study and new accountability measures.

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 4 permits the carryover of unspent general funds from the 07-09 to 09-11 biennium. Section 7 creates additional reporting requirements which at this time it is difficult to determine the potential fiscal impact; however, they would likely be minimal.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Estimated general fund carryover at the end of the 07-09 biennium, excluding capital assets, is \$1.567 million. This amount would be carried over and spent in the 09-11 biennium. However, the designated use of \$1.3 million of the total carryover is included in Sections 20 and 21 of Reengrossed SB2003.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Name:	Cathy McDonald	Agency:	215
Phone Number:	328-4111	Date Prepared:	04/14/2009

FISCAL NOTE
Requested by Legislative Council
01/19/2009

Amendment to: SB 2038

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2007-2009 Biennium		2009-2011 Biennium		2011-2013 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$1,100,000			
Appropriations						

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

2007-2009 Biennium			2009-2011 Biennium			2011-2013 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. Bill and fiscal impact summary: *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Extends "flexibility with accountability" legislation for an additional two years through June 30, 2011, including campus retention of local funds, block grant appropriations, and carryover authority. Includes continuation of interim higher education study and new accountability measures.

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 4 permits the carryover of unspent general funds from the 07-09 to 09-11 biennium. The amendment creates additional reporting requirements which at this time it is difficult to determine the potential fiscal impact; however, they would likely be minimal.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Estimated general fund carryover at the end of the 07-09 biennium, excluding capital assets, is \$1.1 million. This amount would be carried over and spent in the 09-11 biennium.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Name:	Laura Glatt	Agency:	NDUS
Phone Number:	328-4116	Date Prepared:	01/20/2009

FISCAL NOTE
Requested by Legislative Council
12/08/2008

Bill/Resolution No.: SB 2038

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2007-2009 Biennium		2009-2011 Biennium		2011-2013 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$1,100,000			
Appropriations						

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

2007-2009 Biennium			2009-2011 Biennium			2011-2013 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. Bill and fiscal impact summary: *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

Extends "flexibility with accountability" legislation for an additional two years through June 30, 2011, including campus retention of local funds, block grant appropriations, and carryover authority. Includes continuation of interim higher education study and new accountability measures.

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 4 permits the carryover of unspent general funds from the 07-09 to 09-11 biennium.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Estimated general fund carryover at the end of the 07-09 biennium, excluding capital assets, is \$1.1 million. This amount would be carried over and spent in the 09-11 biennium.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Name:	Laura Glatt	Agency:	NDUS
Phone Number:	328-4116	Date Prepared:	12/18/2008

January 14, 2009

PROPOSED AMENDMENTS TO SENATE BILL NO. 2038

Page 11, after line 14, insert:

"SECTION 5. STATE BOARD OF HIGHER EDUCATION - REQUIRED REPORTS.

1. a. During the 2009-10 interim, the state board of higher education shall compile by campus information regarding the salaries, benefits, and total compensation of higher education instructional personnel having master's degrees.
- b. The state board of higher education shall compare the information required by subdivision a with the salaries, benefits, and total compensation of teachers who have master's degrees and who are employed by the school district headquartered in the same city as that in which each institution of higher education is located. The comparison should reflect a comparable nine- to ten-month employment contract.
2. During the 2009-10 interim, the state board of higher education shall compile by campus information regarding the number of students who are *only* enrolled in courses delivered electronically to a site not on the campus, the types of courses delivered in this manner, and demographic information regarding the students enrolled in such courses.
3. During the 2009-10 interim, the state board of higher education shall compile by campus information regarding the number of students who have not yet graduated from high school but who are enrolled in higher education courses offered for credit.
4. The state board of higher education shall provide the information required by this section to the Legislative Council at the time and in the manner directed by the council."

Page 11, line 21, after the period insert "If the legislative council appoints a committee to study issues related to higher education during the 2009-10 interim, the council shall include on the committee:

- a. The chairman of the house education committee or the chairman's designee;
- b. The chairman of the senate education committee or the chairman's designee;
- c. One member of the minority party from the house of representatives; and
- d. One member of the minority party from the senate."

Renumber accordingly

PROPOSED AMENDMENTS TO SENATE BILL NO. 2038

Page 1, line 5, after the first semicolon insert "to provide for a report to the legislative council;"

Page 11, after line 14, insert:

"SECTION 5. STATE BOARD OF HIGHER EDUCATION - REQUIRED REPORTS.

1. a. During the 2009-10 interim, the state board of higher education shall compile by campus information regarding the salaries, benefits, and total compensation of higher education instructional personnel having master's degrees.
- b. The state board of higher education shall compare the information required by subdivision a with the salaries, benefits, and total compensation of teachers who have master's degrees and who are employed by the school district headquartered in the same city as that in which each institution of higher education is located. The comparison should reflect a comparable nine- to ten-month employment contract.
2. During the 2009-10 interim, the state board of higher education shall compile by campus information regarding the number of students who are enrolled only in courses delivered electronically to a site not on the campus, the types of courses delivered in this manner, and demographic information regarding the students enrolled in such courses.
3. During the 2009-10 interim, the state board of higher education shall compile by campus information regarding the number of students who have not yet graduated from high school but who are enrolled in higher education courses offered for credit.
4. The state board of higher education shall provide the information required by this section to the legislative council at the time and in the manner directed by the council."

Page 11, line 21, after the period insert "If the legislative council appoints a committee to study issues related to higher education during the 2009-10 interim, the council shall include on the committee:

- a. The chairman of the house education committee or the chairman's designee;
- b. The chairman of the senate education committee or the chairman's designee;
- c. One member of the minority party from the house of representatives;
and
- d. One member of the minority party from the senate."

Renumber accordingly

Date: 1-14-09 :
Roll Call Vote #: _____ :

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

Senate	Education	Committee
--------	-----------	-----------

☐ Check here for Conference Committee

Legislative Council Amendment Number 1

Action Taken ~~Do Pass as Amended~~ Amended

Motion Made By Fla Koll Seconded By Lee

[illegible]

Total (Yes) 5 No 0

Absent

Floor Assignment

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

REPORT OF STANDING COMMITTEE

SB 2038, as amended, Education Committee (Sen. Freborg, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (5 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2038, as amended, was placed on the Sixth order on the calendar.

Page 1, line 5, after the first semicolon insert "to provide for a report to the legislative council;"

Page 11, after line 14, insert:

"SECTION 5. STATE BOARD OF HIGHER EDUCATION - REQUIRED REPORTS.

1. a. During the 2009-10 interim, the state board of higher education shall compile by campus information regarding the salaries, benefits, and total compensation of higher education instructional personnel having master's degrees.
- b. The state board of higher education shall compare the information required by subdivision a with the salaries, benefits, and total compensation of teachers who have master's degrees and who are employed by the school district headquartered in the same city as that in which each institution of higher education is located. The comparison should reflect a comparable nine- to ten-month employment contract.
2. During the 2009-10 interim, the state board of higher education shall compile by campus information regarding the number of students who are enrolled only in courses delivered electronically to a site not on the campus, the types of courses delivered in this manner, and demographic information regarding the students enrolled in such courses.
3. During the 2009-10 interim, the state board of higher education shall compile by campus information regarding the number of students who have not yet graduated from high school but who are enrolled in higher education courses offered for credit.
4. The state board of higher education shall provide the information required by this section to the legislative council at the time and in the manner directed by the council."

Page 11, line 21, after the period insert "If the legislative council appoints a committee to study issues related to higher education during the 2009-10 interim, the council shall include on the committee:

- a. The chairman of the house education committee or the chairman's designee;
- b. The chairman of the senate education committee or the chairman's designee;
- c. One member of the minority party from the house of representatives; and
- d. One member of the minority party from the senate."

Renumber accordingly

2009 SENATE APPROPRIATIONS

SB 2038

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2038

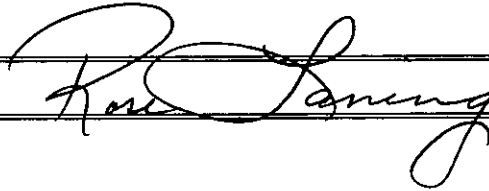
Senate Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: 01-27-09

Recorder Job Number: 7805

Committee Clerk Signature



Minutes:

Chairman Holmberg called the committee hearing to order at 8:30 am in regards to SB 2038 concerning NDUS. Roll Call was taken. All members present.

Brady Larson, Legislative Council Staff

Testified neither for nor against bill, but was providing overview.

It's a continuation of several sections of laws that have been continued on before.

Chairman Holmberg asked for any questions. Remember to follow the 1st engrossment (.0300) and not original bill.

Brady Larson: On some of the sections, specifically section 2, the effective through date has been changed from June 30, 2009 to July 31, 2011. Questions as to why the change of dates. In prior bienniums, there would be 3 bills that would come before the Appropriations Committee regarding each of these sections. Section 1 would come through as a stand alone bill. These have been coming through since 1999. When these bills would come through as separate bills, they would require as emergency clause to be effective immediately instead of August 1. The bills actually needed to become effective on June 30 because of budget requirements, so an emergency clause would have to be added to each of these three separate bills. So on the advice of the Legislative Council legal staff, when this bill was

drafted, we put a July 31 effective through date, so going into the future, if these bills were introduced separately again, they would not require an emergency clause. They would just become effective August 1 like any other regular bill.

Chairman Holmberg: Committee members, you look at the bill and don't see any fiscal impact, but there is. Estimated general fund carryover at the end of this biennium excluding capital assets. This amount will be carried over and spent in the 2009-2011 budget so that's why there is a re-referral to us.

Senator Christmann: Is that how governor's budget is made up or would that have an impact on the ending balance in the amount of spending?

Sandy Dies, Fiscal Analyst: There would be no impact. They would be appropriated into the next biennium.

William Goetz, Chancellor, North Dakota University System

Testified in favor of SB 2038 (Written attached testimony # 1)

Senator Mathern: In the long term planning between the board and the legislature, won't we constantly have the bills from having a round table. When will it become just part of our business and we don't have to introduce a bill that says 'we shall have a president at the college'. We decided that 75 years ago. Isn't it part of the culture and therefore, part of the general bill, or is it not part of the culture? There are questions as to whether there should be a continued bill on this.

William Goetz: The round table is an entity that has a function that the legislature calls together at the discretion and will of the legislature. It's not a higher education initiative. It's always been a legislative initiative. It's a response of the legislature. In this case, the chairman of the higher education committee called the round table to order. As far as culture, I

look at the round table as critically important in the 1999-2000. It really did set a whole new environment and tone in the culture. The system has evolved dramatically in the last few years as a result of that. I like to speak in terms of a partnership. It's a partnership of the legislature, the university system, the board, the chancellor and the private sector. It's what the round table is all about, but if we're to have closer identity, we can't always reflect back to this entity, the round table, as if it is an entity unto itself. We have to think of this as a process that we need to continue to work on that needs to evolve.

V. Chair Bowman: What limitations 1-6 on page 10, is that what's limited to what the carryover can be used for in spending? Or can it be used for or anything you want?

William Goetz: I'd like the correct interpretation.

Brady Larson: I believe those funds can be used for anything. We'll check on that to make sure.

Chairman Holmberg: They can because this section you're reading is the section that applies to all state agencies. Earlier in that section it says the university system is exempt from this section. The chairs of the House and Senate Appropriations committees sit on a committee that meets and authorize carryovers for these specific projects.

V. Chair Bowman questioned the use funds for university president's bodyguards.

Chairman Holmberg asked for any other questions? Thank you.

Closed the hearing on SB 2038.

2009 SENATE STANDING COMMITTEE MINUTES

Bill No 2038.

Senate Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: 02-12-09

Recorder Job Number: 9427

Committee Clerk Signature



Minutes:

Chairman Holmberg called the committee to order regarding SB 2038.

Senator Robinson SB 2038 gives the authorization for a continuation of what we have referred to for the last several years as the Roundtable concept for Higher Education.

Flexibility, accountability; there is a fiscal note only because they have authority ? with funds(45) but we have done this 3 times. It is kind of a bookkeeping thing. I don't want to minimize it but we have to revisit this. This bill allows us to do so. The Higher Education Interim committee convened a Roundtable last fall. They hadn't met for some time since Chairman Holmberg chaired the interim committee. **I WOULD MOVE A DO PASS.**

SECONDED BY SENATOR KREBSBACH.

Chairman Holmberg had questions for Allen on the fiscal note. It continues the continuing appropriation on the Higher ed. How is that reflected in budget status?

Allen Knutson, Legislative Council It doesn't really affect budget status.

Senator Mathern I ask it of Chancellor Goetz. I am a little bit concerned about this Roundtable. Sort of like a way of doing business and then we have the regular way of doing business. After 3 biennium, why wouldn't this be like the way we operate and if we wouldn't have a special Roundtable? It almost appears to me like two directions. The regular direction

and then the Roundtable direction and why don't we just say that is the University's system philosophy.

Senator Robinson That is a good question. The Roundtable was the concept that come to coition 6 or 7 years ago and the excitement that was generated by bringing the private sector and the number of different individuals to the table to be engaged with Higher Education in the determination of direction and vision for the University System. Unfortunately, there was a time when the engagement lapsed and we continue to refer to the Roundtable is a process, it's not an event. It is an ongoing way of doing business, an ongoing effort on the part of all of us, the Legislative branch, the private sector, coming to the table with Higher Education to continually analyze, review and redirect the University System. It got to be almost one of those initiatives a concept in a three ring binder that went on the shelf. Because we didn't meet for some time we talked the Roundtable, I don't know if we were talking the talk and not walking the walk. The roundtable is a concept that cannot function unless you have the full engagement of the players. In the last couple months the Higher Education interim committee did call the Roundtable back into a meeting, and it is my understanding there will be another one in June of 2009 at which time we will continue. It is a process. It is a good one in the standpoint we can't talk about it, we've got to live it. Should it not become the way we do business every day without having to talk Roundtable. It's our University System.

