

2009 SENATE EDUCATION

SB 2062

## 2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2062

Senate Education Committee

Check here for Conference Committee

Hearing Date: January 27, 2009

Recorder Job Number: 7840, 7882, 7884

Committee Clerk Signature



Minutes:

Chairman Freborg opened the hearing on SB 2062. All members were present.

Senator Tony Grindberg testified in favor of the bill. See written testimony. This bill is similar to the North Dakota Promise bill last session. It offers an award for student achievement and it is a long term plan. The amendments pull this bill in with 1400. The \$40 million in needs based grants and the scholarship in 1400 with no funding, we need a discussion on how to tie them together. There are 2 differences – if the student doesn't achieve a 23 on their ACT and if they have taken 4 years of science, they can choose a 2 year program. This is a long term approach. For the here and now, there is an income tax exemption for 5 years.

Senator Flakoll said the fiscal note is hard to follow, what is the overall cost?

Senator Grindberg said North Dakota University System is working on tying in the 2 year option with this bill and its fiscal impact. He has not yet seen that report but he does know it's under way.

Senator Taylor said he likes the youth initiative that comes before the committee. With the credit, will it incentivize students not to apply for other scholarships, will it free up scholarship money?

Senator Grindberg said the potential exists. It could spread more money around.

Senator Larry Robinson testified in favor of the bill. He echoes Senator Grindberg's comments. 2062 offers us the opportunity to think in the long range. It creates a future for us. It is bold, visionary, aggressive but in the end it is all about keeping our most valuable resource, our youth, at the 11 institutions of higher education in North Dakota. The spin off benefit of that would be profound. Each year we lose some of our best and brightest to institutions that can offer more than we can. It's a valuable tool and its time has come.

Jennifer Clark, legislative council, walked through the details of the bill. (13:35 – 33:30)

Senator Lee asked if it just included students enrolled in institutions controlled by Board of Higher Education and a not for profit private institution? Does it include tribal colleges or for profit institutions.

Jennifer Clark said that is a good question, she hadn't thought about how that would apply.

She will have to do more research.

Senator Taylor asked if there is quick synopsis of the 2110 investment guidelines.

Jennifer Clark said she does not have a quick synopsis but she will bring the statutory references. (She later delivered them to the committee and they are attached.)

Senator Flakoll asked in terms of cost, this is based on what tuition figure.

Senator Flakoll asked if continuously enrolled allow for military service.

Jennifer Clark said the assumption is it means continuously, however the Board of Higher Education will flesh this out and they would not be prohibited from addressing exceptional circumstances.

Senator Flakoll asked in terms of cost, the projections are based on what increases in tuition and base budgeting.

Jennifer Clark said she does not have those figures.

Kate Haugen, Associate Vice President for Student Affairs at NDSU, testified in favor of the bill. She oversees admissions and financial aid so the content of this bill is near and dear to her heart. See written testimony. She also submitted testimony on behalf of Joe Heilman, NDSU Student Body President. (attached).

Bill Goetz, Chancellor, North Dakota University System, testified in favor of the bill. See written testimony. Key policy issues in the North Dakota University System budgeting process are affordability, tuition levels and needs based grants. This is another tool that will help in the long term. We have high public expectations for accessibility.

Senator Flakoll asked if we at some point provide 100% tuition for students will we diminish the boards desire to hold down tuition.

Bill Goetz said it will have implications upon tuition and the discussion of tuition. If the bill passes, it is time to look at the big picture of financial aid. Where can we get the most impact. Yes, this will have a direct impact on tuition.

Senator Flakoll said we have a number of bills this session with respect to a number of higher education funding mechanisms. Where does this program rank among freezing tuition the needs based grants, and grants targeted for STEM and other targeted areas.

Bill Goetz asked if he is asking him to prioritize.

Senator Flakoll said yes.

Bill Goetz said the Board of Higher Education set priorities as far as the budget is concerned. : Affordability is a high priority. The components of affordability are addressing tuition levels and needs based funding. Tuition levels are impacted by the balance of state aid tuition and trying to reduce the pressures on increase to tuition. Needs based funding sorely needs to be addressed, the current program is available to a very small number of students. The STEM initiative was addressed in their budget, it was not carried over into the Governor's budget. In

his mind, the STEM initiative is critical. We need to address how we teach and what we teach K – 12 and the influence higher education can have in that area. This bill has long term implications, it's a policy issue that needs to be discussed. He supports that agenda.

Senator Flakoll asked if his office has concerns there could be a shifting of expenses from tuition to other fees, such as parking, housing, lab fees.

Bill Goetz said there is that concern. They are undertaking a study of tuition and fees and presenting that issue to the board for discussion purposes along policy lines. He is trying to identify issues that need to be received by the board for long term policy discussion.

Bill Shalob, Economic Development Association of North Dakota, testified in favor of the bill.

See written testimony.

Keith Lund, Economic Development Association of North Dakota, Grand Forks, testified in favor of the bill. See written testimony.

Mary Batcheller, Director of Business Development, Greater Fargo Moorhead Economic Development Corporation, testified in favor of the bill. See written testimony.

Wayne Kutzer, Director of the Department of Career and Technical Education, submitted written testimony in support of the bill (attached).

After the floor session of the Senate, Chairman Freborg reconvened the hearing.

Rod Bachman presented testimony from Sister Thomas Welder, President, University of Mary and Dr. Robert Badal, President of Jamestown College. See written testimony.

Senator Flakoll asked if he would be supportive if the formula used for computing unmet need used a figure of the average statewide tuition at state run schools.

Rod Bachman said yes, Dr. Badal would like to see fees included in the formula.

Later in the afternoon, Dennis Hill, North Dakota Association of REC's testified in favor of the bill. See written testimony.

Chairman Freborg closed the hearing on SB 2062.

# 2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2062

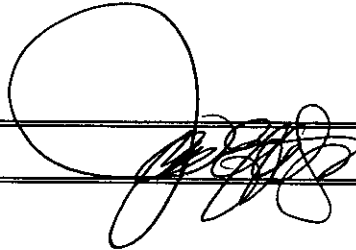
Senate Education Committee

Check here for Conference Committee

Hearing Date: February 2, 2009

Recorder Job Number: 8402

Committee Clerk Signature



Minutes:

Chairman Freborg opened the discussion on SB 2062. All members were present except Senator Taylor who was snowed in and could not get to Bismarck.

Senator Flakoll distributed amendment .0302. It is a hoghouse amendment. It contains much of the same language as the original bill and contains Senator Grindberg's proposed .0301 amendments. He walked the committee through the bill. In section 2 the timeline is moved up to the second year of the upcoming biennium. Subsection 3 aligns with HB 1400, this was in the amendments proposed by Senator Grindberg but he missed a few things such as listing only 19 of the units currently required for graduation. Section 2 on page 2, there is a fixed dollar amount. One of the problems in discussing this bill with others, it was impossible to give a fiscal note on the bill as presented, there were so many variables including tuition rates 6 – 10 years from now. This provides a mechanism whereby they would be eligible for \$1000 per semester and may receive up to \$8000 under this act. It differs somewhat from the Grindberg bill in that they do not have to be continuously enrolled which allows for military service but it would be valid for a period of 6 years after their date of high school graduation. There were portions of the bill as introduced that had reductions in income taxes and instead of that, the amendment moves the effective date up to the second year of the biennium. This simplifies

things. This would actually give them more dollars. This goes with the concept that rather than students taking out loans, we give them this money up front. Sections 5 and 6 are important. They reference the direct appropriation that will be required with this bill. Some of our frustration in understanding the bill as introduced was figuring out how much it would cost, today or in the future. This has a more exact dollar amount. Section 5 specifies the money to be taken out of the net earnings from the student loan program with the Bank of North Dakota. It is a new program and it seemed an appropriate funding mechanism.

Senator Freborg asked about the fiscal impact.

Senator Flakoll said there are about 1900 students with a 24 ACT score with the most recent report. That would be the upper threshold.  $1900 \times \$1000 \times 2$  semesters/year is how they computed the \$3.8 million fiscal note.

Senator Freborg asked if that is the top side.

Senator Flakoll said yes.

Senator Flakoll moved the 90297.0302 amendments, seconded by Senator Lee.

Senator Bakke asked if the amendment does away with the graduated percent of tuition that is being paid and put the whole program into operation beginning the second year of the upcoming biennium.

Senator Flakoll said yes.

Senator Bakke asked if Senator Flakoll has run the amendment by Senator Grindberg.

Senator Flakoll said no. Much of the amendment was in the bill as introduced or in amendments proposed by Senator Grindberg. The one major exception is this looks for a finite dollar amount as opposed to an escalator.

Senator Bakke said it is intended for the high achieving students in the state.



Senator Flakoll said high achieving can be interpreted different ways. Either way they had to graduate high school, either way they had to maintain a certain grade point and achieve a certain ACT score. The average statewide ACT score is 20.7 currently. With more rigorous curriculum in some areas where we have historically been softer in ACT scores, we can anticipate a rise in ACT score. The average ACT score in two of the largest institutions in North Dakota for their incoming class is 24. We are not asking for anything overly challenging. Senator Bakke said she knows of so many kids that get above a 3.0 who do extremely well in high school and extremely well in college and go on to be extremely successful but they could never dream of getting a 24 on their ACT test. Some kids don't test well. She is afraid we provide all these opportunities for these kids at the top and all these opportunities for the kids at the bottom and the kids in the middle get the loan they have to pay back. She has a problem with that.

Senator Flakoll said that is one of the reasons the Work Keys is incorporated. If they receive a 20 on the Work Keys, for the more technical bound students, they would be eligible. There are 3 possibilities: a 24 on the ACT, an 1100 on the SAT or a 20 on the Work Keys.

Senator Bakke said the Work Key is more for kids going to technical school and she is talking about the middle income student with a B average that is going to college. Not every kid can achieve a 24 on the ACT even if they are one of the brighter kids at the school.

Senator Flakoll said we haven't heard of any better solutions. Even a 24 ACT does not guarantee, they also need a B average in high school. With an ACT of 24, we are not talking the high fliers, they are not in the gifted category.

The motion passed 4 – 0 – 1.

Senator Flakoll moved a Do Pass As Amended and Rerefer to Appropriations on SB 2062, seconded by Senator Lee. The motion passed 4 – 1. Senator Flakoll will carry the bill.

Senator Freborg allowed Senator Taylor to vote when he returned and he cast a yes vote.

**FISCAL NOTE**  
**Requested by Legislative Council**  
03/16/2009

Amendment to: Reengrossed  
SB 2062

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			\$23,673,500		\$31,500,000	
Appropriations			\$0		\$6,700,000	

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).*

Provides new \$1,500 per year merit scholarship to ND resident consistent with HB1400 requirements; \$21 M new funding for current needs-based grant program, increasing maximum award limit to \$1,500; new funding of \$1M for new STEM loan forgiveness program of \$1,500/yr for up to four years.

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 1 creates new STEM loan forgiveness program at \$1,500 per year up to four years. Under Section 9 program would expire at the end of 09-11 biennium, with only funding for continuing students thereafter anticipated.

Sections 3 and 4 create a new merit scholarship program to provide a \$1,500 per year scholarship to ND residents attending public or private ND campuses that meet the academic and other requirements in HB1400. Students can continue to receive the scholarship for up to four years if they maintain a 2.75 GPA.

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.*

The \$21 million in new funding in SB2062, together with the funding of \$7.2 million in SB2003, provides a total of \$28.2 million in 09-11 for the state grant program to assist approximately 11,765 students per year at an estimated grant award of \$1,200 per student.

The new merit scholarship would assist approximately 1,300-1,500 students per year with a \$1,500 annual scholarship at an estimated cost of \$2.3 million in 09-11, and \$10 million in 11-13. Section 8 permits the use of \$50,000 of the program funding to be utilized for administrative costs. This funding, along with internal NDUS Office allocations from projected 07-09 carryover, should be able to cover most of the administrative costs associated with implementation of the new program in 09-11. However, if carryover provisions are modified additional state funding of \$135,000, in addition to section 8, would be needed to support administrative costs.

STEM program funding of \$1 million will support the creation of a new STEM Loan Forgiveness Program . Section 9 terminates this new program at the end of 09-11. The \$1 million in 09-11 funding would be used to support approximately 83 new awards per year, plus continuation of applicants in 09-11. The unspent balance of \$626,500 at the end of 09-11 would be carried over to fulfill the four year funding requirement in 11-13 (\$500,000) and 13-15 (\$126,500); however, no new applicants would be added to the program in 11-13 or thereafter. Thus, the 11-13 STEM appropriation could be reduced by \$1 million, since remaining obligations would be funded with planned 09-11 carryover funds.

**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.*

An additional estimated appropriation of \$6.7 million (\$7.1 M for merit scholarship less \$1.0 million for STEM) would be needed in 2011-13 biennium to sustain the new scholarships and ongoing commitments for the merit scholarship and the ongoing commitments for the STEM program.

<b>Name:</b>	Laura Glatt	<b>Agency:</b>	North Dakota University System
<b>Phone Number:</b>	328-4116	<b>Date Prepared:</b>	03/20/2009

**FISCAL NOTE**  
**Requested by Legislative Council**  
02/20/2009

Amendment to:           Engrossed  
                                  SB 2062

**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
<b>Revenues</b>						
<b>Expenditures</b>			\$24,830,000		\$35,785,000	
<b>Appropriations</b>			\$0		\$10,785,000	

**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).*

Provides new \$2,400 annual grant to ND residents consistent with HB1400 requirements; \$20M new funding for current needs-based aid program, increasing award maximum to \$2,000; and, new funding of \$1M changing existing loan forgiveness program to STEM focus with increased award amount.

**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 1 increases the STEM loan forgiveness program award from \$1,000 to \$2,000 per year and from three to five years eligibility.

Section 4 establishes a new student opportunity grant program of \$2,400 per year.

**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.*

The \$20 million in new funding in SB2062, along with the base funding in SB2003, provides a total of \$27.2 million for state grants in 09-11 to assist approximately 7,750 students per year with annual grants ranging from \$500 to \$2,000, based on the level of unmet need.

The \$2,400 annual new opportunity grants is estimated to cost \$3.6 million in 09-11, plus the addition of two new staff positions to implement and manage the new program at an estimated cost of \$230,000. In 11-13, the annual grants are estimated to cost a total of \$13.6 million as the program ramps up to two full classes of freshmen each year and continuation of upper classmen who meet the GPA requirement, and also continuation of staffing costs (\$245,000). It should be noted that the bill currently contains \$4.0 million, but it is not clear that the funding can be used for administrative costs.

The \$1 million in new funding in SB2062, along with the base funding in SB2003 of \$696,000 for the STEM loan forgiveness program, will provide approximately 100 new awards per year, plus continuation of applicants for up to

five years at \$2,000 each year. The cost to continue the program in 2011-13, with 100 new awards per year, plus continuation, would be \$1.94 million.

**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.*

An additional appropriation of \$10,785,000 ( $13,600,000 + 245,000 + 1,940,000 - 4,00,000 - 1,000,000$ ) would be needed in 2011-13 biennium to sustain the ongoing commitments for the opportunity grant and the STEM loan forgiveness programs.

<b>Name:</b>	Laura Glatt	<b>Agency:</b>	NDUS
<b>Phone Number:</b>	328-4116	<b>Date Prepared:</b>	02/26/2009

# FISCAL NOTE

Requested by Legislative Council

02/06/2009

Amendment to: SB 2062

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			\$3,230,000		\$11,645,000	
Appropriations			\$3,230,000		\$11,645,000	

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).*

Provides a \$2,000 annual scholarship to residents of ND during the past 12 months who attend an NDUS campus and meets the merit scholarship-technical or academic-requirements outlined in HB1400.

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 2: Funds to support \$2,000 annual scholarship cost and related staffing to administer the new program are required.

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 cost of providing \$2,000 annual scholarship to nearly 1,500 students in the Fall of 2010 is \$3.0 million, plus the cost for two new positions and related operating expenses to administer the new program at a biennial cost of \$230,000. In the 2011-13 biennium, the estimated scholarship cost is \$11.4 million to fund new incoming students and continuation of students meeting the GPA requirements and continuation of administrative costs.

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.*

The 09-11 executive recommendation does not include any funding for either the cost of the scholarship or administration of the program, thus total additional state general appropriations of \$3,230,000 would be required in 09-11, with an increase of another \$8.4 million in 11-13.

<b>Name:</b>	Laura Glatt	<b>Agency:</b>	NDUS
<b>Phone Number:</b>	328-4116	<b>Date Prepared:</b>	02/10/2009

**FISCAL NOTE**  
**Requested by Legislative Council**  
12/08/2008

Bill/Resolution No.: SB 2062

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						
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).*

SB 2062 creates an opportunity grant program for students enrolled in institutions of higher education. It also creates an individual income tax deduction for earned income of qualifying new graduates.

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.*

Sections 6 and 7 of SB 2062 create an earned income deduction for individual income tax purposes for qualifying recent graduates. We estimate five to eight percent of our individual income tax base is from young taxpayers who might be of an age to qualify for this income tax deduction. That would translate into \$33 to \$54 million as the possible tax revenue from which the cost of this deduction would be extracted. The state general fund revenue loss that would result from the income tax deduction that would be claimed by individuals who met all the qualifiers set forth in the bill is unknown.

(The fiscal impact of the other sections of the bill are not addressed in this fiscal note at this time)

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

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

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

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, 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.*



<b>Name:</b>	Kathryn L. Strombeck	<b>Agency:</b>	Office of Tax Commissioner
<b>Phone Number:</b>	328-3402	<b>Date Prepared:</b>	01/02/2009

PROPOSED AMENDMENTS TO SENATE BILL NO. 2062

Page 1, replace lines 20 through 24 with:

- "3. a. For purposes of an opportunity grant to attend a baccalaureate program the student has a minimum cumulative composite score of twenty-three or a minimum mathematics scale score of twenty-three on the ACT; and
- b. For purposes of an opportunity grant to attend an associate program the student:
- (1) Is enrolled in a two-year career and technical education program that is approved by the department of career and technical education; or
  - (2) Meets the academic achievement requirements in subdivision a;
4. a. For purposes of an opportunity grant to attend a baccalaureate program the student has completed a high school curriculum that meets or exceeds the following:
- (1) Four units of English language arts from a sequence that includes literature, composition, and speech;
  - (2) Three units of mathematics, including one unit of algebra II and one additional unit of mathematics for which algebra II is a prerequisite;
  - (3) Three units of science, including:
    - (a) One unit of physical science;
    - (b) One unit of biology; and
    - (c) [1] One unit of any other science; or  
[2] Two one-half units of any other science;
  - (4) Three units of social studies, including:
    - (a) One unit of United States history;
    - (b) [1] One-half unit of United States government and one-half unit of economics; or  
[2] One unit of problems of democracy; and
    - (c) One unit or two one-half units of any other social studies, which may include civics, civilization, geography and history, multicultural studies, North Dakota studies, psychology, sociology, and world history;

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- (5) (a) One unit of physical education; or
- (b) One-half unit of physical education and one-half unit of health;
- (6) Two units of the same foreign or native American language;
- (7) One unit of fine arts or career and technical education courses; and
- (8) One unit of a foreign or native American language, fine arts, or career and technical education; and

b. For purposes of an opportunity grant to attend an associate program the student has completed a high school curriculum that meets or exceeds the curriculum requirements of subdivision a or meets or exceeds the following:

- (1) Four units of English language arts from a sequence that includes literature, composition, and speech;
- (2) Three units of mathematics, including one unit of algebra II;
- (3) Three units of science, including:
  - (a) One unit of physical science;
  - (b) One unit of biology; and
  - (c) [1] One unit of any other science; or  
[2] Two one-half units of any other science;
- (4) Three units of social studies, including:
  - (a) One unit of United States history;
  - (b) [1] One-half unit of United States government and one-half unit of economics; or  
[2] One unit of problems of democracy; and
  - (c) One unit or two one-half units of any other social studies, which may include civics, civilization, geography and history, multicultural studies, North Dakota studies, psychology, sociology, and world history;
- (5) (a) One unit of physical education; or
- (b) One-half unit of physical education and one-half unit of health;
- (6) Two units of a coordinated plan of study recommended by the department of career and technical education and approved by the superintendent of public instruction; and
- (7) Three additional units, two of which must be in the area of career and technical education;"

Page 2, remove lines 1 and 2

Renumber accordingly

PROPOSED AMENDMENTS TO SENATE BILL NO. 2062

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact three new sections to chapter 15-62.2 of the North Dakota Century Code, relating to opportunity grants for students attending certain institutions of higher education; to amend and reenact section 15.1-01-02 of the North Dakota Century Code, relating to joint meetings of the state's education boards; to provide a transfer; and to provide an appropriation.

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1.** A new section to chapter 15-62.2 of the North Dakota Century Code is created and enacted as follows:

**Opportunity grant - Eligibility.** A student is eligible for an opportunity grant if the student:

1. Was a resident of this state for the twelve months preceding the date the student met the graduation or high school diploma requirements set forth in subsection 2;
2. During or after the 2010-11 school year:
  - a. Graduated from a public or nonpublic high school in this state;
  - b. Graduated from a high school in another state under chapter 15.1-29;  
or
  - c. Met the requirements for a high school diploma through home education, in accordance with section 15.1-23-17;
3. Completed the requirements for a merit scholarship with technical honors or a merit scholarship with academic honors, as set forth in House Bill No. 1400, as enacted by the sixty-first legislative assembly;
4. Submitted an application for an opportunity grant to the state board of higher education; and
5.
  - a. Is enrolled in an institution of higher education under the control of the state board of higher education;
  - b. Is a "full-time" student, as defined by the institution;
  - c. Is enrolled in an associate or baccalaureate program; and
  - d. Maintains a minimum 3.0 cumulative grade point average.

**SECTION 2.** A new section to chapter 15-62.2 of the North Dakota Century Code is created and enacted as follows:

**Opportunity grant - Amount payable - Annual Increase.**

1. Beginning with the 2010-11 school year, if a student who is eligible for an opportunity grant enrolls in an institution of higher education under the

control of the state board of higher education, the board shall forward to the enrolling institution, on behalf of the student, an amount equal to one thousand dollars per semester.

2. A student is not entitled to receive more than eight thousand dollars under section 1 of this Act.
3. Section 1 of this Act does not require a student to be enrolled in consecutive semesters. However, an opportunity grant is valid for only six academic years after the student's graduation from high school and may not be applied to graduate programs.

**SECTION 3.** A new section to chapter 15-62.2 of the North Dakota Century Code is created and enacted as follows:

**Annual report.** The state board of higher education shall provide to the legislative council an annual report regarding the number of grants provided under section 2 of this Act and demographic information pertaining to the recipients.

**SECTION 4. AMENDMENT.** Section 15.1-01-02 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-01-02. Joint meetings - State board of public school education - State board of higher education - Education standards and practices board - State board for career and technical education.** The state board of public school education, the state board of higher education, the education standards and practices board, and the state board for career and technical education shall meet together at least once each year at the call of the superintendent of public instruction, the commissioner of higher education, the executive director of the education standards and practices board, and the director of career and technical education for the purposes of:

1. Coordinating elementary and secondary education programs, career and technical education programs, and higher education programs;
2. Establishing high standards and expectations of students at all levels of the education continuum;
3. Ensuring that all students have access to challenging curricula;
4. Ensuring that the individuals instructing students at all levels of the education continuum are highly qualified and capable;
5. Cooperating in the provision of professional growth and development opportunities for ~~elementary and secondary teachers and administrators.~~ individuals instructing students at all levels of the education continuum; and
6. Ensuring cooperation in any other jointly beneficial project or program.

**SECTION 5. STUDENT LOAN PROGRAMS - TRANSFER - DISTRIBUTION.** The industrial commission shall transfer \$3,800,000 from any profits that have accrued as a result of the Bank of North Dakota administering the student loan programs under section 15-62.2-01 to the general fund in the state treasury.

**SECTION 6. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$3,800,000, or so much of the sum as may be necessary, to the state board of higher education for the purpose of providing opportunity grants under section 2 of this Act, for the biennium beginning July 1, 2009, and ending June 30, 2011."

Renumber accordingly



Date: 2/2/09 :  
Roll Call Vote #: 1 :

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2062

Senate Education Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Amendment 902970302

Motion Made By Sen Flakoll Seconded By Sen Lee

Senators	Yes	No	Senators	Yes	No
Senator Freborg	✓		Senator Taylor A		
Senator Gary Lee	✓		Senator Bakke	✓	
Senator Flakoll	✓				

Total (Yes) 4 No 0

Absent 1

Floor Assignment \_\_\_\_\_

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



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

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2062

Senate Education Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Pass As Amended and Rerefer to Appropriations

Motion Made By Sen. Flakoll Seconded By Sen. Lee

Senators	Yes	No	Senators	Yes	No
Senator Freborg	✓		Senator Taylor A	✓	
Senator Gary Lee		✓	Senator Bakke	✓	
Senator Flakoll	✓				

Total (Yes) 4 No 1

Absent 0

Floor Assignment Sen. Flakoll

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

**REPORT OF STANDING COMMITTEE**

**SB 2062: Education Committee (Sen. Freborg, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS and BE REREFERRED to the Appropriations Committee (4 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). SB 2062 was placed on the Sixth order on the calendar.**

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact three new sections to chapter 15-62.2 of the North Dakota Century Code, relating to opportunity grants for students attending certain institutions of higher education; to amend and reenact section 15.1-01-02 of the North Dakota Century Code, relating to joint meetings of the state's education boards; to provide a transfer; and to provide an appropriation.

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1.** A new section to chapter 15-62.2 of the North Dakota Century Code is created and enacted as follows:

**Opportunity grant - Eligibility.** A student is eligible for an opportunity grant if the student:

1. Was a resident of this state for the twelve months preceding the date the student met the graduation or high school diploma requirements set forth in subsection 2;
2. During or after the 2010-11 school year:
  - a. Graduated from a public or nonpublic high school in this state;
  - b. Graduated from a high school in another state under chapter 15.1-29; or
  - c. Met the requirements for a high school diploma through home education, in accordance with section 15.1-23-17;
3. Completed the requirements for a merit scholarship with technical honors or a merit scholarship with academic honors, as set forth in House Bill No. 1400, as enacted by the sixty-first legislative assembly;
4. Submitted an application for an opportunity grant to the state board of higher education; and
5. a. Is enrolled in an institution of higher education under the control of the state board of higher education;
  - b. Is a "full-time" student, as defined by the institution;
  - c. Is enrolled in an associate or baccalaureate program; and
  - d. Maintains a minimum 3.0 cumulative grade point average.

**SECTION 2.** A new section to chapter 15-62.2 of the North Dakota Century Code is created and enacted as follows:

**Opportunity grant - Amount payable - Annual increase.**

1. Beginning with the 2010-11 school year, if a student who is eligible for an opportunity grant enrolls in an institution of higher education under the control of the state board of higher education, the board shall forward to the enrolling institution, on behalf of the student, an amount equal to one thousand dollars per semester.
2. A student is not entitled to receive more than eight thousand dollars under section 1 of this Act.
3. Section 1 of this Act does not require a student to be enrolled in consecutive semesters. However, an opportunity grant is valid for only six academic years after the student's graduation from high school and may not be applied to graduate programs.

**SECTION 3.** A new section to chapter 15-62.2 of the North Dakota Century Code is created and enacted as follows:

Annual report. The state board of higher education shall provide to the legislative council an annual report regarding the number of grants provided under section 2 of this Act and demographic information pertaining to the recipients.

**SECTION 4. AMENDMENT.** Section 15.1-01-02 of the North Dakota Century Code is amended and reenacted as follows:

**15.1-01-02. Joint meetings - State board of public school education - State board of higher education - Education standards and practices board - State board for career and technical education.** The state board of public school education, the state board of higher education, the education standards and practices board, and the state board for career and technical education shall meet together at least once each year at the call of the superintendent of public instruction, the commissioner of higher education, the executive director of the education standards and practices board, and the director of career and technical education for the purposes of:

1. Coordinating elementary and secondary education programs, career and technical education programs, and higher education programs;
2. Establishing high standards and expectations of students at all levels of the education continuum;
3. Ensuring that all students have access to challenging curricula;
4. Ensuring that the individuals instructing students at all levels of the education continuum are highly qualified and capable;
5. Cooperating in the provision of professional growth and development opportunities for elementary and secondary teachers and administrators; individuals instructing students at all levels of the education continuum; and
6. Ensuring cooperation in any other jointly beneficial project or program.

**SECTION 5. STUDENT LOAN PROGRAMS - TRANSFER - DISTRIBUTION.** The industrial commission shall transfer \$3,800,000 from any profits that have accrued as a result of the Bank of North Dakota administering the student loan programs under section 15-62.2-01 to the general fund in the state treasury.

**SECTION 6. APPROPRIATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$3,800,000, or so much of the sum as may be necessary, to the state board of higher education for the purpose of providing opportunity grants under section 2 of this Act, for the biennium beginning July 1, 2009, and ending June 30, 2011."

Renumber accordingly

2009 SENATE APPROPRIATIONS

SB 2062

## 2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2062

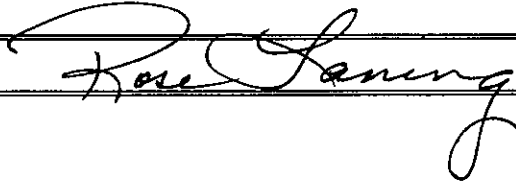
Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: February 11, 2009

Recorder Job Number: 9209

Committee Clerk Signature



Minutes:

**Chairman Holmberg** called the committee hearing to order in regards to SB 2062 which relates to the creation of the ND opportunity grant program for students enrolled in ND institutions of higher education.

**V. Chair Grindberg**, State Senator, District 41- provided opening comments for SB 2062.

(Written attached testimony # 1 & 2)

The bill that was introduced last session entitled, The North Dakota Promise, was an initiative embraced by the business community, the Economic Development Association as an idea that stemmed from Kalamazoo, Michigan. The challenges and shift in demographics and the smaller communities becoming smaller, looking for a silver bullet. We've had discussions on what should the state's roll be. As a result of that bill, which passed in the Senate, was defeated in the House. The House side was concerned with the cost. So we amended into the Commerce budget last session, a study, to examine our workforce system in ND. It was an idea that stemmed from the business congress that just completed two bienniums of how we seek input from the business community across the state to position ND on a global economy and strengthen the business climate. That study was put in place and I was named the chair of that process. We hired a consultant out of Indiana who worked handily with the Economic Development community and Department of Commerce. We set up a series of

meetings called focus groups to engage taxpayers across the state for their ideas on what should the state's role be and wanted to address two questions. We wanted to address the pipeline supply workers and also what the state's role should be in that pipeline discussion. We had several meetings and engaged in their ideas and what to do about the future of our state with business growth opportunities. We ranked all the ideas that came forth. It will strengthen our assets in the state – and strengthen our education system because there's an opportunity to attract and retain more people. Kalamazoo has continued to have a significant increase in migration of families who put their kids in the Kalamazoo school district to receive the benefit and ultimately work, live and play in Kalamazoo. It was an economic strategy to reinvigorate that economy. We know the demographics and the demand for workers in this state is not going to go away. We're not going to have a quick fix. We want to strengthen our education system and put funding towards students. Not the higher ed system, but this is for students. We'd like to expand this. The work of the interim committee and where we are at in this time of North Dakota history compared to other states is to have an impact that would be a generational change. We'd like to hold our system accountable but reward students, and provide a mechanism for them to achieve, to maintain our competitive edge globally with the highest outcome and brightest kids in the state by challenging them as well as looking for options for needs based.

**Senator Krauter** asked about Section 5 which is the transfer of profits from the student loans programs?

**V. Chair Grindberg** Student loan trust has the funds to make such a commitment, however, we have more work to do on how this is going to be funded. This idea came from Senate Education with their work on the bill. It's open to review and debate.

**William Goetz**, Chancellor, NDUS University system

Testified in favor of SB 2062. (Written attached testimony # 2)

He informed the committee that Section 6 no longer exists because of amendments brought forward by the Education Committee.

**Rod Backman**, Jamestown College and University of Mary

Testified in favor of SB 2062. (Written attached testimony # 3)

Business community has succeeded in retaining 80% of their students in North Dakota after graduation. The Education Committee has amended our students totally out of the bill. We understand that we are not public education, and we understand that the University system has to have programs for which our students shouldn't qualify, but when there is a program that's designed for the state's workforce needs, it should focus on results rather than where the students go to school.

**Bill Shalhoob**, Economic Developers of North Dakota (EDND)

Testified in favor of SB 2062. (Written attached testimony # 4)

**Kevin Magstadt**, EDND

Testified in favor of SB 2062. (Written attached testimony # 5)

**Ed Sathre**, Bank of ND

Testified in **opposition** to SB 2062. (No written testimony)

He was opposed to section 5 relating to the transfer of \$3.8 billion from the Banks' capital. In these economic times, we don't believe we should be reducing the banks capital.

**Senator Krauter** asked about the profits in student loan program.

**Ed Sathre**: We have a profit center analysis at bank. Based upon the earning assets, the student loans generate about 1/5 of our earnings and that equates to about \$12 M a year.



**V. Chair Grindberg** stated that the Bank exists for the good of all North Dakota. If we're profitable with our student loan portfolio, we could make the case that it makes sense to put it back into a program to help students. We clearly have to figure out where the funding is going to come from.

**Ed Sathre:** We're not opposed to the bill, it's just that the bank has \$2.6 billion in loans and \$2.5 billion in deposits, so where do we go to get the additional funding?

**Curly Haugland, ND Businessman**

Testified in **opposition** to SB 2062. (No written testimony)

Here to speak to some of the technical aspects of the bill. First of all, I think it's unconstitutional. I'm opposed to giving public gifts and I just want to remind all of you that the treasury is closed for public gifts to private people. There are plenty of sources for kids to go to college. They can take out loan from the Bank of ND like I did and repay it from the job they get when they graduate. Another thing that should be discussed is the concept of transferring funds from a specific fund from the Bank of ND. Again I want to call your attention to the constitution where it says "ALL money received by the state from whatever source goes first into the general fund and the legislature appropriates the money back out again. To say that this will be paid for by profits from the Bank of ND is simply inaccurate. I could argue equally successfully that it's paid for with corporate income taxes. Every dollar that goes into the state's coffers must be transferred out of the general fund. I know there has been practice in violation over that in the past, but I just want to call your attention to what the constitution says. I have been opposing gifts for many years, and everybody does it anyway. I can't help that, but it is interesting to note that today, at 3:00, the Joint constitutional revisions committee is going to hear a HCR 3019 which proposes to amend the gift clause of the state constitution to make it constitutional to give citizens money back. I guess I ask that my comments apply not

only to the area we're talking about today, but there are many other bills and I may read into the record, my opposition to gifting. I want to point out again the burden you all have as legislators, there are only two things you have to do to serve in this body; one, is to get more votes than your competitor and the other is to take an oath to support the constitution. I think, implicit in that oath, is a burden on you to understand what the constitution actually says. From time to time, it may need to be revised, but it is what it is. This bill and many others like it are way too, I'm a free market kind of a guy, a capitalist, a free enterprise businessman. I don't know go to the government for public assistance, and I don't think anybody should. It's un-American. It works to defeat capitalism. Free enterprise, free markets work in America. As you can see on the national level right now, we are struggling as a country to come to terms with capitalism versus socialism. We don't need to be doing this in North Dakota. We've got plenty of money and opportunities for people to do things. The market should be adequate to sort out the winners and the losers.

**V. Chair Grindberg** Any questions, seeing none and no further opposition.

**V. Chair Grindberg** closed the hearing on SB 2062.

## 2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2062

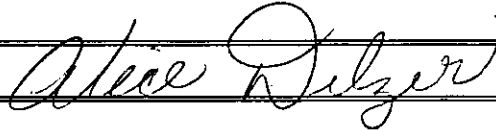
Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: 02-18-09

Recorder Job Number: 9663

Committee Clerk Signature



Minutes:

**Chairman Holmberg** opened the hearing on SB 2062 regarding the grant program in education. (26.27)

**V. Chair Grindberg** explained the amendment #90297.0402 to the committee. He stated there will be changes to this amendment and will be redone by Legislative Council before going up on the floor. **V. Chair Grindberg moved the amendment as corrected. Seconded by V. Chair Bowman. A voice vote was taken and it passed. (31.42)**

**Senator Mathern** had questions regarding putting this into the higher ed budget and questions regarding the needs based grants to college students.

**V. Chair Grindberg** stated we would be increasing it.

Further discussion followed regarding these issues. (35.23)

**VICE CHAIRMAN GRINDBERG MOVED A DO PASS AS AMENDED. SECONDED BY SENATOR FISCHER.**

Further discussion followed regarding the needs based loans, grants available to students, the costs of school, the fact that several students need to work two jobs, the Senators asked for information regarding a list of the different loan and grant programs available to students, and concerns about tuition were voiced by the Senators. (44.51)

Page 2

Senate Appropriations Committee

2062

Hearing Date: 02-18-09

**A ROLL CALL VOTE WAS TAKEIN RESULTING IN 14 YEAS, 0 NAYS, 0 ABSENT. VICE-  
CHAIRMAN GRINDBERG WILL CARRYTHE BILL.**

*Will be changed*

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2062

Page 1, line 3, replace "section" with "subsections 1 and 3 of section 15-10-37 and sections 15-62.2-02 and"

Page 1, line 4, after the first "to" insert "student financial assistance grants, technology grants, and" and replace "a transfer" with "for a legislative council study"

Page 1, after line 6, insert:

**"SECTION 1. AMENDMENT.** Subsections 1 and 3 of section 15-10-37 of the North Dakota Century Code are amended and reenacted as follows:

1. The state board of higher education shall administer a science, technology, engineering, and mathematics occupations student loan program that encourages college students to pursue ~~technology-based~~ studies in these fields, to participate in ~~technology~~ internship programs, and to remain in the state after graduation. The board shall adopt rules to implement the program, including internship requirements, guidelines to determine which technology-related courses of study are eligible under the program, and standards ~~for~~ of eligibility for primary sector employment.
3. The state board of higher education shall distribute student loan grants directly to the Bank of North Dakota to repay outstanding student loan principal balances for eligible applicants. The maximum student loan grant amount for which an applicant may qualify is ~~one two~~ two thousand dollars per year and a total of ~~five ten~~ ten thousand dollars, or a lesser amount established by rule adopted by the state board of higher education.

**SECTION 2. AMENDMENT.** Section 15-62.2-02 of the North Dakota Century Code is amended and reenacted as follows:

**15-62.2-02. State board of higher education - Powers and duties.**

1. The state board of higher education shall:
  - ~~1.~~ a. Administer the North Dakota student financial assistance program and the North Dakota scholars program and adopt functional rules regarding the eligibility and selection of grant and scholarship recipients.
  - ~~2.~~ b. Determine the amount of individual grants, ~~but which may not to exceed one two~~ two thousand dollars per recipient per academic year, under the North Dakota student financial assistance program.
  - ~~3.~~ c. ~~Adept for~~ For the North Dakota student financial assistance program, adopt criteria for substantial need, based upon the ability of the parents or guardian to contribute toward the applicant's educational expenses.
  - ~~4.~~ d. Establish the appropriate procedures for fiscal control, fund accounting, and necessary reports.

5. e. Apply for, receive, expend, and administer granted moneys from federal or private sources.

2. The state board of higher education may not expend in excess of twenty-five million dollars for student financial assistance grants during the 2009-11 biennium."

Page 1, line 24, after "education" insert "or an accredited private higher education institution"

Page 2, line 8, remove "under the control of"

Page 2, line 9, remove "the state board of higher education"

Page 2, line 10, after "thousand" insert "two hundred"

Page 2, line 12, after "thousand" insert "eight hundred"

Page 3, replace lines 14 through 22 with:

**"SECTION 7. LEGISLATIVE COUNCIL STUDY - HIGHER EDUCATION STUDENT TRUST FUND.** During the 2009-10 interim, the legislative council shall consider studying the establishment of a higher education student trust fund, including available funding sources. The study, if conducted, must review best practices to include demonstrated in-migration patterns and long-term return on investment to the citizens of North Dakota by ensuring students are prepared to meet the changing needs of a global economy and to strengthen the economy of the state. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-second legislative assembly.

**SECTION 8. APPROPRIATION.** 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 state board of higher education for the purpose of implementing student financial aid programs, for the biennium beginning July 1, 2009, and ending June 30, 2011, as follows:

Needs-based financial aid program	\$20,000,000
Opportunity grants	4,000,000
STEM student loan forgiveness	1,000,000
Total general fund appropriation	<u>\$25,000,000</u>

**SECTION 9. EXPIRATION DATE.** Section 1 of this Act is effective through June 30, 2011, and after that date is ineffective.

**SECTION 10. EMERGENCY.** Section 2 of this Act is declared to be an emergency measure."

Renumber accordingly

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2062

Page 1, line 3, replace "section" with "subsections 1 and 3 of section 15-10-37 and sections 15-62.2-02 and"

Page 1, line 4, after the first "to" insert "student financial assistance grants, technology grants, and" and replace "a transfer" with "for a legislative council study"

Page 1, after line 6, insert:

**"SECTION 1. AMENDMENT.** Subsections 1 and 3 of section 15-10-37 of the North Dakota Century Code are amended and reenacted as follows:

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3. The state board of higher education shall distribute student loan grants directly to the Bank of North Dakota to repay outstanding student loan principal balances for eligible applicants. The maximum student loan grant amount for which an applicant may qualify is ~~one two thousand~~ two thousand dollars per year and a total of ~~five ten~~ ten thousand dollars, or a lesser amount established by rule adopted by the state board of higher education.

**SECTION 2. AMENDMENT.** Section 15-62.2-02 of the North Dakota Century Code is amended and reenacted as follows:

**15-62.2-02. State board of higher education - Powers and duties.**

1. The state board of higher education shall:
  - ~~1.~~ a. Administer the North Dakota student financial assistance program and the North Dakota scholars program and adopt functional rules regarding the eligibility and selection of grant and scholarship recipients.
  - ~~2.~~ b. Determine the amount of individual grants, ~~but which may not to~~ exceed ~~one two~~ two thousand dollars per recipient per academic year, under the North Dakota student financial assistance program.
  - ~~3.~~ c. ~~Adopt for~~ For the North Dakota student financial assistance program, adopt criteria for substantial need, based upon the ability of the parents or guardian to contribute toward the applicant's educational expenses.
  - ~~4.~~ d. Establish the appropriate procedures for fiscal control, fund accounting, and necessary reports.

6. e. Apply for, receive, expend, and administer granted moneys from federal or private sources.

2. The state board of higher education may not expend in excess of twenty-six million dollars for student financial assistance grants during the 2009-11 biennium."

Page 1, line 24, after "education" insert "or an accredited private higher education institution"

Page 2, line 8, remove "under the control of"

Page 2, line 9, remove "the state board of higher education"

Page 2, line 10, after "thousand" insert "two hundred"

Page 2, line 12, after "thousand" insert "eight hundred"

Page 3, replace lines 14 through 22 with:

**"SECTION 7. LEGISLATIVE COUNCIL STUDY - HIGHER EDUCATION STUDENT TRUST FUND.** During the 2009-10 interim, the legislative council shall consider studying the establishment of a higher education student trust fund, including available funding sources. The study, if conducted, must review best practices to include demonstrated in-migration patterns and long-term return on investment to the citizens of North Dakota by ensuring students are prepared to meet the changing needs of a global economy and to strengthen the economy of the state. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-second legislative assembly."

**SECTION 8. APPROPRIATION.** 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 state board of higher education for the purpose of implementing student financial aid programs, for the biennium beginning July 1, 2009, and ending June 30, 2011, as follows:

Needs-based financial aid program	\$20,000,000
Opportunity grants	4,000,000
STEM student loan forgiveness	1,000,000
Total general fund appropriation	\$25,000,000

**SECTION 9. EXPIRATION DATE.** Section 1 of this Act is effective through June 30, 2011, and after that date is ineffective.

**SECTION 10. EMERGENCY.** Section 2 of this Act is declared to be an emergency measure."

Renumber accordingly



Date: 2/18/09  
Roll Call Vote #: 1

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2062

Senate Senate Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number Amendment with changes 90297.0402

Action Taken  Do Pass  Do Not Pass  Amended

Motion Made By Grindberg Seconded By Bowman

Representatives	Yes	No	Representatives	Yes	No
Senator Krebsbach			Senator Seymour		
Senator Fischer			Senator Lindaas		
Senator Wardner			Senator Robinson		
Senator Kilzer			Senator Warner		
V. Chair Bowman			Senator Krauter		
Senator Christmann			Senator Mathern		
V. Chair Grindberg					
Chairman Holmberg					

Total Yes Carried Voice Vote No

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

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

Date: 2/18/09

Roll Call Vote # 2

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2062

Senate Senate Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken  Do Pass  Do Not Pass  Amended Fischer

Motion Made By Grindberg Seconded By ~~Fischer~~

Senators	Yes	No	Senators	Yes	No
Sen. Ray Holmberg, Chairman	✓		Sen. Aaron Krauter	✓	
Sen. Bill Bowman, VCh	✓		Sen. Elroy N. Lindaas	✓	
Sen. Tony S. Grindberg, VCh	✓		Sen. Tim Mathern	✓	
Sen. Randel Christmann	✓		Sen. Larry J. Robinson	✓	
Sen. Tom Fischer	✓		Sen. Tom Seymour	✓	
Sen. Ralph Kilzer	✓		Sen. John Warner	✓	
Sen. Karen K. Krebsbach	✓				
Sen. Rich Wardner	✓				

Total Yes 14 No 0

Absent 0

Floor Assignment Grindberg

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

**REPORT OF STANDING COMMITTEE**

SB 2062, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SB 2062 was placed on the Sixth order on the calendar.

Page 1, line 3, replace "section" with "subsections 1 and 3 of section 15-10-37 and sections 15-62.2-02 and"

Page 1, line 4, after the first "to" insert "student financial assistance grants, technology grants, and", replace "a transfer" with "for a legislative council study", and remove "and"

Page 1, line 5, after "appropriation" insert "; to provide an expiration date; and to declare an emergency"

Page 1, after line 6, insert:

**SECTION 1. AMENDMENT.** Subsections 1 and 3 of section 15-10-37 of the North Dakota Century Code are amended and reenacted as follows:

1. The state board of higher education shall administer a science, technology, engineering, and mathematics occupations student loan program that encourages college students to pursue ~~technology based~~ studies in these fields, to participate in ~~technology~~ internship programs, and to remain in the state after graduation. The board shall adopt rules to implement the program, including internship requirements, guidelines to determine which technology-related courses of study are eligible under the program, and standards ~~for~~ of eligibility for primary sector employment.
3. The state board of higher education shall distribute student loan grants directly to the Bank of North Dakota to repay outstanding student loan principal balances for eligible applicants. The maximum student loan grant amount for which an applicant may qualify is ~~one~~ two thousand dollars per year and a total of ~~five~~ ten thousand dollars, or a lesser amount established by rule adopted by the state board of higher education.

**SECTION 2. AMENDMENT.** Section 15-62.2-02 of the North Dakota Century Code is amended and reenacted as follows:

**15-62.2-02. State board of higher education - Powers and duties.**

1. The state board of higher education shall:
  - ~~1-~~ a. Administer the North Dakota student financial assistance program and the North Dakota scholars program and adopt functional rules regarding the eligibility and selection of grant and scholarship recipients.
  - ~~2-~~ b. Determine the amount of individual grants, ~~but which may not to~~ exceed ~~one~~ two thousand dollars per recipient per academic year, under the North Dakota student financial assistance program.
  - ~~3-~~ c. ~~Adopt for~~ For the North Dakota student financial assistance program, adopt criteria for substantial need, based upon the ability of the parents or guardian to contribute toward the applicant's educational expenses.

- 4- d. Establish the appropriate procedures for fiscal control, fund accounting, and necessary reports.
- 5- e. Apply for, receive, expend, and administer granted moneys from federal or private sources.
2. The state board of higher education may not expend in excess of twenty-six million dollars for student financial assistance grants during the 2009-11 biennium.

Page 1, line 24, after "education" insert "or an accredited private higher education institution"

Page 2, line 8, remove "under the control of"

Page 2, line 9, remove "the state board of higher education"

Page 2, line 10, after "thousand" insert "two hundred"

Page 2, line 12, after "thousand" insert "eight hundred"

Page 2, line 13, replace "1" with "3"

Page 2, line 14, replace "1" with "3"

Page 2, line 21, replace "2" with "4"

Page 3, replace lines 14 through 22 with:

**"SECTION 7. LEGISLATIVE COUNCIL STUDY - HIGHER EDUCATION STUDENT TRUST FUND.** During the 2009-10 interim, the legislative council shall consider studying the establishment of a higher education student trust fund, including available funding sources. The study, if conducted, must review best practices to include demonstrated in-migration patterns and long-term return on investment to the citizens of North Dakota by ensuring students are prepared to meet the changing needs of a global economy and to strengthen the economy of the state. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-second legislative assembly.

**SECTION 8. APPROPRIATION.** 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 state board of higher education for the purpose of implementing student financial aid programs, for the biennium beginning July 1, 2009, and ending June 30, 2011, as follows:

Needs-based financial aid program	\$20,000,000
Opportunity grants	4,000,000
STEM student loan forgiveness	<u>1,000,000</u>
Total general fund appropriation	\$25,000,000

**SECTION 9. EXPIRATION DATE.** Section 1 of this Act is effective through June 30, 2011, and after that date is ineffective.

**SECTION 10. EMERGENCY.** Section 2 of this Act is declared to be an emergency measure."

Renumber accordingly

2009 HOUSE EDUCATION

SB 2062

## 2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2062

House Education Committee

Check here for Conference Committee

Hearing Date: March 9, 2009

Recorder Job Number: 10464

Committee Clerk Signature

*Carmen Hart*

Minutes:

**Senator Tony Grindberg, District 41, Fargo**, appeared. I thought it would be important to outline the journey this bill has been on and some of the rationale on the senate side. I chaired the interim workforce committee. This committee's goal was to answer a couple questions. What should the state's role be, legislature, with the challenging demographic profile we have and the shortage of workers? Our purpose was to engage those folks with answers to those questions and what should we be doing at the policy level of the state legislature to try and change the pipeline. This is one of the primary bills that came out of the interim workforce committee that was very close to the bill that was introduced two years ago which was tagged North Dakota Promise. Early on in this session leadership decided that a number of policy initiatives were in the appropriations bills. Specifically in SB 2003, the expansion of the needs based grant program by Governor Hoeven was put into 2003. It is important to note that as part of SB 2226 which was introduced by the executive branch was a separate bill that was debated on both the senate education committee and senate appropriations and was then defeated with many aspects of that being melted into this bill 2062. The other important note as introduced, SB 2003 had approximately \$40 million for student aid. That funding has been taken out of higher education SB 2003 and proposed here in SB 2062. There appears to be more of a growing sentiment particularly with our support for higher education to set up and

fund and support students. Our logic was to put a vehicle together, SB 2062, that was a comprehensive funding bill for students versus having this issue kind of tag under a more broader comprehensive higher education bill. He walked through the bill. Section 1 is an expansion of the definition of student loan forgiveness to include science, technology, engineering, mathematics. You will note on Line 17 and 18 a senate amendment originally from what was introduced by the executive branch, we inserted a couple words for primary sector employment. We felt that if we are going to continue with student loan forgiveness, it should pattern the primary sector companies. Section 2 on page 2 then outlines with the changes to allow up to \$2,000, the state needs based grant. All federal student aid applies first. My understanding that as currently proposed and would be in the fiscal note that approximately 7,750 students in North Dakota would qualify for the expanded needs based grant with the grant ranging anywhere between \$500 and \$2,000 per student. You will see on line 18 of the bill, Section 2, that the State Board of Higher Education can expend not in excess of \$26 million for student financial assistance for the 09-11 biennium. Section 3 is part of the original SB 2062 condensed down. It provides funding for students who graduate from a public and nonpublic high school in the state and met these requirements for a high school diploma through accordance of 15.1-23-17. On the top of page 3 you will see the Subsection 3 notes HB 1400 which you know very well, the work and the leadership of this committee to move forward the academic rigor and provide a merit award for that. The senate education committee amended SB 2062 to accelerate the start of this biennium 09-11. Section 4 talks about the annual table amount, the opportunity grant if the requirements are met for an individual starting in the 2010-11 school year, you had up to \$2,400 available for this scholarship per year. There was a technical misstep on Subsection 2 where you see it is more than \$8,800 that should be \$9,600. Subsection 3 provides that the opportunity grant is valid

for six years. Section 5 calls for annual reports. Section 6 is the status of the joint meetings of the State Board of Public School Education, State Board of Higher Education, and the Education Standards and Practices Board for continued review. Section 7 was added by the senate appropriations committee that captures the intent of what the economic development communities believe, and we learned through the interim workforce study in Congress is maximize one of our best strengths and that is our education system. By doing so examining ways to further strengthen and look at a long-term commitment to funding such an endeavor for students and however those funding mechanisms would be sought through and agreed to make a permanent funding stream for North Dakota students. That is the intent behind that study is a higher ed. trust fund. Section 8 is the appropriation. You will see on page 5 that the needs based financial aid grant program calls for \$20 million in new dollars. There is a total of approximately \$27.2 million. There is still funding in 2003 under the current needs based program that we did not go out. The opportunity grants run \$4 million, and the STEM student loan forgiveness of \$1 million. You see in the bill it says \$25 million but the total would be with the amount remaining in 2003 approximately \$32 million directed per students for needs based and opportunity grant and then a small amount for loan forgiveness. It is also important to recognize that part of the action of the senate appropriations committee would be recommended at a level of \$40 million by the Governor's executive budget. We targeted approximately just under \$8 million to freeze tuition at 4% for the four-year schools and no tuition increases for the two-year schools. Section 9 is the intent of the legislation with the student loan STEM forgiveness expiring after the next biennium. Our feelings were that if we are going to prime the pump with significant investment on the front end providing students with the funding that should reduce their student forgiveness, that we shouldn't be giving it away on the back side and thereby eliminating that as this phases in. I know if you read the



fiscal note declared by the university system office, it isn't necessarily the intent. I think what we tried to accomplish on the senate side—our understanding is they provide a million dollars and pencil that through as their current practice is and not commit us beyond 2009-11 for more appropriation. Our intent was that a million dollars would be awarded to STEM forgiveness and that would be it. They would have to calculate that maximum and how long that would take to fulfill that commitment, but not to continue ongoing loan forgiveness beyond the next biennium. Section 10 talks about Section 2 of this being declared an emergency. That is primarily so that the university system office can start working with the packages for students and enrollment for this fall. I think it is also important to note some of the numbers that we have had testimony on. I believe the statewide average presently for a student who qualifies for a federal program is approximately \$2,400 a year. If you combine that with a maximum now of state needs based grant of \$2,000 and a student who meets the academic requirements and is awarded an opportunity grant and then is part of stimulus money for a pell grant which is a shorter window I believe, we are talking somewhere in the neighborhood north of \$7,000 a year. I think it is significant itself. It will curb higher education costs for individuals. This is an opportune time for us to really make a giant step forward providing the resources for student education, and my hope and belief is that by doing this and sustaining a program that puts us well in the future, not just a two-year look, will position North Dakota in a very strong competitive environment. As we know, our state is doing well and what we learn time and time again with what the economic developers echo is we need more workers. I think a solution to that is long-term commitment to create North Dakota's destination place for a solid education system where higher education costs are lower than the national average. I believe this is a step forward. He read an e-mail from a gentleman here in Bismarck indicating

a lot of support. He also handed out some testimony from **Joe Heilman, NDSU Student Body President**, who was unable to be there that day. **(See Attachment 1.)**

**Vice Chair Lisa Meier:** In Section 3 where it stated in order for a resident to be entitled to this they would have to be a resident of the state for 12 months preceding the date to graduation. How does that differ from the bill last session or is it the same language as last session?

**Senator Grindberg:** The bill last session was intended to have a graduated level of tuition support based on tenure starting at kindergarten and then going through grade 12. This bill provides the one year which one of the things we learned in the tail end of debate on that bill two years ago was Federal Interstate Commerce does not allow states to discriminate beyond a year so the most we require is one year residency.

**Rep. Bob Hunsakor:** One of the things that I hear from folks in my district is the targeting of the small group of students. How do you give them answer to that? We are saying those that meet certain requirements would be eligible, and there is a number that would meet those requirements. As I understand this, meet the requirements in 1400 would have to do with being a merit graduate. Those are the only folks that are eligible, and there are a lot of other students that don't fall into that category. Their grades are not up there.

**Senator Grindberg:** That is the blended attempt and the diverse approach this bill has that is different over two years ago. There is \$27 million that go to students who demonstrate a need. That clearly covers a wider array of students in our portfolio and system in the state. The \$4 million for the opportunity merit side is a gradually scaled back. In my opinion whether you are wealthy or not, an individual and your parents are focused and know that opportunity grant as well as the needs base is there, I think kids are going to pay attention, to study more, and try and achieve that. I believe you start to see the intent of 1400 with challenging our kids and getting back to some of that core education and rigor that make it eligible for all students.

**Rep. Karen Karls:** I also have a concern about students from private schools that might not qualify even though they are needy and they are very talented. There are some qualifications under that tiered system of diplomas that they cannot meet in a private school. Some of them don't have AP classes. Is there any provision for those students?

**Senator Grindberg:** The private schools are eligible for this needs base as well as they currently are, and the opportunity, the particulars of the education standards in 1400, private school K-12 or private school higher ed., I would leave it up to you and your committee how that matches because of the expertise you have with 1400. The intent is if a student graduates from a private school and is a senior in high school and wants to go to a private college, the benefits are there for them as well, the case today with the needs base of \$6 million.

**Chairman Kelsch:** Right. We just heard SB 2166 and that extended to Rasmussen College, but the needs base grant scholarships or grant line item is private institutions do qualify for that money. Students who go to private institutions would qualify.

**Rep. John Wall:** On page 2 on your eligibility for the opportunity grant, I don't see any mention of ACT test scores. Is that because it is important in 1400?

**Senator Grindberg:** It is my understanding.

**Chairman Kelsch:** If you look up on page 3, Number 3, that is where it would be. They would have had to complete those requirements in 1400.

**Rep. John Wall:** Approximately how many students would qualify?

**Senator Grindberg:** The needs base is about 7,700. The opportunity grant as the fiscal note dated February 20 by the university system doesn't give a specific number. Maybe Chancellor Goetz or somebody else can answer that question.

**Rep. David Rust:** My question would have been the same thing with HB 1400 and kind of coupled with Rep. Hunskor. The pool—in order to get 24 on the ACT about 25% of the

students in North Dakota currently get around that 24, so that would limit the number of kids that would be available, right?

**Senator Grindberg:** Today I would argue and agree with you, yes. As 1400 becomes implemented I would bet we are going to see an increase in ACT scores in North Dakota which would increase the pool.

**Rep. Phillip Mueller:** On page 1, Line 14, we talk about to remain in the state after graduation. I don't see there is much reference beyond that in the bill. What is the intent? What can you tell us about that? Is that two years or one year or six weeks? What does that mean?

**Senator Grindberg:** My understanding is this is currently in policy and in law with the university system—awards and student loan forgiveness. Obviously, however long that program is you would have to be in state to be eligible. Beyond that, I would have to look at the university system to answer that specifically. I think at minimum would be the tenure that they are employed. If they are going to get a student loan forgiven, they are going to have to remain in the state and certified by their employer, I believe.

**Rep. Phillip Mueller:** I assume you are familiar with scholarship provisions in 1400. How is what we are going to do here relate to the scholarship provisions in 1400?

**Senator Grindberg:** My colleague, Senator Flakoll, is jumping even higher now. I am going to allow him to answer that.

**Rep. Jerry Kelsh:** I am not understanding the relationship between the need and merit based and just how they are going to work. I am assuming that if you have the merit, you are not going to get this unless you have a need also.