Senator Mathern had more questions regarding the Roundtable. (6.57)

Chairman Holmberg I wonder if this goes back to the initial meetings of the Higher Education interim committee in 1999- 2001 where the discussion was should we make this a permanent thing, or should we require the whole concepts go back to the legislature every two years just for a refresher and the decision was made then that it was the way to do business but the Legislature itself was the one who wanted it to come back to them every two years. That

particular idea was addressed during this past interim and the recommendation was let them come back in 2011 and see how things are going. It indicates the Legislature has been very supportive overall of what has been accomplished over the past few years in Higher Education. It is just that that was the decision that was made initially when the concept was tried and the interim committee has always supported going back, and I think the board was supportive too.

Senator Robinson since the Roundtable was engaged, there is an entirely new board, 9 new

To move forward, a lot of new direction and leadership, that added to the confusion and a lot of people were trying to get their hands on this.

Chairman Holmberg call the roll on a do pass on SB 2038. **A ROLL CALL VOTE WAS TAKEN RESULTING IN 13 YEAS, 0 NAYS, 0 ABSENT. SENATOR ROBINSON WILL CARRY THE BILL.**

Chairman Holmberg closed the hearing on SB 2038.

Date: 2/12/09Roll Call Vote # 12009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2038Senate Senate Appropriations Committee☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken ☒ Do Pass ☐ Do Not Pass ☐ AmendedMotion Made By Robinson Seconded By Grindberg

Senators	Yes	No	Senators	Yes	No
Sen. Ray Holmberg, Ch	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Sen. Tim Mathern	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sen. Tony S. Grindberg, VCh	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Sen. Aaron Krauter	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sen. Bill Bowman, VCh	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Sen. Larry J. Robinson	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sen. Randel Christmann	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Sen. John Warner	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sen. Rich Wardner	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Sen. Elroy N. Lindaas	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sen. Ralph L. Kilzer	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Sen. Tom Seymour	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sen. Tom Fischer <i>A</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
Sen. Karen K. Krebsbach	<input checked="" type="checkbox"/>	<input type="checkbox"/>			

Total Yes 13 No 0Absent 0Floor Assignment Robinson

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

REPORT OF STANDING COMMITTEE (410)
February 12, 2009 5:51 p.m.

Module No: SR-28-2594
Carrier: Robinson
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2038, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman)
recommends **DO PASS** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING).
Engrossed SB 2038 was placed on the Eleventh order on the calendar.

2009 HOUSE EDUCATION

SB 2038

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2038

House Education Committee

☐ Check here for Conference Committee

Hearing Date: March 9, 2009

Recorder Job Number: 10486

Committee Clerk Signature

Carmen Hart

Minutes:

Brady Larson, Legislative Council, provided an overview of this bill. Section 1 of this bill extends the university system continuing appropriation authority for campus special revenue funds. Examples of these funds include tuition, housing, and other auxiliary services. Section 2 of this bill continues the requirement that the university system budget request be submitted in block grant format. This requires the university system budget request to include block grants for a base funding component and initiative funding component and an asset funding component. You will notice in Section 2 that the effective through date has been changed to be July 31 instead of June 30. Because the provisions of this bill impact the budget of the university system the provisions need to be in place on July 1 of the new biennium. In previous legislative assemblies three bills have normally been introduced to extend the provisions that are being extended in this single bill. When the bills were separated out, an emergency clause was needed on two of the three bills to insure that they would be in effect on July 1 of the new biennium. By changing the effective through date to be July 31, it removes the need for emergency clause if the provisions are again insured in three separate bills in future legislative assembly. Section 3 is related to Section 2 and continues the requirement that the university system appropriation being a block grant format. As was just mentioned, Section 2 requires the university system to submit their budget request to OMB in a

block grant format. Section 3 requires that the appropriation of the university system also be in a block grant format. Normally an agency appropriation bill will have separate line items for salaries, operating expenses, grants, and other programs. With the block grant appropriation format, institutions will normally only have two line items—one line for operations and then one line for capital assets. Section 4 continues the authorization of the carryover of unexpended general funds at the end of a biennium. Century Code Section 54-34.1-11 requires OMB to cancel unexpended appropriations 30 days after the close of a biennium. Section 4 of this bill provides an exemption for the university system and allows for the carry forward of funds.

Section 5 of this bill was not part of the interim committee's recommended bill but was added by the senate education committee. This section requires certain reports to be provided by the State Board of Higher Education relating to compensation and enrollment information. Section

6 provides for a legislative council study of certain areas related to higher education. Areas identified for the study include ways that higher education can further contribute to developing and attracting the human capital needed to meet economic workforce needs, ways to increase access, a review of the delivery of courses, a review of the impacted changing demographics, and proposing roundtable cornerstone goals. Section 7 provides legislative intent for the requirements of the State Board of Higher Education to form some accountability report required pursuant to Century Code Section 15-10-14.2. These accountability measures were developed by the interim higher education committee during their interim study. The last item I would like to address is the fiscal note for this bill. For the 2009-11 biennium the general fund fiscal impact is \$1.1 million of expenditures. This represents the amount of anticipated carryover authority of unused funding from the general fund for the university system. For

further information regarding the interim study, pages 142-152 of the 2009 legislative council report provides additional information regarding committee activities.

Rep. Karen Karls: Could we get a copy of your remarks?

Brady Larson: I can make copies of my remarks and distribute to the members of the committee.

Laura Glatt, ND University System, appeared. **(See Attachment 1.)** The chancellor had planned on being here today to cover the bill but got tied up in a cabinet meeting so sent me.

There was no opposition.

The hearing was closed.

Rep. Jerry Kelsh: Didn't the new language they underlined__new reporting requirements—there is nothing underlined in that yet the date changes are underlined. Does the engrossment make that or am I missing something?

Chairman Kelsch: It is all new language so it is creating all new sections. Typically these use to come in as separate bills. This goes into session law because we change it every session. That is why it is not underlined language.

Rep. Jerry Kelsh: Why are the effective dates underlined?

Brady Larson: I believe you are referring to Sections 1, 2, and 3 where the dates are underlined. These sections are amending sections of Century Code whereas Sections 5, 6, and 7 are not amending any Century Code. They are just session laws so they do not need to be underlined.

Rep. Lee Myxter moved a **Do Pass** and **rereferred to appropriations.** **Rep. Corey Mock** seconded the motion.

Rep. Phillip Mueller: Is this an extension of roundtable kinds of things? It looks like we are doing a whole lot of new stuff here that may all be fine. Can someone help me out?

Chairman Kelsch: The reason that some of this may look new to you is because we typically don't receive this bill. As I understand from past sessions, this was three different bills but

went to appropriations in the past. Section 1 continues the ongoing appropriation. Section 2 is the one that goes into block grant format. Section 3 is the appropriation and that also goes out in block grant format. Then you get into Sections 5, 6, and 7 are all the session laws. They talk about the legislative council study. They have the makeup of the higher ed committee. When Senator Flakoll made that comment, there was not a senate member that was on the education policy committee and that is why it was specifically laid out here that at least either the chairman or their designee at both the house and senate education committees need to be on interim higher education committee. The reason for that is that we are instead of having a separate higher ed policy committee, we felt as though this was a better route to go because we do have an education committee. It is not called a K-12 committee or early childhood committee. It is called an education committee so we would be dealing more with higher ed policy as we move forward. If we go back and look at a house bill last session, you will see very similar.

DO PASS AND REREFERRED TO APPROPRIATIONS. 13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING. Chairman Kelsch is the carrier of this bill.

Date: 3-9-09
Roll Call Vote #: _____

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2038

House Education Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken ☒ Do Pass ☐ Do Not Pass ☐ Amended

Motion Made By Rep Myxter Seconded By Rep Mock

Representatives	Yes	No	Representatives	Yes	No
Chairman RaeAnn Kelsch	✓		Rep. Lyle Hanson	✓	
Vice Chairman Lisa Meier	✓		Rep. Bob Hunsakor	✓	
Rep. Brenda Heller			Rep. Jerry Kelsch	✓	
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) 13 No 0

Absent 1

Floor Assignment Rep Kelsch

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

*Referred to
appropriations*

REPORT OF STANDING COMMITTEE

SB 2038, as engrossed: Education Committee (Rep. R. Kelsch, Chairman) recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). Engrossed SB 2038 was rereferred to the **Appropriations Committee**.

2009 HOUSE APPROPRIATIONS

SB 2038

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2038

House Appropriations Committee
Education and Environment Division

☐ Check here for Conference Committee

Hearing Date: March 16, 2009

Recorder Job Number: 10978

Committee Clerk Signature

Shirley Branning

Minutes:

Chairman Skarphol: Began the hearing on SB 2038 by calling the roll and noting that all committee members are present and by introducing **Brady Larson, Legislative Council Staff** and the Committee Staff person serving on the interim committee from which this bill originated.

Larson: Provided testimony regarding the Higher Education Revenue Block Grant, section by section, see attachment # 1. He cited Section 54-44.1-11 of the Century Code and the requirements, thereof. OMB is required to transfer unexpended appropriations 30 days after the close of the biennium. Section was added by the Senate Education Committee requiring certain reports to be provided by the State Board of Higher Education relating to compensation and enrollment information. Sections 6-7, citing Century Code Section 15-10-14.2 dealing with accountability issues developed by the interim committee study.

The last item he addressed is the Fiscal Note for this bill. For the '09 biennium, the general fund fiscal impact was \$1.1M of expenditures, representing the amount of anticipated carryover authority of unused funding from the general fund for the University System. For further information regarding the committee's activity, PP 142-152 of the 2009 Legislative Council report will provide that information.

Chairman Skarphol: When you say the Senate added these provisions, you were there.

Can you add any information on the reasoning for these additions?

Larson: This was heard in the Senate Education Committee and I was not present. I mentioned that Section 5 was added and an addition subsection in Section 6, Subsection 1. The Senate Education Committee added a statement that if the Legislative Council does appoint a committee that there are to be certain members included, the Chairman of the House and Senate Education Committees or their designated representative and one member from the minority party from the House and Senate.

Chairman Skarphol: The biggest thing here is that the Education Committee Chairmen are appointed automatically.

Larson: The only category that is not represented during the '07-'08 Interim Study was a member from the Senate Education Committee.

Rep. Martinson: Referring to the bill, Section 5, where they are requesting information regarding salaries, benefits and total compensation. Why are they only concerned about those having Master's Degrees?

Larson: Not aware of the reason.

Rep. Kroeber: On Section 3, that is as it is now.

Larson: That is correct. They have been continuously extended since they were added in '99-'00. For the campuses you will just see the operations and capital assets instead of seeing salaries and wages, operating expenses....

Rep. Kroeber: This doesn't change anything.

Larson: Correct.

Chairman Skarphol: The first 3 sections remain the same and 5 and 6 are the only parts that are changed.

Larson: Section 7 was already in the bill, added by the interim committee.

Rep. Kroeber: The date change in section 2, does that change anything for the next biennium?

Tammy Dolan, OMB Analyst : No.

Rep. Williams: I served on this committee during the interim Section 5, part b. Why did they put that in?

Larson: That is the Senate bill.

Rep. Williams: Why did they put that in?

Rep. Hawken: On Section 7, we apparently added #1a proportion of population 25-34 years of age with an associate degree or higher benchmark against the national average. Is that the State of North Dakota or those in school getting it? In which case, I'm going to make an amendment to take it out because that would be an astronomical thing to have to do.

Chairman Skarphol: These were statistics that were available. This is the list of benchmarks against national averages.

Rep. Hawken: I am going to amend that this be removed because how would they know where I'm at. It would be hard to track.

Rep. Onstad: Why are they only looking at Master's degrees. They are comparing high school teachers with masters in Section A and University in Section B. Average salaries would be different, and I think that is the purpose.

Vice Chancellor Laura Glatt: Presented explanation of the bill by stating that it is a reenactment of the bill, that it really is an attempt to compare Masters level salaries. She provided testimony, see attachment # 2. She asks for continued support of SB 2038.

Chairman Skarphol: Is that going to be a part of the Longitudinal Data system?

Glatt: Eventually, we would have to collect a lot more data.

Chairman Skarphol: Meeting adjourned on SB 2038

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2038

House Appropriations Committee
Education and Environment Division

☐ Check here for Conference Committee

Hearing Date: March 25, 2009

Recorder Job Number: 11534

Committee Clerk Signature

Shirley Branning

Minutes:

Chairman Skarphol: Called the Committee to order to hear SB 2038 beginning with Section # 5

Roxanne Woeste, Legislative Council Staff: Section # 5 is new language. Section # 6 is in the Bill as introduced.

Chairman Skarphol: This is the section of the Bill that came out of interim committee

Woeste: Correct. Explains changes that were made in the interim. The salary issue was added in the Senate, Section # 7 is the accountability measures. The Senate's other amendment was to add information on lines 14-20, on P. 12.

Rep. Wald: \$1.1M is carrying over money.

Sandy Deis, OMB Analyst: Explains carry over in the North Dakota University System (NDUS) office. The current biennium into the next biennium. It doesn't have anything to do with the study itself it is just about flexibility and accountability for NDUS Roundtable. This provides them that flexibility to carry over funds from one biennium to the next. They are stating the amount that would be carried over.

Woeste: That amount is at \$1.1M.

Chairman Skarphol: \$1.1M is intended by the Chancellors office to be used in expenditures in the Northern Tier in '09-'11. This is to be added to the bill as onetime funding from the permanent oil. Intended to be carried over to the fiscal year 2010. We want to make sure there is language requiring that in the bill because of the amount of flexibility there is. Let the record reflect that it is our expectation. The clerk should record that

"It is the expectation of this Subsection of House Appropriations that the \$1.1M carryover from the '07-'09 biennium will be utilized in the expenditures for Northern Tier in the '09-'11 biennia."

Rep. Martinson: If this is your wish, it should be stated in the Bill. Intent doesn't mean much around here.

Chairman Skarphol: It will get attention as a result of this lightening rod being put out there.

Rep. Onstad: Is that all they need

Chairman Skarphol: that is all they need for this biennia. They were considering a request for \$1M and because of this carryover, they decided not to make that request.

Rep. Kroeber: Do they do a legislative study every year?

Chairman Skarphol: Typically there is a higher ed interim study. Want to get NDUS attention. Incorporate Section #s 5, 6, 7 into something. In our caucus there is not a lot of empathy for the Roundtable. We are very disappointed in the actions that the State Board of Higher Education with regard to certain things. We want to get their attention. Take Section #s 5, 6, and 7 outta this bill and incorporate them into the budget and take it to the floor and kill it. Add reauthorization language that would be more inclusive of the provisions that would be more appropriate. I understand Rep. Hawken, you have some consternation over this. This will not move forward in the Caucus unless there agreement that would make this happen.

Last night we had a meeting with BSC president to purchase the Horizon Center and asked that it be funded. Higher Education approved it and said it should move forward. It was intended to be a system initiative but was not moved forward in the budget process in the Executive budget. We don't think it is appropriate to make it a BSC initiative. We've tried to get the State Board of Higher Education to be more active participants and they don't appear to wanna be. I don't know how else to get them to take action unless you cause some consternation.

Rep. Hawken: Another side, don't want to take away from the universities the ability to do what they've done. It has brought tax dollars to the State of North Dakota; there is impact on the communities. I cannot support wrecking the process. Change the name and if we think the people who are doing it no aren't doing it right, let's get rid of them. The process is awesome.

Rep. Martinson: I would ask you what the Roundtable has done in the last 5 years. What happened?

Chairman Skarphol: When Gov said we give BSC a project, State Board of Higher Education should have come forward as an example of what we think we need to do in the State of North Dakota and possibly other places and they should have picked it up as their initiative. They have not done their job and somehow or other we need to get their attention. This is an attention getter. In this section I am taking away their flexibility.

Rep. Hawken: (Inaudible) Speaking about trust.

Chairman Skarphol: I would take this to our caucus and have votes to move this forward.

Rep. Martinson: Looking for Section # 5.

Chairman Skarphol: It is in the bill added by the Senate, the first Engrossment of SB 2038.

Rep. Hawken: (Inaudible)

Chairman Skarphol: BSC is happy to remain a two-year institution but there are people in town that want the delivery of a four-year possibility. We are talking about access. Giving the people in the state the access to the course work other than on line or a four-year facility.

What Dr. Skogen is trying to do has a lot to do with what we were discussing during the interim with regard to providing access for our citizens to the extent we can in an affordable fashion. He gave us his proposal with regard to that to purchase that building. Senator Grindberg has an idea about a virtual university.

Rep. Onstad: As I recall some of the process of this, let's go back when Chancellor Potts was there the President of NDSU and the Roundtable was kinda negotiating on their own and that created some problems. As we move forward, the president of BSC has an argument with the Roundtable for not allowing his project, so I'm wondering how many other presidents request things and they didn't move forward and so they are gonna go and have their suppers and chats, etc. In the past we have had it undermine the system and I see it continuing because of what can happen and I'm wondering if we are going to allow this to happen.

Chairman Skarphol: My talk with Dr. Skogen last night, in my view, was not to undermine the system. He may not have gotten what he had hoped for out of the conversation, but I didn't understand initially that his was a University System initiative.

Rep. Onstad: I always thought it was part of the original presentation. I assumed it was a part of their project

Chairman Skarphol: A BSC initiative, and that was not exactly the case and that was what he was trying to communicate. That is what we get now, for budgets for eleven institutions, that's really not exactly comprehensive. I have members of my caucus that get pretty adamant

about the fact they get way too much money and we gotta cut them way down. When I explain to my caucus and I explain what we did and what we had the opportunity to do, they will have as many questions as I have and I have a few questions. I'm not saying this is the best solution in the world. I wanted to have this discussion and we may not take action on it today.

Rep. Wald: Requests the mic be turned off.

Meeting adjourned.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2038

House Appropriations Committee
Education and Environment Division

☐ Check here for Conference Committee

Hearing Date: March 31, 2009

Recorder Job Number: 11573

Committee Clerk Signature

Shirley Branning

Minutes:

Chairman Skarphol moved the discussion to SB 2038.

Rep. Onstad: The amendments that Rep. Martinsons handed out, these are just additions to 2038.

Rep. Martinson: Correct.

Rep. Onstad: The other question I have is, in 2003 part of the Dickinson State University (DSU) budget, wasn't there already a part of that addition plan to the library? I thought there was \$2M applied to the library complex.

Rep. Klein: In '07 we put some money in during the Conference Committee to do a study.

Rep. Wald: Last biennium we did a study at Mayville that had great benefits. The \$2M in the Executive Recommendation is for a campus wide study at DSU.

Chm. Skarphol: Similar to what they did at Mayville in order to get a better evaluation of campus needs in the overall facility.

Sandy Deis, OMB Analyst: Student needs. They were looking at the most effective and efficient way for student placement.

Chm. Skarphol: Where is that in their green packet?

Ms. Deis: It's in their Capital. Referring to *Creating a University System for the 21st Century*, Published by the North Dakota University System (NDUS), on page 39, and Engrossed on SB 2003.

Chm. Skarphol: The \$2 million was for.....

Ms. Deis: For the campus wide study and asbestos removal for the Stockson Library.

Rep. Onstad: \$8.8 million – Stockson Library addition. 2009-11 budget requests.

Chm. Skarphol: That was a request but they didn't get it.

Rep. Wald: Page 31, they ended at #8.

Rep. Onstad: So the \$2M is an additional, is that going to be topped onto that \$8.5M? So it would be \$10.5M toward the library.

Chairman Skarphol: Two separate functions, that's not part of the building costs of the \$8.5M. It is a different utilization of the dollars entirely. It's to evaluate the current facility and student needs.

Rep. Klein: There was some asbestos removal and some schematic designs involved in that, too.

Brady Larson, Legislative Council Staff: One area that should have some clarification is for the Agriculture Research Greenhouse at NDSU. This amount of \$11.45M is also included in SB 2020 as a capital project. So SB 2020 would need to be reduced by a like amount. This wouldn't be the final phase, there would be an additional \$5M that would be needed on top of this \$11.4M to finish the Greenhouse project.

Rep. Martinson: We probably aren't going to get this done today. Brady, how much is in SB 2020?

Mr. Larson: It's the same, \$11.45M.

Rep. Martinson: Why don't we change this \$11.45 to what, \$6M?

Mr. Larson: Roughly \$5 million would be needed to complete the project.

Rep. Martinson: Could you change these now, for me? To put in the number that is required for completion. So we can discuss this, why don't we all change that first number on ...and give us the number when you are ready.

Chairman Skarphol: To make that a total project, to be done with the project is what you are asking for.

Rep. Martinson: Including what's in SB 2020. This would just be the additional that they would need.

Mr. Larson: To fully complete the project, they would need an additional \$5,350,600. I could do that.

Rep. Martinson: Would you just do me a favor and add all those numbers in, add all the numbers together. What is the total?

Mr. Larson: (Pause)

Rep. Martinson: I asked him to put the number in that was requested in the University....

Rep. Wald: \$8,820,000 for stocks and library.

Rep. Williams: On the first line, the agriculture Greenhouse at North Dakota State, we're going to be putting in \$530,600, but we draw a line through because it is another budget, \$11,540,400, correct?

Rep. Martinson: That should be \$8,820,000.

Mr. Larson: The revised total would be \$38,770,600.

Rep. Klein: We're changing numbers, why don't we change that number from \$5 to \$6 million on Swain Hall. That's moving the other \$1.25M that is in the other budget.

Rep. Martinson: Because that's what they gave us yesterday.

Chm. Skarphol: They have the flexibility to move that, right Brady?

Mr. Larson: I'll have to check on that.

Chm. Skarphol: If they don't have the flexibility to move that then I agree with Rep. Klein that they should probably be \$6.25 and then that \$1.25M needs to come out of SB 2003. Is that the intent of the Committee?

Rep. Klein: Why don't we leave the \$1.25 that we have in the budget and see what happens if they go on further.

Chm. Skarphol: Leave this at \$5 million.

Rep. Martinson: If everyone's comfortable with the penciled in numbers, I'm ready.

Rep. Wald: We're not doubling up?

Mr. Larson: We have a contingent funding section # 9 that says if for some reason Federal funds cannot be used for that project then the general funds could be used.

Rep. Martinson: That's in all those bills that are in the stimulus.

Rep. Klein: Stimulus money can be used for repair projects.

Rep. Martinson: No, that's not right. Part of the stimulus money is \$19M. We are using \$11M of it for Grand Forks and \$5M or whatever it is for here. It's not remodeling money. **Chm.**

Skarphol: It's just the flexible dollars that are out there.

Rep. Wald: (Inaudible) making a motion.

Chairman Skarphol: We have a motion, is there a second?

Rep. Klein: Second.

Chairman Skarphol: This is an interesting proposition; I am not quite sure what is going to happen to it.

Rep. Martinson: Brady can tell us with what we saved from Higher Ed and what we have here and what is our net savings between these two bills. Keep in mind that we changed that to 38 from 44.

Rep. Larson: Prior to the changes it was \$9.9 million savings from the General Fund. That was considering a wash between the Ag research Greenhouse in SB 2020 and this bill. . . It would be approximately a \$4 million savings to the General Fund with the revised amendments between SB 2062, SB 2003 and then this amendment.

Rep. Wald: Most of our capital projects have been bonded. As we move forward, we are paying cash and paying for these buildings once not three times.

Rep. Williams: With all the innovative finance we have been doing, how is the Executive Budget as far as the recommended \$223M that was going to be left over from stimulus money to make up the difference between possibly income tax cuts, etc.?

Chm. Skarphol: My hard drive is full. I'm incapable of answering that.

Rep. Onstad: It pays to be part of this committee if you look at the projects and the names—Frank's library, Klein Hall, Bob Martinson's Medical School, and Bob Skarpol's Williston State College's virtual Center. Too bad there is not a college in my district but.

Chm. Skarphol: I believe you do have a school in your district.

Rep. Onstad: Yes I do and they are getting a geothermal system but not paid out of state funds. If you want to add all of these, we can pick on the Roundtable and these particular projects. We are missing the Horizon project at BSC.

Chm. Skarphol: I don't necessarily disagree. I also agree with Rep. Wald that if we are going to build something it would be nice to pay cash for it. I don't like the fact that the hardware for the University Data system is in the basement of six UND buildings.

Rep. Martinson: You all knew that I have been doing this for a month. I took it to one of your members on Appropriations and said, if you have anything that you want included in there, let me know. This is the first time in my career that I haven't been stealth on something and I wanna a little credit for that, I want a little praise. You don't know that I have to pick my words, I haven't been stealth.

Rep. Williams: We know you're an honorable man so you do not have to be defended.

Rep. Kroeber: I will oppose the amendments. I would have liked to see the dollars stay in the tuition reduction and also in the grants line.

Chm. Skarphol: The discussion we had last week astounded me. I am not quite sure there was a consensus in that room. I'm willing to float this one to see the reaction. The Williston project is alive and well on the Senate side.

Rep. Onstad: I know that. Rep. Kroeber talked about student assistance and higher ed loans, etc. putting these projects in there and I know we had the opportunity to look at these dollars and look at the bonded projects. If we had paid some of the bonds off that would have been an instant savings to those institutions that are currently in that position.

Rep. Wald: I believe most of those capital bonds have a prepay penalty.

Chm. Skarphol: You can defease the bonds but you cannot pay them off.

Rep. Wald: I pursued that earlier in the session.

Chairman Skarphol: You could set aside enough money to make the bond payments.

Rep. Wald: You could escrow it but not pay it off. When the present library was build at Dickinson State, there were approximately 700 students and now it is 2400. These kids at DSU are sitting on top of each other, they simply have run out of space. This is a sorely needed project.

Chairman Skarphol: We have a motion and a second for the question for the amendment on 0302 to SB 2038.

Vote Taken, Yes 6, No 2. Absent 0, Motion carried.

Chairman Skarphol: Did we want to change anything in this Bill? Rep. Martinson, you had some concern about naming...

Rep. Martinson: I move we delete the references to membership on the committee, in Section # 6.

Chairman Skarphol: Section # 6, lines 14-20. Delete language added by the Senate Education Committee. Any discussion?

Rep. Hawken: Second.

Vote Taken, Yes 8, No 0. Absent 0, Motion carried.

Chairman Skarphol: Added language with regard to Section # 5.

Rep. Hawken: I move we take out Section # 5.

Rep. Martinson: Second.

Rep. Hawken: We can ask for information right now.

Chairman Skarphol: I am not sure what they have available.

Rep. Hawken: We discussed the waivers, we know exactly why we are putting that in and maybe there is a good rational, and if there is, put it back in in conference committee.

Vote Taken, Yes 6, No 2. Absent 0, Motion carried.

Chairman Skarphol: Anything else on 2035? Do we want to do anything with regard to allowing some entities to have input into who the members of any potential Roundtable discussion might be?

Rep. Hawken: Move a Do Pass on SB 2038 as amended.

Rep. Wald: Second.

Vote Taken, Yes 6, No 2. Absent 0, Motion carried. Carrier: Rep. Hawken.

Meeting adjourned.

2009 HOUSE STANDING COMMITTEE MINUTES

SB 2038

House Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: April 9, 2009

Recorder Job Number: 11802, 11803

Committee Clerk Signature

Holly N. Sand

Minutes:

Chm. Svedjan called the meeting of the House Appropriations Committee to order. Clerk, Holly Sand, called the roll.