**Senator Grindberg:** As any student entering, a traditional student graduating from high school, going in and factoring family income, and determining needs based on federal and

state aid, whatever that amount calculates as if they would be awarded for the requirements set up here. If they have achieved and met the requirements in the opportunity grant, they are going to get additional support.

**Rep. John Wall:** Under the opportunity grant it is \$1,200 per semester. In 1400 it is \$750. Is that something that has to be worked on?

**Senator Grindberg:** Yes. That is something that will have to be addressed to finalize the package.

**Senator Tim Flakoll, District 44, Fargo,** appeared. It had three components to it—essentially the STEM based funding which I won't discuss, the needs based funding which I think we have made great strides in with this bill if we were to pass it, and the performance based funding for students. When we look at education down the line, not just two years but 22 years down the line, we are going to see really a nice blended package. This really moves this out into that arena. I think there is a lot of support this session where money is following the students. We aren't just looking at funding campuses solely. We are looking at them for some significant base funding but also looking at doing things where the money follows the students. They are all essentially separate. The only thing that the three have in common is that they are all in the same bill dealing with their individual issues. There will be some things that will have to be reconciled with 1400. 1400 had \$750 per term in there. This bill before you has \$1,200 per term with basically a limit of \$9,600 once we get the little oops fixed with respect to \$8,800 versus \$9,600. The other thing I liked about this when we saw it in our policy committee was that we have moved up the implementation date. Let us start doing this right away, the second year of the biennium. We looked at sending the money directly to the campuses on behalf of the students. Often times what happens is when they get their bill, they may pay for it with a student loan. Then they get their grant money in the mail and says a check out to insert their

name here. They have this bill paid off through a student loan so they have this check burning a hole in their pocket and the ad in Best Buy with the big screen TVs comes out on Sunday. Consequently, they are looking at a situation where we are buying more big screen TVs in some of these cases and adding to student debt. In the one bill we have a GPA of 2.75. In another we have 3.0. We have to reconcile those. One of the things I liked about the ACT we are referencing in 1400 is that really the ACT and some of those other tests are really the goal standard for uniformity. A B in Fargo North High School is not the same as a B in Fargo South. A B in one school district in one part of the state is certainly not the same as a B in another. The grade inflation over the years has been clearly marked. We are increasing the needs based grant by more than 3 ½ times what it had just been a few years ago in terms of what they are eligible for. I think 1,952 people would be eligible based on their 2002(?) ACT test scores. Right now the average ACT test score, and we have in excess of 80% of our students that take that, is about 21.6. Once we move rigor forward that number, which has held flat for many years, will, I believe, go up notably. It helps get rid of that wasted senior year. He handed out **Attachment 2**. I made up a handout relative to their 2008-2009 tuition levels taking into account where we look at a base of 12 credits per term. **Attachment 3** was also provided about state grant programs.

**Rep. David Rust:** As I look at the financial aid that is out there, it appears to me that for the really good students, there is lots of opportunity to get scholarships. For the very needy students, there are also opportunities for grants. I worry about sometimes those people that get caught in the middle, and there are a number of them who probably are tremendously good students. They don't qualify for grants and yet there are probably a number of those go to college and do succeed. This one kind of doesn't address that group at all, does it?

**Senator Flakoll:** I think you are wrong. When we look at the average ACT test score, it is approximately 22. People can qualify if you are 10% above average. That covers a lot. You are looking at least one third of the students that are eligible solely on their ACT test score. If we don't give students incentives, they are going to reach as high as we push them. If we don't give them some incentives to reach higher, we will continue to not be globally competitive. We need to incentivize.

**Rep. John Wall:** An area of the bill you said you didn't want to talk about—is Section 1, the STEM portion—I am not sure I am clear as to what the intent is as far as loan forgiveness in those areas. Why do we want to go there?

**Senator Flakoll:** The overall answer would be those are some areas where they are growth areas within the state and are primary sector job areas within the state. There is where we have a shortage of workers and we want to incentivize our people to stay here after they have completed their degree.

**Chairman Kelsch:** The STEM initiatives were initiatives that other states took on probably four years ago. There are a lot of states that are trying right now to keep those STEM graduates in their state. Instead what is happening now, especially for engineering in North Dakota, those engineers are being sucked right out of the state. If you talk to Kadmas, Lee, and Jackson, they are just struggling to find engineers and cannot graduate enough engineers. I think that is probably why you see more focus on those STEM graduates in particular is because other states have programs that they have implemented and are working. If we want to try to keep them here, that is probably the best way for us to do it.

**Rep. John Wall:** In the interim higher ed. committee, we had a report, and I believe it was 2005 statistics. Baccalaureate degrees in engineering—I believe there were 340 some

awarded. Ten of those people stayed in the state. My question is would this keep more in the state or do we not have jobs for more than ten in the state?

**Senator Flakoll:** The intent is to keep more of them in the state. If we don't, maybe we need to make sure we align our graduates with our business communities too to make sure that everyone is talking back and forth. I wasn't on the interim higher education committee. They didn't invite any of the policy committee to be on that particular interim committee this session.

**Chairman Kelsch:** They did it by members of the house policy education.

**Rep. Phillip Mueller:** How do we tie this in 1400? We don't plan to start the scholarship program in 1400 until 2012. This one starts pretty soon. What do you envision as reconciling this in regard to the dollar and the requirements we are asking in 1400?

**Senator Flakoll:** I don't think there would be a major problem. You could take and post some of the language in 1400 and put it in here if it helps strengthen and focus it a little more whether it is the scholarship fund. That could be pooled together. For me it is probably not coming out of 1400 until it is in here.

**Senator Larry Robinson, District 24,** appeared. RECORDING OFF FOR A FEW MINUTES. ...Our students are working to such an extent that the professors are sensitive to the pressure they are putting on the students realizing full well that there are limits and how hard do we dare push these students that are working closing down a pizza hut at 1:30 in the morning or opening up a restaurant at 5:30 or 6:00 in the morning. That is another issue we have to be sensitive about. I think we need to ask ourselves the question what kind of state do we want? The future is something that I believe we need to put in place, programs and initiatives that create that future, and we ought not sit back and wait for that future to go on hold and hope it is a good one and hope that it is the right one. I think that what we have in HB 1400 and SB 2062 is a giant step to invest in our greatest asset, our students, our kids. This isn't going to



get the job done alone. We are still going to have people leaving North Dakota. The fact is we have a good educational system. We need to make it better. We need to improve access, and access is a very broad term. We not only have to have the programs and institutions available. We have to have dollars available at all levels of students, no matter what their social, economic status is, can access higher education across the state of North Dakota. The timing is critical here. I don't know if we have ever been in a situation where we are challenged any more so than we are this year because of the economic picture. Many of those foundations find themselves with losses, granted they are unrealized losses, of 35% or more of their base. That is significant. This is so important that we have the emergency that we can move and move fast and be positioned to respond to students this fall. I know we will see a return on our investment here.

**Rep. Jerry Kelsh:** You talk about encouraging them to stay in the state. You talked about two or three times the salary. Is this going to be able to keep them in the state? I am a little concerned if we remove Section 1 the emphasis on keeping people within the state after graduation may be lost somehow.

**Senator Robinson:** We will be back in January 2009 (should be 2010) to revisit this issue. There will be a higher ed.(?) interim committee that will further review and study and analyze our progress on this area throughout the course of the interim from any workforce committee I would hope of some sort. This is one major piece, this and HB 1400, in our efforts to retain and recruit workers to North Dakota. We have a number of programs within the university system budget that are designed to assist a number of professional areas—veterinarians, dentists, doctors, nurses--and that needs to continue. Some of these pieces are a bit difficult to swallow because of the costs. I would only say the real cost is not moving down this road. That is when we will pay a real price. Keep in mind, other states are moving forward as we

● speak, so to have subsided growth where we separate ourselves from the pack, takes a yeoman's effort. I we think we are moving in that direction here in these two bills that we are talking about today.

**Rep. John Wall:** Under eligibility for the grants, keeping up the GPA to keep these scholarships, in this bill it is 3.0. In 1400, it is 2.75 GPA. With your background, what should it be?

**Senator Robinson:** Based on studies and surveys across the country, the more we can rash at the GPA, the better off we can be. The previous two speakers spoke to the competition we have from China and India, and folks, competition in engineering from Mexico. They are leaving us behind in big numbers. The STEM initiatives came up here, too. STEM is on everybody's radar screen. We provided a \$1.5 million in funding for competitive grants in the university system budget for STEM teaching and curriculum programs because we are behind. We are trying to catch up. Is \$1.5 million sufficient? Probably not, but it is a step in the right direction. There was reference to the senior year of high school being somewhat wasted, and that is not so farfetched. Many of our seniors are taking lighter loads. Some are flunking, if you will, that final senior year. Others are concerned about taking a tough class and lowering their GPA and getting in the situation where they don't qualify for the scholarship in the collegiate level. What we are trying to do here is look at it from another perspective and underscore the importance of that 12<sup>th</sup> grade, the importance of electives and performance and accountability and GPA. Most of us know, and there are a lot of educators around this table, there are a lot of students that come through our public schools that could have done a little better if it had been pushed a little harder.

● **Rep. John Wall:** The student who gets opportunity grant, should they have to maintain a 3.0 average to keep it or 2.75?

**Senator Robinson:** I would lean toward the upper level. A 3.0 is very attainable.

**Rep. David Rust:** What is in the package for them?

**Senator Robinson:** We have greatly enhanced the needs based scholarship package. By doing so on the collegiate level those dollars we have available we can free up for other students. Then the stimulus provides some enhancements for the Pell grant as well.

**Chancellor William Goetz, Chancellor, North Dakota University System, appeared. (See Attachment 4.)**

**Rep. Bob Hunsakor:** Under the needs based program in your testimony you talked about 7,750 students would have met their financial needs. Do you have any idea of that 7,750 what percent of the kids who genuinely have a financial need, this would reach?

**Chancellor Goetz:** Attachment 1 of my testimony might be helpful for you to take a look at.

If you look at the first bullet right there, it says more than 33,580 North Dakota students applied for the grant in 07-08. The state grant program was able to fund 4,152 needy students or about 20% of the eligible. It is true we had 33,580. 30,000 students applied. As you will note in the last sentence there, 20,000 actually exhibit some unmet need, and we were able to assist as indicated.

**Chairman Kelsch:** Now with the additional money in the needs based grant item, you would be able to almost double the amount that you would provide loans to.

**Rep. David Rust:** You referenced SB 2166 which could extend to Rasmussen College. Do you or the state board have a position on SB 2166?

**Chancellor Goetz:** The position there was neither one of support or opposition. Rasmussen College now is an accredited college.

**Brandi Pelham, Senior Policy Advisor, Office of the Governor, appeared. (See Attachment 5.)**

**Chairman Kelsch:** Is the only level of funding that you want restored in the STEM?

**Brandi Pelham:** And the ACT ND program?

**Chairman Kelsch:** You want the full \$40 million in there. Well, it would be the full 40 minus the 1 million or 3 million per STEM and 4 million for the opportunity or performance grants or whatever.

**Brandi Pelham:** In the Governor's executive budget, he did include the \$2.87 million for the STEM. We would like it to be restored to that which was reduced to a million. Additionally, the \$40 million that was put in SB 2003 for needs base grants.

**Chairman Kelsch:** They were separate?

**Brandi Pelham:** Correct, as was the HB 1400, the scholarship for technical and academic honors.

**Chairman Kelsch:** Although the funding for that wasn't in 2003. There was no funding for that.

**Brandi Pelham:** That is correct.

**Rod Backman, Representing Jamestown College and University of Mary,** appeared. (See Attachment 6.)

**Bill Shalhoob, Economic Development Association of North Dakota,** appeared. He also handed out testimony from **Kevin Magstadt, Economic Development Association of North Dakota.** (See Attachments 7&8.)

**Chairman Kelsch:** Do we need a definition of primary sector employment?

**Bill Shalhoob:** That definition exists in commerce.

**Deana Wiese, Executive Director, Information Technology Council of North Dakota,** appeared. (See Attachment 9.)

**Rep. Corey Mock:** Approximately how many IT workers are in the state?

**Deana Wiese:** Approximately 7,500.

RECORDER CUT OUT HERE.

The following people talked or asked questions during this time: **Jennifer Clark, ND**

**Legislative Council, Jacob Holm, ND Student Association, Rep. Phillip Mueller, and  
Chairman Kelsch.**

**Peggy Wipf, Director of Financial Aid and Federal Relations Coordinator, North Dakota  
University System,** appeared. ...remain in the state. We determine that they must have  
been employed for 12 consecutive months from the time they graduated. Now whether the  
intent here I am not sure means the same thing. That is how we interpret it currently that  
program.

The hearing was closed.

## 2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2062

House Education Committee

Check here for Conference Committee

Hearing Date: March 9, 2009

Recorder Job Number: 10489

Committee Clerk Signature

*Carmen Hart*

Minutes:

**Vice Chair Lisa Meier:** Currently the Governor has \$40 million out there already in the bill for grants.

**Chairman Kelsch:** The Governor has in SB 2003, the executive budget recommendation for higher education there is \$40 million for needs based grants. That is the significant increase.

Currently there is a little over \$6 million in the needs based grant line item. There is \$20 million in this bill, but I believe it was like 6 something to the Governor coming in with the \$40 million.

**Rep. David Rust:** Chancellor Goetz said in the first paragraph of his testimony the current 2007-2009 was roughly \$6.5 million.

**Chairman Kelsch:** The Governor increased the needs based grant line item from \$6.5 to \$40 million.

**Vice Chair Lisa Meier:** That has not been amended down at all. That is the same as what it came over from the senate.

**Chairman Kelsch:** The \$40 million now is the \$20 million that is the needs base financial aid program. The \$4 million is the opportunity grants, and \$1 million which is the STEM student loan forgiveness. That is \$25 million. Then Senator Grindberg made the comment to get the other \$14 million that they capped tuition and they froze tuition. That is how they came up with

the \$40 million. He made that comment that there is \$8 million to freeze tuition and \$6 million to cap it. They did it still going from \$6.5 million to \$20 million in the needs based grant line item is a big deal. Some of the things that do have to be reconciled in here are one the fact that we have a student at a college must maintain a 2.75 cumulative GPA. It says 3 in here. If people like the 3, that is fine. We leave the 3 in here, and 1400 would need to be reconciled. It may have to be something that is worked out in conference committee. Of course, we do have to make one amendment because we have to change on page 3, Line 19, that dollar amount is wrong. In the paragraph above that in Subsection 1 HB 1400 has the student would receive \$750 a semester. This bill has \$1,200 a semester.

**Rep. John Wall:** Are we in a discussion point right now?

**Chairman Kelsch:** That is really what we are doing right now. I kind of want to get a feel from the committee, and we may need to put this into subcommittee. Appropriations would really like to have this bill this week.

**Rep. John Wall:** Under the opportunity grant for discussion purposes, I would like to see the \$1,200 per semester agree with 1400 language \$750. I would also like to see the financial aid one at \$750 first semester so we have consistency throughout. I realize that it cut the dollars and the dollars saved I would like to see added to the needs base financial aid program because even though this is a huge step forward, we can see there a lot of financial aid students who would not qualify simply because of need.

**Chairman Kelsch:** So you are saying if we take and move this \$1,200 to \$750 in the opportunity or whatever we want to call them, then obviously there would be some cost savings there. You want that money rolled into the needs based grant line item. What was the other comment that you made about \$750?

**Rep. John Wall:** The needs base right now is \$2,000 per year.

**Chairman Kelsch:** Right. May qualify is \$2,000 and a total of \$10,000.

**Rep. John Wall:** For discussion only I would make that \$750 or \$1,500 per year.

**Rep. David Rust:** \$6,000 in the next one? Step 2?

**Chairman Kelsch:** I am writing these things down as we discuss them. What other people think about that and then moving what you moved. There would be more money available because there would be more money from the opportunity grant appropriation. It would be \$1,500 which would still be an increase over what they are able to receive right now. It would open it up that more students would be eligible to receive the needs based grant monies.

**Vice Chair Lisa Meier:** If we open it up to more students being able to receive the line based grants, then are we going to lower the GPA down to 2.75?

**Chairman Kelsch:** We don't have the grade point average in here. That would just be for those opportunity grants.

**Rep. David Rust:** Do you know how many North Dakota students go to North Dakota colleges?

**Chairman Kelsch:** The majority of them. I think it is 85%. 85% take the ACT. 85% of all North Dakota students go to North Dakota colleges that go to college.

**Rep. Dennis Johnson:** Thirty some thousand? 34,000?

**Chairman Kelsch:** If you look at this, it says historically the 30,000 students who apply for the state grant program each year over 20,000 students exhibit some type of financial aid need. You have to figure that about 30,000 North Dakota students would be applying for..

**Rep. David Rust:** He said 33,580 students apply for it. I was just wondering if you took the total amount of dollars, divide it by the number of kids, if we could all give them something? It is pretty doubtful.



**Chairman Kelsch:** Some kids apply to see if they can get something. It was never intended for everybody—the state grant program wasn't. I am thinking that is probably a ballpark figure, thirty some thousand. Is that all? That wouldn't necessarily be all freshmen. It would be students. That is a pretty good chunk of North Dakota students.

**Rep. David Rust:** So you think about 35,000?

**Rep. John Wall:** In the tuition bill in testimony that outlined how many students were on the \_\_\_ how many students we had in college in North Dakota, and how many were out of state. I can't remember the bill. It was the one about legislature setting tuition.

**Rep. David Rust:** Am I to understand that there is \$40 million?

**Chairman Kelsch:** There isn't \$40 million in here.

**Rep. David Rust:** I mean all total.

**Chairman Kelsch:** The way that I understood Senator Grindberg they did spend the whole \$40 million, but they spent it on necessarily on grant. They spent it on capping tuition.

**Rep. David Rust:** If you have \$40 million. Half of that for a year is \$20 million. If you have 35,000 kids, that is \$571 a kid.

**Rep. Phillip Mueller:** I think that is certainly probably right, Rep. Rust, except you are using all the kids and a good share of that money is needs base. They aren't all going to fit in the needs base.

**Rep. David Rust:** I know. There are lots of scholarships out to the good students. There are lots of things for needy kids, and the group in the middle, nothing. I worry about that middle group.

**Vice Chair Lisa Meier:** Rep. Rust, a lot of those kids get sports scholarships as well, the ones in the middle.

**Chairman Kelsch:** That's typically the way it is. They can afford it. These grant line items were established for those students so that they could afford to go to school.

**Rep. Mike Schatz:** I agree with Rep. Rust. To give a situation from my family—when Rep. Meier talked about scholarships, just like the UND football team that I put on my reference—they carry 100 guys on the team so you have 40-60 that don't get anything and 40 that do. That football team that goes out there with 100 uniforms out there, most of them don't get a scholarship.

**Chairman Kelsch:** They don't get a sports scholarship but they do manage to get scholarships. The campuses work it out so that they get academic scholarships.

**Rep. Bob Hunsakor:** I am going to give you a scenario that would try to cover all students. If a student is not a merit student and is not a needs student, then some of those students better study to get into that merit category or they won't get a grant under this. Then we have those students who have no need and no ability to be a merit student. They are not smart enough to be a merit but they have no need. What is for those kids?

**Chairman Kelsch:** There is nothing for them right now either. What you have to decide is this. The needs base grant program was established to help those students that have needs. I have watched a family in Mandan who have extremely intelligent children. They have a lot of them so I am guessing that there isn't a lot of wealth at home and they have to live on scholarships. Not only do they receive the best scholarships but then they qualify for needs base as well. They qualify for every single program that there is. You sit back and think well, gosh, is that fair just one family gets all of those things? I guess it is because they met the criteria.

**Rep. Bob Hunsakor:** The folks out on the street understand the needs families. If there is a student who has a need, they can handle that. They look at the students who are the merit

ones, and maybe their child the best they can do is a C, and they are saying we have merit students whose families are wealthy, they are getting something and my kid is working his buns off and all he gets is a C and he gets nothing.

**Chairman Kelsch:** All I can say being on the commission the only thing that I can tell you is that the commission felt that it was very important and so did the legislators that were on the commission that we put something out for those students that decided to go one step further and to make something better of themselves. They should be rewarded for taking that next step and putting more rigor and being more dedicated to school.

**Rep. Bob Hunskor:** Maybe the C student wants to do the same thing. They want to take another step too.

**Chairman Kelsch:** Why can't they do it?

**Rep. David Rust:** Sometimes it is God given too.

**Chairman Kelsch:** I have always been a believer that if you work at something, you get better at it. I think any one of these kids could qualify. You only have to have a B average. B average isn't a lot. We didn't say you have to have an A and didn't put a whole a lot of weight on that B average. In my mind you know where the rubber hits the road is the ACT test. I think Senator Flakoll nailed that one when he said you look at everything else and a B is not a B across the state. A B in Newburg could very well be a C in Fargo.

**Rep. David Rust:** One of the things I would like some of us to do is to call your home school or schools in your area and ask how many kids got a 24 or higher on the ACT. According to Greg Gallagher, he says it is a fourth of the kids in North Dakota that should get a 24 or higher.

**Chairman Kelsch:** I have all that information at my desk. I think we get it from ACT.

**Rep. Phillip Mueller:** There are a couple of things. All that may very well be true. I think our presenters this morning said don't be overly surprised if we see that number increase, and I

would hope that we do. The objective of 1400 and some of what is in this bill is to raise that bar. I think that is what we are trying to do here. The other side of this is there is a concern as we go down the road, not all bienniums are going to be like this one in terms of available dollars. I understand what Rep. Hunsakor is saying but I also think there are a lot of kids out there saying I am going to get by here because I can. I tend to think there are more of those than those that really work hard to get Cs. I think raising the bar is what 1400 is about. This is what this is about. Keeping that bar high may at the end of the day be a fiscally responsible thing for this legislative body to do.

**Chairman Kelsch:** Rep. Porter had a young lady from a private school at Larimore here about a week or so ago. She is in sixth grade but they want to promote her to ninth based on her NAT test scores and all of her assessments. I said so you are a straight A student and she said no, I am not. I love English. I have written two books. I am writing the third one. She said if I could only take all English classes I would be in seventh heaven. I said apparently, though, you must be smart in those other subjects being you do really well on the NAT test. She said I know it. I just don't apply myself. I get Cs and Ds in all the other subject matter. She said the reason the school wanted to promote her and go from sixth to freshman because they felt that would actually challenge her. The reason she didn't want to be moved up was she didn't want to leave her friends. I found that to be extremely interesting that she said I am not challenged at all. Once I get into high school, I am going to take every English class that I possibly can and I will take those other classes just at a minimal, whatever I have to take to get by.

**Rep. Lee Myxter:** I am kind of coming at this from the opposite of Rep. Mueller and Rep.

**Wall.** I don't think there is enough money in here to really be an incentive for a lot of the students I worked with. \$1,500 a year for a lot of them is no big deal. I am not going to work

hard to get the 3.0 or whatever. Besides my parents have money and they can send me to college. If anything, there should be more money put into it to make it more of an incentive. Now that is not being fiscally conservative, but I am not. I don't think there is enough there from my knowledge of high school students and having worked with them. I don't think there is enough incentive there for a lot of them to get rigorous. I don't think a lot of them know what that means. They know what money is.

**Rep. Jerry Kelsh:** I was just kind of wondering if you could make it a two tiered merit\_? They were qualified for the needs that say they could get another \$1,000 off of merit. If they don't qualify, then they get \$1,500. Spread the money out a little more. Would two tiers make any sense at all?

**Rep. Bob Hunskor:** I heard a guy on the floor say when is enough, enough? Do we get to the point where kids do not have responsibility and families throw money at them and money at them where pretty soon they are getting a good hunk of it paid for and some of it is not necessary. I am not against this, but there is responsibility and there is such a thing as kids putting out some effort on their own part. I know they have to do that. Do we continue putting money out there?

**Rep. Lyle Hanson:** Some kids are pretty selective in the course they take to get their GPA up. They stay away from the tough ones. Take some easier ones. They end up in the top 10%.

**Rep. Karen Karls:** Back in the day when I was in high school applying to get into college, my dad has a lot of land. I had the grades, but in those days you didn't get scholarships for grades, you got it for sports. We weren't rich by any means. We barely scraped by and did a lot, baked our own bread, and did a lot of stuff to save money. I could not understand why all these kids in my class were getting loans and grants and we didn't qualify.

**Chairman Kelsch:** I am a rich on paper.

**Rep. David Rust:** I got a full-year tuition scholarship in the state of North Dakota when I graduated from high school. I went to Valley City. It was full tuition, \$108 a quarter. It was a grand total of \$324 for the year. Just to give you an idea of what has happened to college tuition.

**Chairman Kelsch:** I did think it was kind of funny when Senator Robinson or Flakoll made the comment with a B, you can't go in and bargain with the teacher. Cassandra's only B she ever got in high school was a B+ in Calculus 2. At Christmas time, I ran in to her professor at BSC and teasing him I said yeah, she has had a 4.0 ever since she got to college and it is that doggone B+ just keeps her from her actual cumulative being that 4.0. He said, oh, you should have come to me. I would have changed it. He is on our school board in Mandan. Yeah, right. He wouldn't change it for anything. I thought that it was comical when Flakoll was talking about parents that go in to try to change the grades.

**Rep. Phillip Mueller:** Rep. Wall, did you figure out dollars that go into this needs base category based on your suggested changes?

**Rep. John Wall:** No.

**Rep. Phillip Mueller:** It will be what it will be. Going on to another issue, and I am not sure where we are at in terms of reconciling this with 1400, but certainly 1400 does not contain some of the intra stuff in Section 1 of this bill. We have academic honors in 1400. Do we change 1400 to the language here or do we eliminate the STEM initiatives in our efforts in 1400?

**Chairman Kelsch:** That is correct. They are called the merit scholarship and technical honors or the merit scholarship with academic honors.

**Rep. Phillip Mueller:** So that is in keeping with this language?

**Chairman Kelsch:** Yes, that language is what is in 1400. Does anybody else have a problem with opportunity grant? That was one thing that I thought could be, merit scholarship grants or you could just call them merit grants instead of opportunity. I think the merit is a little bit more in line with what we have in 1400. I was reading the fiscal note. It looks like you would save \$900 per student. They don't say in here how many students they are figuring.  $1500 \times 1900$  is \$2,850,000. You could probably save a million. They have about \$230,000 built in, so if you went to 3 million, you could put a million in the needs base grant line item. Of course, that is assuming that every one of those kids that graduates with a ACT of 24 or higher or the WorkKeys or the SAT that they would all go to North Dakota schools, all 1,900 of them.

**Rep. David Rust:** Could you back that out? He says the \$2,400 annual new opportunity grant's estimated cost is \$3.6 million. The \$2,400 is really over a course of a biennium, 2,400 x 3, right?

**Chairman Kelsch:** They get \$1,500 every year.

**Rep. David Rust:** It is \$2,400 for the one year people and it is \$4,800 for the two year people. That is a total of \$7,200 and if you divide that \$3.6 million you get a pretty good idea of how many people it is going to be.

**Chairman Kelsch:** Divide the 3.6 million by 2,400. That will tell us how many students they are using.

**Rep. David Rust:** No. It is two years. The one year is 2,400. The next year is 4,800. The freshmen cost is 2,400. The sophomore cost is 4,800. So it actually is 7,200, right?

**Chairman Kelsch:** I think you could back that number down to 3 million and put a million into the needs base grant line item if you wanted to do that.

**Rep. John Wall:** There would also be a savings if the financial assistance program is here will reduce the 1,000 to 750.

**Chairman Kelsch:** It would still be the same amount of money because they just put the pool of money at the 20 million. What you are doing by lowering them, you are opening it up to more students.

**Rep. David Rust:** It basically is 1,000 kids, because you are going to have 500 sophomores and 500 freshmen.

**Chairman Kelsch:** Doesn't he have the implementation dates on that for the second year of the biennium?

**Rep. David Rust:** He says 3.6 million in 09-11.

**Chairman Kelsch:** Except that the 2010-2011 school year is the eligibility for that one. Then you could divide it by 2,400 and see what you come with.

**Rep. David Rust:** 1,500

**Chairman Kelsch:** They are probably backing it up. They are probably looking at what they typically get for kids going to North Dakota schools.

**Chairman Kelsch:** We have some ideas here. Obviously, we would like to keep the bill alive so that we do have something to work off of down in appropriations being they moved the money into this vehicle out of higher ed.

**Rep. David Rust:** Do you think the possibility is that somebody would want to move it back to higher ed.?

**Chairman Kelsch:** It is entirely possible, but appropriations is waiting for this bill. They know it is coming.

**Rep. John Wall:** On page 4 of the bill, joint meetings and so on, is that basically calling for what we have in 1400?



**Chairman Kelsch:** The way I see this is the joint meeting is to allow the P-16 commission without any monies or anything. This is basically saying to them you can continue to meet. It is the authorization for that.

**Rep. John Wall:** It is really the P-20 we put in 1400, kind of?

**Chairman Kelsch:** Right. This is a little bit different, because this is just dealing with the joint boards. We are actually the commission with two additional members. This is just authorizing the joint boards to continue to meet.

**Vice Chair Lisa Meier:** The chancellor had also referenced the wording with opportunity grants if we wanted to include how we include administrative costs. If we wanted to put some wording in to—if we wanted to add it in with the \$4 million to include administrative costs or if we needed to add that separate.

**Chairman Kelsch:** What else?

**Rep. David Rust:** I am just trying to put this in perspective of continuing costs. Beginning in the fall of 2010, \$2,400 grant, and they estimate that cost to be \$3.6 million. If they were to be continued then say to the next biennium, it would cost 3 times that much.

**Chairman Kelsch:** It says 13.6 if they don't drop out. It says 13.6 in the fiscal note.

**Rep. Jerry Kelsh:** It was stated about three times, the salary of the state. Is there any guarantee that they are going to stay in the state or give any money back if they don't? What is the situation?