Chm. Svedjan: The order of the bills is shown on the bill but that may depend on amendments.

Chm. Svedjan moved the Committee's work to SB 2038, the Higher Ed Roundtable bill that comes out of the Education Section. Chm. Svedjan called on Rep. Skarphol.

Rep. Skarphol: There are two amendments – one of which was adopted in Section and another that we would like to present to the Full Committee.

Amendment .0303 (Attachment A) and Amendment .0304 (Attachment B) were distributed.

Rep. Hawken is the carrier and she will work on 0303 in concert with Rep. Martinson.

Rep. Hawken: There is a group that meets that developed a process. The group is the Roundtable and it's not in statute but has been put into studies from time to time. What happened out of that was the flexibility and accountability for the University System. Rep. Hawken explained amendment .0303. **Move the amendments.**

Rep. Martinson: Second.

Rep. Kroeber: I voted against this amendment in Section because I thought it was more important to keep the money in the tuition stabilization for the students and keep the grants at a higher level as was in the Executive Budget.

Chm. Svedjan: This does not change anything with regard to the Roundtable. The guts of this has to do with the building projects

Rep. Hawken: Yes, and the study resolutions.

Chm. Svedjan: What are the two studies that are being removed?

Rep. Hawken: The first one delineated with who would serve on the Higher Interim Committee, we deleted that, P. 12, Section 6.

Rep. Skarphol: We do not remove all of Section 6, merely a some of line 14 and lines 15-20.

Rep. Hawken: We cut out the delineation that was put in.

Rep. Skarphol: The specific membership

Rep. Hawken: We thought that should be left up to you. We did not take out Section 7.

Rep. Skarphol: We cut out Section 10? We did not see the logic behind it. We thought that if the Senate could convince us that it and if it comes up in Conference Committee, we could put it back in.

Rep. Kempenich: It looks like what the Senate put in is on P. 11.

Rep. Hawken: We took out the delineation that the Senate put in.

Rep. Dosch: Were all of these projects on the priority list by Higher Ed?

Rep. Hawken: They were all on the list, but not chosen to be funded..

Rep. Dosch: None of these?

Rep. Hawken: They only picked one.

Chm. Svedjan: They only picked one of what's on this list?

Rep. Hawken: They only picked one from the priority list.

Chm. Svedjan: None of these....

Rep. Hawken: The renovation of the Education Building at UND.

Rep. Glassheim: Was this money taken out of the money for student scholarships and grants and the tuition stabilization fund?

Rep. Hawken: I was not supportive of removing the money we did out of SB 2003. I think all of these are viable and fit into the idea of putting jobs in North Dakota. I did not view it as replacement money.

Rep. Martinson: We removed about \$38M from Higher Education budget. The Senate put in about \$8M for what we call tuition stabilization fund to allow no more than a 4% increase at the big schools and no increase at the 2-year schools. I have an amendment that would freeze tuition at the 4% level but that will be on the higher ed bill. We took the stimulus money, the Governor used some of that money for the Tech building at UND. We switched that to renovation of the Education building. Some money came out of SB 2003. There is some stimulus money in this. The \$5.3 million will complete the greenhouse fully. The information, the Tech Center at UND will house all the technology that is currently based in the basement. The Dickinson library is sorely needed. The Swain project is half done. There is not much we can do other than complete it. This will complete that project. The UND Medical School must have a new facility. We've tried to talk to the hospitals and they are not able to go along with it. I'm not as familiar with the Williston project.

Rep. Skarphol: The CTand E Center went through the process and Rep. Martinson did include it on his list. The Senate Education funded it with \$3M in permanent oil and the other is local. The Senate Education made it \$3M general and Rep. Martinson added \$3M from the original funding source to fund the balance. The Senate has since put a Do Not Pass on the bill on their side.

Chm. Svedjan: The \$3M comes from permanent oil trust fund and the other \$3M is still local?

Rep. Skarphol: The other \$3M would be general fund in the Senate side that got a Do Not Pass. It was mostly because it was in here.

Chm. Svedjan: Initially you said it was \$3M and \$3M local.

Rep. Skarphol: No. It went through a series of evolutions and when it went through this committee, it was all stimulus money and the Senate Education put back \$3M general and \$3M local, and gave it a Do Not Pass.

Rep. Glassheim: Are you planning to put money back to keep those caps?

Rep. Martinson: My amendment is similar to what it was last session when we told the Board of Higher Education they could not raise tuition past a certain level without going to the budget section.

Rep. Glassheim: It has no fund...

Rep. Martinson: No, it doesn't.

Rep. Klein: On the Greenhouse project, we appropriate some money to get it started, they were supposed to get some local funds. They never got going on it. We gave them another \$9 million. They have broken ground on the first phase of it. It was their number one project this time and another \$9 million got added to it. The project could not be finished because they have to have clean rooms to go through from one area to another. They are going to remove some of the older plastic systems that are an energy waster. This would finish off this project.

Rep. Wald: By finishing this project you get into things like foundations, electrical, plumbing, etc. .. when you do it piecemeal, you add to the costs. We were convinced by their after listening to their presentation it is the right thing to do.

Rep. Nelson: There is no question that some of these projects are worthwhile. This is \$38 million in lieu of tuition help in other bills. If this amendment were not passed, where would the Conference Committee have the ability to reprioritize Capital Projects?

Rep. Skarphol: I would hope that the Conference Committee would approve amendment .0304 and a portion of this amendment so that we do have Conference Committee discussions as far as reprioritizing what is in the budget, I believe there is one new facility. Otherwise they are renovations. I do not see those changing. There are others that are new facilities but they are being paid for by revenue bonds. I don't see the need to change any of those. If we are going to do this, we are going to do it. I don't see us substituting any of these for what is in the existing budget.

Rep. Wald: There is almost a corresponding dollar amount coming off deferred maintenance when these projects are completed. One is the library at Dickinson State. There is a serious problem with asbestos. The original building was build in the late '50s-'60s enrollment was 680 students, now it's 2400. It has outgrown its size. If you're going to have a college you need a library.

Rep. Klein: There was better than a 400 percent increase in student aid over the previous session.

Rep. Glassheim: I'm not going to be able to support this unless \$8.5 million is put back in to cap student tuition. It's not the right thing to do. There are 30,000 are paying ¼ of the tuition. We simply can't be putting the buildings ahead of the people who are going to be using them.

Rep. Onstad: There is \$2 million in the current budget to deal with asbestos at the library at Dickinson State. Even though the enrollment has changed, it's all about research . . . You can access a lot of those materials. To have a building two or three times larger is not necessarily necessary. . . . I agree with the Medical Center. The Virtual Center for Career and Tech are

typically located at high schools. This is probably needed in the Northwestern part of the state, but I think the high schools have space . . . We could put value on some of these projects, but there is a reason that they have not been at the top of their priority list when it comes to the Higher ed board. I look to oppose this because the original funding came from student based assistance training in 2003. If we take that away we are taking away the basic operations of the colleges. We're not privy to see their individual debates but when you take away the funding from the operation of schools, it's naturally going to force tuition . . . if Rep. Martinson's amendment is to freeze that but not add any money. I think we are looking at something that is going to be a bigger wreck in two years. We need to relook at this. I will oppose this.

Rep. Bellow: Is it in order to propose a substitute amendment, or adopt the amendment first?

Chm. Svedjan: I don't know what is going to happen with the amendment. If we adopt this amendment, they might be voting for some things that they don't want. It might be better for us to accept proposed amendments to these proposed amendments. I think that may be fairer to the members because it would leave you in a position where you would be voting on something you want or something you don't want.

Rep. Bellow: That is what I was trying to do.

Rep. Hawken: Yesterday the procedure was that we voted on the big amendment and then amend the amendment. I think the procedure should be consistent.

Chm. Svedjan: The procedure is already inconsistent. I just want to do it in a way that is most fair. My feeling is that we should accept motions to amend to amend the proposed amendments.

Rep. Wald: I asked Karlene Fine to give me a scenario based on a bonding scenario which we have traditionally done when it comes to Higher Ed Capital projects. At that time we had not finalized the amounts . . . I used \$40M as a round figure. If we bonded these projects we would

have an annual payment of \$7.34M for eight biennia with a final installment of \$3.5M in the 9th biennium. You're paying for these projects twice if you bond them. It makes more sense to pay cash and not pay for them twice. We have a formula in terms of Capital Expenditures, it's 10% of the first one-cent sales tax that we can use for bonding purposes. As a business person, I think it makes sense to pay cash rather than to pay for them twice.

Rep. Martinson: I will ask Rep. Skarphol to talk about SB 2003 because they go together. You need to really understand the tremendous increase in the Governor's proposal and the Senate added on to that. We tried to make some cutbacks in Higher Education and use some of that money for badly needed projects. Higher Education is not getting short changed because we took some money out of that budget. There is no guarantee that the money is going back into Higher Ed.

Rep. Skarphol: The total recommended operating increase was \$98.615M (22%). The parity aspect that pays for salary, health, etc. was \$49,367,855. Half of the \$98 million is for salary increases at the 5 and 5. Needs based financial aid went from \$6.536M to \$33.112M in the Executive Recommendation. There is \$10 million in equity (between the institutions based on their peers). There are other categories that have \$2M or less, student assistance program that helps Indian schools that has \$2.8M in it. It was increased by the Governor's office by \$2M from \$8.3M as recommended from the State Board. There is \$20 million in deferred maintenance in this budget. There was \$4 million in the emergency preparedness, the Senate did reduce that. We did not increase it again. The total amount of increase was in the area of \$145M. We removed \$18M from the Needs Based Financial Aid. \$10M from the equity adjustment was removed. When we changed the funding source for the Education building renovation from General Fund to stimulus that made another \$11.2 M from General Fund

available. We took \$28M out of the \$98M increase. There is still \$70M more in this budget than there was in the current biennia.

Chm. Svedjan: The total amount of reduction from 2003 is \$28M.

Rep. Skarphol: It's \$28M, however we did take another \$11M in general funds for which we are utilizing stimulus dollars.

Rep. Berg: I would move to amend 0303 by removing sections 7-11. It would keep the changes relating to the membership intact but removing the building projects. We would amend this amendment and if that passes we would vote on the full amendment to attach to the bill.

Rep. Thoreson: Second.

Rep. Berg: What is our capital construction in Higher Ed without this bill?

Rep. Kroeber: Horton Hall is \$5.7M, Computer \$11.2M, which is stimulus. Lake Region is \$2.6M.

Rep. Berg: What is the total?

Rep. Kroeber: \$50 million. No \$39 million.

Rep. Berg: My reason is, if this will come out of construction, it oughta be in SB 2003 rather than a separate bill. If we want to go a different direction and pick the projects via the legislature than we should say next session, we want to come up with the projects in higher ed. As with the Greenhouse, they need to go out and raise some money.

Rep. Skarphol: Please keep this document handy. We will need it in our discussion of SB 2003.

Rep. Kaldor: Even though we have an elaboration on the increase that is in the Governor's budget, I have concerns about the effect of those amendments. On other areas of operating and how that is affected. Without having SB 2003 amendments in front of us. Rep. Berg's

amendment would help us accomplish that goal, back to a cleaner SB 2038 and then a fresh look at SB 2003. They should all be put together in the same context.

Chairman Skarphol: Just so the Committee has the best information available, in the Engrossed Senate Bills, there is \$49M plus in State funded projects in Higher Education. \$157M plus in non state funded projects which include bonded projects. It is over \$200M worth of projects.

Chairman Svedjan: Calling for a voice vote to remove Sections 9-11 from proposed amendment 0303. Motion Carries.

Rep. Martinson: Calls for a Roll Call Vote.

Vote Taken: Yes 18 No 7 Absent 0 Motion Carried.

Chairman Svedjan: Now we have 0303 with just the first half of the page.

Rep. Hawken: Move a DO Pass on 0303 as amended.

Rep. Berg: Second.

Chairman Svedjan: Calling for a voice vote to adopt .0303. Motion carried.

Rep. Skarphol: There is a second amendment

Chm. Svedjan: Proceed.

Rep. Skarphol moved amendment .0304. Rep. Wald seconded the motion.

Rep. Skarphol explained amendment .0304.

Rep. Skarphol: The State Board of Higher Education is required to present a budget from the current bienniums of actual expenditures to date for the second year in order to give us better and more complete information to analyze and process Higher Education. For the institutions to not even bother to produce a budget until we are almost done with our work; it's not even available for it if we want it. In an effort to get more and better information, that's why we added Section 8. To get better discussions of the Higher Ed Roundtable, Section 9, there is no

requirement that there be a meeting of the Roundtable, instead there would be six Education Summit Meetings to discuss topics as the two year institutions, research universities, etc. This is permissive and says "may". If the Interim Committee Chairman wanted to change that he could. The Roundtable being in excess of 60 people, It's cumbersome and probably doesn't accomplish as much as it should. If we want to have a discussion with the private sector, It's an effort to get better information.

Rep. Dosch: Would you consider a friendly amendment? In Section 9, would you add point #7 that deals with the capacity of institutions of higher ed. We are talking about \$200M in new projects and I think we need to get a handle on where we are with the University system.

Rep. Hawken: I don't think it belongs in this piece. It should be in SB 2003 because it deals with the interaction between the business community and the Higher Ed people. What Rep.

Dosch is talking about deals with the individual campuses.

Chm. Svedjan: I tend to agree with that. And the list, items 1-6 is not exhaustive. It says they "may" discuss.

Rep. Skarphol: You're right that this is permissive language. I do not have a problem with the friendly amendment because the private sector may have an opinion. I don't see it as being out of order. It is a topic that could be discussed with the board. These summits are not necessarily designed for the private sector participation. It could be any select group without having all of them present.

Rep. Dosch: If you are going to talk about alternative uses of institutions, tuition affordability, etc. This ties directly to . . . 50 percent of the students in our university systems are not North Dakota residents. We have an infrastructure that is twice as large as what we need. It becomes very important as we look at the total picture. It's a very important issue that needs to be understood.