**Chairman Kelsch:** In the loan repayment for the STEM individuals they have to remain in the state after graduation. There is nothing on the high school graduation. They have to go to a North Dakota campus so we are going to keep them here for four years. Hopefully, some of those salaries can increase.

**Rep. Corey Mock:** If they qualify for the grants and attend a North Dakota university and then leave or transfer to an out of state, do they have to repay any of the grant they received? They just get the grants, they just transfer out, they just no longer qualify for the grants?

**Chairman Kelsch:** That is correct.

## 2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2062

House Education Committee

Check here for Conference Committee

Hearing Date: March 11, 2009

Recorder Job Number: 10738

Committee Clerk Signature

*Carmen Hart*

Minutes:

**Chairman Kelsch** handed out the attached amendments. **(See Attachment 1.)** On Line 2 of the bill on page 1 the first change would be it would no longer be called opportunity grants. They would be called merit scholarships as is consistent with HB 1400, because both of those are merit scholarships, the technical and academic ones. On Line 22 we changed the \$2,000 to \$1,500 and then it would be a total of \$6,000. This is for the needs based grant. These are the ones that we currently have funded in state statute, and this is the one that the Governor had increased and put in \$40 million new dollars into that program. We made that consistent with the merit scholarships. On page 2 she went backwards—1, 2, 3. Again, we have the \$1,500 and deleting Lines 18 and 19. She further explained some changes. The first time that these amendments were drafted they did not make it consistent with what we did in 1400 because this bill had already been passed out of the education committee. With page 5 the needs based financial aid program would be \$21 million. The merit scholarships would be \$3 million, and the STEM student loan forgiveness would be \$1 million. I put in there that the State Board of Higher Education could use up to \$50,000 of the amount appropriated in the section for merit scholarships and cover expenses incurred as a result of administering the merit scholarship program. As you will recall, they asked for about \$250,000 and 2 new FTEs. I didn't think that was necessary and thought that they could probably get by with about

\$50,000 and probably not even needing a FTE. The fiscal note would change obviously. As you will recall, the fiscal note was inconsistent with the way that the bill was written, because the bill was written so that those merit scholarships would start the second year of the biennium. The fiscal note reflected them starting for both years of the biennium.

**Vice Chair Lisa Meier** moved the amendment. **Rep. Jerry Kelsh** seconded the motion.

**Chairman Kelsch:** The reason we went to the merit instead of the opportunity—is that your question, Rep. Johnson? I can hear you all the way up here. Here is the reasoning. Last session we had promise grants. They are called opportunity grants, and there is just a real negative connotation towards them. What they should be called is they should be called what they are. For that program we called both of those the merit scholarships. That is why I made that change that is consistent with 1400. I can probably tell you that none of this is going to stay exactly the way it is right now. I was trying to think if it should be like merit North Dakota, merit ND, or something like that but for the sake of consistency, just went that route.

**Rep. Lyle Hanson:** Why did you take out private higher ed.?

**Chairman Kelsch:** If you look on Line 6, it is inserted there because that is consistent with the language we have in 1400. It says is enrolled in an associate or a baccalaureate program at an accredited public or private institution of higher education in this state. That was how we had the language worded in 1400.

**Rep. Lyle Hanson:** You are removing it on Line 4, 5, ...

**Rep. David Rust:** and inserting it on Line 6. It inserts it right here.

**Rep. Lyle Hanson:** Okay.

**Rep. Lee Myxter:** Can one student get a needs based scholarship and a merit scholarship in one year?

**Chairman Kelsch:** Yes, they can do that. When I lowered the amount that I thought was probably needed for the merit scholarships and put that other amount into the needs based, because again by taking and making it consistent with what we have done with the merit scholarships and using the 750 and the 1,500, they opened that up to a larger pool of students. Then by adding the other million back into it, we opened it up to even more students.

**Rep. Jerry Kelsh:** Page 2, Line 18 and 19, are we taking that out because we want them to be able to spend more?

**Chairman Kelsch:** It was not removed. When I asked the education committee why that was in there, they didn't have a clue why it was even in there. We figured that it didn't seem to have a purpose and nobody could figure out why it was in there.

**Rep. David Rust:** Did we determine how many people would probably qualify for those merit scholarships? Was it about 1,500 or 1,600, something like that?

**Rep. Brenda Heller:** Right here in the fiscal note, 1,957. That was what I wrote down.

**Chairman Kelsch:** Was that in the fiscal note or was that the number Senator Flakoll stated? I have based on the graduating class of 2008, 1,957 scored 24 or above.

**Rep. David Rust:**  $\$1,500 \times 1,957$  is  $\$2.935$  million. That is why it is  $\$3$  million.

**Chairman Kelsch:** That is right. In case all of them.

**Rep. David Rust:** This time around is just for one year, right?

**Chairman Kelsch:** It is just for one year. The reason I left the 2.75 in there was I had a couple of conversations, and you know I am probably more prone to go the upper route, because we did hear that conversation and hear that recommendation. I had two conversations. Both of them said the 3.0 is probably fine for a student that is maybe going in and getting a more generalized degree, but for those students that are going into some of the specialty areas like engineering, when we are looking at some of these STEM initiatives, those

are a lot tougher classes. You may have been a 4.0 student when you were in high school, but when you get to college, sometimes those grades change. They said that those students that are maybe more in the general areas, they probably would maintain a 3.0 and above or even higher. Those that are in some of the more challenging degrees, they thought that maybe the 2.75 was a little more reasonable. One thing I guess you can always look at down the road is everybody sitting above that anyway? I kind of wrestled with that one. I wasn't sure. That is why if the committee wants to change that, it is not a big deal.

**Rep. David Rust:** I don't think that is unrealistic. I probably would have even gone 2.5, because some of those courses are pretty tough.

**Rep. Corey Mock:** I agree that some of those more targeted programs, you are going to have more difficult classes. For organic chemistry, electrical engineering, and chemical engineering,

Cs are not uncommon but there are many other generals. I would argue more against 2.5 where 2.75 is a good compromise and does encompass the purpose and intent of the merit scholarship.

**Rep. Brenda Heller:** How do you qualify for the needs base grant?

**Chairman Kelsch:** Financial is based on family income. I think some of the income has gone up. I think it has expanded some.

**Rep. David Rust:** At one time farming was all included, and then that got pulled out.

**Chairman Kelsch:** Right. The farm land is no longer in there or your assets or something like that. My understanding is it is based on your tax returns, and the number of kids you have, and the number attending college.

**Rep. Karen Karls:** Does the needs base scholarship or fund have a name?

**Chairman Kelsch:** Yes, it is the needs base grant line item.

**Rep. Karen Karls:** So what is North Dakota tuition assistance grant?

**Chairman Kelsch:** I think that is a different one.

**Rep. Karen Karls:** That is in the bill on Rasmussen College, and I am writing the floor speech. They called it North Dakota tuition assistance grant.

**Chairman Kelsch:** It has to be the same.

**Rep. Karen Karls:** They also mentioned Title IV.

**Rep. David Rust:** Title IV is feds.

**Chairman Kelsch:** Title IV is the federal dollars. It says administrative North Dakota student financial assistant program and the North Dakota scholars program. That is probably what they call the student financial assistance program. I always have known it as the needs base grant line item, because I think that is a lot of times what it shows up in the appropriations bill. The North Dakota scholars program—that is probably the one that is administered by higher ed. That one is based on your grade point average and your ACT test. You have to be in the top 10 of your class. Some years the cutoff for grade point average and ACT is 32 and some years it has been 35. One year it was 36.

**Rep. Phillip Mueller:** I think what it boils down to is there is a certain amount of money, and they award...

**Chairman Kelsch:** It is based on the top, but they will only go so far. They cut off at ACT. When they figure out how many students they have—say if you had 4 students above a 34, the baseline becomes the 34 or you had 10 students that had a 34 but you only had money for 4, it goes to their grade point average. Then, of course, they look at the grade point average and they look at the weighted grade point average.

**Rep. Phillip Mueller:** This isn't HB 1400. This is what we are going to do next year or the year after until 1400 kicks in. How will the needs base, opportunity grants, STEM loan forgiveness things tie into that or will they tie into that and maybe does it make any difference?

When we get into 1400 in 2012, that is when we are going to be actually sending out merit scholarships. How does this fit into that? Does it need to? Needs base certainly isn't necessarily going to always merit scholars down the road.

**Chairman Kelsch:** Are you asking the question then about being able to qualify for both?

**Rep. Phillip Mueller:** No, I am really asking the question is how compatible is this with what might happen or probably will happen with HB 1400 if we do the merit scholarships\_\_?

**Chairman Kelsch:** The senate is aware of what these amendments were. I gave them a copy of those amendments. This is where it gets to be a little complicated. SB 2003 is the higher ed. budget bill. The scholarships were always intended to be part of the higher ed. budget bill. They were never intended to be part of the DPI budget. There are four bills to be really watching making sure that they all meld together at the end. That is 1400, and obviously how 1400 goes together with 1013, the DPI budget bill, and how 1400 and 2062 and 2003 all work together. It is one of those situations where it probably became a little more complicated than it needed to be. We are dealt what we have at this point. Right now this is our vehicle to keep alive to get it to appropriations where it very well might change. The other question that I was asked as well was would we want to restore this to the full \$40 million that the Governor put in? Personally I don't think so, because this already has \$25 million in the bill, and the other \$15 million is sitting in 2003. I didn't really want to pull that and did talk to the subcommittee chair and told him I didn't want to pull that.

**Rep. Phillip Mueller:** That is \$40 million any way.

**Chairman Kelsch:** It is \$40 million. There is \$8 million that is used for the tuition cap for the two-year institutions. There is another \$7—there might be a couple dollars extra, for the tuition freeze for the four-year campuses. It turns out to be the full \$40 million. My understanding is that was a new \$40 million for the needs base grant line item. There is still in the higher ed.



budget bill about \$7 million in the needs base grant line item. I know I will be working with the subcommittee chair to make sure that we get these to all meld together somehow. I can't tell you if they are going to use the full \$40 million or not. I don't know at this point.

**Rep. Corey Mock:** You said tuition freeze? Are you referring to the tuition freeze for the two years and the cap at the four years?

**Chairman Kelsch:** The cap is for the two-year institutions. The freeze is for the four-year institutions. I do have that reversed.

**Rep. Corey Mock:** Capped at four years and frozen for the two years?

**Chairman Kelsch:** Yes. Exactly.

**Rep. John Wall:** With the last amendment where the State Board of Higher Ed. is going to run the program given them money. If a student on a merit scholarship is enrolled 2.75, they won't be on academic probation. I assume we leave it up to them to determine do we give the student who received a 2.60 the \$1,500 or do they wait until the next semester if their grades are up? Then they get it, or if they lose it, can they ever get reinstated all of that? I assume we will trust to work out.

**Chairman Kelsch:** I think that they are probably use to administering these types of programs and along with advising the Bank of North Dakota that they will have to write some rules.

A voice vote was taken to accept the amendment. Motion carries.

**Rep. David Rust:** Those merit scholarships, as you get past that first year, it really starts to mean a few dollars for the state of North Dakota.

**Chairman Kelsch:** It is going to be a commitment, and I think what is going to have to happen, there is going to be a balancing out as I envision. I know that during the interim the higher ed. committee is going to be looking at do we go to a new formula and recommending some pretty good changes coming in to the next legislative session. Will that help with tuition?

Will there be ways to kind of offset this? Will it be that going forward it is you know maybe some monies coming in from DPI as well as higher ed. and kind of a blended scholarship? I think a lot of those things have yet to be determined.

**Rep. David Rust:** This is all a really good program as long as our economic engine keeps turning, but if that economic engine starts going the same way as the other states, we are going to have a problem paying for the things that were passing. There are some people don't think it is if, they are thinking it is when.

**Rep. Phillip Mueller:** I think that certainly is correct and could very well be the circumstance. Maybe that says something to us about how we define those merit scholarships even in 1400 at this point. If certainly not at this point, next session we may have to have an escape clause or reduction in benefits. I don't know, but you are correct.

**Chairman Kelsch:** It can always be one of those scholarships based on availability of funds.

**Rep. David Rust:** What is the possibility of this going back to higher ed.?

**Chairman Kelsch:** It was pulled from the higher ed. budget and put into this bill, the \$25 million was?

**Rep. David Rust:** Is the possibility there that the powers at be whoever they are determine let's kill this and put it back into higher?

**Chairman Kelsch:** I suppose that is possible. I don't think all of these concepts will die, because we will have to go into conference committee. The appropriations committee may try to do something like that but there is a little bit of pride of authorship over in the senate over this bill and this may be something that is used as a little bit more of a tool in the process, being it came from Rep. Carlson's senator.

**Vice Chair Lisa Meier:** And the interim workforce development committee.

**Rep. Jerry Kelsh** made a motion for a **Do Pass as amended and rereferred to appropriations. Vice Chair Lisa Meier** seconded the motion.

**DO PASS AS AMENDED AND REREFERRED TO APPROPRIATIONS. 13 YEAS, 1 NAY.**

**Chairman Kelsch** is the carrier of this bill.

VR  
3/11/09  
1082

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2062

Page 1, line 2, replace "opportunity grants" with "merit scholarships"

Page 1, line 22, remove the overstrike over "one", remove "two", after "thousand" insert "five hundred", and replace "ten" with "six"

Page 2, line 4, remove "1."

Page 2, line 5, remove the overstrike over "1-" and remove "a."

Page 2, line 8, remove the overstrike over "2-", remove "b.", and remove the overstrike over "one"

Page 2, line 9, remove "two" and after "thousand" insert "five hundred"

Page 2, line 11, remove the overstrike over "3-" and remove "c."

Page 2, line 14, remove the overstrike over "4-" and remove "d."

Page 2, line 16, remove the overstrike over "5-" and remove "e."

Page 2, remove lines 18 and 19

Page 2, line 22, replace "**Opportunity grant**" with "**Merit scholarship**" and replace "an opportunity grant" with "a merit scholarship"

Page 3, line 4, replace "an opportunity grant" with "a merit scholarship"

Page 3, line 5, remove "or an accredited private higher education institution"

Page 3, line 6, after "an" insert "associate or a baccalaureate program at an accredited public or private" and replace "under the control of the" with "in this"

Page 3, remove line 7

Page 3, line 8, remove "institution"

Page 3, line 9, after the underscored semicolon insert "and"

Page 3, remove line 10

Page 3, line 11, replace "d." with "c." and replace "3.0" with "2.75"

Page 3, line 14, replace "**Opportunity grant**" with "**Merit scholarship**" and remove "- Annual Increase"

Page 3, line 15, remove "if a student who is eligible for an"

Page 3, line 16, remove "opportunity grant enrolls in an institution of higher education,"

Page 3, line 17, remove "enrolling" and after "institution" insert "in which an eligible student is enrolled"

Page 3, line 18, replace "one thousand two" with "seven" and after "hundred" insert "fifty"

Page 3, line 19, replace the first "eight" with "six" and remove "eight hundred"

Page 3, line 22, replace "an opportunity grant" with "a merit scholarship"

Page 3, line 28, replace "grants" with "scholarships"

Page 5, line 3, replace "20,000,000" with "21,000,000"

Page 5, line 4, replace "Opportunity grants" with "Merit scholarships" and replace "4,000,000" with "3,000,000"

Page 5, after line 6, insert:

"The state board of higher education may use up to \$50,000 of the amount appropriated in this section for merit scholarships to cover expenses incurred as a result of administering the merit scholarship program."

Renumber accordingly

Date: 3-11-09  
Roll Call Vote #: 1

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2062

House Education Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken  Do Pass  Do Not Pass  Amended

Motion Made By Rep Meier Seconded By Rep Kelsh

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

*voice vote  
made  
to accept  
amendment*

Total (Yes) \_\_\_\_\_ No Motion

Absent \_\_\_\_\_ Carries

Floor Assignment \_\_\_\_\_

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

**2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. 2062**

House Education Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken  Do Pass  Do Not Pass  Amended

Motion Made By Rep Kelsch Seconded By Rep Meier

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

Total (Yes) 13 No 1

Absent 0

Floor Assignment Rep Kelsch

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

Referred to approp.

**REPORT OF STANDING COMMITTEE**

SB 2062, as reengrossed: Education Committee (Rep. R. Kelsch, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (13 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). Reengrossed SB 2062 was placed on the Sixth order on the calendar.

Page 1, line 2, replace "opportunity grants" with "merit scholarships"

Page 1, line 22, remove the overstrike over "one", remove "two", after "thousand" insert "five hundred", and replace "ten" with "six"

Page 2, line 4, remove "1."

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Renumber accordingly

2009 HOUSE APPROPRIATIONS

SB 2062

## 2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2062

House Appropriations Committee  
Education and Environment Division

Check here for Conference Committee

Hearing Date: March 23, 2009

Recorder Job Number: 11421

Committee Clerk Signature

*Shirley Branning*

Minutes:

**Chairman Skarphol:** Opened the discussion on SB 2062 by noting that all Committee members are present and introducing **Senator Tony Senator Grindberg, District 41, Fargo.**

**Senator Grindberg:** Presented testimony on SB 2062 by distributing attachment # 1 which compares the budget as it left the Senate to the Education Committee changes. He described the work of the interim committee by reviewing each item on the attachment..

Having distributed attachment # 2 from Dr. F. Larry Leistritz prepared for the interim committee, he explained the economic impact of a program to assist North Dakota students with tuition payments at state institutions of higher education. There are a number of efforts going on to provide for students. This support for students who are the customers. Senate Concurrent Resolution 4030 which is another attempt at Measure One calls for funding from interest earnings from the oil proceeds go to student scholarships.

**Chairman Skarphol:** Most of this is in the higher education budget. Why was it moved over here?

**Senator Grindberg:** We felt it needs to stand on its own.

**Rep. Williams:** Questions regarding the flood in Fargo.

**Chairman Skarphol:** Any word on adjourning until the end of the week in the Senate?

**Senator Grindberg:** Nothing definite but there is talk.

**Rep. Onstad:** On the top of P. 3 where it talks about ...the Technical and Merit scholarships are going to end up at the 2 large universities. It will only help them and the 2 year schools.

**Senator Grindberg:** Whether you're at Valley City State or Dickinson State, if you go the traditional 4 year route, it is of equal value. We should have a heavier weighted for the 2 year because of the demands of the work place. 20% of the workforce requires a 4 year degree.

**Rep. Onstad:** We are directing them to the research institutions and not to the 4-year schools.

**Senator Larry Robinson, District 24:** Echoes comments made by Senator Grindberg.

Addressing Rep. Onstad's question and refers to it as a valid question. Each institution has its own grants and scholarship program and work hard to supplement this program. Challenges are there in the investment pool at all of the 4-year schools in trying to sustain the scholarship support. There are variables but the timing here is important and embrace the advanced funding in this bill.

**Rep. Wald:** Do students who go to the big 2 have a greater opportunity than those who go to the 4 year?

**Senator Robinson:** Couldn't speak to that but the availability of jobs is greater.

In terms of scholarships, it is kind of a mixed bag, the academic criteria is strong as is the competition.

**Jennifer Clark, Legislative Council:** Refers to removal of all references to the term Merit scholarship as stated in HB 1400. This bill 2062 changed the name of Opportunity Grants in this bill to Merit Scholarships.

**Chairman Skarphol:** Asks for a similar document where the information is entwined between CT & E and when accreditation needs to be triggered and when the funding starts and the

references of Merit Scholarships versus Opportunity Grants. We have conflicts with the number of bills.

**Clark:** Asks for details of items requested.

**Rep. Hawken:** Merit scholarship was removed, the latest version says Merit scholarship eligibility.

**Clark:** It is in 0700 of 1400. We can't have that link anymore.

**Chairman Skarphol:** Addresses **Brady Larson, Legislative Council Staff**, I need you to figure out what the long term costs are for this bill if we were to pass it in its current form. What is the cost of this by the 2015-17 session?

**Rep. Williams:** I asked specifically about the Opportunity Grant. She said (Inaudible) newest term for Merit scholarship.

**Clark:** On P 2 of the bill you are looking at today, there is a cross reference to HB 1400 and the most current version that I found has taken all references to Merit Scholarship out. We can't have that link anymore.

**Chairman Skarphol:** Addressing Larson, I need long term costs of this bill. I suspect it will just grow.

**Chancellor Goetz:** Provided testimony on SB 2062 by distributing attachment # 3 and explaining the needs-based financial aid program by sections. The bill provides \$1,500 per student. You will note that there are some numerations of discrepancies that exist that need to be resolved. First, we are looking at \$25M in new state funding for financial aid. The Needs Based Financial Aid Program (NBFAP), as it left the '07-'09 action of the legislature, we have roughly \$6.5M in funding for the program. In the '09-'11 budget considerations, the state board brought that total up to about \$20M for about \$14M increase. The Executive Budget

recommendation included a total of \$40M or an increase of \$34M over the '07-'09 levels. The Senate moved this funding from SB 2003 to the SB 2062. The total amount from the Executive budget level was an increase. Engrossed SB 2062 includes \$21M and Engrossed in SB 2003 includes \$7.2M for a total of \$28.2M. This level of funding will the University System to assist approximately 11,765 students per year with an annual grant of \$1200 per student.

Then the comparative analysis is there between the bills with the various changes that have taken place on the grant limits and the number of students that would be impacted.

Section # 2 of this bill raises the maximum level of the grant from current \$1,000 to \$1500. That is a reduction from the \$2,000 requested recommended level. We are currently at the maximum of \$1500.

Attachment # 1 provides additional information, the purpose of the program and current allocations. SB 2166, if adopted, also would make students who are attending Rasmussen College eligible. It is our intent to cover the administrative costs, including additional staffing for this significantly expanded program within the North Dakota University system budget.

Moving next to the Merit Scholarship program, formerly the opportunity grant program.

**Rep. Onstad:** On the Needs Based Program, is that is that the Federally Assisted Student Aids (FASA)?

**Chancellor Goetz:** FASA is used as a bases to determine needs based financial assistance for our students and private tribal colleges.

**Rep. Onstad:** It doesn't allow multiple students attending.

**Vice Chancellor Glatt:** Use this as the starting point.

**Rep. Onstad:** I would like to see some kind of consideration given for multiple students that are attending. I was an unlucky parent that had three attending at one time, and none fit the mode.

**Vice Chancellor Glatt:** That could be trying on the federal side but we do use that as the starting point for this program as well. The FASA form looks how much a family is expected to contribute, the student contribution and any PELL grant funding they get at the federal level to determine the unmet need.

**Chancellor Goetz:** Continues with explanation of the Opportunity Grant Program, P. 2 starting in '11 it provides \$1500 per year grant to students who meet the following requirements, resident for 12 months preceding high school graduation, graduation from a public or non public high school in North Dakota or another state under 15.1-129 or met home school requirements, completed requirements for Merit scholarship with technical honors for a Merit Scholarship with academic honors as outlined in HB 1400, is enrolled full time in an associate or baccalaureate program at a public or private institution in North Dakota and the student can receive up to a total of \$6000 by maintaining an accumulative average of 2.75. This was reduced from 3.00 by the House Education Committee. The University system estimates that there will be a minimum of 1300-1500 new freshmen who qualify for the program per year. The future program could serve up to 6000 students per year. Administrative costs, Section # 8 permits the use of \$50,000 of program funding to be used. Along with internal reallocations, allocations in the projected '07-'09 carry over should cover most of the administrative costs.

The Science, Technology, Engineering and Math (STEM) program on PP. 2-4. This bill would put into place a new STEM student forgiveness program for 2 years, Section # 9 of the bill

includes an expiration date. The existing program for loan forgiveness contained in SB 2003 is also to expire in at the end of '09-'11. Accordingly funding in both programs in the '09-'11 biennium is intended to meet the financial requirements and ongoing financial obligations to continuing students in the '11-'13 and '11-'15 bienniums, thus the '09-'11 appropriations would be intentionally under spent in order to carry over sufficient funding to meet the obligations in subsequent biennia. Currently in the '07-'09 biennium, the board administers a state funded technology occupation loan forgiveness program which is funded in WB 2003. The Executive budget included an additional \$2M for this program with a STEM focus and increased the award from \$1000 for three years to \$2000 for five years. SB 2062 currently contains \$1M for STEM programs that would assist about 83 applications in the '09-'11 biennium. And SB 2003 includes \$934, 000 to fund existing slots and 144 new slots at \$1000. The technology occupations program would assist about 72 new applicants per year based on carry over assumptions.

There are some discrepancies in the bill that need to be resolved, outlined in attachment # 1. First taking the Merit Scholarship Program, Section # 3 suggests that eligible students who graduate from High School after the '10-'11 school year or at the earliest in the spring of '11 would become college freshmen in the fall of '11; however, Section # 4 states that the grant payment should be made to colleges beginning with the '10-'11 school year or the fall of '10. Second, it was the Senate's intent to continue to maintain the existing Technology Occupations Loan Forgiveness Program and start a new STEM forgiveness program with both programs expiring June 30, 2011 except for commitments to continuing students. There is only one section of law which now governs this STEM program, the existing statutory language which previously governed this program was modified to fit the STEM program. Also



due to this Section # 9, which includes the expiration date does not appear to apply to the existing technology loan forgiveness program.

**Chairman Skarphol:** Clear as mud. Laughter

**Chancellor Goetz:** Three program start up efforts are significant for any financial aid program. Please, strongly consider the merits of starting new program for only 2 years. Additionally, the close alignment of programs under both the STEM and Technology Application Loan Forgiveness program will be difficult to administer and we run into a communications problem with potential applicants. Asking for support funding the programs to assist North Dakota students, understanding the financial challenges that they face. Additionally, other programs provide opportunity to increase high school and college performance and increase post secondary participation in North Dakota and enhance the labor market with talented graduates.

**Chairman Skarphol:** Do you have the long term commitments of these initiatives if we were to just fund them ad infinitum?

**Vice Chancellor Glatt:** On the Needs Based Financial Aid Program there are no long term commitments. On the STEM program given that is expected to expire in 2 years it largely depends on how much you plan to put into the program each year so we could figure out how many slots we are funding.

**Chairman Skarphol:** If we make the assumption that we put \$1M in per biennium. Do it for the existing program and what's defined as a new STEM program and also for the Merit Scholarship because as it grows it is going to become fairly expensive.

**Vice Chancellor Glatt:** We've already calculated the amounts for the Merit Scholarship. We can send you something. Giving an estimate in the projection, given all the variables. It's peak

is about \$13.5M to \$14M and then maintain that level thereafter. That is after ramping up 4 full classes so there is money in the base to add new students as the seniors drop off.

**Rep. Hawken:** Why did they lower it to 2.75 GPA?

**Vice Chancellor Glatt:** No.

**Rep. Hawken:** That would make a difference in the number of students that we fund.

**Vice Chancellor Glatt:** Not so much, at the 3.0 we have about 90% that maintain a cumulative 3.0 GPA.

**Rep. Onstad:** It is always a concern when students start and don't finish. On the needs base, is there any discussion on programs, they are in their last year, is there consideration to address the Jr. and Sr. year?

**Vice Chancellor Glatt:** In terms of scholarships, there are a lot at the freshman level. It is harder to get them at the upper classman level.

**Chairman Skarphol:** Refers to handout, attachment # 4 on the STEM Loan forgiveness program.

**Rod Backman representing Jamestown College and University of Mary:** attachment # 5 advocates for students who attend those institutions and encourages support for the bill.

**Bill Shalhob:** Lobbyer for EDND, urging support for the bill.

**Chairman Skarphol:** Closing the hearing on SB 2062 for today.

## 2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2062

House Appropriations Committee  
Education and Environment Division

Check here for Conference Committee

Hearing Date: March 24, 2009

Recorder Job Number: 11485

Committee Clerk Signature

*Shirley Branning*

Minutes:

**Chairman Skarphol:** Called the Committee to order to discuss SB 2062 and by noting that all Committee members are present. Discussing SB 2003 and SB 2062 in relation to it. Giving his opinion stating there is a lot of discussion that the Higher Education budget is highly inflated and some changes and reductions have to be made. Rep. Martinson has some opinions regarding the tuition stabilization fund. I would like to see us take a minimum of \$20M out of this budget. If we do Rep. Martinson's recommendation with regard to tuition stabilization in order to reach that \$20M we could do some combination of things partially out of equity, take out all of the equity, some portion of needs based.

**Rep. Hawken:** (Inaudible).

**Rep. Kroeber:** Addressing OMB, the higher ed request was what?

**Sandy Deis, OMB Analyst:** (inaudible)

**Chairman Skarphol:** Somewhere over \$200M.

**Deis:** \$247.14M proposed increase.

**Rep. Kroeber:** And the Executive budget was what?

**Deis:** \$102M general fund, \$102M ongoing.

**Chairman Skarphol:** But \$247M was both ongoing and onetime.

**Deis:** \$130M of that \$247M was for one time expenditures.

**Rep. Kroeber:** Executive was \$102M and what is the Senate at right now?

**Deis:** The Senate adjustment is \$4M less over than the Governor's recommendation.

**Chairman Skarphol:** Give us the State Board's request. I want to know what the Governor's recommendation was right along side of it. What is the total and what is one time?

**Deis:** \$247M and of that amount you go down to .....ongoing for the Governor is \$102.443M and then the onetime \$49.928M capital, no bonding. And another \$24.225M for deferred maintenance and emergency preparedness.

**Chairman Skarphol:** Roughly \$73M in onetime for a total of \$175M roughly.

**Deis:** The Senate did not change, they took out the \$4M for emergency preparedness.

**Rep. Kroeber:** So it would be \$69M.

**Deis:** Yes.

**Chairman Skarphol:** And that's in the onetime funding. Referring to data in the *Creating a University System for the 21<sup>st</sup> Century*, there is a 22% increase in ongoing of \$98.655M.

**Rep. Martinson:** I don't know how they cannot call that \$25M for student aid not ongoing.

**Chairman Skarphol:** That is included.

**Rep. Martinson:** The 22%?

**Chairman Skarphol:** Yes, that is why it was so high. It is reflected on Item # 4 in the Executive recommendation P. 7, that page is all ongoing.

**Rep. Martinson:** No, it is really not, they took the \$25M out of there. If you include SB 2062, the total budget for higher ed is over \$98M. That is more than 17%.