Chm. Svedjan: Is there a second on that motion? **Seconded by Rep. Berg. Voice vote on the motion. Motion carried, amendment adopted.**

Addressing Rep. Skarphol, Is this a replacement of the Roundtable?

Rep. Skarphol: It was not to be a replacement but to create a different thought process with regard to the Roundtable. A roundtable meeting can be requested. The discussion might be more fruitful.

Chm. Svedjan: Section 9 lays out the agenda for the Interim Higher Education Committee.

Rep. Skarphol: There will be at least six of these summits.

Chm. Svedjan: They met 13 times and it included one summit. For some of the direction that has been put in place, we were looking to hold the next roundtable meeting in early July. We had set a direction that it is related to the new financing model. Two of those components were to be developed further and be brought to the Roundtable. Would you see this superseding that?

Rep. Skarphol: I would not.

Chm. Svedjan: It's discretionary as it is today.

Rep. Glassheim: I don't want to muck up. I would like to add item 8 and that the quality of education delivered, the private sector and students to participate. They are invited to the table. **So Move.**

Rep. Kaldor: **Second.**

Rep. Skarphol: I don't have any objective. This is permissive. This was merely an effort to get a little more focus in the discussion of certain meetings.

Chm. Svedjan: Does everyone understand the amendment? It adds point number 8 which would study the quality of education being delivered and the second part of that motion would

add "and students" near the end of the second line of the last paragraph. **Voice Vote, amendment adopted.**

Rep. Hawken: What are you thinking when you say "major expenditure areas" in Section 8?

Rep. Skarphol: It does not change anything in existing law with SB 2038. This asks them to present their budget in a Block Grant format, a summary format. We don't want a list of every check.

Rep. Hawken: You know how I feel about every check.

Rep. Skarphol: It should be readily available after the fact .

Rep. Hawken: We had heard from a person that they didn't do their budgeting until after we were gone.

Chairman Svedjan: **Voice Vote to adopt 0304 as amended. Motion Carries, Amendment adopted.**

Rep. Hawken: **Move Do Pass as amended.**

Chairman Skarphol: **Second.**

Rep. Berg: I need to apologize because I'm going to vent. Section 7 defines how we are going to hold Higher Ed accountable. It appears there has been no change to that in the Senate or in the House. We spent the whole interim with a tremendous amount of work and what I'm concerned about is, are we ensuring that we are putting our stamp on it. I've heard that people are frustrated with Higher Ed. Section 7, which holds them accountable, is what we should be focusing on and we should define, here's the roll that we want you to play. The fundamental problem is delivering a workforce that economy needs now and in the future. I think there's an opportunity for our university systems as it relates to the rest of the country.

Universities across the country are jacking tuition very high, eliminating programs and people, tightening the belt. We have a unique opportunity to not have to do that. If we could put a

focus on where we want them to move we could put our universities 20 years ahead. We need to have a mission critical focus on Higher Ed and we also need to hold them accountable for the outcomes we want them to deliver. We spend time worrying about how many students we have and don't focus on whether they are graduating and where. We want to know how long it will take a student to get a BS degree. Where are we holding them accountable to the parents, I see this as where 50 percent of our debate ought to be in Section 7. This is where we expect Higher Ed to deliver. It won't happen unless we make a specific point on here's what we want done.

Rep. Hawken: We get that. The Interim Committee changed the accountability. Half of us want paperclips and half of us want theory. We get that information but you have to use it. We can't require a graduate of one of our institutions to live somewhere they don't want to live. The only way to get them there is if they find a place that fits. We can try to figure out what we want to write down until the cows come home, we should continue to fine focus it, particularly with the amount of money we put in there. There are 25 of us in here and of the 25 what would be the key thing we want to know would all be different. We tried to do what you want to do during the Interim. Maybe we could get that information from the Chancellor. It isn't all that easy to do when you are dealing with so many people. If you can figure out a way to do it, you should be on that interim committee.

Rep. Skarphol: Section 7 is all new, it is what the Senate put in and it is a compilation of the interim committee's work to make them more reflective of what we need. We did spend considerable amount of time to get the information to be more reflective of what we need as legislators to evaluate whether or not Higher Education is being successful. I agree with you. If you read through these, we are hopeful that the information you ask for may get reflected in these documents. To merely add two new ones is counterproductive.

Rep. Berg: I apologize if Section 7 is all new.

Chm. Svedjan: It's all new. Those were the priority areas developed by the Interim Committee as a result of the summit and the two meetings we had with the Board of Higher Education. Everything in here is new. If you look at Section 1 B, that gets at the first point you made. I'm not sure that we have your second point in here specifically.

Rep. Berg: I am not proposing that we add those. What's our General Fund appropriation for 2003? We should not have to appropriate new money or create some new program for Higher Ed to deliver what it needs to do to fill those jobs. I don't think we have the right accountability measure. If institutions cannot expand their programs to meet the employment needs, someone needs to be held accountable. Out of the \$400M they ought to figure out a way to double the enrollment so we can fill the jobs we have. We need to insure that there are some consequences if we are not filling these high paying futuristic jobs in our economy.

Rep. Skarphol: If we were to have our Higher Education reflect the job needs in North Dakota, all but one of the schools in this state would be 2-year institutions giving associate degrees or certificates. 20% of the jobs in North Dakota require a Baccalaureate degree, the other 80% don't. We're putting a lot of money into an area where we don't have the jobs. It is \$585M in General Fund, by the way, if we were to do the right thing, \$180M of that would probably go to 4-year and research institutions and the balance would go to schools like Williston, Devils Lake and we close those other ones. We have created an environment that we have to sustain.

Rep. Berg, you tell me which ones we are going to close or change dramatically.

Rep. Kaldor: this discussion makes me feel very uncomfortable. I am one of those high paid professors and my accountability measures are on a daily basis: am I getting the job done, am I giving the students what they need. When a graduate writes to me that he/she has just landed a job, which is the gratification. We try hard to teach our students in a way that they

can succeed. We have created a mill, we need to guide, advise more. Most students work to help pay for their education and that extends there time. I wouldn't quarrel with this measure to lay out assessment goals. We are different from many states.

Chairman Skarphol: Mayville State was the only institution that proposed real change. They are getting a new building. The needs of North Dakota are for 2-year certificates and that's where they want to move. They need the support of the State Board of Higher Education to do that and if they don't get that support, I am going to be angrier than you are, Rep. Berg.

Anyone who has a passion about this issue should get involved in the Higher Ed Interim Committee. During this last interim I was the only one on the committee that does not have a college in my district and I've had more than one member tell me that they are glad I was on the committee because I can say things they can't because of intimidation when we go home of things we say. We can be intimidated by folks back home, we should be interested in doing the right thing and doing it all the time, regardless of the consequences. Mayville is doing the right thing and I hope they are not considered for closure.

Rep. Berg: Those committee members who have worked with these members, If there are things that they think should be . If there's anything in Section 7 that ought to be sharpened I would appreciate hearing about it.

Chairman Svedjan: I am not in a position to say that we ought to do that here, but with the passage of 2038 at least we can get these in place, see what it produces, and sharpen it later if we need to.

Rep. Glassheim: The shape of this discussion is disturbing to me. Harnessing people to the workforce is one part of the university system. Preparing people, harnessing them, getting them into their field is one part. I have not heard a word yet that talks about the primary mission of the University system which is transmitting culture to students. We are helping to

create knowledgeable individuals broadly and that is the purpose of a university as much as harnessing people to jobs that may be here ten years from now or may not. This is life time education. I'm not trying to poo-poo getting people into the work that needs to be done. I object to those who poo-poo the half or two-thirds of the mission of a university. I hope that is remembered as we are going around telling people what to do.

Rep. Klein: Move a Do Pass as Amended.

Chairman Svedjan: We have that motion. There being no further discussion, we'll take a Roll Call vote on the Do Pass as amended to SB 2038.

Vote Taken: Yes 23, No 1, Absent 1, Motion Carried. Carrier: Rep. Hawken.

Roll Call Vote #:

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2030

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number Adopt . 0302 as discussed

Action Taken ☐ Do Pass ☐ Do Not Pass ☐ Amended

Motion Made By Wald Seconded By Klein

[illegible]

Total Yes 6 No 2

Absent _____

Bill Carrier

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

2

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2120

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number Amend 2 below

Action Taken ☐ Do Pass ☐ Do Not Pass ☐ Amended

Motion Made By Martinson Seconded By Harbo

[illegible]

Total Yes 8 No 0

Absent _____ 0

Bill Carrier

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

(Delete references to a)
remove
lines 14 through 20

Roll Call Vote #: 3

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2028

House House Appropriations Education and Environment Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number Amend as below

Action Taken ☐ Do Pass ☐ Do Not Pass ☐ Amended

Motion Made By Harben Seconded By Martinson

[illegible]

Total Yes 6 No 2

Absent _____ 0

Bill Carrier

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

Kenmore Section 5

Roll Call Vote #: 4

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2020

House House Appropriations Education and Environment Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number T3D

Action Taken ☒ Do Pass ☐ Do Not Pass ☒ Amended

Motion Made By Harpson Seconded By Wald

[illegible]

Total Yes 6 No 2

Absent 2

Bill Carrier Rep. Hawley

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

April 1, 2009

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2038

Page 1, line 5, remove "to provide for a report to the legislative council;"

Page 1, line 7, replace "and" with "to provide an appropriation; to provide contingent funding;"
and after "date" insert "; and to declare an emergency"

Page 11, remove lines 15 through 30

Page 12, remove lines 1 through 7

Page 12, line 14, remove "If the legislative council appoints a committee to"

Page 12, remove lines 15 through 20

Page 15, after line 15, insert:

"SECTION 7. APPROPRIATION - UNIVERSITY SYSTEM CAPITAL PROJECTS. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, to the North Dakota university system for the capital projects listed below, for the biennium beginning July 1, 2009, and ending June 30, 2011, as follows:

Agriculture research greenhouse at North Dakota state university - Final phase	\$5,350,600
North Dakota university system information technology building	11,200,000
Stoxen library project at Dickinson state university	8,820,000
Swain hall project at Minot state university	5,000,000
University of North Dakota school of medicine and health sciences Bismarck family practice center	5,400,000
Williston state college virtual center for career and technical education	3,000,000
Total general fund	<u>\$38,770,600</u>

SECTION 8. CONTINGENT FUNDING - SWAIN HALL PROJECT. Section 7 of this Act includes \$5,000,000 from the general fund for the Swain hall project at Minot state university which may be spent only to the extent that federal funds appropriated in section 9 of this Act are not available for this project.

SECTION 9. APPROPRIATION - FEDERAL FISCAL STABILIZATION - OTHER GOVERNMENT SERVICES FUNDS - ADDITIONAL FUNDING APPROVAL. The funds provided in this section, or so much of the funds as may be necessary, are appropriated from federal fiscal stabilization - other government services funds made available to the governor under the federal American Recovery and Reinvestment Act of 2009, not otherwise appropriated, to the North Dakota university system, for the

period beginning with the effective date of this Act and ending June 30, 2011, as follows:

Minot state university Swain hall project	<u>\$5,000,000</u>
Total federal funds from governor's office	<u>\$5,000,000</u>

The North Dakota university system may seek emergency commission and budget section approval under chapter 54-16 for authority to spend any additional federal funds received under the federal American Recovery and Reinvestment Act of 2009 in excess of the amounts appropriated under this section, for the period beginning with the effective date of this Act and ending June 30, 2011.

Any federal funds appropriated under this section are not a part of the agency's 2011-13 base budget. Any program expenditures made with these funds will not be replaced with state funds after the federal American Recovery and Reinvestment Act of 2009 funds are no longer available.

SECTION 10. APPROPRIATION - PERMANENT OIL TAX TRUST FUND - VIRTUAL CENTER FOR CAREER AND TECHNICAL EDUCATION. There is appropriated out of any moneys available in the permanent oil tax trust fund in the state treasury, not otherwise appropriated, the sum of \$3,000,000, or so much of the sum as may be necessary, to Williston state college for the purpose of constructing a virtual center for career and technical education, for the biennium beginning July 1, 2009, and ending June 30, 2011.

SECTION 11. EMERGENCY. Section 9 of this Act is declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment provides funding for the following projects:

	General Fund	Permanent Oil Tax Trust Fund	Total
Agriculture research greenhouse at North Dakota State University	\$5,350,600	\$0	\$5,350,600
North Dakota University System information technology building	11,200,000		11,200,000
Dickinson State University - Stoxen Library project	8,820,000		8,820,000
Minot State University - Swain Hall project	5,000,000 ¹		5,000,000 ¹
University of North Dakota School of Medicine and Health Sciences - Bismarck Family Practice Center	5,400,000		5,400,000
Williston State College - Virtual center for career and technical education	3,000,000	3,000,000	6,000,000
Total	<u>\$38,770,600</u>	<u>\$3,000,000</u>	<u>\$41,770,600</u>

¹ Section 9 appropriates \$5 million of federal fiscal stabilization - other government services funds made available to the Governor under the federal American Recovery and Reinvestment Act of 2009 for the Minot State University Swain Hall project. The general fund appropriation of \$5 million for the project may only be spent to the extent that federal stimulus funds are not available.

This amendment also:

- Removes a section requiring certain reports to be provided by the State Board of Higher Education.

- Removes the requirements for committee membership if a Legislative Council committee is appointed to study higher education issues during the 2009-10 interim.