**Chairman Skarphol:** 22% is the total, very bottom of the second column. I don't have as big an issue with some of that onetime stuff reflected on P. 8, the deferred maintenance, we

probably have not lived up to our responsibility there. This is a negotiation process with the Senate. We can take some out a there if the committee so wishes, but we do need to resolve some of this and move forward. With regard to the parity, does anyone have any feelings? All \$49M. Let's work down from the top, #2 would be the \$49M for parity. That does reflect the 5 and 5, health insurance, utility costs, operating inflation, etc. Whatever equity money they have for salaries would be in that line. Item # 3 is the emergency preparedness of \$1.3M, # 4 is the needs based, under Column # 2 that's \$33M, up from \$6M. In my mind, if we went to \$20M rather than \$33.12M, I could live with that. If that ended up at \$20M even for the purpose of going to Conference Committee, if you think we need to go lower, you need to say so.

**Rep. Martinson:** I move that we take all but \$15M outta there.

**Rep. Wald:** Second.

**Rep. Onstad:** That would be a reduction of \$18M?

**Chairman Skarphol:** \$18.112M, I assume you want to leave \$15M even.

**Rep. Hawken:** We are assuming in conference committee some of that will perhaps be replaced to get it back to at least \$20M. I am not real comfortable with a \$15M but I understand.....

**Chairman Skarphol:** We have to have tools to negotiate.

**Rep. Hawken:** Whoever is on the conference Committee, that is an area that is important, to keep tuition down. For negotiation purposes, as long as we consider adding that.

**Chairman Skarphol:** Roll Call to take \$18.112M, leave \$15M in needs based financial aid, and that is assuming we take everything out of 2062 back in here.

**Deis:** (Inaudible)

**Chairman Skarphol:** Would you reconsider your motion? Withdraw your second, Rep. Wald?  
Committee members, we need to make a decision whether we are going to move all of the money from 2062 back into SB 2003.

**Rep. Martinson:** So move.

**Rep. Wald:** Second.

**Chairman Skarphol:** Motion and a second to move all the money that is in SB 2062 back into SB 2003 as it was in the Executive recommendation.

**Brady Larson, Legislative Council Staff:** Yes, the only thing is, it was \$700,000 taken out that the committee adopted last week. That is just a little immaterial.

**Chairman Skarphol:** That is not part of SB 2062..

**Larson:** No, but if you're going to restore everything, its...

**Chairman Skarphol:** Everything in SB 2062 back into SB 2003, nothing in addition. So that \$700,000 is still valid.

**Larson:** Concurring.

**Rep. Wald:** I don't want to be a stickler on detail but shouldn't we say "the second engrossed version of SB 2062.

**Chairman Skarphol:** We have a motion to move it all back out of SB 2062, second engrossment, into SB 2003. All in favor say "I", Opposed same sign. Motion carried. Now,

**Rep. Martinson:** I will make the motion that I made before that we take all the money, except for \$15M...

**Chairman Skarphol:** Out of the Needs Based Financial Aid line in the Executive recommendation, leaving \$15M

**Rep. Wald:** Second.

**Rep. Onstad:** The new number on line # 4 would be \$25M?

**Chairman Skarphol:** No, it would be \$15M left on line # 4

**Rep. Kroeber:** I'd feel much more comfortable with \$20M.

**Chairman Skarphol:** It may very well be that we'll end up back there but at this time we need a number for a starting point.

**Rep. Williams:** We are basically going back to what the State board of Higher Education recommended if you look at column # 1

**Chairman Skarphol:** Close. Take the roll to reduce Needs Based Financial Aid to \$15M.

**Vote Taken: Yes 6, No, 2. Motion carries.**

**Chairman Skarphol:** The next item is equity.

**Rep. Wald:** I move we take it all.

**Chairman Skarphol:** Motion to take all of the equity adjustment, item # 5, \$10M in the Executive recommendation.

**Rep. Klein:** Second.

**Rep. Kroeber:** (Inaudible)

**Chairman Skarphol:** It would not be my intention to do much more than what has been recommended. This may be the opposite of what the Chancellor's office asked us to do, that's where I'm at.

**Rep. Hawken:** We're not gonna do the tuition stabilization, we are going to do the equity instead?

**Chairman Skarphol:** The tuition stabilization really does not exist, because of the fact that \$8M came out of the \$33M that we originally addressed. It's gone so we'll have to do some mechanics to adjust it however we wish.

**Rep. Onstad:** Your tuition... that's for the 4 year and 2 year colleges?

**Chairman Skarphol:** right,

**Rep. Onstad:** I know that's been taken away but it seems like if that \$8M had been put into either opportunity grants or needs assessment or something. That would accomplish a lot of the same things. We need to encourage student participation.

**Rep. Wald:** If you were making reference to the \$8.215M, that's still in.

**Rep. Onstad:** It was a proposed amendment to take that out. We haven't voted on it.

**Chairman Skarphol:** Any discussion in removing all of the equity money?

**Rep. Hawken:** Is there any flex in that, so it doesn't look like.....I didn't like what the Senate did with the "freezing bill", we are supposed to be policy makers. If the reason we are taking out the equity is because we want to change the way it is funded, we need to do that first. This will hurt the smaller schools a lot.

**Chairman Skarphol:** Addressing Deis, would you share with us what the budget was for higher education in this biennium. Total dollars invested in Higher ed, ongoing.

**Deis:** Total, base level, the current biennium the general fund is \$440M.

**Chairman Skarphol:** and what is it for this upcoming biennium?

**Deis:** It would be, in the Executive recommendation, \$585M.

**Chairman Skarphol:** How can there be a \$145M difference, and you say there is only an increase of \$102 in ongoing?

**Deis:** There's another \$70.1M of that \$585M is one time indicated for 2009.

**Chairman Skarphol:** So it's actually \$515M, there's a \$115M increase in ongoing in this upcoming biennia. That is a substantial increase, if we were to do that in every budget, what



would it look like? At some point in time we are gonna have to slow down. Any further discussion on the removal of the \$10M in equity? Take the roll.

**Vote Taken: Yes 6, No 2. Absent 0. Motion Carries.**

**Chairman Skarphol:** Rep. Martinson, I would like you to comment on...

**Rep. Martinson:** The State Board does not want us to control tuition and we voted in front of the House not to control tuition, and I think that the affordability factor in there. I move that we leave the tuition stability fund.

**Chairman Skarphol:** That would be in addition to the \$25M that we've already removed.

Line # 7 but will have to come from somewhere else, it does not remain in item # 4. They've already taken \$15M out, you'd be taking another \$8.2 out of column # 4.

**Rep. Onstad:** If Higher Ed does not want us to control that, if you look at their recommendation, it was to put the \$8M to set the limits, the Executive recommendation took that out completely and the Senate put it back in. In the end, higher ed did say, if they get an additional \$8M it will freeze....

**Rep. Martinson:** Change that motion to take that tuition stabilization money outta there and put the \$8.2M back into # 4. That is really what I wanna do.

**Chairman Skarphol:** The \$8.2 goes away as being in the tuition stabilization fund and remains in the aids based financing. You make the numbers work.

**Larson:** What you would like is just to roughly end up with \$23.2M increase in the financial aid.

**Rep. Hawken:** Just for discussion, our two year schools do have some issues that the four year schools do not. Do we leave that up to the Board to figure that out?

**Chairman Skarphol:** It was my hope that this committee take some action to add some money to the 2-year schools to advertize and to market.

**Rep. Hawken:** We've just moving to that.

**Chairman Skarphol:** As far as the Senate action, and what we've done with 2062, does this committee wish to stay with the recommendations in 2062 with regard to the Merit Scholarship Program at \$1500. It's our intention to change that back to Senator Grindberg's Opportunity Grant scenario, or should we leave it as the Merit Scholarship at \$1500? They added \$3M and that would have to come out of what remains in Line # 4, that is where the Senate drew it out of and also the \$1M STEM Initiative.

**Larson:** The STEM Initiative was pulled out of Education Incentive programs, so that is a little bit different. That is under line # 12 under Student Financial Aid Programs. What the Senate did is there was \$2M included in the Executive recommendation for STEM and they took the \$2M out and then only put \$1M in.

**Chairman Skarphol:** We'll come back to that. With regard to Merit Scholarships, we wish that to stay the same in this committee? So as we moved it out of SB 2062 we would want that language to stay incorporated at 2003, is that the wish of the Committee? \$1500 per student, that mechanism stays as it is.

**Rep. Wald:** \$2000 and the Senate.....(Inaudible)

**Chairman Skarphol:** House Education changed it, Rep. Williams is right.

**Rep. Williams:** One of the reasons why I am in favor of taking these, 2062, 2003, and 1400, they are all comingled one way or another and it is very confusing, testimony heard from Laura Glatt was that Opportunity Grant is now a misnomer. Someone else got up and said "Yes, it is still here." We have got to clean up these bills so we know what we are talking about. The

Education Committee in the House changed the diagram of these funds when we talked about Needs Based, STEM, Merit, etc. We have to be careful so we know what we are doing here.

**Chairman Skarphol:** The financial aspect of this are the \$3M that was in 2062 and I get the sense.....Do we need a motion on that, Brady, to keep that intact? We made a motion to move the dollars in 2062. Do we need an additional to keep that Merit Scholarship in tact as it is in 2062? The criteria and stuff is defined.

**Larson:** I don't believe so because the prior motion has focused strictly on the Needs Based Financial Aid items.

**Chairman Skarphol:** Note that it is the Committee's wishes that if there is a need for that, there's an annual report that is required with regard to that.

STEM Student Loan Forgiveness, the language for that is apparently in 1400. Where's the language with regard to the cost?

**Deis:** The language is in 2062. It should be at the very first section #1. The Executive recommendation had requested \$2000 and that was reduced to \$1500.

**Chairman Skarphol:** We need to keep that intact. We'll need to keep Section # 1 intact if that is the wishes of the committee to stick with that agenda item. Anything else except for the expiration dates, the emergency clauses and stuff as needed. Brady, you'll have to be sure that that all meshes.

**Larson:** I'll work with Anita and get the language drafted up and have it available to the Committee to review prior to the final amendment being drafted.

**Deis:** Yesterday Laura talked about some language that she felt with the STEM, there is the existing technology program, where we have grants of \$1000 and if you stay in this state for so many years you can reduce your loan payments. What the Governor's recommendation did

was, it was their intent to move to change that to the STEM program. We took the money that was in that and made it all part of the new STEM program. According to Laura, yesterday, there's conflicting language. The Senate's intent was to keep the existing technology program and to put \$1M into the STEM program. If you want to continue the current technology program, changing that to STEM, or if you want to have two separate programs that end as of the end of the next biennium.

**Chairman Skarphol:** There's two different sets of criteria, as well?

**Deis:** Really there is not other than what we added in Section # 1. We just expanded the language from just technology to include science, engineering and math and called it STEM.

**Chairman Skarphol:** The conflicting language issue...

**Deis:** According to Laura, she sees it as the existing technology program would continue through 2009-2011 and this would be a onetime program with \$1M in it that would end in 2009-2011. That was not the intent of the Governor's office, I don't know what your intent is but to start a program and only run it for one year, have applicants start thinking that they would be reimbursed over the next 4 years is probably not the best way to do things.

**Chairman Skarphol:** So the technology grant program that currently exists should be allowed to expire when?

**Deis:** It expires as of the end of 2009-2011. Confirming with Brady.

**Chairman Skarphol:** So how do we mesh these?

**Deis:** That was just brought to my attention yesterday about the conflicting language, so I thought we should find out what your intent is.

**Rep. Hawken:** If we see that as a valuable piece, it needs to be at least 4 years so we have something to evaluate.

**Chairman Skarphol:** If we want one of the programs to go away...

**Rep. Hawken:** We can pick.

**Chairman Skarphol:** We need to decide which one, grandfather the existing ones in so they continue to be funded and that program would go away and we'd only have the one program ongoing.

**Rep. Hawken:** If there is a concern, reevaluate in 4 years.

**Chairman Skarphol:** What would be needed is some type of intent language.

**Deis:** Technology Occupations Program would become the STEM, which this language actually does that. That's in Section # 1. But then provide the appropriation of the existing program plus the #1M that was put into 2062.

**Chairman Skarphol:** Is that what would be required? What's in there now for the technology loan forgiveness program that currently exists?

**Deis:** \$1.9, and we added \$2M to that so it became a \$2.9M program. They took out \$1M in the Senate from the Executive recommendation.

**Chairman Skarphol:** You put \$2M in so it was a \$3.9 and they took out \$1M, so it is a \$2.9M.

**Deis:** But only \$1M going toward the new STEM Program, the rest remaining in the old Technology Occupation program.

**Chairman Skarphol:** The original \$1M you referred to? You had \$1.9M and you put in \$2M. Did they leave \$2M in there, \$1M in one area and \$1M in another, is that what you are saying?

**Deis:** Yes, I don't know what the intent was, I am bringing in Laura's comments from yesterday.

**Chairman Skarphol:** The original program was \$1000 forgiveness?

**Deis:** Yes, for 3 years.

**Chairman Skarphol:** And the new program is a \$1500 forgiveness, for a total of \$6000.

**Rep. Onstad:** The first program started was a \$1000 program. When that got started, we have to put an ending date on that program, so that stops.

**Chairman Skarphol:** Those participants would work their way program and the new one would begin. However you can make that work, Brady. Any other provisions in 2062 that we need to address? There is a study in Section # 7, should we leave that as SB 2062?

**Rep. Wald:** did we address Section # 4 of 2062?

**Chairman Skarphol:** That is the Merit Scholarship Program, it got moved and will get coordinated with whatever is in 1400. The only issue left should be study, Section # 7. I recommend we leave it, if the Senate feels strongly enough, we'll bring it back in Conference Committee.

I believe we can give 2062 a do not pass if someone will so move.

Motion on the table....

**Larson:** the motion was to remove funding for the Tuition Stabilization fund and put that funding toward Student Financial Assistance....

**Chairman Skarphol:** Asking for further discussion, there being none, the Roll Call Vote was taken.

**Vote Taken: Yes 8, No 0. Absent 0. Motion Carries.**

**Chairman Skarphol:** Do we have a motion on 2062?

**Rep. Klein:** Move a Do not Pass on SB 2062.

**Rep. Wald:** Second.

**Chairman Skarphol:** Motion made and seconded on a Do Not Pass on SB 2062. Any discussion, hearing none, Roll Call Vote is taken.

**Vote Taken: Yes 7, No 1. Absent 0. Motion Carries.**

**Deis:** Laurie got back to me on the Edutech and that \$3M that you were referring to was actually in ITD's budget last time but they granted it to NDSU and so it was not in Higher Ed, that's why there is a reduction in Higher Ed's budget.

**Chairman Skarphol:** They paid it as a grant to the University system. They moved the employees to ITD and the money stays with ITD. We have a number of capital projects that will be discussed in SB 2003.

**Discussion continues on SB 2003. Recorder # 11485, 45.31.**

## 2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2062

House Appropriations Committee

Check here for Conference Committee

Hearing Date: 03/25/09

Recorder Job Number: 11527

Committee Clerk Signature

*Lou Engelson*

Minutes:

Chm. Svedjan opened the hearing on SB 2062.

Rep. Klein: SB 2062 was an attempt to move some things out of several bills. To begin with, I'd move amendment 0502.

Rep. Martinson: Second.

Rep. Skarphol: That was adopted by the House Education Committee. Procedurally I'm not sure if we need to adopt that amendment in here or not. We did not amend the bill. We amended it in 2003. We did not actually amend the bill. We took everything out that we thought was important and we give it a do not pass.

Chm. Svedjan: Amendment 0502 was adopted by the House Education Committee.

Rep. Klein: We took everything out of the bill and moved it into Higher Ed bill 2003 and then gave this bill a do not pass.

Chm. Svedjan: So if you'd withdraw your motion on moving those amendments.

Rep. Klein: I'll withdraw the motion.

Chm. Svedjan: And the seconder?

Rep. Martinson: Yes.

Rep. Klein: I move a **do not pass**.

Rep. Skarphol: Second.



Rep. Bellew: What do you mean you took everything out?

Rep. Klein: HB 1400, SB 2003 and this bill all had portions of money. We took everything out of this bill and moved it into SB 2003 so you had one bill to keep track of.

Rep. Skarphol: This move was an attempt to simplify the Conference Committee process and narrow the focus. We did not leave all of this money in 2003. We transferred this out to get the mechanics to work. Then we took further action on 2003.

Chm. Svedjan: On the motion for a **do not pass** to 2062, we'll take a roll call vote.

**20 yes, 0 no, 5 absent and not voting. Rep. Klein was assigned to carry the bill.**

**Motion carries.**

Date: March 24, 2009  
Roll Call Vote #: 1

**2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. 2062**

House House Appropriations Education and Environment Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken  Do Pass  Do Not Pass  Amended

Motion Made By Rep. Martinson Seconded By Rep. Wald

Representatives	Yes	No	Representatives	Yes	No
Bob Skarphol - Chairman	✓		Joe Kroeber		✓
Francis Wald - Vice Chairman	✓		Kenton Onstad		✓
Kathy Hawken	✓		Clark Williams	✓	
Matthew M. Klein	✓				
Bob Martinson	✓				

Total Yes 6 No 2

Absent 0

Bill Carrier \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:  
Remove all Second Engrossed &  
take out #18. 112 M. <sup>cuts</sup> out of 2062 into 2003  
all out but 15 M left in line 4

Date: March 24, 2009  
 Roll Call Vote #: 2

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
 BILL/RESOLUTION NO. 2062

House House Appropriations Education and Environment Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken  Do Pass  Do Not Pass  Amended

Motion Made By Rep. Wald Seconded By Rep. Klein

Representatives	Yes	No	Representatives	Yes	No
Bob Skarphol - Chairman	✓		Joe Kroeber		✓
Francis Wald - Vice Chairman	✓		Kenton Onstad	✓	
Kathy Hawken	<del>✓</del>	✓	Clark Williams	✓	
Matthew M. Klein	✓				
Bob Martinson	✓				

Total Yes 6 No 2

Absent \_\_\_\_\_

Bill Carrier \_\_\_\_\_

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

*Equity take all out FIDM*

Date: March 24, 2009  
Roll Call Vote #: 3

**2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. 2062**

House House Appropriations Education and Environment Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken  Do Pass  Do Not Pass  Amended

Motion Made By Rep. Martinson Seconded By Rep. Hawken

Representatives	Yes	No	Representatives	Yes	No
Bob Skarphol - Chairman	✓		Joe Kroeber	✓	
Francis Wald - Vice Chairman	✓		Kenton Onstad	✓	
Kathy Hawken	✓		Clark Williams	✓	
Matthew M. Klein	✓				
Bob Martinson	✓				

Total Yes 8 No 0

Absent \_\_\_\_\_

Bill Carrier \_\_\_\_\_

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

*Needs based financial aid*

Date: March 24, 2009  
Roll Call Vote #: 4

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2062

House House Appropriations Education and Environment Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken  Do Pass  Do Not Pass  Amended

Motion Made By Rep. Klein Seconded By Rep. Wald

Representatives	Yes	No	Representatives	Yes	No
Bob Skarphol - Chairman	✓		Joe Kroeber	✓	
Francis Wald - Vice Chairman	✓		Kenton Onstad	✓	
Kathy Hawken		✓	Clark Williams	✓	
Matthew M. Klein	✓				
Bob Martinson	✓				

Total Yes 7 No 1

Absent 0

Bill Carrier Rep. Klein

If the vote is on an amendment, briefly indicate intent:  
Language moved into SB 2003.  
Second engrossment

Date: 3/25/09  
 Roll Call Vote #: 1

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
 BILL/RESOLUTION NO. 2062

**Full House Appropriations Committee**

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken \_\_\_\_\_ .0502

*Withdrawn*

Motion Made By Klein 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 \_\_\_\_\_

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

Date: 3/25/09  
 Roll Call Vote #: 2

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
 BILL/RESOLUTION NO. 2062

**Full House Appropriations Committee**

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Not Pass

Motion Made By Klein 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) 20 No 0

Absent 5

Floor Assignment Rep. Klein

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

**REPORT OF STANDING COMMITTEE (410)**  
March 25, 2009 1:50 p.m.

**Module No: HR-54-5783**  
**Carrier: Klein**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**SB 2062, as reengrossed: Appropriations Committee (Rep. Svedjan, Chairman)**  
recommends **DO NOT PASS** (20 YEAS, 0 NAYS, 5 ABSENT AND NOT VOTING).  
Reengrossed SB 2062 was placed on the Fourteenth order on the calendar.



2009 TESTIMONY

SB 2062

January 27, 2009

**Testimony S.B. 2062  
Senate Education Committee  
Senator Tony Grindberg  
District, 41-Fargo**

Mr. Chairman and members of the Senate Education committee S.B. 2062 will create a program that will have "generational" impact on ND as well as deliver a Return on Investment to our State. The proposal is aimed to provide an incentive for parents and students. The results of this program will equate to a long term growth strategy which will reverse some of the negative demographic challenges faced by our State. During the 1980's and 1990's the economic development strategy for most Midwest states was to compete by offering the most incentives directly towards companies. Today, the paradigm is shifting and incentives are directed towards individuals.

The interim Workforce Committee completed a six month process in 2008 that captured the opinions of over 400 citizens who expressed their ideas on how to develop a long term growth strategy. The concept in S.B. 2062 was mentioned numerous times by those participants. The primary goal of the interim legislative committee and the Workforce Congress was to seek ideas and proposals that would increase the "Pipeline" of workers in ND by adopting a long term strategy which builds on our strengths. *"Our Commitment to Education"*

**The goals of this proposal include:**

1. The program will place ND with a competitive advantage in recruiting and retaining more residents with school age kids in the State
2. Parents and kids of all income levels will focus more on their high school academic achievement knowing the tuition scholarship will be there for them when they graduate from high school.
3. Establishing a trust fund will institutionalize a program that will positively affect generations to come
4. The estimated annual impact (return of investment) of a 1% change in our State's population will generate \$13 million annually. (Please refer to Dr. Larry Leistritz letter, dated December 22, 2008)

My chairman, I will keep my remarks brief so that others will have time to provide testimony. I would like to provide amendments to the bill. The amendments capture the academic requirements as outlined in H.B. 1440. I would ask that you give favorable consideration to S.B. 2062 and forward it to the Senate appropriations committee for work on the funding aspects of the bill.

Thank you and I would be happy to answer any questions.

# WORKFORCE COMMITTEE

The Workforce Committee was assigned four studies. Section 20 of House Bill No. 1018 (2007) directed a study of the state's system for addressing workforce needs through a workforce system initiative that includes receipt of agency reports regarding implementation of workforce legislation enacted during the 2007 legislative session, active participation in focus groups across the state, and active participation in a workforce congress. Section 3 of Senate Bill No. 2149 (2007) directed a study of job development authorities across the state to determine the economic impact created by the authorities, to examine funding mechanisms used by the authorities when expending resources for economic development purposes, and to determine whether the authorities serve a viable purpose. House Concurrent Resolution No. 3025 (2007) directed a study of possible methods of growing North Dakota's population and increasing the available workforce in the state. The chairman of the Legislative Council directed a study of the means by which the North Dakota University System fulfills North Dakota's workforce needs.

The Workforce Committee was charged with receiving the following six workforce-related reports:

1. Statewide Longitudinal Data System Committee report on the status of the plan for a longitudinal data system (North Dakota Century Code (NDCC) Section 15.1-02-18).
2. Department of Commerce Division of Community Services annual reports on renaissance zone progress (NDCC Section 40-63-03).
3. Commissioner of Commerce report on the process used and factors considered by the commissioner in identifying target industries on which economic development efforts are focused and the special focus target industry (NDCC Section 54-60-11).
4. Compilation and summary of state grantor reports filed annually by the Department of Commerce and the reports of state agencies that award business incentives for the previous calendar year (NDCC Section 54-60.1-07).
5. Department of Commerce report on the department's Renaissance Zone Conference activities and the department's recommendations resulting from the conference (2007 Session Laws, Chapter 18, Section 19).
6. Department of Commerce report on the implementation and successes and failures of the Beginning Again North Dakota pilot program and whether the program should be continued or continued and expanded (2007 Session Laws, Chapter 18, Section 38).

Committee members were Senators Tony Grindberg (Chairman), Ray Holmberg, Dave Nething, and Tom Seymour and Representatives Donald L. Clark, Stacey Dahl, Mary Ekstrom, Glen Froseth, Eliot Glassheim, Pam Gulleson, Nancy Johnson, George J. Keiser, Lisa Meier, Lee Myxter, Dan J. Ruby, Clark Williams, and Steve Zaiser.

## REPORTS

### Statewide Longitudinal Data System Committee

The committee received the *State of North Dakota Longitudinal Data System Strategic Roadmap Executive Summary*. The summary provided:

Each biennium, North Dakota and its citizens invest billions of dollars across many state agencies to maintain and improve the quality of life for residents of the state. Each program operated by these agencies collects some type of performance data to measure short-term and medium-term outcomes. However, data collected within a program does not always provide a fuller picture of longer-term, or "longitudinal" outcomes, for how the program and its participants fared over time.

This report, the State of North Dakota Longitudinal Data System Strategic Roadmap, lays out the planning, development, and budget efforts that are required to realize a data repository that unifies key data from public PK-12, higher education, and workforce development initiatives and provides the analytical insight to better administer state services and foster economic development. The LDS Strategic Roadmap presented here is a product commissioned by the state's Longitudinal Data System (LDS) Committee, which was formed in 2007 after interest in data warehousing was expressed by several state agencies.

The summary provided recommendations that included the following project milestones:

- 2009-11 biennium:
  - Implement a data governance program;
  - Create state longitudinal data system infrastructure (established in Phase 1) to replace current followup information on North Dakota education and training (FINDET) functionality; and
  - Implement a kindergarten through grade 12 data warehouse.
- 2011-13 biennium:
  - Complete state longitudinal data system Phases 2 and 3; and
  - Establish an education program to build analytical capability among users.
- 2013-15 biennium:
  - Continue operations, maintenance, and ongoing enhancements to the state longitudinal data system.

The Statewide Longitudinal Data System Committee was authorized \$50,000 to hire a consultant. The Statewide Longitudinal Data System Committee is halfway through the recommendations of the consultants and final cost figures have not been determined.

*Sam Grindberg*

### **Renaissance Zone**

The committee received annual reports from the Department of Commerce Division of Community Services on renaissance zone progress.

### **Target Industries**

The committee received the biennial report from the Commissioner of Commerce on the process used and factors considered by the commissioner in identifying target industries on which economic development efforts are focused and the special focus target industry.

The Commissioner of Commerce reported the five target industries were formalized and adopted by the Governor and the North Dakota Economic Development Foundation as part of the state's strategic plan for economic development. The target industries identified were energy, value-added agriculture, technology-based businesses, advanced manufacturing, and tourism. The commissioner reported that although the Department of Commerce will not be making any changes to the current five target industries, the department will be narrowing its focus within these target industries to focus on areas with the most opportunities for long-term growth. The commissioner reported energy was chosen as the special focus target industry due to the rapidly increasing role energy plays in North Dakota's economy.

The Commissioner of Commerce reported the Department of Commerce is using the resources and tools granted by the Legislative Assembly to target industries and help grow North Dakota's economy. Some possible legislative actions to consider include:

- Implement the Empower North Dakota Commission recommendations;
- Address infrastructure needs for energy development;
- Create a robust and market-based education and workforce training system;
- Develop tax and financing incentives to promote automation and productivity;
- Expand trade services through the North Dakota Trade Office;
- Continue support and funding for the centers of excellence program;
- Expand support for entrepreneurial startups, programming, and support; and
- Expand support for tourism marketing and development.

### **Business Incentives**

The committee received the first and second annual state business incentive reports. The first report addressed state business incentives for calendar year 2006, and the second report addressed state business incentives for calendar years 2006 and 2007. Over time, the annual reports will include more data and will provide a better picture of effectiveness of state business incentives.

### **Renaissance Zone Conference**

#### **Report**

The committee received a report from the Department of Commerce on the department's Renaissance Zone Conference activities and the department's recommendations resulting from the conference. The department hosted and facilitated the Renaissance Zone Conference on February 6, 2008. Invitations to the conference were sent to each incorporated city in North Dakota and to the members of the interim Industry, Business, and Labor Committee. More than 60 individuals from 42 different communities attended the conference.

The report included the following recommendations from the conference:

- Extend the time period for a renaissance zone. The law provides designation as a renaissance zone may not exceed 15 years. Cities that have been in the program for eight years are starting to ask whether the state will allow another renaissance zone after the first zone expires.
- Include the cost of demolition in a renaissance zone project. If a developer needs to demolish a building to expand or build a new building, the renaissance zone law should allow demolition costs to be part of the project or, in specific instances, allow demolition to be a stand-alone project. Some communities have older homes that have created both health issues and safety issues as the taxpayers are allowing the building to go back to the county for taxes which is creating a financial burden for some communities.
- Delete the half-mile requirement for the three-block island and allow the island to be anywhere in the city.
- Treat the historical tax credits like the other tax incentives and allow the credits to be transferred to the new owner.

#### **Testimony**

The testimony indicated the issue of demolition costs can be addressed administratively; however, the other three issues require legislative action. The Department of Commerce indicated that since the renaissance zone law was enacted in 1999 and the oldest of the renaissance zones are still several years from reaching the 15-year maximum, the department does not support enacting legislation addressing this issue during the 2009 legislative session.

The committee received testimony that renaissance zones such as the one in Bismarck would support expanding the renaissance zone law to include expenses incurred in updating utilities. As part of many renaissance zone projects, utilities would prefer to place utility lines underground, but this is cost-prohibitive.

#### **Recommendations**

The committee recommends a bill to expand and modify the renaissance zone law to include tax incentives for repair or remodeling of utility infrastructure, to provide for transfers of historic preservation and

renovation tax credits, and to delete the half-mile requirement for the three-block island.

### **Beginning Again North Dakota**

The committee received the report from the Department of Commerce on the implementation and successes and failures of the Beginning Again North Dakota pilot program and whether the program should be continued or continued and expanded.

The report indicated the Department of Commerce contracted with the North Dakota State University Extension Center for Community Vitality to implement the program. In soliciting applications from interested communities, there were no applicants from a city with a population of more than 1,500 but not more than 3,500. Therefore, the Department of Commerce selected the following two smaller cities from the applicants--Tower City and Walhalla.

The two participating communities were surveyed at the end of the project and indicated support for the program, indicating they would recommend the program to other communities and recognized there was value to the program. A representative of the Department of Commerce reported the department is open to the idea of continuing the program but will wait until the 2009 legislative session before making a determination of whether to support legislation to continue the program.

### **WORKFORCE SYSTEM STUDY**

In addition to working with the Department of Commerce, the committee received assistance from the Economic Development Association of North Dakota in conducting the workforce system study. The Legislative Council and Department of Commerce contracted with a private entity to provide professional services to plan, facilitate, report on, and coordinate followup for the study.

#### **Study Background**

The 2007-08 workforce system initiative takes the place of what would have been the third of a three-interim business climate initiative of the Legislative Council. During the 2003-04 interim, the Legislative Council's Economic Development Committee conducted a primary sector business climate study, which was the first of the three-interim initiatives. That committee recommended Senate Bill No. 2032 (2005), which, under Section 17, provided for a two-interim continuation of the activities. Through the course of the 2005 legislative session, several of the provisions of Senate Bill No. 2032, as introduced, were relocated to Senate Bill No. 2018--the appropriation bill for the Department of Commerce. Therefore, the initiatives of that committee are identified as being from Senate Bill No. 2032 or Senate Bill No. 2018.

During the 2005-06 interim, the Legislative Council's Economic Development Committee conducted a business climate study, which was the second of the three-interim business climate initiatives. That committee recommended House Bill No. 1027 (2007) as the business initiative bill draft. House Bill No. 1027 failed in the Senate and the provisions of the bill were

relocated to several bills, with House Bill No. 1018--the appropriation bill for the Department of Commerce--being the primary vehicle for the committee's recommendations.

The recommendation to expand the required 2007-08 interim business climate study focus group activities to include young professionals was replaced with the repeal of the provision requiring the business climate study and the creation of the workforce system study. In effect, the workforce system study takes the place of the third of the three-interim business climate initiatives.

### **2003-04 Interim Economic Development Committee**

The Economic Development Committee studied the state's business climate, including the creation of an index of key objective measurements that address the state's competitiveness with other states, the consideration of methods of creating business partnerships with North Dakota Indian tribes in order to increase primary sector business growth in the state, and active participation in the activities of the Primary Sector Business Congress. The committee recommended two bills--Senate Bill No. 2032 addressed a broad range of economic development and business climate issues, and House Bill No. 1031, which did not pass the Senate, would have modified the law relating to tax exemptions within urban renewal development or renewal areas.

The Legislative Assembly enacted a majority of the programs recommended by the Economic Development Committee, either as part of the business climate initiative bill--Senate Bill No. 2032--or the Department of Commerce appropriation bill--Senate Bill No. 2018. The enacted provisions:

- Extended and expanded the Bank of North Dakota's authority to invest its funds in North Dakota alternative and venture capital investments and early-stage capital funds.
- Rewrote the centers of excellence law, repealing the existing North Dakota Century Code section and creating a new chapter.
- Modified the membership of the Emergency Commission.
- Required the Office of Management and Budget to establish a procurement information Internet website.
- Modified the seed capital investment tax credit laws.
- Repealed the laws relating to venture capital corporations and the Myron G. Nelson Fund, Inc., effective August 1, 2007.
- Required two studies--the North Dakota business climate initiative and venture and risk capital.
- Required multiple agency studies and reports to the Legislative Council.
- Modified the organization of the Department of Commerce Division of Economic Development and Finance to rename and modify the International Business and Trade Office and

clarify the duties of the North Dakota American Indian Business Development Office.

- Provided a Division of Economic Development and Finance program for local economic developer certification.
- Required the Commissioner of Commerce to identify target industries.
- Provided for a Department of Commerce program for North Dakota image information.
- Provided for a Department of Commerce business hotline program.
- Provided for a Dakota Manufacturing Initiative, through which the Department of Commerce was directed to seek to contract with The Dakota Manufacturing Extension Partnership, Inc.
- Required multiple agency studies and reports to the Legislative Council.

### **2005-06 Interim Economic Development Committee**

The Economic Development Committee studied the state's business climate through a business climate initiative, including receipt of agency reports regarding economic development legislation introduced by the Legislative Council during the previous legislative session, participation in business climate focus groups across the state, and participation in a Business Congress. In addition to working with the Department of Commerce, the committee received assistance from the Greater North Dakota Chamber of Commerce in conducting the business climate study. Two private consultants provided professional services to plan, facilitate, report on, and coordinate followup for the focus groups and the Business Congress.

Although the Legislative Assembly enacted several of the provisions recommended by the Economic Development Committee in House Bill No. 1027, the bill failed to pass in the Senate and the provisions of the bill were relocated to several other bills, i.e., House Bill No. 1016, House Bill No. 1018, Senate Bill No. 2120, and Senate Bill No. 2180. The committee recommendations underwent significant revision in the course of the legislative session and as enacted:

- Provided for the workforce system study during the 2007-08 interim.
- Authorized the Industrial Commission, acting as the Housing Finance Agency, to establish certain housing finance programs. Specifically, the scope of the mortgage loan financing program was expanded to include assistance in the development of low-income to moderate-income housing or to assist a developing community address unmet housing needs or alleviate a housing shortage, and the scope of the housing grant program was expanded to include assisting a developing community address unmet housing needs or alleviate a housing shortage.
- Provided for a Legislative Council study of housing needs during the 2007-08 interim.
- Expanded the definition of "agricultural commodity processing facility" for purposes of the agricultural

business investment tax credit law, to provide an agricultural commodity processing facility may include a livestock feeding, handling, milking, or holding operation that uses a byproduct from an ethanol or biodiesel plant located in this state.

- Amended the laws relating to the beginning entrepreneur loan program by amending the definition of "beginning entrepreneur" by simplifying the net worth limitations and increasing from \$4 million to \$8 million the maximum amount the Bank of North Dakota may guarantee in loans under the beginning entrepreneur loan program.
- Amended the laws relating to the biodiesel partnership in assisting community expansion (PACE) program and would have provided appropriations for the biodiesel PACE program and the PACE (flex PACE) program.
- Required the Commissioner of Commerce to create a biennial tax expenditure report and a state business incentive expenditure report.
- Increased the annual cap of the seed capital investment tax credit from \$2.5 million to \$5 million.
- Expanded the sales tax exemptions to include tourism equipment and wireless service provider equipment.
- Provided for a Legislative Council study of wireless service providers during the 2007-08 interim.
- Repealed the beginning entrepreneur income tax incentives.
- Created a tax credit for business expenses associated with recruitment for hard-to-fill employment positions.
- Created an internship employment tax credit.
- Directed the Department of Career and Technical Education to administer a program to provide matching fund grants to teachers and schools for the purpose of funding innovative science, technology, or innovation programs for students in kindergarten through grade 12.
- Increased the research and experimental expenditures tax credit from 8 percent of the first \$1.5 million in research expense and 4 percent of research expenses in excess of \$1.5 million to 25 percent of the first \$100,000 in research expenses and 20 percent of research expenses in excess of \$100,000, redefined "base period research expenses" to only include research conducted in North Dakota, and allowed taxpayers to "assign" unused tax credits.
- Provided for the State Board of Higher Education to study implementation of services of CCbenefits, Inc., and report to the Legislative Council during the 2007-08 interim (Higher Education Committee).
- Modified the centers of excellence program to provide for making a distinction among three types of centers--commercialization, workforce, and infrastructure; provided that the Department of Commerce provide the Centers of Excellence

Commission with staff services, including assisting with preaward reviews and postaward monitoring; required the commission to provide for independent expert review of complete applications to establish viability and likelihood of desired economic impact; required the commission to conduct postaward monitoring of centers for 6 years to 10 years; required an applicant to show due diligence in putting together the proposal and high likelihood of viability and success; and clarified that funds are not to be distributed if private sector participants stop participating.

- Provided a \$600,000 appropriation to Job Service North Dakota for increasing the level of the website spider program used to identify job listings available in North Dakota.
- Expanded the duties of the Department of Commerce Division of Workforce Development adding the duties of developing and implementing the state's talent strategy and a statewide intelligence coordination strategy, which would include establishing details of the talent strategy, developing a consolidated biennial statewide strategic plan for the state's system for workforce development, workforce training, and talent attraction; continuously reviewing the state's workforce development system; developing a system of performance and accountability measures for the state's workforce development system; requiring that intelligence be disseminated to partners; requiring that FINDET data be a central source of intelligence; and requiring that the Division of Workforce Development administer the FINDET system.
- Provided for the Department of Commerce to provide career education and career promotion services.

#### **Other 2007-08 Interim Committees**

In addition to the activities of the Workforce Committee, during the 2007-08 interim there were several committees with workforce-related charges.

#### **Budget Section**

The workforce-related charges of the Budget Section include:

- Approve, reject, or rerefer, upon receiving a recommendation from the Emergency Commission and in conjunction with the State Board of Higher Education and the North Dakota Economic Development Foundation, designation of a center of excellence recommended by the Centers of Excellence Commission (NDCC Section 15-69-02);
- Receive annual audits from a center of excellence that is awarded funds under NDCC Chapter 15-69 on the funds distributed to the center until completion of four years following the final distribution of funds (NDCC Section 15-69-05);
- Approve any annual tuition increase of more than 5 percent for each year by the State Board of

Higher Education for students attending institutions under its control for the 2007-08 and 2008-09 academic years (Section 18 of House Bill No. 1003 (2007));

- Approve up to \$10 million for funding centers of excellence at the first Budget Section meeting after September 1, 2007, and approve the remainder of the \$15 million appropriation for funding centers of excellence at the first Budget Section meeting after September 1, 2008 (Section 14 of House Bill No. 1018 (2007)); and
- Approve, with the Emergency Commission, a loan of \$5 million by the Bank of North Dakota to the Office of Management and Budget for the purpose of providing funding to centers of excellence as directed by the Centers of Excellence Commission (Section 15 of House Bill No. 1018).

#### **Education Committee**

The workforce-related charges of the Education Committee include:

- Study the appropriateness and adequacy of high school curricula, with respect to preparing students for higher education and for the workplace, and examine curricular changes implemented in other states and expectations placed on students in other countries (Section 11 of Senate Bill No. 2030 (2007));
- Receive report from the Statewide Longitudinal Data System Committee on the status of the plan for a longitudinal data system (NDCC Section 15.1-02-18); and
- Receive report from the Superintendent of Public Instruction regarding the planning and development of the electronic course delivery approval process for approving the provision of elementary or high school courses electronically to a student, school, or school district (Section 2 of House Bill No. 1491 (2007)).

#### **Higher Education Committee**

The workforce-related charges of the Higher Education Committee include:

- Study the means by which the North Dakota University System can further contribute to developing and attracting the human capital to meet North Dakota's economic and workforce needs, including ways to increase postsecondary access, improve the quality of education, contain costs, and other means, including productivity, to maximize the usage of the University System in meeting the human capital needs of the state; including a review of policy recommendations that address the postsecondary delivery system, including the mix of institutions, educational attainment gaps, degree production gaps, recruitment and retention of students, and workforce training needs; and including a review of the impact of the state's changing demographics on the University System long-term financing plan (Section 23 of House Bill No. 1003 (2007)); and

- Receive report from the State Board of Higher Education on the status of the implementation of the CCbenefits, Inc., services and any recommendations relating to the use of the CCbenefits, Inc., services (Section 23 of House Bill No. 1018 (2007)).

#### **Human Services Committee**

The workforce-related charges of the Human Services Committee include:

- Study the temporary assistance for needy families (TANF) program administered by the Department of Human Services, including review of the sustainability of current services and programs being funded by TANF funds, review of the potential programs and services that could be funded by use of TANF funds, and review of the need for increased assistance to recipients of TANF who are attending a postsecondary institution of learning (Section 3 of Senate Bill No. 2186 (2007));
- Receive report from the Department of Human Services regarding the transition assistance for the child care program implemented pursuant to Section 1 of Senate Bill No. 2186 (Section 5 of Senate Bill No. 2186); and
- Receive report from the dean of the University of North Dakota College of Nursing regarding the Nursing Education Consortium to address common concerns in nursing education (Section 1 of Senate Bill No. 2379 (2007)).

#### **Industry, Business, and Labor Committee**

The workforce-related charges of the Industry, Business, and Labor Committee include:

- Participate in the Department of Commerce Renaissance Zone Conference to review the list of projects which have been undertaken under the renaissance zone program, evaluate whether the projects have positively impacted the renaissance zone communities, consider options for smaller communities to become involved in the renaissance zone program or a similar program, and make recommendations regarding how the program could be improved to further meet the needs of the state and local communities (Section 19 of House Bill No. 1018 (2007));
- Study the organization, powers, duties, and effectiveness of the Department of Commerce, including review of the legislative history leading to the creation of the department; review of the legislative and executive branch expectations in the creation of the department and whether those expectations are being met; evaluation of the effectiveness of the North Dakota Economic Development Foundation in providing a nonpartisan, private sector perspective to the department's approach to the department's duties; evaluation of the organizational structure of the department, including whether the department should include a division of science and technology; and evaluation of the strategic

planning process of the department and its effectiveness (Section 21 of House Bill No. 1018);

- Study the licensure, training, and classroom education requirements for electricians in this state; reciprocity agreements with other states and the effect of those agreements on standards in this state; and the effect of the licensure, training, classroom education requirements, and reciprocity agreements on the availability of qualified electricians in this state (Section 2 of House Bill No. 1218 (2007));
- Study the regulation and licensing of pharmacists in this state, including an examination of the State Board of Pharmacy, the board's size, the manner of board membership appointment, and whether the board is representative of commercial and noncommercial pharmacists; the state's demographics and the impact changing demographics in rural areas will have on the ability of small, locally owned pharmacies to remain economically viable and of rural residents to access low-cost pharmaceuticals and pharmacy and pharmacists' services; pharmacy ownership restrictions, the relevance of those restrictions in terms of marketplace competition, and the impact of those restrictions on the price and availability of pharmaceuticals and on pharmacy and pharmacists' services; and statutory interplay between the board and the North Dakota Pharmaceutical Association and whether the regulatory function of the board conflicts with the advocacy function of the association (Section 2 of House Bill No. 1299 (2007)); and
- Study issues relating to wireless service providers in the state and how wireless service impacts the business climate in the state (Section 28 of House Bill No. 1018).

#### **Information Technology Committee**

The workforce-related charges of the Information Technology Committee include:

- Receive report from the State Board of Higher Education, on request, regarding higher education information technology planning, services, and major projects (NDCC Section 15-10-44);
- Receive report from the Statewide Longitudinal Data System Committee on the status of the plan for a longitudinal data system (NDCC Section 15.1-02-18); and
- Receive information from the State Board of Higher Education regarding higher education information technology planning, services, and major projects (NDCC Section 54-35-15.2).

#### **2007-08 Workforce Committee Activities**

Under Section 20 of House Bill No. 1018 (2007), the three main directives for the Workforce Committee during the 2007-08 interim were to receive agency reports regarding implementation of workforce legislation enacted during the 2007 legislative session, participate



in focus groups across the state, and participate in a workforce congress.

### **Participation in Focus Groups**

The Workforce Committee was charged with actively participating in a minimum of four workforce focus groups across the state. The focus groups were responsible for discussing ways to enhance the state's system for addressing workforce needs, including:

- Workforce availability;
- Skilled workforce needs;
- Future workforce needs; and
- Alignment of the state's higher education curriculum with the state's current and future workforce needs.

The Department of Commerce had several duties relating to the activities of the workforce system study. The department, in consultation with the Workforce Committee:

- Organized the focus groups;
- Convened five focus groups;
- Compiled focus group participant invitation lists;
- Drafted and distributed focus group invitations;
- Established focus group dates and locations; and
- Prepared agendas for focus groups.

The focus group schedules and activities took into consideration the workforce study activities of the department, including the Governor's Workforce Summit, held October 11-12, 2007, in Bismarck.

The Legislative Council and Department of Commerce entered a contract with a third party to provide the Workforce Committee and department with professional services to plan, facilitate, report on, and coordinate followup for the focus groups and the Workforce Congress. House Bill No. 1018 included an appropriation of \$50,000 to the department to help fund the workforce system initiative.

### **Participation in Workforce Congress**

Much like the focus groups, the committee was charged with actively participating in a workforce congress. The activities of the Workforce Congress included:

- Receipt of a report on the activities of the focus groups;
- Identification of methods to enhance the state's workforce system in order to be well-positioned to participate in a knowledge-driven economy and to be globally competitive; and
- Evaluation of the impact and effectiveness of the state's existing workforce system.

Again the study charge provided the Department of Commerce, along with a consultant, was responsible for a large portion of the preparatory work and implementation of the Workforce Congress. Specifically, the department, in consultation with the committee:

- Organized the Workforce Congress;
- Compiled Workforce Congress participant invitation lists;
- Drafted and distributed Workforce Congress invitations;

- Established a Workforce Congress date and location; and
- Prepared the agenda for the Workforce Congress.

### **Focus Group Activities**

The committee, with the assistance of the Department of Commerce, held five half-day focus groups--four for business leaders and one for young people. The business leader focus groups were held in Grand Forks, West Fargo, Minot, and Dickinson; the focus group for young people was held in Jamestown. The committee followed the same basic format for the four business leader focus groups and a slightly modified format for the young people focus group.

The basic format of the focus groups was:

- Welcome and opening comments from the committee chairman and the Commissioner of Commerce;
- Introduction of two committee consultants who facilitated the focus groups;
- Group interview of invited participants;
- Review of 2007 legislative workforce initiatives;
- Summary of North Dakota's workforce situation;
- Review of prefocus group surveys;
- Breakout sessions; and
- Closing remarks.

At each of the five focus groups, committee members sat at round tables with the invited participants--either business leaders or young people. The two consultants worked together to facilitate each of the focus groups, using a computer presentation to assist in presenting information throughout each focus group.

Following the welcome and introductions, the consultants conducted a group interview that included gathering information regarding the focus group participants. Additionally, the consultants reviewed the background of the workforce system study and its predecessor--the business climate study--briefly reviewed the 2007 legislative workforce initiatives, reviewed the steps that will be taken during the workforce system study, reviewed data relating to the state's current workforce situation, provided details regarding the results of the prefocus group survey completed by business leaders who were invited to attend the focus groups, and conducted two breakout sessions.

The first breakout session was made up of four exercises. The participants at each table were asked to discuss and record how the participants would like to change behavior of employers, workers, education, and government. The facilitators recorded the results reported from each table for each of these four classes for which changed behavior is sought. Upon completion of this breakout session, participants voted on which of the recorded behavioral changes are most important in addressing the state's workforce challenges.

For the second breakout session, the participants changed the tables at which they were seated. The consultants identified the items participants rated as the most desired behavioral changes. Each table was requested to determine what actions should be taken

and by whom these actions should be taken to lead to these identified behavioral changes. Specifically, the participants at the tables were charged with identifying and recording what state policies or legislation would accomplish the desired changes. Upon each table reporting an identified desired action, the participants again voted to identify the top-rated actions needed to address the state's workforce challenges.

The agenda for the focus group for young people varied slightly from the other four focus groups in that a single breakout session was held. The breakout session was made up of four exercises. The participants at each table were asked to discuss and record how the participants would like to:

1. Change the actions of employers so they would better meet the needs of youth;
2. Change the actions of young adults so they would stay in North Dakota;
3. Change the actions of schools so they promote retention of young talent; and
4. Change the actions of government so it meets the state's workforce challenges.

The facilitators recorded the results reported from each table for each of these four classes for which changed action was sought. Upon completion of this breakout session, participants voted on which of the recorded changes were most important in addressing the state's workforce challenges.

#### **Workforce Congress Activities**

Following the five focus groups, the committee and Department of Commerce held and participated in the Workforce Congress at the State Capitol on April 10, 2008. The invitation list for this event included individuals invited to and individuals who attended the four business leader focus groups. Participants received a report on the activities of the focus groups, identified methods to enhance the state's workforce system in order to be well-positioned to participate in a knowledge-driven economy and to be globally competitive, and evaluated the impact and effectiveness of the state's existing workforce system.

The meeting began in the House chamber, broke into small groups that met in four meeting rooms in the State Capitol, and then reconvened in the House chamber. Workforce Congress participants included private business leaders, economic developers, educators, and young professionals.

The committee's two consultants worked together to facilitate the Workforce Congress portions in the House chamber. The committee used the following basic format for the Workforce Congress:

- Welcome and opening comments from the committee chairman, committee vice chairman, the Governor, and the Commissioner of Commerce.
- Consultants' report regarding an overview of the workforce system study process and destination, process and expectations for the Workforce Congress, key economic and workforce facts about North Dakota, and highlights and insights

from the four business leader focus groups and the young people focus group.

- Break out into four groups, each assigned to address desired changes in the behavior of employers, individuals, educators, or government in order to have a positive effect on North Dakota's ability to respond to workforce challenges.
- Reconvene to report on the activities of the four breakout groups.

#### **Consultants' Report**

The consultants reported on the results of the prefocus group survey of business leaders, indicating the survey highlights and lowlights included:

- People like where they live--90 percent rated where they live as excellent/good;
- Good place to raise family--97 percent rated excellent/good (drops to 69 percent for "fun place");
- Good job satisfaction--96 percent rated complete/a lot of satisfaction with job;
- Quality of workforce rated high--83 percent rated as excellent/good;
- Good place to get an education--87 percent rated excellent/good;
- Lower rating as a place to find a job--44 percent fair/poor rating;
- Low rating in assistance available to employers for finding workers--under 30 percent rated excellent/good;
- Low rating for assistance available to employers for upgrading worker skills--only 28 percent excellent/good (15 percent don't know);
- College graduates can easily find a good-paying job here--72 percent disagree with statement; and
- Critical issues often cited are low wages, losing skilled youth, and replacement of aging Baby Boomers.

The consultants reported the most common responses to the focus group breakout activities were:

- Employers should change:
  - Workplace culture to be more attractive to new generation of workers;
  - Create higher-wage jobs;
  - Reach out to education--form partnerships;
  - Promote own industry--in- and out-of-state; and
  - Invest in own workers--create career ladders--provide continuing education aimed at new jobs.
- Individuals should change:
  - Take initiative--lifelong learning--engagement in problem-solving in workplace;
  - Take advantage of specific skills advancement opportunities of two-year or less technical programs;
  - Make informed decisions about North Dakota careers based on solid labor market information;
  - Stay in state--keep skills here; and

- Move back if you left--bring skills back.
- Schools should change:
  - Reach out to employers--form partnerships--learn realities of today's workplaces;
  - Create demand-driven courses and flexible delivery structures;
  - Promote two-year technical programs on a level playing field with four-year programs;
  - Provide more intensive career information; and
  - Promote the state to students--fairly present our state's opportunities.
- Government should change:
  - Market the state more aggressively--in- and out-of-state;
  - Create state-level point of responsibility for providing career information to citizens and students;
  - Target critical skills gaps and provide incentives to keep them here or bring them in;
  - Create an incentive for upgrading skills of current workforce to prepare for new jobs; and
  - Create incentives for aging Baby Boomers to employ their skills in new ways and acquire new skills.

### Breakout Groups

The Workforce Congress participants were divided into four groups and assigned to meet in one of four meeting rooms to address the four associated behavioral changes.

### Reports From Breakout Groups

Following the breakout groups, the Workforce Congress participants reconvened in the House chamber and reported each small group's top three changes in behavior and also reported a fictional headline from *The Wall Street Journal* in the year 2013 reflecting North Dakota's success in meeting its workforce needs.

The breakout group addressing changes in the behavior of education reported these items:

1. Align higher education with growth sectors of the economy.
2. Provide more and earlier career awareness education and information to students and parents.
3. Provide rapid response of higher education to "hot needs."

The breakout group addressing changes in the behavior of individuals reported these items:

1. Establish a statewide structure for a comprehensive curriculum for career exploration and decisionmaking.
2. Provide more affordable higher education for both recent high school graduates and adults.
3. Keep North Dakotans in the state through alignment of educational standards for moving throughout the P-16 system.

The breakout group addressing changes in the behavior of employers reported these items:

1. Create tax incentives for automation and innovation tied to increases in productivity.
2. Create an aggressive statewide career awareness initiative.
3. Support employer-sponsored school-to-work programs to engage non-college-bound youth.

The breakout group addressing changes in the behavior of government reported these items:

1. Improve career advising and training by getting industry involved in the process with education and by delivering at the community level.
2. Provide tuition loan programs for all types of workers so all people can access training.
3. Expand and continue existing programs and pilot programs that have proven to be successful.

### Closing Remarks

Following the reports of the breakout groups, the Workforce Congress participants commented on the day's activities, including:

- There was a recognized need for government to support innovation, technology, and automation.
- Addressing career specialists and career awareness does not have to start fresh as there are examples of successful programs. Additionally, there was discussion that the market works best when all involved have good information and, on that same premise, students will make good decisions if they have the right information.
- There was general support that the committee and the consultants should consider all of the ideas of the breakout groups because there were great ideas that did not make the top three issues reported out of the four groups.

### Consultants' Report

An executive summary of the consultants' final report was presented to the committee at a joint meeting of the Workforce Committee, Education Committee, and Higher Education Committee. The report included an overview of:

- The state's achievements relating to workforce;
- The state's challenges relating to workforce;
- The background of and procedure followed in conducting the Workforce Committee's workforce study;
- The five themes that arose through the course of the workforce study focus groups and Workforce Congress;
- The policy decisions of investment, innovation, and impact, which should be considered as part of the policy evaluation; and
- Examples of initiatives that could be enacted to address the five identified priority areas.

The consultants identified the following top three priorities for each group as prioritized by the Workforce Congress:

#### Employers

1. Tax incentives for employer automation and innovation tied to productivity increases;
2. Employer-sponsored school-to-work initiative to reach out and engage non-college-bound youth; and
3. Aggressive statewide career awareness initiative.

#### Employees

1. More affordable higher education in North Dakota through low tuition strategies and strategies for tuition reimbursement (without creating new bureaucracies);
2. Statewide structure for a comprehensive curriculum for career exploration and decision-making; and
3. Alignment of educational standards for moving throughout the P-16 system, including promotion of two-year opportunities and strengthened articulation agreements.

#### Schools

1. Higher education funding aligned with growth sectors of the economy;
2. Early career awareness education aimed at parents and children; and
3. Rapid response mechanism for "hot needs" of higher education--streamlined "minuteman" process for meeting needs in a timely manner.

#### Government

1. Bank of North Dakota tuition loan program for all demographics (traditional and nontraditional students);
2. Career advising and training initiative at the community level--involvement of industry leaders, education leaders, and teachers to increase awareness; and
3. Leadership in expanding timeframes of existing, successful pilot programs that are already in place in North Dakota.

The consultants reported that in analyzing the suggestions gathered from the focus groups and the priorities defined at the Workforce Congress, the information clustered into five policy idea suites. In each suite the aim was to define a common goal linked to comments from North Dakotans with policy options that work to collectively promote positive change in the behavior of employers, employees, schools, and government.

The five policy idea suites that resulted from the focus groups and Workforce Congress and the corresponding recommendations of the consultants were:

1. Retain talent - The consultants identified the following immediate-term and long-term recommendations:
  - a. Immediate-term - More broadly scaled and aggressively marketed Operation Intern through increased public and private support; and tax credits for college graduates who remain and work in North Dakota.

- b. Long-term - Structure for tuition reimbursement for identified high-priority skills gaps.
2. Attract talent - The consultants identified the following immediate-term and long-term recommendations:
  - a. Immediate-term - Targeting of out-of-state talent with ties to North Dakota which includes a special website and an aggressive and timely catch-and-referral mechanism; and waiver of state income tax for high-priority talent attracted to the state.
  - b. Long-term - Structure for tuition reimbursement for identified high-priority skills gaps.
3. Incentivize employer productivity, innovation, and entrepreneurship - The consultants identified the following immediate-term and long-term recommendations:
  - a. Immediate-term - Technology investment tax credit and low interest loan program to encourage employer technology investments; and a study that identifies key regional business clusters and associated investment priorities for increased productivity.
  - b. Long-term - Prairie Innovation Zone structure for ongoing business-education collaborations for innovation, research, and technology transfer.
4. Connect education and employers - The consultants identified the following immediate-term and long-term recommendations:
  - a. Immediate-term - "Work Ready" work ethic certification for high school students as defined by employers; "fast track" approval process for new courses and curricula tied to emerging employer needs; and expanded statewide internship program that prioritizes STEM disciplines (science, technology, engineering, and mathematics).
  - b. Long-term - Core curriculum for high school graduates tied to employer demand--expanded to related idea of "core tech" curriculum for higher education; work ethic certification in high school connected to broader framework for career track identification and resume building--include high school internships, community service, and other opportunities that expose students to the meaning of working and living in North Dakota; and social network-based models to create grassroots engagement of diverse groups in North Dakota regions.
5. Promote higher education - The consultants identified the following immediate-term and long-term recommendations:
  - a. Immediate-term - Stipend for students to complete two-year postsecondary "core tech" curriculum; and tax credit structure for state residents who pursue higher education in state universities.

- b. Long-term - Structure for Lifetime Education Accounts; and "Seniors to Sophomores" program tied directly to established core high school standards and postsecondary "core tech" standards.

### **Information Provided to Committee**

Throughout the course of performing the workforce system study, the committee requested, received, and reviewed information relating to workforce issues. The committee considered this information in making its recommendations.

### **Centers of Excellence**

The committee received a status report on the centers of excellence program, including a review of the status of the three centers legislatively awarded funding in 2003, the centers awarded funding under the competitive application process, and the status of upcoming awards.