Date: 4/9/09
Roll Call Vote #: 1

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2038

Full House Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 0303

Action Taken Adopt Amendment 0303

Motion Made By Hawken Seconded By Martinson

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan					
Vice Chairman Kempenich					
Rep. Skarphol			Rep. Kroeber		
Rep. Wald			Rep. Onstad		
Rep. Hawken			Rep. Williams		
Rep. Klein					
Rep. Martinson					
Rep. Delzer			Rep. Glassheim		
Rep. Thoreson			Rep. Kaldor		
Rep. Berg			Rep. Meyer		
Rep. Dosch					
Rep. Pollert			Rep. Ekstrom		
Rep. Bellew			Rep. Kerzman		
Rep. Kreidt			Rep. Metcalf		
Rep. Nelson					
Rep. Wieland					

Total (Yes) _____ No _____

Absent _____

Floor Assignment Voice Vote -

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

Date: 4/9/09
Roll Call Vote #: 2

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2038

Full House Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number TRD

Action Taken amend .0303 by removing sections 7, 8, 9 + 10, 11.

Motion Made By Berg Seconded By Thoreson

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan	✓				
Vice Chairman Kempenich	✓				
Rep. Skarphol		✓	Rep. Kroeber	✓	
Rep. Wald		✓	Rep. Onstad	✓	
Rep. Hawken		✓	Rep. Williams	✓	
Rep. Klein		✓			
Rep. Martinson		✓			
Rep. Delzer	✓		Rep. Glassheim	✓	
Rep. Thoreson	✓		Rep. Kaldor	✓	
Rep. Berg	✓		Rep. Meyer		✓
Rep. Dosch	✓				
Rep. Pollert	✓		Rep. Ekstrom	✓	
Rep. Bellew	✓		Rep. Kerzman		✓
Rep. Kreidt	✓		Rep. Metcalf	✓	
Rep. Nelson	✓				
Rep. Wieland	✓				

Total (Yes) 18 No 7

Absent 0

Floor Assignment Voice Vote - carries

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

keep change relating to membership and remove bldg. projects.

Date: 4/9/09
Roll Call Vote #: 3

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2038

Full House Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number TRD

Action Taken Adopt Amend. 0803 as amended

Motion Made By Hawken Seconded By Berg

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan					
Vice Chairman Kempenich					
Rep. Skarphol			Rep. Kroeber		
Rep. Wald			Rep. Onstad		
Rep. Hawken			Rep. Williams		
Rep. Klein					
Rep. Martinson					
Rep. Delzer			Rep. Glassheim		
Rep. Thoreson			Rep. Kaldor		
Rep. Berg			Rep. Meyer		
Rep. Dosch					
Rep. Pollert			Rep. Ekstrom		
Rep. Bellew			Rep. Kerzman		
Rep. Kreidt			Rep. Metcalf		
Rep. Nelson					
Rep. Wieland					

Total (Yes) _____ No _____

Absent _____

Floor Assignment Voice Vote - carries

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

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2038

Page 1, line 6, replace "study" with "studies"

Page 15, after line 15, insert:

"SECTION 8. STATE BOARD OF HIGHER EDUCATION - REPORTS TO SIXTY-SECOND LEGISLATIVE ASSEMBLY. Each institution under the control of the state board of higher education shall report to the appropriations committees of the sixty-second legislative assembly regarding:

1. A comparison of the budgeted amounts to actual expenditures by major expenditure type for the fiscal year ending June 30, 2010.
2. A comparison of the budgeted amounts to actual expenditures by major expenditure type through the most recent month available at the time the report is presented to the appropriations committees.

SECTION 9. LEGISLATIVE COUNCIL STUDY - HIGHER EDUCATION.

During the 2009-10 interim, the legislative council chairman shall appoint an interim higher education committee to study issues affecting higher education. The interim committee shall hold at least six education summit meetings to discuss topics that may include:

1. Alternative uses of institutions and changes to institutional missions.
2. Issues affecting two-year campuses.
3. Tuition affordability, including a review of tuition reciprocity agreements.
4. The accessibility of higher education.
5. Workforce needs.
6. Contribution to economic development.

The chairman of the interim higher education committee may invite summit topic experts, representatives of the North Dakota university system, and the private sector to participate in the summit meetings to provide information to the committee as determined necessary to assist the committee in conducting its study. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-second legislative assembly."

Renumber accordingly

Date: 4/9/09
Roll Call Vote #: 4/7

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2038

Full House Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 0304

Action Taken adopt amendment 0304

Motion Made By Skarphol Seconded By Wald

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan					
Vice Chairman Kempenich					
Rep. Skarphol			Rep. Kroeber		
Rep. Wald			Rep. Onstad		
Rep. Hawken			Rep. Williams		
Rep. Klein					
Rep. Martinson					
Rep. Delzer			Rep. Glassheim		
Rep. Thoreson			Rep. Kaldor		
Rep. Berg			Rep. Meyer		
Rep. Dosch					
Rep. Pollert			Rep. Ekstrom		
Rep. Bellew			Rep. Kerzman		
Rep. Kreidt			Rep. Metcalf		
Rep. Nelson					
Rep. Wieland					

Total (Yes) _____ No _____

Absent _____

Floor Assignment Voice Vote - Carries

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

Date: 4/9/09
Roll Call Vote #: 5

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2038

Full House Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number TBD

Action Taken add #7 utilization capacity to amend. 0304.

Motion Made By Dosch Seconded By Berg

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan					
Vice Chairman Kempenich					
Rep. Skarphol			Rep. Kroeber		
Rep. Wald			Rep. Onstad		
Rep. Hawken			Rep. Williams		
Rep. Klein					
Rep. Martinson					
Rep. Delzer			Rep. Glassheim		
Rep. Thoreson			Rep. Kaldor		
Rep. Berg			Rep. Meyer		
Rep. Dosch					
Rep. Pollert			Rep. Ekstrom		
Rep. Bellew			Rep. Kerzman		
Rep. Kreidt			Rep. Metcalf		
Rep. Nelson					
Rep. Wieland					

Total (Yes) _____ No _____

Absent _____

Floor Assignment Very Vot - carries

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

Date: 4/9/09
Roll Call Vote #: 4

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2038

Full House Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number TBD

Action Taken Add #8 Qualities of edus. delivered and
*private sector "and students" to line #2 of
Motion Made By Glassheim Seconded By Kaldor bottom of

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan					
Vice Chairman Kempenich					
Rep. Skarphol			Rep. Kroeber		
Rep. Wald			Rep. Onstad		
Rep. Hawken			Rep. Williams		
Rep. Klein					
Rep. Martinson					
Rep. Delzer			Rep. Glassheim		
Rep. Thoreson			Rep. Kaldor		
Rep. Berg			Rep. Meyer		
Rep. Dosch					
Rep. Pollert			Rep. Ekstrom		
Rep. Bellew			Rep. Kerzman		
Rep. Kreidt			Rep. Metcalf		
Rep. Nelson					
Rep. Wieland					

Total (Yes) _____ No _____

Absent _____

Floor Assignment Voice Vote - carries

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

VR
4/10/09
log 2

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2038

Page 1, line 5, remove "to the legislative council" and remove the second "a"

Page 1, line 6, replace "study" with "studies"

Page 11, remove lines 15 through 30

Page 12, remove lines 1 through 7

Page 12, line 14, remove "If the legislative council appoints a committee to"

Page 12, remove lines 15 through 20

Page 15, after line 15, insert:

"SECTION 7. STATE BOARD OF HIGHER EDUCATION - REPORTS TO SIXTY-SECOND LEGISLATIVE ASSEMBLY. Each institution under the control of the state board of higher education shall report to the appropriations committees of the sixty-second legislative assembly regarding:

1. A comparison of the budgeted amounts to actual expenditures by major expenditure type for the fiscal year ending June 30, 2010.
2. A comparison of the budgeted amounts to actual expenditures by major expenditure type through the most recent month available at the time the report is presented to the appropriations committees.

SECTION 8. LEGISLATIVE COUNCIL STUDY - HIGHER EDUCATION.

During the 2009-10 interim, the legislative council chairman shall appoint an interim higher education committee to study issues affecting higher education. The interim committee shall hold at least six education summit meetings to discuss topics that may include:

1. Alternative uses of institutions and changes to institutional missions.
2. Issues affecting two-year campuses.
3. Tuition affordability, including a review of tuition reciprocity agreements.
4. The accessibility of higher education.
5. Workforce needs.
6. Contribution to economic development.
7. Utilization and capacity of higher education institution facilities.

8. Quality of education being delivered.

The chairman of the interim higher education committee may invite summit topic experts, representatives of the North Dakota university system, the private sector, and students to participate in the summit meetings to provide information to the committee as determined necessary to assist the committee in conducting its study. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-second legislative assembly."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment:

- Removes a section requiring certain reports to be provided by the State Board of Higher Education.
- Removes the requirements for committee membership if a Legislative Council committee is appointed to study higher education issues during the 2009-10 interim.
- Provides for a report to the 62nd Legislative Assembly by each higher education institution.
- Provides for an interim higher education study that includes the use of education summit meetings.

Date: 4/9/09
Roll Call Vote #: 8

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2038

Full House Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number TBD

Action Taken Do Pass as Amended

Motion Made By Hawken Seconded By Skarphol

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan	✓				
Vice Chairman Kempenich	✓				
Rep. Skarphol	✓		Rep. Kroeber	✓	
Rep. Wald	✓		Rep. Onstad	✓	
Rep. Hawken	✓		Rep. Williams	✓	
Rep. Klein	✓				
Rep. Martinson	✓				
Rep. Delzer			Rep. Glassheim	✓	
Rep. Thoreson	✓		Rep. Kaldor	✓	
Rep. Berg	✓		Rep. Meyer	✓	
Rep. Dosch	✓				
Rep. Pollert	✓		Rep. Ekstrom	✓	
Rep. Bellew			Rep. Kerzman	✓	
Rep. Kreidt	✓		Rep. Metcalf	✓	
Rep. Nelson	✓				
Rep. Wieland	✓				

Total (Yes) 23 No 1

Absent 1

Floor Assignment Hawken

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

REPORT OF STANDING COMMITTEE

SB 2038, as engrossed: Appropriations Committee (Rep. Svedjan, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (23 YEAS, 1 NAY, 1 ABSENT AND NOT VOTING). Engrossed SB 2038 was placed on the Sixth order on the calendar.

Page 1, line 5, remove "to the legislative council" and remove the second "a"

Page 1, line 6, replace "study" with "studies"

Page 11, remove lines 15 through 30

Page 12, remove lines 1 through 7

Page 12, line 14, remove "If the legislative council appoints a committee to"

Page 12, remove lines 15 through 20

Page 15, after line 15, insert:

"SECTION 7. STATE BOARD OF HIGHER EDUCATION - REPORTS TO SIXTY-SECOND LEGISLATIVE ASSEMBLY. Each institution under the control of the state board of higher education shall report to the appropriations committees of the sixty-second legislative assembly regarding:

1. A comparison of the budgeted amounts to actual expenditures by major expenditure type for the fiscal year ending June 30, 2010.
2. A comparison of the budgeted amounts to actual expenditures by major expenditure type through the most recent month available at the time the report is presented to the appropriations committees.

SECTION 8. LEGISLATIVE COUNCIL STUDY - HIGHER EDUCATION. During the 2009-10 interim, the legislative council chairman shall appoint an interim higher education committee to study issues affecting higher education. The interim committee shall hold at least six education summit meetings to discuss topics that may include:

1. Alternative uses of institutions and changes to institutional missions.
2. Issues affecting two-year campuses.
3. Tuition affordability, including a review of tuition reciprocity agreements.
4. The accessibility of higher education.
5. Workforce needs.
6. Contribution to economic development.
7. Utilization and capacity of higher education institution facilities.
8. Quality of education being delivered.

The chairman of the interim higher education committee may invite summit topic experts, representatives of the North Dakota university system, the private sector, and students to participate in the summit meetings to provide information to the committee

as determined necessary to assist the committee in conducting its study. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-second legislative assembly."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment:

- Removes a section requiring certain reports to be provided by the State Board of Higher Education.
- Removes the requirements for committee membership if a Legislative Council committee is appointed to study higher education issues during the 2009-10 interim.
- Provides for a report to the 62nd Legislative Assembly by each higher education institution.
- Provides for an interim higher education study that includes the use of education summit meetings.

2009 SENATE EDUCATION

CONFERENCE COMMITTEE

SB 2038

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2038

Senate Education Committee

☐ Check here for Conference Committee

Hearing Date: April 24, 2009

Recorder Job Number: 12218

Committee Clerk Signature

Minutes:

Senator Flakoll opened the meeting of the conference committee. All members were present.

(Senators Flakoll, Gary Lee, Bakke, Representatives Skarphol, Kelsch, Williams)

Senator Flakoll asked a House member to explain the amendments.

Representative Skarphol said he could explain the .0305 House Appropriations amendments.

In the House, there is a great deal of angst for the Round Table, perhaps even distaste. He suspects they could have taken 2038 to the floor and killed it but it was preferable to run the Round Table for at least one more interim. It would be better if it wasn't called the Round Table. House Appropriations added sections 7 and 8. Section 7 is the appropriation aspect. Because of the flexibility in accountability that is granted in the Round Table, Higher Education has a more ambiguous budget than what Appropriations would like. To get more concise information in the budget presentation, the amendment asks Higher Education to give the budgeted and actual expenses for the current biennium, similar to what other state agencies do. For the second year of the biennium, they would present budgeted and actual expenses through the most recent month. He understands Higher Education does not prepare their budget until after the legislature adjourns but they should understand the legislature needs some actual data. Section 8 would help us get more value from the interim Higher Education

committee. A meeting of the Round Table (60 people) is unmanageable. The meeting during the interim was valuable for the last 45 minutes but the rest of the day was spent getting people up to speed. It would require 6 Education Summit Meetings with the Higher Education interim committee and requested entities, the 2 year campuses for example, in an effort to get the meetings more focused and to get better information than we do during the Round Table meetings.

Representative Kelsch said the House Education Committee made no amendments.