### **Governor's Workforce Summit**

The study directive required the focus group schedules and activities to take into consideration the workforce study activities of the Department of Commerce. The specific activity the department worked on during the interim was the Governor's Workforce Summit, which took place October 11-12, 2007. Committee members were invited to attend this event.

The committee received a report on the document "State of the North Dakota Workforce Report," which was reported at the summit. In looking at the state of North Dakota's workforce, economic development and the workforce can be considered Siamese twins. North Dakota has a tight labor market, which is in part related to demographics.

The Commissioner of Commerce testified the 2007 Governor's Workforce Summit served as an effective kickoff for the interim committee's workforce system study. A high point of the summit included the industry panel as well as the breakout sessions.

Committee members who attended the summit testified that with high school and higher education annual graduations of approximately 6,000 students, it will be very difficult for the state to fill the state's approximately 10,000 open positions. However, one way to address the workforce needs of the state would be to expand the pool of possible workforce, such as focusing on retirees reentering the workforce and disabled individuals participating in the workforce. Although the workforce needs being experienced by North Dakota are similar to what is going on nationwide, North Dakota has a very high labor force participation rate and this will be a challenge as the state tries to increase its workforce participation.

Additionally, a committee member who attended the summit raised the point that there has been a paradigm shift. In the past, the state has invested resources in seeking new businesses and has been successful in recruiting and retaining businesses, but now the state needs to focus on attracting and retaining workers. To address this current need, it will be necessary to look at

the existing population and what can be done to get workers in jobs. Untapped sources of workers may include senior citizens and recipients of public benefits as well as individuals who have been in the prison population. In addition to tapping current residents of the state, it will be necessary to attract workers to the state.

A representative of the Department of Commerce testified the department has considered recruiting workers from markets in the country that have high unemployment; however, in taking this step, it is very important that the skills of these members of the unemployed group be aligned with the workforce needs in the state.

### **Southeast Quadrant**

The committee held a meeting in Gwinner and received testimony from representatives of Bobcat, the State College of Science, and organized labor. Additionally, committee members ate lunch with the senior class of North Sargent High School and informally discussed workforce and education issues with the students.

The committee received testimony from representatives of Bobcat which included an overview of plant activities, such as the physical operations of the Gwinner plant, the organizational structure of the Gwinner plant, the workload of the Gwinner plant, and the level of employment at the Gwinner plant; workforce experience; and workforce projections.

A representative of Bobcat testified some of the major challenges faced by Bobcat include how to better support its workers with issues such as housing. In the southeast region of the state there are no multilisting services for housing, and there is a shortage of available housing. Additionally, child care is a challenge for workers for a variety of reasons, including the plant's 24 hours a day 7 days a week operation and the fact the workforce resides over such a broad area.

Representatives of the State College of Science provided the committee with information regarding the southeast quadrant training program, college outreach, and career resource support programs. The State College of Science is responsible for workforce development and workforce training, with the four academic clusters focused on manufacturing, construction, transportation, and allied health professions in addition to emerging clusters, such as nanoscience, which is also included in the school's academic framework.

A representative of the State College of Science testified the school seeks a seamless process from preschool through higher education. One step that could be taken to assist in this seamless process would be an increased ratio of career counselors to students. North Dakota rates well for graduating high school seniors; however, the state does not do as well in keeping these students in higher education through graduation.

The committee received testimony from a representative of the State College of Science that because career and technical education costs are higher than the typical baccalaureate degree, the funding for

these programs should reflect this reality. The testimony was supportive of using existing mechanisms to address the state's workforce needs, including use of the Higher Education Roundtable.

The committee received testimony from a representative of organized labor. The testimony indicated that in addition to job security, the two most important issues in contract renegotiations are health care and wages.

### Joint Meeting

The committee held a joint meeting with the Education Committee and the Higher Education Committee. The three committee chairmen recognized there was overlap in the committee charges and reviewed the activities of each of the committees. Based on committee charges, the chairmen proposed the committees distribute workforce issues as follows:

<b>Workforce Issue Distribution Proposal</b>	
<b>Education Committee</b>	
Career counselors	<ul style="list-style-type: none"> <li>• Committee discussion could address several related issues, including curriculum for career exploration; qualifications of career counselors; school-to-work, internships, apprenticeships, and clinical opportunities; and career awareness for students, parents, and teachers.</li> </ul>
Student assessment	
Tiered diplomas	
Regional education associations	
Data collection	
Preparation for higher education and the workforce	
Curriculum and graduation requirements	
(These topics are also being addressed by the North Dakota Commission on Education Improvement.)	
<b>Higher Education Committee</b>	
Tuition formula	<ul style="list-style-type: none"> <li>• Committee discussion could address several related issues, including state and institution obligations, in-state and out-of-state tuition rates, tuition relationship to courses of study, and affordability.</li> </ul>
Rapid response and streamline process to respond to workforce needs	
Funding formula	<ul style="list-style-type: none"> <li>• Align with growth sectors</li> <li>• Equity relating to technical programs</li> <li>• Equity relating to nontraditional students</li> </ul>
Data collection	<ul style="list-style-type: none"> <li>• Postgraduation location and job</li> <li>• Completion/retention rates</li> </ul>
Streamline high school to higher education	
Out-of-state recruitment	
Internships, apprenticeships, and clinical opportunities (at the institutional level)	
Access (rural)	
Strengthen technical education	
<b>Workforce Committee</b>	
Student loans (Bank of North Dakota)	
Lifetime education accounts	
Tax	<ul style="list-style-type: none"> <li>• Employer automation</li> <li>• Attraction and retention of workers</li> <li>• Internships and apprenticeships</li> <li>• Student loan debt</li> </ul>
Strengthen link between education and employment	
Attraction and retention of students and workers	
Strengthen Department of Commerce programs	
	<ul style="list-style-type: none"> <li>• Ambassador program</li> <li>• Operation Intern</li> <li>• Attraction and retention of workers</li> </ul>
Prairie Innovation Zone program and economic clusters	

The joint meeting included two panel discussions. The industry panel was composed of representatives of the state's five targeted industries as well as a representative of the health care sector and a representative of the North Dakota Chamber of Commerce. The education panel was composed of

representatives of higher education, kindergarten through grade 12, career and technical education, and distance education.

A representative of the tourism sector testified one of the biggest issues faced by businesses is dealing with how to simultaneously recruit, train, and retrain, and

retain a workforce. These issues may be appropriately addressed through strengthening the linkage between education and jobs.

The committee received testimony in support of implementing a proficiency-based education system so a student's diploma has more meaning and is based upon more assessments. Panelists recognized the importance of ensuring high school students have the right education going into higher education and once again when they graduate with a degree from higher education and go into the workforce.

An industry panelist testified several of the solutions to the workforce issues could be found in the recommendations of the P-16 task force. For example, the state would benefit from focusing on the career areas that are experiencing the highest growth in North Dakota, especially through providing career and technical education.

The committee received testimony that the issue of credentialing different professions has been an ongoing battle with the Legislative Assembly. Allowing a profession to be credentialed is meaningful to the workers in that field. Professional challenges include clinical requirements related to education as well as the limited availability of clinical opportunities.

The committee received conflicting testimony from panelists. Some panelists testified low wages are a barrier in attracting and retaining a workforce and other panelists testified wages are not a barrier.

The committee received testimony that tax incentives for new graduates may help in attracting and retaining a workforce; however, the committee received conflicting testimony in support of providing tax incentives to businesses instead of employees to maximize the impact of the incentive.

A panelist testified in support of modifying the current higher education funding system. The current system was perceived as a disincentive in that the state appropriates money to the institutions of higher education based on the number of full-time students on campus. The appropriation formula should be changed to support and recognize universities that reach out to rural North Dakota and to nontraditional students who may not be full-time students.

The testimony received regarding internships was generally supportive; however, the issue was raised that there are some businesses for which it is not feasible to have an internship program.

The facilitator of the industry panel summarized the discussion into the following four main topics:

1. North Dakota is a skilled economy and is underinvested in skills training.
2. There is a lack of communication in getting the message out. People need to know more about career and education opportunities.
3. There is support for implementing competency assessments.
4. There is a new work ethic that needs to be recognized.

The education panelists testified the education system is more comfortable than people realize when it comes to addressing the education system's role in the

workforce, although some institutions are more comfortable than others. The Higher Education Roundtable was suggested as the vehicle that could be used to move these workforce concerns forward. Additionally, testimony was received in support of revising the higher education funding model to provide higher education institutions greater flexibility and the ability to respond more immediately to the workforce needs.

The testimony recognized there is competition for students within the state; therefore, the institutions of higher education need to look out of state. There has been success in keeping out-of-state students in North Dakota following graduation. Realistically, if the state is going to fill 14,000 open jobs, the state is going to need 14,000 individuals from out of state. When it comes to funding and course offerings, educators are professionals and they understand the reward system. Under the current funding system, institutions of higher education are enrollment-driven.

The committee received testimony in support of and in opposition to using early identification of student skills and interests to help address the state's workforce needs. However, there was support for taking steps to better inform students of their education and employment opportunities.

The committee received testimony that possible ways to address the state's workforce needs include offering students dual credit for coursework, providing students opportunities for earning credit for prior learning, and also strengthening the state's apprenticeship program. In addition, lifelong learning and adult education are important components of the state's workforce issues.

The committee received testimony the state will need financial assistance that better accommodates nontraditional students. The current financial assistance system works well for traditional students but not for nontraditional students. Additionally, accessibility of programs will need to be addressed to better accommodate lifelong learning and adult education; this might best be accomplished through regional education associations.

A representative of a two-year college testified there are examples of industry-education cooperative programs that have worked well; however, not all businesses are worldwide in scope and have the resources necessary to implement a program on the same scale as larger businesses. For example, individual trucking businesses may not have the necessary size to start an industry program, but the truck driving industry as a whole may be able to work together to recognize the economies of scale necessary to start up a program.

### Higher Education

Throughout the interim the committee requested and received information from representatives of the North Dakota University System.

The committee received information regarding the educational demographics of the state and the region as well as American College Test (ACT) data. The North Dakota University System is aware of the decreasing

number of high school graduates in the state and is looking to attract two-year university graduates who are transfer students from other states.

Testimony was received that to keep educated young people in the state, the students need to have the opportunity in the state to find good jobs with good pay. In attempting to measure the outcome of the state's workforce actions, retention is a good example of how to track these actions. Additionally, retention of students of institutions of higher education is related to how prepared students are as they enter the higher education system.

The committee received testimony that the North Dakota University System recognizes the need to be proactive and careful to not just react to change. The Higher Education Roundtable has been instrumental in making the University System more flexible and more entrepreneurial.

### **Local Developers**

In addition to inviting local developers to participate in the focus group and Workforce Congress activities, the committee requested and received testimony regarding workforce needs from local economic developers.

The committee received testimony that communities are initiating local and regional programs and businesses are initiating programs to address workforce needs, including training of nurses, internship programs, nationally and regionally competitive wages, alumni lists, local and out-of-state job fairs, succession planning, and extensive training in all positions.

One step that needs to be taken is systemic marketing because new graduates face jobs requiring three years to five years of experience, and oftentimes this is the reason the communities are losing their graduates of institutions of higher education.

Economic developers are in a unique position. Although communities need to diversify, this is a tough thing to do because the developers cannot in good conscience recruit businesses that will not be able to fill workforce needs.

### **Consideration**

#### **Child Income Tax Credit Bill Draft**

The committee considered, but does not recommend, a bill draft that would have provided an income tax child credit. The bill draft was intended to respond to issues raised regarding the cost of child care. The credit would have applied to all families of children under the age of 18, regardless of whether there were verified child care expenses.

### **Recommendations**

#### **Retirement Issues**

The committee recognized that to meet workforce needs, one of the required actions is maximizing employment participation of people already living in the state. The committee received demographic data reflecting an aging workforce, which will result in increases in the number of workers retiring and leaving the workforce. Testimony received in committee and at the Governor's Workforce Summit indicated one way to

increase the number of retirement age workers retained in the workforce is to design more flexible work environments. Although generally a private sector matter best addressed by employers, as an employer the state plays a role in creating flexible working environments for state employees.

The committee recommends a bill to direct Human Resource Management Services, a division of the Office of Management and Budget, to study how to retain state workers who are nearing retirement.

### **Department of Commerce - Students**

The committee recommends a bill to provide funding for the Department of Commerce Operation Intern program and direct the department to administer a program to market North Dakota higher education opportunities to out-of-state students.

### **Students and Graduates**

The committee recognized there is a need for a seamless package to address immediate workforce needs as well as something to address future workforce needs. The committee received data indicating in the near future, the number of North Dakota high school graduates will be decreasing sharply.

Committee members discussed a variety of approaches to increase the number of recent college graduates remaining in, returning to, or moving to North Dakota, including revising the Bank of North Dakota's student loan program; providing tax breaks for student loans; providing student loan forgiveness for identified fields of employment; and decreasing college tuition.

The committee recommends a bill to provide a phased-in college tuition grant program for qualified North Dakota high school graduates beginning with the high school graduating class of 2014 and provide an earned income tax deduction for recent college graduates. The bill is designed so the income tax deduction is effective immediately and remains in effect until the college tuition grant program becomes effective.

### **Tax Credits for Automation and Innovation**

The committee received testimony that one way to address workforce challenges is for businesses to better use the existing workforce by doing more with fewer employees. If employers are unable to recruit for all the open positions, then employers need to better use the current workforce through higher productivity. The committee received information regarding steps North Dakota and other states have taken to incentivize automation and innovation by businesses.

The committee recommends a bill to provide three types of tax credits for taxpayers that are primary sector businesses--a credit for purchases of manufacturing machinery and equipment for the purpose of automating manufacturing processes, a credit for qualified expenditures necessary for implementing lean manufacturing, and a credit for qualified research expenses.



## **Workforce System Study**

The committee recognized that, conceptually, the workforce needs in the state can be characterized as a "pipeline" issue. In addressing this workforce supply issue, state actors need to evaluate the workforce system on a macro-level and to consider what roles are appropriate for the state to take in dealing with these supply issues.

The committee recommends a concurrent resolution to provide for a Legislative Council study of the state's workforce system, the feasibility and desirability of enacting legislation to address the issues identified in the 2007-08 interim Workforce Committee's consultants' report, and the implementation of workforce initiatives enacted by the 61<sup>st</sup> Legislative Assembly.

## **Immigration Reform Resolution**

The committee recommends a concurrent resolution to express support for the development of a balanced national immigration policy and urge Congress to work to develop an immigration policy that protects and preserves the safety and interests of the United States and its citizens while also recognizing the needs of businesses to have a stable and legal supply of workers.

## **JOB DEVELOPMENT AUTHORITY STUDY**

### **Legislative Background**

As introduced, Senate Bill No. 2149 (2007) would have expanded the authority of county job development authorities (JDAs) to include taking equity positions in, providing loans to, or using other innovative financing mechanisms to provide capital for new or expanding businesses in this state or for businesses relocating to this state. Before enactment, the bill was amended to include city JDAs and to provide for the Legislative Council study.

The legislative history indicates the bill was introduced to address a letter opinion of the Attorney General dated May 9, 2007, opining a county JDA lacks express or implied statutory authority to take an equity position in a private company.

The minutes of the Senate Political Subdivisions Committee hearing on Senate Bill No. 2149 indicate the study was added to the bill in recognition that over the years a broad range of economic development tools have been added to the tool chest, and perhaps some of these tools are no longer needed and could be eliminated. Specifically, the committee recognized the low rate of unemployment and questioned whether there is still a need to create more jobs in the state.

### **State Law**

#### **County Job Development Authorities**

North Dakota Century Code Chapter 11-11.1 authorizes counties to create JDAs, to create joint JDAs, and to contract with industrial development organizations to perform the functions of JDAs or joint JDAs. Chapter 11-11.1 was enacted in 1985. Section 11-11.1-03 provides the objective of a JDA or joint JDA is to use its financial and other resources to encourage and assist in the development of employment and promotion of tourism within the county or counties.

#### **City Job Development Authorities**

North Dakota Century Code Chapter 40-57.4 authorizes cities to create city JDAs, to create joint JDAs, and to contract with industrial development organizations to perform the functions of city JDAs or joint JDAs. Chapter 40-57.4 was enacted in 1987. Section 40-57.4-03 provides the objective of a city JDA is to use its financial and other resources to encourage and assist in the development of employment within the city.

#### **Legislative History**

The legislative history of the 1985 legislation creating the county JDA law indicates supporters of the legislation testified:

- County JDAs would assist rural communities to diversify their economic bases so the communities would be less dependent on relying on agriculture as the base of the communities' economies.
- The law would allow counties to levy a tax to provide full-time economic development programs to provide day-to-day activities instead of relying on "bird in the hand" activities.
- The law would allow counties to levy a tax to contract with existing local economic development organizations to provide full-time economic development programs, thereby avoiding duplication of services.
- New jobs were necessary to keep youth in the communities.

The legislative history of the 1987 legislation creating the city JDA law indicates supporters of the legislation testified:

- The law would allow cities to levy a tax for a city JDA without burdening the rural communities in the county.
- The law would allow cities to levy a tax to pay full-time, professional economic developers.

Since the enactment of the JDA laws, the general trend has been to expand the powers of the authorities. For example:

- House Bill No. 1177 (1991) authorized city and county JDAs to loan, grant, or convey any funds or property held by the authorities to carry into effect the objective of the authorities.
- Senate Bill No. 2021 (1993) authorized city and county JDAs to guarantee loans or make other financial commitments to enhance economic development.
- House Bill No. 1483 (1993) authorized the creation of joint county JDAs and the creation of economic growth districts in counties that are part of a joint JDA.
- Senate Bill No. 2537 (1993) authorized county JDAs to accept and expend money from any source.
- Senate Bill No. 2353 (1995) authorized the creation of joint city JDAs.
- Senate Bill No. 2173 (2003) expanded the objective and taxing authority of county JDAs to include promotion of tourism.

- Senate Bill No. 2149 (2007) authorized city and county JDAs to take equity positions in, provide loans to, or use other innovative financing mechanisms to provide capital for new or expanding businesses.

### Testimony

The committee received reports from representatives of the North Dakota League of Cities and the North Dakota Association of Counties. A general survey of city and county JDAs was conducted requesting general information regarding funding and financing mechanisms. The information from the general survey indicated each community with a JDA has established a funding mechanism that is designed for that particular JDA. Job development authority funding sources include local sales tax, local levy of up to four mills, equity positions, and loan and lease payments. As in funding, the financing mechanisms used by JDAs vary depending on the needs of the community. Examples of JDA financing mechanisms include loans, grants, property conveyances, property tax exemptions, building or property leases or rentals, equity positions, and PACE interest buydowns.

The North Dakota League of Cities and the North Dakota Association of Counties performed a second, more specific survey of city and county JDAs requesting specific information regarding whether the JDAs had ever supported economic development projects through the taking of an equity position. Generally, most JDAs have never used an equity position as a financing tool. Of the JDAs that had taken an equity position, it is a financing tool that is rarely used. The following JDAs reported having taken an equity position one or more times as a form of economic development:

- Devils Lake Development Corporation.
- Hazen Community Development.
- Mayville-Portland Economic Development Corporation.
- Wishek Job Development Authority.
- Jamestown/Stutsman County Development.
- McKenzie County Job Development Authority.
- Towner County Economic Development Corporation.
- Walsh County Job Development Authority.

The survey results indicated the JDAs that had taken equity positions employed the same due diligence that they would with providing a loan or other incentive. Typically, if a JDA took an equity position, the JDA relied heavily on the due diligence of the major contributor, such as the Bank of North Dakota or the North Dakota Development Fund.

The survey requested information regarding what action the JDAs took if a business in which the JDA had an equity position failed and also what plans JDAs took to extract themselves from equity positions. The responses to these questions varied according to the specific terms of the equity agreement. Some JDAs that took equity positions included clawback provisions in the financing agreement and some did not. Typically, a JDA's equity position is only one part of a larger

economic development package that includes participation by financial institutions.

Representatives of city and county JDAs testified in support of the current JDA laws, indicating the laws are flexible enough to allow the JDAs to design organizations that meet the needs of the community. Testimony was received that JDAs are accountable to the local communities for how the JDAs use local funds.

The committee did receive testimony the statutory maximum of four mills for funding JDAs has the result of limiting JDA funding in smaller communities. However, even this limited funding has impacted positively economic development services in these small communities. Testimony was received that the JDA in a smaller community is often partnered with other economic development organizations.

The committee discussed whether taking an equity position is an appropriate activity for JDAs. The committee recognized that although some JDAs were taking equity positions before the law was amended to allow for this, it may be several years before there is any recognizable increase in JDAs using equity positions as a form of financing. When there is more data on the success or failure of taking an equity position, it is likely that only failed positions will receive any scrutiny.

### Conclusion

The committee does not make any recommendation relating to the job development authority study.

## POPULATION STUDY

### Population and Demographic Statistics

#### North Dakota

According to United States Census Bureau data, North Dakota's estimated population on July 1, 2006, was 635,867, compared to the year 2000 population of 642,200, a percentage change of -1.0 percent. North Dakota is ranked 48<sup>th</sup> in national population with the District of Columbia, Vermont, and Wyoming having smaller populations. The census data indicates the state's demographics include 14.7 percent of the population is aged 65 or older; 83.9 percent of the population has graduated from high school; and 22 percent of the population has earned a bachelor's degree or higher.

### Population Initiatives

In addition to a wide variety of organizations that have addressed population growth in the state and region, there have been several population growth initiatives. Initiatives addressing the issue of population growth include the Great Plains Population Symposium Project, the Saving North Dakota Roundtable, the New Economy Initiative, and the Youth Initiative Committee in support of 2002 initiated statutory measure No. 3.

#### Great Plains Population Symposium Project

The Great Plains Population Symposium Project held a three-day national policy conference in Bismarck in October 2001 and held a two-day state and local policy conference in Dickinson in April 2002. The project was to investigate the continuing depopulation of the rural

Great Plains and to raise the nation's awareness of the facts and ramifications relating to the emptying of the nation's vast central region. The project was led by Dickinson State University in collaboration with researchers at North Dakota State University, Colorado State University, University of Montana, and Iowa State University. The project was sponsored by federal legislation and was supported by a grant from Congress.

#### **Saving North Dakota Roundtable**

On January 9, 2003, on the North Dakota State University campus, 31 people aged 21 to 34 took part in a Saving North Dakota Roundtable discussion cohosted by *The Forum* (Fargo) and the Associated Press Managing Editors Group. *The Forum* reported that roundtable members targeted five major areas of discussion--human rights, arts and culture, technology, marketing, and community and economic development. Additionally, on January 30, 2003, several of the panelists met with legislative leaders and the Governor to discuss these major topics.

#### **New Economy Initiative**

The New Economy Initiative was a public-private initiative coordinated by the Greater North Dakota Association beginning in 2000. The goals of the initiative were to mobilize North Dakotans to develop and implement solutions to some of the problems plaguing the state's business climate. The initiative worked through the creation of action teams and industry clusters.

#### **Youth Initiative Committee and Initiated Statutory Measure No. 3**

Initiated statutory measure No. 3 was rejected by voters on November 5, 2002. The measure, supported by the Youth Initiative Committee, would have created a Bank of North Dakota-administered program providing for partial reimbursement of student loan payments for employed North Dakota residents under the age of 30 who graduated from accredited postsecondary schools. Reimbursements would have been limited to \$1,000 per eligible resident per year for not more than five years. The measure would also have provided an income tax credit of up to \$1,000 for employed North Dakota residents aged 21 through 29 for up to five years.

#### **Testimony and Committee Considerations**

The committee conducted the population study as part of the workforce system study and also considered relevant reports received by the committee. The workforce system study focus group activities specifically addressed the issue of how to attract and retain North Dakota's workforce.

#### **Recommendations**

The committee recommendations relating to the population study are addressed under **WORKFORCE SYSTEM STUDY, Recommendations**.

## **NORTH DAKOTA UNIVERSITY SYSTEM - WORKFORCE NEEDS STUDY**

### **Background**

The North Dakota University System consists of 11 higher education institutions under the control of the State Board of Higher Education. Of the 11 institutions, 2 are doctoral-granting institutions, 2 are master's-granting institutions, 2 are universities that offer baccalaureate degrees, and 5 are colleges that offer associate's and technical degrees. Each institution is unique in its mission to serve the people of North Dakota. The University System reported a total degree credit headcount enrollment of 42,237 students and a total degree credit full-time equivalent enrollment of 35,373 students in the fall 2006 enrollment report.

### **Strategic Planning**

#### **Long-Term Financing Plan and Resource Allocation Model**

The 1999-2000 Higher Education Roundtable recommended the State Board of Higher Education and the chancellor develop a long-term financing plan and resource allocation model. As a result, the State Board of Higher Education contracted with the National Center for Higher Education Management Systems for assistance with the development of such a plan and model. The board reviewed the recommendations of the National Center for Higher Education Management Systems and adopted a long-term financing plan consisting of base operating funding, incentive funding, and capital asset funding components. The board approved changes to the long-term financing plan and resource allocation model in May 2006. The following is a description of the current long-term financing plan and resource allocation model:

The base operating funding component of the long-term financing plan provides funding to each higher education institution to support core campus functions, such as instruction, research, and public service. The funding for each institution is based on the institution's current state general fund appropriation with general fund appropriation increases to address parity and equity.

The incentive funding component of the long-term financing plan includes funding for the State Board of Higher Education to support state and system priorities consistent with the goals of the Higher Education Roundtable. The State Board of Higher Education goal for incentive funding is to have funding equivalent to 2 percent of the total University System state general fund appropriation.

The capital asset funding component of the long-term financing plan provides funding to each of the higher education institutions for maintenance and replacement of facilities and infrastructure. The State Board of Higher Education goal for capital asset funding is for each of the institutions to phase in full funding of the Office of Management and Budget buildings and infrastructure formula over a 10-year period (by the 2013-15 biennium) and to address the current deferred maintenance backlog over approximately a 14-year period (by the 2015-17 biennium). The funding provided to each of the

institutions would be left to the discretion of the institution with appropriate approvals by the State Board of Higher Education for projects greater than \$100,000. Institutions would be given the authority to allocate funds for repair and replacement priorities for both deferred maintenance and regular repair and replacement projects as determined by the institution. Institutions are allowed to carry unspent capital asset funding from one biennium to the next in order to complete the projects started in one biennium but not completed until the next and to accumulate funds to complete large projects that require multiyear funding. The capital asset funding component will be applied to new state buildings built on campuses; however, no new operating funds will be added to the base operating budget for operating costs if the operating base is already at the benchmark target.

### Performance and Accountability Report

North Dakota Century Code Section 15-10-14.2 requires the University System to provide an annual performance and accountability report regarding performance and progress toward the goals outlined in the University System strategic plan and related accountability measures. Section 17 of House Bill No. 1003 (2007) provides that the performance and accountability report as required by Section 15-10-14.2 is to include an executive summary and identify progress on specific performance and accountability measures in the areas of education excellence, economic development, student access, student affordability, and financial operations. House Bill No. 1003 identifies these performance and accountability measures:

1. Education excellence, including:
  - a. Student performance on nationally recognized examinations in their major fields compared to the national averages.
  - b. First-time licensure pass rates compared to other states.
  - c. Alumni-reported and student-reported satisfaction with preparation in selected major, acquisition of specific skills, and technology knowledge and abilities.
  - d. Employer-reported satisfaction with preparation of recently hired graduates.
  - e. Biennial report on employee satisfaction relating to the University System and local institutions.
  - f. Student graduation and retention rates.
2. Economic development, including:
  - a. Enrollment in entrepreneurship courses and the number of graduates of entrepreneurship programs.
  - b. Percentage of University System graduates obtaining employment appropriate to their education in the state.
  - c. Number of businesses and employees in the region receiving training.
3. Student access, including number and proportion of enrollments in courses offered by nontraditional methods.
4. Student affordability, including:

- a. Tuition and fees on a per student basis compared to the regional average.
  - b. Tuition and fees as a percentage of median North Dakota household income.
  - c. Cost per student in terms of general fund appropriations and total University System funding.
  - d. Per capita general fund appropriations for higher education.
  - e. State general fund appropriation levels for University System institutions compared to peer institutions general fund appropriation levels.
5. Financial operations, including:
    - a. Cost per student and percentage distribution by major function.
    - b. Ratio measuring the funding derived from operating and contributed income compared to total University System funding.
    - c. Ratio measuring the amount of expendable net assets as compared to the amount of long-term debt.
    - d. Research expenditures in proportion to the amount of revenue generated by research activity and funding received for research activity.
    - e. Ratio measuring the amount of expendable fund balances divided by total expenditures and mandatory transfers.
    - f. Ratio measuring net total revenues divided by total current revenues.

The State Board of Higher Education has adopted 9 performance and accountability measures, in addition to the 21 measures specified in House Bill No. 1003, to provide guidance in establishing effective policy for the 11 University System institutions. The following is a summary of the measures adopted by the board:

1. Workforce training information, including levels of satisfaction with training events as reflected in information systematically gathered from employers and employees receiving training.
2. Noncompleters satisfaction - Levels of satisfaction and reasons for noncompletion as reflected in a survey of individuals who have not completed their program or degree.
3. Student goals - Levels and trends in the number of students achieving goals and the institution meeting the defined needs and goals as expressed by students.
4. Levels of satisfaction with responsiveness as reflected through responses to evaluations of companies receiving training.
5. Student participation - Levels and trends in rates of participation of:
  - a. Recent high school graduates and nontraditional students.
  - b. Individuals pursuing graduate degrees.
6. Student enrollment information, including:
  - a. Total number and trends in full-time, part-time, degree-seeking, and non-degree-seeking students being served.

- b. The number and trends of individuals, organizations, and agencies served through noncredit activities.
7. Higher education financing - A status report on higher education financing as compared to the long-term financing plan.
8. Ratio of incentive funding to total University System state general fund appropriations.
9. Ratio of University System state general fund appropriations to total state general fund appropriations.

The first performance and accountability report was published in December 2001 and the report has been published each subsequent year.