Senator Flakoll said we are not that far off. Our objectives are similar in nature. Personally, we want a good work product out of the interim committee. He was not a part of the interim committee last time and that was part of the reason behind the Senate amendments. No one from the Senate Education Committee was on the interim committee for Higher Education. It

takes a while to get up to speed and there are not the checks and balances during the legislative session if someone from the policy committee did not sit on the interim committee. That is why the Senate amendments are so prescriptive. He asked how many times the interim committee met.

Representative Skarphol said there were 13 meetings, the board attended 2. Towards the end there was a meeting of the Round Table. The final 45 minutes were good but it took 7 hours to get there. The topics in the amendment are suggestions, not requirements. He also added the amendment removed section 5 and some language in section 6 regarding who must be on the interim committee. They did not understand section 5. Regarding section 6, one committee member thought it was a shot over the bow because of something that happened last session.

Senator Flakoll said that was his amendment and he wasn't shooting at anyone. The Senate Education Committee had no members on the interim committee last biennium. Originally,

Representative Kelsch was also not on the interim committee until she asked the chairman of the legislative council if she could serve.

Representative Kelsch said serving on the interim committee was a huge benefit to her on the Higher Education bills.

Senator Flakoll said only 2 of the 19 members of the interim committee were from a policy committee.

Senator Bakke said the 2 studies in the amendment could be put into one. She has a problem with going into a study with an agenda to eliminate the Round Table. It is defeatist. You should go into a study with an open mind. It would be easy to take section 5 and incorporate it with section 7 and come up with a study. Higher Education maybe picks out some of these focuses that are listed for the summit meetings. She hopes we would go into it looking for

what is best for Higher Education, not with a predetermined conclusion that we will eliminate the Round Table. It has had its function and has served us well in many capacities.

Representative Skarphol said on the House side of the aisle, the words Round Table do not have a good connotation with all members. Their effort is not to eliminate it but to focus the discussion and maybe get away from using that terminology and move forward and do what is best. From the perspective of a number of House members, anything that comes out of the Round Table is suspect. They had a very good interim discussion. Their hope is the discussion will continue and will move forward and progress will be made.

Representative Williams said he served on the Workforce training and the Higher Education interim committees. He views sections 7 and 8 as being very positive. There is no vindictiveness. He is supporter of the Round Table. It needs to become more focused in some

areas for better information for the legislators. He sees no bogey man in sections 7 and 8.

Senator Bakke said it would be a great benefit for members of a policy committee during the session to serve on related committees during the interim. Senator Flakoll's amendment is very important. It gives them working knowledge of higher ed.

Representative Skarphol said he has no heartburn about putting section 5 back in. Having Representative Kelsch on the Higher Education committee was a valuable tool. Continuity is excellent. He asked for an explanation of the master's degree salary study.

Senator Flakoll said there has been a lot of talk in K – 12 in terms of compensation. In conversations with Senator Nelson, who was in higher ed for a while and had that same educational background and a math teacher, she mentioned considering going to work in the K – 12 system. Are we losing teachers back and forth and what are the market pressures? One of the mistakes made in the interim, in his opinion, was bringing in the Round Table at the 11th hour. There is value in getting students who are work ready. Is the intent of the amendment from House Appropriations to have earlier involvement by the business sector?

Representative Skarphol said the intent would be in the next interim to have the Round Table meet very early on. The Higher Education committee had an agenda at the end of last interim that they anticipated Higher Education would continue to work on, even during the legislative session. He guesses they have not had a lot of time available to do so. He is hopeful they can have an early meeting and another discussion and then break into the smaller categories. At the end of the interim, they did not prohibit the Chair of the interim committee from holding a Round Table meeting nor is there a requirement to do so. It has been a tradition.

Representative Svedjan didn't think of it, that is why it got late. There is more value to meeting in smaller groups meeting on concentrated topics.

Representative Kelsch said it was a good meeting the last 45 minutes and there was some good conversation at her lunch table. There were way too many people in the room. The

Higher Education interim committee is large anyway. It was very difficult to get focused discussions. The students and the business community had the best information to offer. It is best to hold a few more focused meetings. The Round Table came up at a meeting and Representative Svedjan had no idea he was in charge of holding the meeting. Getting a Round Table put together in the manner he did was commendable. Now everyone has a better understanding of whose responsibility the Round Table is.

Senator Flakoll said that is one advantage of the language in terms of expectations and getting them involved early. The original Round Table had 61 people on it. They broke into 6 cornerstones with assigned tasks. If it would have remained 61, it would have been very unsuccessful.

Senator Bakke said section 7, where it asks for the comparison of budget amounts to actual expenditures, is that information that is readily available or will it take an extensive amount of time and effort.

Representative Skarphol said he cannot answer completely; we would need to ask the system. With People Soft and the data warehouse that is there, he assumes they have a system. If not, he suggests they come up with one. He hopes it is easily achievable. We are not expecting minute detail but rather rolled up numbers similar to what we get in BARS in state agencies.

Senator Bakke asked if the information requested in section 5 is easily put together.

Senator Flakoll said he asked for the information 3 years ago, at that time there was still a struggle with People Soft. He thought this would be a good way to get the information.

Representative Skarphol said one of their committee members challenges us about the information we ask for, if we aren't going to make anything useful out of it, let's not ask for it.

That is part of the reason they took it out. They would like an explanation of what it will be used for.

Representative Skarphol said if Senator Flakoll really wants the language left in relating to the designees, he would just have to tell the chairman and he thinks it would be carried out that the Education Committees would be represented. It is not a major issue.

Senator Flakoll said we usually get 2 interim committee assignments. If he is on Agriculture and he was on K – 12 and Higher Education would put him over the count. This might help him get on the committee without it counting against him.

Senator Flakoll adjourned the meeting of the conference committee.

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2038

Senate Education Committee

☐ Check here for Conference Committee

Hearing Date: April 28, 2009

Recorder Job Number: 12335

Committee Clerk Signature

Minutes:

Senator Flakoll called the meeting of the conference committee to order. All members were present.

Senator Flakoll said he has an amendment. Before he presented it, he asked the committee a couple of questions, pertaining to the 400 version. On page 11 section 5, there is study language that says "shall consider studying". In section 8 it is a mandatory study. He clarified it is not the intent to have two committees.

The committee concurred.

Senator Flakoll then discussed page 11, lines 7 – 21 in the 400 version of the bill. It is quite prescriptive. It says "the committee shall spend a majority of time studying the means by which the North Dakota University System can further contribute to the development and attracting the human capital to meet North Dakota economic workforce needs..." In a question directed to the House members, he asked if that language is counter to any of the House amendments that are in section 8.

Representative Skarphol said he doesn't think so. He thinks they complement each other. In subsection 1 on page 14, that should really be an effort to help develop and attract human capital. That is what it should be about.

Senator Flakoll clarified we do not want them to conflict.

Representative Kelsch said because it says "shall spend the majority of its time studying" and in section 8 it says we have to hold the 6 summits and the committee would also be a part of those summits, does that mean the committee would be spending a majority of its time at the summits or spending the majority of its time in interim committee work and focusing on the human capital needs?

Senator Flakoll said he thinks the summits could include the issues that the committee is to spend a majority of its time on. He would hope they would involve the private sector folks right away in the summit format and then keep working through that and as they move towards the end, they may wean away from the private sector and have the policy people on the committee go forward and make some recommendations to move the agenda forward.

Senator Bakke said on page 11 it talks about visiting different institutions of higher learning. It may make sense when the committee is talking about issues affecting a two year campus, they are at a two year campus. Page 15, number 5 is workforce needs, 6 is contributions to economic development which complements the language on page 11. They complement each other.

Senator Flakoll had a question for Chancellor Goetz. On page 14 line 14 of the 400 version, the survey of state leaders, who are the state leaders?

Representative Skarphol said the language in section 6 is the recommended performance and accountability measures that we worked through in the interim. They were not changed from the interim committee. They have been done in consultation with the Chancellor's office. This is not something new.

Senator Flakoll said he is not arguing the point. He just wanted to know who they are. He asked Chancellor Goetz to come to the podium. We are not debating if it should or should not be in the bill, we are asking who is on the list.

Chancellor Goetz said state leaders encompasses legislative leaders, economic development people, city and local government leadership. That is how it has been discussed and identified.

Senator Flakoll said we all recognize the Chairman of the Legislative Council can add duties or people to the requirements set forth in any interim study.

Senator Flakoll distributed amendment .0307. The amendment combines language the House adopted with the language the Senate adopted. He pointed out the only new language is in section 9 i. It asks they look at other revenue neutral policies that would aid in the reduction of student loan debt.

Representative Kelsch asked if the amendments are to the 300 version.

Senator Flakoll said yes, the House would recede from their amendments and put their amendments on the Senate version.

Representative Skarphol asked if it is intended to reinsert the language on pages 11 and 12.

Senator Flakoll said the intent is we take the House amendments and the Senate amendments and combine them with the one addition of section 9 i.

Representative Skarphol confirmed it would not remove the language on pages 11 and 12.

Senator Bakke asked if section 5 would stay in.

Senator Flakoll said yes.

Representative Williams said there is very little difference between this and the last interim committee. He does not see a problem.

Representative Skarphol said he wants to be sure .0307 doesn't undo the first part of .0305.

Would it reinsert what was removed in .0305? The House removed, on page 11, section 5.

He wants to know the intent.

Senator Flakoll said yes, that is the intent, to take the Senate bill and add the new language requirements placed in the bill by the House.

Representative Skarphol confirmed the Master's degree study is back in. If so, he wants to know why. He doesn't want to do it if we won't use the information.

Senator Flakoll said he has wanted the information for awhile and they were not able to get it.

We need to look at who are our competitors in terms of hiring. In those markets, it would be even more so since there are a higher percentage of Master's level instructors at the two year campuses than the four year where there are more PhDs. He wants to know how they

compare to K – 12 in terms of salary and benefits. We should be able to easily get the data. It is already reported for K – 12. It is a check point to see where we are at. It is just session law.

Representative Skarphol asked if Senator Flakoll anticipates there being any cost associated with gathering the data.

Senator Flakoll said no. It is just for the comparison, for example Williston State is only compared to the Williston School District. It would just be in the 11 campus communities. It is not across the entire state.

Representative Williams, from his experience as a high school principal, knows the schools fill out forms with this information for DPI every fall. There would be no problem pulling it up. He is curious if the colleges would have trouble getting the information, he assumes it would not be a big deal.

Representative Skarphol asked about the specific appointments. We obviously always have minority members on every interim committee. It is unusual we are only going to put one on the committee.

Senator Flakoll said at least one.

Representative Skarphol said it doesn't say at least one, it says one.

Representative Kelsch said it does say that. It says the council shall include on the committee, the chairman of the House Education Committee, the chairman of the Senate Education Committee, one member of the minority party from the House, one member of the minority party from the Senate... That could be the end of it.

Senator Flakoll said he thinks "shall include" would be at a minimum.

Representative Skarphol said he finds the language superfluous. Obviously there will be 40 – 50% of the minority party on the committee. It could be problematic. He would prefer a substitute motion to take out c and d, there should be more than one member of each included.

Representative Kelsch said it is a given that there will be members. The one that is probably not a given is the Chairmen of the education committees which may be more important. She agrees removing c and d would be more palatable.

Senator Bakke asked if the intent was for the member of the minority party from the House and Senate be members of the education committees.

Senator Flakoll said he doesn't remember.

Senator Bakke said if you were to say one member of the minority party who is a member of the Senate Education Committee or a member of the House Education Committee, it would make more sense.

Senator Flakoll said that would not address the issue of limiting to just one.

Representative Skarphol said what if no minority party member of the education committee wants to serve on the interim committee.

Representative Williams said c and d are not necessary. It is not a question of politics, it is a question of principal.

Representative Kelsch moved the House recede from the House amendments printed on pages 1350 and 1351 of the Senate Journal and page 1413 of the House Journal and adopt amendment .0307 with the additional change of removing lines 19 and 20 from page 12 of the 300 version, seconded by Representative Skarphol.

The motion passed 6 – 0.

Senator Flakoll will carry the bill to the Senate floor.

Representative Skarphol will carry the bill to the House floor.

Date: 4/24/09

Roll Call Vote #: _____

2009 SENATE CONFERENCE COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. SB 2038 as (re) engrossed

Senate _____ **Education** _____ Committee

☒ Check here for **Conference Committee**

- Action Taken ☐ SENATE accede to House Amendments
☐ SENATE accede to House Amendments and further amend
☐ HOUSE recede from House Amendments
☐ HOUSE recede from House amendments and amend as follows

Senate/House Amendments on SJ/HJ pages(s) _____ -- _____

☐ **Unable to agree**, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

Motion Made By _____ Seconded By _____

Senators				Y	N	Representatives				Y	N
				e	o					e	o
				s						s	
Senator Flakoll - Chair	✓					Representative Skarpol	✓				
Senator Gary Lee	✓					Representative Kelsch	✓				
Senator Bakke	✓					Representative Williams	✓				

Vote Count _____ Yes _____ No _____ Absent

Senate Carrier _____ House Carrier _____

LC NO. _____ of amendment

LC NO. _____ of engrossment

Emergency clause added or deleted _____

Statement of purpose of amendment _____

April 27, 2009

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2038

That the House recede from its amendments as printed on pages 1350 and 1351 of the Senate Journal and page 1413 of the House Journal and that Engrossed Senate Bill No. 2038 be amended as follows:

Page 1, line 5, remove "to the legislative council" and remove the second "a"

Page 1, line 6, replace "study" with "studies"

Page 15, after line 15, insert:

"SECTION 8. STATE BOARD OF HIGHER EDUCATION - REPORTS TO SIXTY-SECOND LEGISLATIVE ASSEMBLY. Each institution under the control of the state board of higher education shall report to the appropriations committees of the sixty-second legislative assembly regarding:

1. A comparison of the budgeted amounts to actual expenditures by major expenditure type for the fiscal year ending June 30, 2010.
2. A comparison of the budgeted amounts to actual expenditures by major expenditure type through the most recent month available at the time the report is presented to the appropriations committees.

SECTION 9. LEGISLATIVE COUNCIL STUDY - HIGHER EDUCATION.

1. During the 2009-10 interim, the legislative council chairman shall appoint an interim higher education committee to study issues affecting higher education.
2. The interim committee shall hold at least six education summit meetings to discuss topics that may include:
 - a. Alternative uses of institutions and changes to institutional missions;
 - b. Issues affecting two-year campuses;
 - c. Tuition affordability, including a review of tuition reciprocity agreements;
 - d. Accessibility of higher education;
 - e. Workforce needs;
 - f. Contributions to economic development;
 - g. Utilization and capacity of higher education institution facilities;
 - h. Quality of education being delivered; and
 - i. Revenue-neutral policies that would aid in the reduction of student loan debt.

3. The chairman of the interim higher education committee may invite summit topic experts, representatives of the North Dakota university system, the private sector, and students to participate in the summit meetings to provide information to the committee as determined necessary to assist the committee in conducting its study.
4. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-second legislative assembly."

Renumber accordingly

Date: 4/28/09

Roll Call Vote #: 1

2009 SENATE CONFERENCE COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. **SB 2038** as (re) engrossed

Senate Education Committee

☒ Check here for **Conference Committee**

- Action Taken ☐ SENATE accede to House Amendments
☐ SENATE accede to House Amendments and further amend
☐ HOUSE recede from House Amendments
☒ HOUSE recede from House amendments and amend as follows

Senate/House Amendments on SJ/HJ pages(s) 1350 -- 1351

☐ Unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

Motion Made By Rep. Kelsch Seconded By Rep. Skarphol

Senators				Y e s	N o	Representatives				Y e s	N o
Senator Flakoll - Chair				✓		Representative Skarphol				✓	
Senator Gary Lee				✓		Representative Kelsch				✓	
Senator Bakke				✓		Representative Williams				✓	

Vote Count 6 Yes 0 No 0 Absent

Senate Carrier Sen. Flakoll House Carrier Rep. Skarphol

LC NO. 90310. 0307 of amendment with change below

LC NO. _____ of engrossment

Emergency clause added or deleted _____

Statement of purpose of amendment _____

amendment .0307 and remove lines 19+20
from page 12 of the 300 version.

REPORT OF CONFERENCE COMMITTEE

SB 2038, as engrossed: Your conference committee (Sens. Flakoll, G. Lee, Bakke and Reps. Skarphol, R. Kelsch, Williams) recommends that the **HOUSE RECEDE** from the House amendments on SJ pages 1350-1351, adopt amendments as follows, and place SB 2038 on the Seventh order:

That the House recede from its amendments as printed on pages 1350 and 1351 of the Senate Journal and pages 1413 and 1414 of the House Journal and that Engrossed Senate Bill No. 2038 be amended as follows:

Page 1, line 5, remove "to the legislative council" and remove the second "a"

Page 1, line 6, replace "study" with "studies"

Page 12, line 16, replace the colon with "the"

Page 12, line 17, remove "a. The" and replace the semicolon with "and the"

Page 12, line 18, remove "b. The" and replace the semicolon with a period

Page 12, remove lines 19 and 20

Page 15, after line 15, insert:

"SECTION 8. STATE BOARD OF HIGHER EDUCATION - REPORTS TO SIXTY-SECOND LEGISLATIVE ASSEMBLY. Each institution under the control of the state board of higher education shall report to the appropriations committees of the sixty-second legislative assembly regarding:

1. A comparison of the budgeted amounts to actual expenditures by major expenditure type for the fiscal year ending June 30, 2010.
2. A comparison of the budgeted amounts to actual expenditures by major expenditure type through the most recent month available at the time the report is presented to the appropriations committees.

SECTION 9. LEGISLATIVE COUNCIL STUDY - HIGHER EDUCATION.

1. During the 2009-10 interim, the legislative council chairman shall appoint an interim higher education committee to study issues affecting higher education.
2. The interim committee shall hold at least six education summit meetings to discuss topics that may include:
 - a. Alternative uses of institutions and changes to institutional missions;
 - b. Issues affecting two-year campuses;
 - c. Tuition affordability, including a review of tuition reciprocity agreements;
 - d. Accessibility of higher education;
 - e. Workforce needs;
 - f. Contributions to economic development;

- g. Utilization and capacity of higher education institution facilities;
 - h. Quality of education being delivered; and
 - i. Revenue-neutral policies that would aid in the reduction of student loan debt.
3. The chairman of the interim higher education committee may invite summit topic experts, representatives of the North Dakota university system, the private sector, and students to participate in the summit meetings to provide information to the committee as determined necessary to assist the committee in conducting its study.
4. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-second legislative assembly."

Renumber accordingly

Engrossed SB 2038 was placed on the Seventh order of business on the calendar.

2009 TESTIMONY

SB 2038

Time
Given to
House
Leggings
3-16-09

#1

North Dakota University System

SB2038 - Senate Education, January 13, 2009

William Goetz, Chancellor

I appear today in support of SB2038. This bill continues the "flexibility with accountability legislation" recommended by the Roundtable on Higher Education and subsequently endorsed by the Interim Higher Education Committee and adopted by the Legislative Assembly in the 2001 session. The bill extends the provisions for another two-year period through June 30, 2011. We appreciate the tireless work of the 2007 interim Higher Education Committee and their endorsement of this bill.

What Does This Bill Do?

Section 1: Tuition revenues at NDUS campuses would be appropriated in the same way all other institutional funds such as grants and contracts, auxiliary revenues and private funds are appropriated.

All income, including tuition revenues, would continue to be deposited with the Bank of North Dakota. All income would also continue to be disclosed as part of the biennial budget process as required on page 2, lines 4-7 as follows:

"Biennial estimates of revenue and expenditures of the other funds by source of funds must be presented at the same time biennial budget requests for appropriations from the special revenue fund and state general fund are prepared and submitted to the office of the budget."

All NDUS income would also continue to be subject to an annual financial audit performed by the State Auditor's Office and would be disclosed, in detail, in the NDUS's and state's annual comprehensive financial statement (CAFR).

Section 3: Provides for "block grants for base funding" and for an initiative funding appropriation for "specific strategies or initiatives" and an appropriation for capital assets renewal and replacement.

This will continue the current appropriation bill format for the campuses of two line items- Operations and Capital Assets. This provides needed flexibility for campuses to respond to rapidly changing demands for courses, programs and training.

Section 4: Permits the carryover of unexpended funds from one biennium to the next. The bill requires the NDUS to report carryover amounts from one biennium to the next to the appropriations committee. Each campus reports this information as part of their budget presentation to the appropriation committees.

Section 5: Would ask the Legislative Council to consider continuing the interim higher education study during the 2009-10 interim.

Section 6: Updates the accountability measures as recommended by the 2007-08 interim higher education committee.

Some of the benefits of this bill are:

- Campuses that have growing enrollments are able to hire faculty and add class sections on a timely and responsive basis since tuition revenues are available immediately rather than waiting for lengthy approval processes.
- Campuses are better able to manage spending priorities and allocate resources to high priority needs, without burdensome approval processes.
- Campuses are able to leverage and attract more non-state revenue sources from federal grants and private partnerships.
- Campuses are better able to respond to donors and proceed with timely (and often less costly) construction.
- Campuses are able to better manage private sector partnerships through entities such as research and technology parks, which are expected to operate as private sector businesses.
- Campuses are better able to maximize their revenues and manage their enrollment targets.
- Significant staff time is being saved in development of detailed biennial budgets; however, comprehensive annual budgets are still prepared.
- Permits campuses to plan and adjust expenditures between biennia to maximize resources and benefits.

Taken together, the increased flexibility provided by this bill, is seen as a visible sign of building a trusting relationship and also a sign of support for campuses to be more entrepreneurial. We have well-documented evidence of the significant benefits that have resulted from this legislation over the past several years. These collective changes created a new culture and environment on campuses across the state, focused on being more flexible and responsive to meeting the students and state needs. We are truly appreciative.

Thank you. I will be happy to answer any questions.

SB 2038
March 9, 2009

attachment #1

INFORMATION ON ENGROSSED SENATE BILL NO. 2038

This memorandum provides information on sections included in Engrossed Senate Bill No. 2038.

Section 1 extends the North Dakota University System continuing appropriation authority for campus special revenue funds. Examples of these funds include tuition, housing, and other auxiliary services.

Section 2 continues the requirement that the University System budget request be submitted in block grant format. This requires that the University System budget request include block grants for a base funding component, an initiative funding component, and an asset funding component.

Section 3 is related to Section 2 and continues the requirement that the University System appropriation be in a block grant format. Section 2 requires the University System to submit its budget request to the Office of Management and Budget in a block grant format while Section 3 requires that the appropriation for the University System be in a block grant format. Normally, an agency appropriation bill will have separate line items for salaries, operating expenses, grants, and other programs. With the block grant appropriation format, institutions will normally only have two line items—one for operations and one for capital assets.

Section 4 continues the authorization for the carryover of unexpended appropriations for the University System. North Dakota Century Code (NDCC) Section 54-44.1-11 requires the Office of Management and Budget to cancel unexpended appropriations 30 days after the close of a biennium. Section 4 of this bill provides an exemption for the

University System and allows for the carryforward of funds.

Section 5 of this bill was not part of the interim committee's recommended bill but was added by the Senate Education Committee. This section requires certain reports to be provided by the State Board of Higher Education relating to compensation and enrollment information.

Section 6 provides for a Legislative Council study of certain areas related to higher education. Areas identified for the study include ways that higher education can further contribute to developing and attracting the human capital needed to meet economic and workforce needs, ways to increase access, a review of the delivery of courses, a review of the impact of changing demographics, and proposing roundtable cornerstone goals.

Section 7 provides legislative intent for the requirements of the State Board of Higher Education performance and accountability report required pursuant to NDCC Section 15-10-14.2. These accountability measures were developed by the interim Higher Education Committee during its 2007-08 interim study.

Fiscal Note - For the 2009-11 biennium, the general fund fiscal impact is \$1.1 million of expenditures. This represents the amount of anticipated carryover authority of unused funding from the general fund for the University System.

For further information, pages 142-152 of the 2009 Legislative Council report provides additional information regarding committee activities.

North Dakota University System

Engrossed SB 2038 – House Education Committee

March 9, 2009

William Goetz, Chancellor

Same
given to
Senate
Approps
01-27-09

Madame Chair, Representatives of the Education Committee. Good afternoon. For the record, my name is William Goetz, Chancellor, North Dakota University System.

I appear today in support of SB2038. This bill continues the “flexibility with accountability legislation” recommended by the Roundtable on Higher Education and subsequently endorsed by the Interim Higher Education Committee and adopted by the Legislative Assembly in the 2001 session. The bill extends the provisions for another two-year period through June 30, 2011. We appreciate the tireless work of the 2007 interim Higher Education Committee and their endorsement of this bill.

What Does This Bill Do?

Section 1: Tuition revenues at NDUS campuses would be appropriated in the same way all other institutional funds such as grants and contracts, auxiliary revenues and private funds are appropriated.

All income, including tuition revenues, would continue to be deposited with the Bank of North Dakota. All income would also continue to be disclosed as part of the biennial budget process as required on page 2, lines 4-7 as follows:

“Biennial estimates of revenue and expenditures of the other funds by source of funds must be presented at the same time biennial budget requests for appropriations from the special revenue fund and state general fund are prepared and submitted to the office of the budget.”

All NDUS income would also continue to be subject to an annual financial audit performed by the State Auditor’s Office and would be disclosed, in detail, in the NDUS’s and state’s annual comprehensive financial statement (CAFR).

Section 3: Provides for “block grants for base funding” and for an initiative funding appropriation for “specific strategies or initiatives” and an appropriation for capital assets renewal and replacement.

This will continue the current appropriation bill format for the campuses of two line items- Operations and Capital Assets. This provides needed flexibility for campuses to respond to rapidly changing demands for courses, programs and training.

Section 4: Permits the carryover of unexpended funds from one biennium to the next. The bill requires the NDUS to report carryover amounts from one biennium to the next to the appropriations committee. Each campus reports this information as part of their budget presentation to the appropriation committees.

Section 5: New reporting requirements.

Section 6: Would ask the Legislative Council to consider continuing the interim higher education study during the 2009-10 interim.

Section 7: Updates the accountability measures as recommended by the 2007-08 interim higher education committee.

Some of the benefits of this bill are:

- Campuses that have growing enrollments are able to hire faculty and add class sections on a timely and responsive basis since tuition revenues are available immediately rather than waiting for lengthy approval processes.
- Campuses are better able to manage spending priorities and allocate resources to high priority needs, without burdensome approval processes.
- Campuses are able to leverage and attract more non-state revenue sources from federal grants and private partnerships.
- Campuses are better able to respond to donors and proceed with timely (and often less costly) construction.
- Campuses are able to better manage private sector partnerships through entities such as research and technology parks, which are expected to operate as private sector businesses.
- Campuses are better able to maximize their revenues and manage their enrollment targets.
- Significant staff time is being saved in development of detailed biennial budgets; however, comprehensive annual budgets are still prepared.
- Permits campuses to plan and adjust expenditures between biennia to maximize resources and benefits.

Taken together, the increased flexibility provided by this bill, is seen as a visible sign of building a trusting relationship and also a sign of support for campuses to be more entrepreneurial. We have well-documented evidence of the significant benefits that have resulted from this

legislation over the past several years. These collective changes created a new culture and environment on campuses across the state, focused on being more flexible and responsive to meeting the students and state needs. We are truly appreciative.

Thank you. I will be happy to answer any questions.

g:\terry\1100\09ses\sb2038 testimony 3-9-09.docx