#### **CCbenefits, Inc., Services**

In 2002 the North Dakota University System implemented the services of CCbenefits, Inc., through a collaboration with the Association of Community College Trustees. Under the services of CCbenefits, Inc., North Dakota community colleges perform studies and forecasts on the economic impact of the colleges and ways to enhance the colleges' ability to better serve stakeholders while addressing economic development.

During the 2005-06 interim, the Economic Development Committee received information regarding the use of CCbenefits, Inc., for meeting workforce forecasting needs. The Economic Development Committee recommended legislation resulting in the 2007-08 interim Higher Education Committee being charged with receiving a report from the State Board of Higher Education on the status of implementation of the CCbenefits, Inc., services.

#### **Testimony and Committee Considerations**

The committee conducted the university study as part of the workforce system study and also considered relevant reports requested and received by the committee. The workforce system study focus group activities specifically addressed the issue of higher education and three of the focus groups were conducted at institutions of higher education. In addition to the focus groups and Workforce Congress, the committee requested and received testimony from the Chancellor, State Board of Higher Education; several presidents of institutions of higher education under the control of the State Board of Higher Education; Vice Chancellor for Strategic Planning, North Dakota University System; Director, North Dakota Center for Distance Education; Director, Department of Career and Technical Education; Vice President for Student and Outreach Services, University of North Dakota; Director of Distance Education, Bismarck State College; and Executive Director, North Dakota School Boards Association. Additionally, the committee held a joint committee meeting with the Higher Education Committee and Education Committee which included an education panel discussion.

#### **Recommendations**

The committee recommendations relating to the North Dakota University System study are addressed under **WORKFORCE SYSTEM STUDY, Recommendations.**

*Department of Agribusiness and Applied Economics**NDSU Dept. 7610**P.O. Box 6050**Fargo, ND 58108-6050*

December 22, 2008

Senator Tony Grindberg  
4755 Douglas Drive  
Fargo, ND 58104

*Same Harbour  
given to House  
Education.*

Dear Tony:

This letter responds to your request for an analysis of the potential economic impact of a program to assist North Dakota students with tuition payments at state institutions of higher education. In an era when economic development is increasingly based on technology and information, a well educated and trained work force is arguably the ultimate competitive advantage. A program to assist students with tuition can support state economic and population growth through making North Dakota a more attractive location both for firms needing a quality work force and for families with school age children. Further, recent experience indicates that a substantial proportion of graduates from North Dakota University System institutions find their first jobs within the state.

To estimate the potential short-run impact of a tuition assistance program, the program was assumed to result in an increase in North Dakota families/households of either 3,000 or 6,000 (which at 2 persons per household would correspond to roughly 1 percent and 2 percent population growth, respectively). Assuming average household income of \$75,000, 3,000 households would represent an additional \$225 million in wages, salaries, and other household income for the North Dakota economy, while the more optimistic projection of 6,000 households would result in \$450 million of added household income. The initial increase in household income can be expected to have multiplier effects throughout the state economy. The North Dakota input-output model has been used to estimate the secondary (or multiplier) economic effects of a wide variety of economic development initiatives. When the estimated household income effects are applied to the input-output model, \$225 million of additional household income results in \$468 million in secondary effects, for a total economic contribution of \$693 million. This level of economic activity would support more than 5,000 new jobs in the state economy and also would result in added collections of state sales and use and personal income taxes of \$13 million annually. If the program resulted in 6,000 additional households (\$450 million household income), the resulting impacts would be \$1.4 billion in total economic contribution, 10,000 new jobs, and \$26 million in annual state tax revenues.

In summary, to the extent that a tuition assistance program results in additional employment, income, and population within the state, the economic impact could be substantial.

Sincerely,

*F. L. Leistritz*

F. Larry Leistritz  
Professor

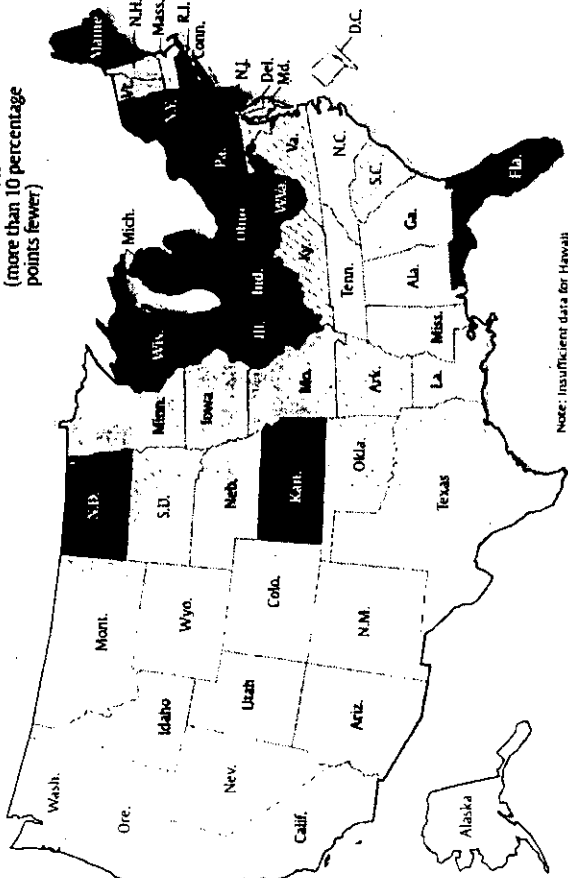
*Sen. Grindberg*

# Nation

## Moving in and moving out

Some states are seeing far more people move in than depart, according to data from two major moving van lines. Other states are seeing more households move out than move in.

- Far more move-ins than move-outs (more than 10 percentage points more)
- Move-ins and move-outs about the same
- More move-ins than move-outs (4-10 percentage points more)
- Fewer move-ins than move-outs (4-10 percentage points fewer)
- Far fewer move-ins than move-outs (more than 10 percentage points fewer)



Note: Insufficient data for Hawaii

Sources: United Van Lines, Atlas Van Lines

USA TODAY

## A state-by-state look at interstate resetting

Data from January through November show the number of interstate moves of household goods by United Van Lines and Atlas Van Lines companies. Numbers do not include in-state moves or do-it-yourself moves.

State	Total shipments	Percentage inbound	Percentage outbound
Ala.	6,765	55%	45%
Alaska	285	61%	39%
Ariz.	15,410	51%	49%
Ark.	3,101	54%	46%
Calif.	46,281	50%	50%
Colo.	14,329	55%	45%
Conn.	6,396	45%	55%
Del.	1,640	49%	51%
D.C.	2,701	66%	34%
Fla.	33,458	48%	52%
Ga.	18,137	51%	49%
Hawaii	1	100%	0%
Idaho	2,849	49%	51%
Ill.	18,084	44%	56%
Ind.	7,480	45%	55%
Iowa	3,469	49%	51%
Kan.	5,966	46%	54%
Ky.	5,426	52%	48%
La.	5,538	52%	48%
Maine	2,508	45%	55%
Md.	11,167	50%	50%
Mass.	10,393	49%	51%
Mich.	11,014	37%	63%
Minn.	8,422	49%	51%
Miss.	3,461	49%	51%
Mo.	9,165	50%	50%
Mont.	2,175	53%	47%
Neb.	2,860	49%	51%
Nev.	5,351	56%	44%
N.H.	1,922	50%	50%
N.J.	11,047	40%	60%
N.M.	4,672	52%	48%
N.Y.	19,298	43%	57%
N.C.	19,066	58%	42%
N.D.	1,520	43%	57%
Ohio	14,976	43%	57%
Okla.	4,916	52%	48%
Ore.	6,839	57%	43%
Pa.	14,300	46%	54%
R.I.	1,572	43%	57%
S.C.	9,398	54%	46%
S.D.	1,140	52%	48%
Tenn.	9,913	55%	45%
Texas	41,065	55%	45%
Utah	4,172	50%	50%
Vt.	915	51%	49%
Va.	20,940	54%	46%
Wash.	16,171	56%	44%
W.Va.	1,482	46%	54%
Wis.	7,279	47%	53%
Wyo.	1,498	53%	47%

Sources: United Van Lines, Atlas Van Lines Note: Percentages rounded.

"One of the things that we con-

SC



SENATE  
**NORTH DAKOTA  
LEGISLATIVE ASSEMBLY**



STATE CAPITOL  
600 EAST BOULEVARD  
BISMARCK, ND 58505

**FOR IMMEDIATE RELEASE**

April 10, 2008

Contact: Tony Grindberg, 261-4691  
Julie Fedorchak, 391-1140

**STATEWIDE WORKFORCE CONGRESS IDENTIFIES ACTION STEPS  
FOR NEXT SESSION**

BISMARCK – Sen. Tony Grindberg, chair of the Legislative Council’s Interim Workforce Committee, said finding and keeping qualified talent is the number one challenge facing North Dakota businesses and economic development and his committee will be advancing ideas to address the issue in the 2009 Legislative Session.

Grindberg’s committee hosted a statewide Workforce Congress today in the House Chambers of the State Capitol. The purpose of the event was threefold:

1. Summarize input received from five local workforce focus groups.
2. Review best practices from other states.
3. Identify top choices for legislative action in the 2009 Session.

“This Congress completes a six-month conversation that state and legislative leaders have undertaken to gather input from people throughout the state,” Grindberg said. “We have an excellent base now for developing a proactive legislative agenda to address North Dakota’s current and future workforce needs.”

Dean Rummel, president of TMI Systems Design in Dickinson said TMI is growing and this expansion is creating more demand for skilled and semi-skilled employees who have a higher degree of math, critical thinking and communication skills as well as the ability to learn and change quickly.

“The Workforce Congress will provide some ideas on retaining, attracting and expanding the workforce. Changes will be needed in business, government, in the workforce and education,” Rummel said. “If we all work together we will improve the opportunities and standard of living for all North Dakotans.”

SG



The North Dakota Department of Commerce helped coordinate the Workforce Congress and local workforce focus groups throughout the state. Nearly 300 business people, local leaders and students participated in these focus groups.

“Government can and does have a role in addressing North Dakota’s workforce challenges, but these focus groups clearly emphasized that government can’t do it alone,” Commerce Commissioner Shane Goettle said. “This process has helped identify specific areas where government policies can help affect the changes we need in order to build a strong pipeline of talent in our state to support the strong business growth we have been experiencing.”

The focus groups identified the following action steps various stakeholders need to take to address North Dakota’s workforce issues:

1. **Employers:** Change workplace environments and culture to be more attractive to the new generation of workers. Form relationships with education. Improve wages and invest in existing workers through skill building and continuing education.
2. **Individuals:** Commit to lifelong learning through specific skills advancement programs. Make informed decisions about career opportunities in North Dakota. Keep your skills in North Dakota and promote the state to your peers and families.
3. **Schools:** Form partnerships with employers to provide North Dakota-specific career information. Create flexible, demand-driven courses. Promote tech programs on par with four-year degrees. Promote an accurate picture of the state’s career opportunities to students.
4. **Government:** Aggressively market the state. Provide incentives to attract and keep people who have critical skills, to upgrade skills of existing workers and to keep baby boomers in the job market.

Participants in the Congress also reviewed a number of best practices from other states.

The event concluded with participants voting on top priorities for action. The Interim Workforce Committee will now translate these ideas into legislative action items to advance in the next session which convenes in January.

###

Comparison of House Bill No. 1400 High School Graduation Requirements With Senate Bill No. 2062 Requirements	
HB 1400	SB 2062
4 units of English language arts from a sequence that includes literature, composition, and speech  3 units of mathematics  3 units of science, including: <ul style="list-style-type: none"> <li>• 1 unit of physical science</li> <li>• 1 unit of biology</li> <li>• 1 unit of any other science or 2 x ½ units of any other science</li> </ul> 3 units of social studies, including: <ul style="list-style-type: none"> <li>• 1 unit of United States history</li> <li>• ½ unit of United States government and ½ unit of economics or 1 unit of problems of democracy</li> <li>• 1 unit or 2 x ½ units of any other social studies</li> </ul> 1 unit of physical education or ½ unit of physical education and ½ unit of health  3 units of: <ul style="list-style-type: none"> <li>• Foreign languages</li> <li>• Native American languages</li> <li>• Fine arts or</li> <li>• Career and technical education (CTE) courses</li> </ul> 5 units (miscellaneous)	4 units of mathematics (Algebra I and higher)  4 units of science

SG

Comparison of House Bill No. 1400 Requirements for a Merit Scholarship (Technical Honors) With Senate Bill No. 2062 Requirements	
HB 1400	SB 2062
<p>4 units of English language arts from a sequence that includes literature, composition, and speech</p> <p>3 units of mathematics, including 1 unit of Algebra II</p> <p>3 units of science, including:</p> <ul style="list-style-type: none"> <li>• 1 unit of physical science</li> <li>• 1 unit of biology</li> <li>• 1 unit of any other science or 2 x ½ units of any other science</li> </ul> <p>3 units of social studies, including:</p> <ul style="list-style-type: none"> <li>• 1 unit of United States history</li> <li>• ½ unit of United States government and ½ unit of economics or 1 unit of problems of democracy</li> <li>• 1 unit or 2 x ½ units of any other social studies</li> </ul> <p>1 unit of physical education or ½ unit of physical education and ½ unit of health</p> <p>3 units of:</p> <ul style="list-style-type: none"> <li>• Foreign languages</li> <li>• Native American languages</li> <li>• Fine arts or</li> <li>• Career and technical education courses</li> </ul> <p>2 units of a coordinated plan of study recommended by CTE and approved by the Department of Public Instruction</p> <p>8 units (miscellaneous), including 2 units of CTE</p> <p>Grade of at least "C"</p> <p>GPA of at least "B"</p> <p>ACT 24 SAT 1100 or WorkKeys 20</p>	<p>4 units of mathematics (Algebra I and higher)</p> <p>4 units of science</p> <p>ACT 23 or enrolled in a two-year CTE program</p>

<b>Comparison of House Bill No. 1400 Requirements for a Merit Scholarship (Academic Honors) With Senate Bill No. 2062 Requirements</b>	
<b>HB 1400</b>	<b>SB 2062</b>
<p>4 units of English language arts from a sequence that includes literature, composition, and speech</p> <p>3 units of mathematics, including:</p> <ul style="list-style-type: none"> <li>• 1 unit of Algebra II</li> <li>• 1 unit for which Algebra II is a prerequisite</li> </ul> <p>3 units of science, including:</p> <ul style="list-style-type: none"> <li>• 1 unit of physical science</li> <li>• 1 unit of biology</li> <li>• 1 unit of any other science or 2 x ½ units of any other science</li> </ul> <p>3 units of social studies, including:</p> <ul style="list-style-type: none"> <li>• 1 unit of United States history</li> <li>• ½ unit of United States government and ½ unit of economics or 1 unit of problems of democracy</li> <li>• 1 unit or 2 x ½ units of any other social studies</li> </ul> <p>1 unit of physical education or ½ unit of physical education and ½ unit of health</p> <p>2 units of the same foreign or Native American language</p> <p>1 unit of fine arts or a career and technical education course</p> <p>1 unit of:</p> <ul style="list-style-type: none"> <li>• Foreign language</li> <li>• Native American language</li> <li>• Fine arts or</li> <li>• Career and technical education course</li> </ul> <p>5 units (miscellaneous)</p> <p>Grade of at least "C"</p> <p>GPA of at least "B"</p> <p>ACT 24 or SAT 1100</p> <p>1 unit of an advanced placement course (and examination) or a dual-credit course</p>	<p>4 units of mathematics (Algebra I and higher)</p> <p>4 units of science</p> <p>ACT 23 or enrolled in a two-year CTE program</p>

Testimony of Kate Haugen  
Associate Vice President for Student Affairs  
North Dakota State University  
North Dakota Senate Education Committee  
Layton Freborg, chair  
1/27/09

Mr. Chairman and members of the committee, my name is Kate Haugen, and I am the Associate Vice President for Student Affairs at NDSU. I am pleased to share my support for SB 2062.

The students of ND deserve education that is accessible and affordable. We are making progress in the accessible arena, and now must also address the affordable issue. While we believe that the student must select a college or university based on a variety of factors and find the right fit for them individually, too frequently the driving factor is money.

Over the past several decades, federal financial assistance for students has moved from primarily grant funding to loan funding. These loan amounts have nearly doubled since 2000. And private alternative loans have increased 8 fold in the last decade. Even though ND tuition is lower than some surrounding states, debt for our students continues to increase. Our students leave college with an average debt of \$22,000 for graduates from four year public institutions.

The state of ND, while making some progress, is still lagging behind in its support for students at the post secondary level. Our need based state grant, in existence since 1973, has lost ground in the amount of funding received over the past 30 years, and ND ranks 45<sup>th</sup> in total state grant dollars per population.

Increased and sustained funding for students pursuing higher education in ND is imperative to ensure a strong future for the state. It is important that we put in place incentives for students to remain in the state, and pursue post secondary education here at home. In addition, this bill will not only assist students in attaining a postsecondary education, but also provide incentives to remain in the state with appropriate career options. It is vitally important that we address the long term issues of attracting and retaining students and families to North Dakota. In these unsettled times with the national economy, our state is fortunately poised to move forward with opportunities to strengthen our population base, our schools, and our workforce.

Testimony for  
Senate Education Committee  
Layton Freborg, Chair

SB-2062  
1.27.09

Joe Heilman  
NDSU Student Body President

*Same given to  
House Educ  
on 3-9-09*

Mr. Chairman and members of the committee, my name is Joe Heilman, NDSU Student Body President. I grew up on a farm south of Rugby, ND and am pursuing my 5<sup>th</sup> year of undergraduate study in Business Administration. My sincerest apologies for my absence this morning as I had classes that required my presence. I hope to visit with you all soon.

I would like to offer my support for SB 2062.

Since I came into the position of NDSU's Student Body President, I've been asked several times how to keep young people in ND to pursue higher education and after they graduate with a degree. I feel that SB 2062 would be an extremely important factor in this effort. According to NDSU's latest annual employment survey, 66.1 percent of our students originally from ND were employed in the state after graduation from NDSU. Therefore, if we can get more ND students to pursue a degree in a ND institution, it is safe to assume we will have even more graduates seeking employment in ND, starting families, buying homes, and so on. Furthermore, SB 2062 would be a great way to attract more out-of-state families to this state.

As students are consistently graduating with more debt and the cost of education is not likely to go down, ND students will think twice before giving up this kind of opportunity. In addition, with this bill's qualification requirements for high school graduates, I foresee high school students striving to meet the requirements to take advantage of this opportunity.

Many of the student leaders I work with support the idea of this bill. It is important to note that we support this bill knowing it will not have a direct impact on the cost of our education, but that of future students to come. In addition, we realize the potential it has to contribute to the success North Dakotans have grown accustomed to.

Please feel free to contact me at any time to discuss this or any other issue.

Contact Information  
701-231-8462  
Joseph.A.Heilman@ndsu.edu

*dist. to Kate Heilman*

# North Dakota University System

## SB 2062 – Senate Education

January 27, 2009

William Goetz, Chancellor

*Same given to Senate approves 2-11-09*

Mr. Chairman, Senators of the Education Committee. Good morning. For the record, my name is William Goetz, Chancellor, North Dakota University System.

Fundamental to SB 2062 are the basic concepts that higher education should be more accessible and affordable for North Dakotans in order to ensure that the state will have a well-educated workforce. These themes came through very clearly during the joint meeting of the Interim Education, Higher Education, and Workforce Committees last June. The Legislative Interim Committee on Higher Education, the State Board of Higher Education, and the private sector all agree that these are critical policy issues, and they have devoted substantial time to discussing potential solutions. The Higher Education Roundtable meeting in October concluded that:

- A well-educated population is vital to North Dakota's future. Students must be well prepared for the global economy;
- A skilled workforce is essential for the state's continued economic growth; and
- Affordability plays a critical role if this skilled workforce is to be realized. The strategic objectives of the State Board of Higher Education include a focus on affordability as a high priority policy objective.

SB 2062 takes important steps to address all of these key policy issues by providing financial incentives for students to attend a North Dakota college or university.

In the case of the Opportunity Grant Program, it builds in the component of a rigorous high school program. This is important because it will help students be more successful when they enroll in higher education – whether they pursue a two-year or four-year degree program. These students will be more likely to complete their degree and go on to become productive members of the workforce. I also would highlight the provision for students who enroll in a recognized career and technical program as a way to meet the full range of the state's workforce needs.

Section 6 of the bill – the new graduate earned income deduction - will provide an important incentive for graduates to remain in the state for employment.

In conclusion, this Committee has a significant opportunity to focus on the critical issues of affordability, education attainment, and a skilled workforce for North Dakota. I urge you to consider the potential this bill offers and the contributions it could make toward addressing these important needs of our state.

We would be pleased to work with the Committee as it considers specific elements of this bill.

Thank you. I would be happy to take your questions.



*Same  
from Senate  
approves  
on 2-11-09*

**Testimony of Bill Shalhoob  
Economic Development Association of North Dakota  
SB 2062  
January 27, 2009**

*Same  
given  
March 9 to  
House  
Education  
March 23  
and in  
House to  
approve*

Chairman Freborg and members of the committee, my name is Bill Shalhoob and I am here today to testify on behalf of the Economic Development Association of North Dakota (EDND) in support of SB 2062.

EDND is the voice of the state's economic development community and provides networking for its 80 members, which include development organizations, communities, businesses and state agencies. Our mission is to increase economic opportunities for residents of the state by supporting primary sector growth, professionalism among economic development practitioners and cooperation among development organizations. SB 2062 is aimed at families and students and strengthening North Dakota's commitment to education and thus, economic development.


Workforce is a major issue across the state. We are talking about workers at all levels and all types of vocations and professions. In addition to our traditional workforce needs, in today's economy, information and ideas are essential ingredients in generating wealth. We believe the long term result of this program will equate to a growing workforce in North Dakota.

Talent is essential for growing existing businesses, recruiting new businesses and supporting entrepreneurial development. It is the leg on which all other economic development efforts stand.

The knowledge economy presents both a challenge and an opportunity for states like North Dakota. With a strong education system and resourceful, hardworking people, North Dakota has the ability to excel in the knowledge economy. However, the state must reverse its troubling demographic trends. The last census reported only a slight gain in population. Studies show that a one percent increase in our State's population will generate over \$13 million annually.

More troubling is the ongoing loss of young, career-oriented people. North Dakota must find ways to effectively involve its young talent in jobs and industries within the state. Much like the Kalamazoo program that has helped attract families from around the world and lead to new private investment, housing and job creation in Kalamazoo, Michigan, SB 2062 creates an incentive for parents to focus more on their children's educational achievement, knowing a tuition benefit will be there for them after high school.






Dr. Richard Florida, a professor of regional economic development at Carnegie Mellon University and an expert on the shift to the new, knowledge economy, says the world is going through the biggest economic transformation ever, and how North Dakota responds to that change will forever affect the state's future. "The only factor of production that matters is people. Economic development will be shaped more by how we attract people and not companies," Florida says. SB 2062 will position North Dakota with a competitive advantage in recruiting more residents (families) to the state.

The North Dakota University System and the program in SB 2062 can play a big role in talent development for the following reasons:

- Universities are a magnet for talent and a key to future development and prosperity. As the economy becomes more global, skills and cumulative learning of the workforce becomes the key to both local and national competitiveness.
- Universities can focus on drawing in and creating the talent needed for local economic prosperity. We must establish "brain trusts," or mutually reinforcing relationships between universities and the local economies of communities in rural areas.

North Dakota must invest in infrastructure, which creates an environment that meets its workforce needs and attracts and keeps knowledge-based employees.



In order for North Dakota to grow and compete in this economy, the state must aggressively attract and retain talented, innovative workers who are committed to contributing to our economy.

SB 2062 is a bold effort to attract families and workforce to North Dakota and to mobilize North Dakotans to develop new ideas to grow the economy and create a more prosperous state. Recruiting and retaining talent is a top priority in the global economy. We encourage you to support SB 2062.



**Testimony of Keith Lund**  
**Economic Development Association of North Dakota**  
**SB 2062**  
**January 27, 2009**

Chairman Freborg and members of the committee, my name is Keith Lund and I am here today to testify on behalf of the Economic Development Association of North Dakota (EDND) in support of SB 2062. I am the Vice President of the Grand Forks Region Economic Development Corporation and am here today in my capacity as a member of the board of directors of the EDND.

As an economic development professional, a parent, and life-long North Dakotan, I share Senator Grindberg's passion and concern for the future of our State. North Dakota's economy is performing relatively well at the present time, however, we should not ignore our challenges. Grand Forks and all of North Dakota has enjoyed low unemployment rates and strong growth in employment and personal income. Yet we have not had the same success growing our State's population.

The US Census Bureau reported North Dakota's population in 2000 at 642,200, ranking 47<sup>th</sup> among all states. North Dakota ranked 50<sup>th</sup> in US population growth from 1990 to 2000; and 48<sup>th</sup> in population growth from 2000 to 2008. Unfortunately, Census estimates predict that North Dakota will realize a net decrease in population of 5.5% between 2000 and 2030; one of only two states predicted to lose population.

During this timeframe, our state's under age 18 population is expected to decrease by 20% (160,849 to 128,313, net loss of 32,536) while our over age 65 population is expected to increase by over 60% (94,478 to 152,358, net gain of 57,880). Quite simply put, there are not enough people in the North Dakota pipeline to replenish our population and workforce to take advantage of the current and emerging opportunities so that the State can realize economic growth to its full potential.

Employment, population and economic growth will depend on our ability to attract workers and students from other parts of the country. We have never been in a better position to alter our State's natural economic evolution, and to change our landscape forever. We have the potential to change course, but it will not happen without a change in strategy, and it will not happen without targeted investments.

The proposed scholarship plan of SB 2062 would create valuable student and parent interest and awareness of high school achievement and career opportunities. More parent interest and demand of academic excellence would empower our educators and students to substantially improve North Dakota's education performance.

The proposal will position North Dakota with a competitive advantage in recruiting more residents and families to the State. The scholarship plan would create a significant incentive for former North Dakotans to return to their home state, enter our workforce that is in dire need of expansion, and participate in the expansion of the state's economy. This will occur from the State's promised opportunity and investment in their children's education. It will also attract individuals not originally from North Dakota for the same reasons.

The proposed personal income tax exemption of SB 2062 will create the incentive for young adults graduating from North Dakota institutions of higher education to remain in the State. For far too long too many of our state's young people have chosen to seek their fortunes in other areas of the country. This proposal would demonstrate North Dakota's desire to keep its young talent and allow them to participate in the state's future growth.

The Grand Forks Region EDC's mission is to position our region for continued growth. EDND does this on behalf of its members across North Dakota for the State of North Dakota. EDND's board of directors and its membership support this legislation as a means to attract our next generation workforce and to strengthen K-12 education and our institutions of higher education.

January 27, 2009

SB 2062

Mary Batcheller

Director, Business Development

Greater Fargo Moorhead Economic Development Corporation (GFMEDC)

701-364-1919

Mbatcheller@gfmedc.com

Hello and thank you Mr. Chairman and members of the Committee. My name is Mary Batcheller and I work for the Greater Fargo Moorhead Economic Development Corporation or GFMEDC, in Fargo. Today I am speaking in my capacity as an economic development professional in support of SB 2062. The GFMEDC board of directors has not taken a position on this legislation.

The GFMEDC supported the Promise legislation the first time it was introduced, in 2007, because we felt it would have positive economic results for citizens, businesses, communities and the state of North Dakota. We feel the same, if not more strongly, today.

There are two angles from which to evaluate the potential benefits of the opportunity grant; as an issue of 1) workforce recruitment, and 2) our state's global economic competitiveness

First I will address the issue of workforce recruitment. This is an ongoing issue for North Dakota, as evidenced by the numerous workforce congresses and other recruiting events such as the Dept. of Commerce's Experience N.D. At the GFMEDC, through our existing industry business retention and expansion program, we hear from existing primary sector businesses that one of their most significant barriers to growth is lack of available workforce. The workers we have are hard-working, ethical and motivated, but unfortunately there are not enough of them. It is not, primarily, an issue of training or skills development, but rather raw numbers.

So, how do we recruit new workers, particularly the educated and skilled ones who are professionally in-demand and highly mobile? One way is to make our community the most desirable place to live, and this entails a number of factors, some of which we have control over and others of which we do not. Of those over which we do have control, education is one of the most important, especially for knowledge workers who value education for their children. North Dakota already has solid, high-performing and safe schools at the PreK-12 and higher education levels, but honestly, so do many other states and communities. We need something to set us apart.

The N.D. Opportunity Grant program could do that. There are a handful of communities around the country that have implemented similar programs – Kalamazoo, MI, El Dorado, AR, and Pittsburgh, PA. Though it is too early to draw definitive conclusions on the results of these programs, the early data supports the hypothesis that it can be used as a tool of workforce recruitment. For example:

- When the Kalamazoo Promise was announced in 2005-2006 school year, it reversed a 20 year decrease in enrollment in Kalamazoo Public Schools. The next year, K-12 enrollment increased by nearly 1,000 students (10%) and a subsequent 2% increase in 2006-2007 and 2007-2008. Presumably this resulted from a population increase due to in-migration of families with school-age children.
- Population increase means more workers, broader and more diversified tax base, property taxes.
- Taxable housing values have increased more than expected due to new construction.
- 2/3 of Kalamazoo Promise recipients have enrolled in local colleges and universities, therefore keeping their tuition and housing dollars in the local economy.
- It has turned out to be a strong teacher recruitment tool.

Aside from the quantitative data, the qualitative data also strongly supports the idea that families that value education will move to communities that share this value.

The second issue I mentioned is our state's competitiveness in the global economy, which is directly related to our state's ability to grow and remain economically secure. The GFMEDC has been engaged in strategic planning initiatives for the past three years for the purpose of positioning our community for continued economic and job growth. Through the planning process we performed extensive research on business location theory, in other words, why businesses decide to locate in one area over another. In the past, Fargo Moorhead's, and North Dakota's, traditional industries, such as manufacturing and call center operations, picked their locations based on costs. Our state and region was very competitive due to lower-than-average priced land, labor, utilities and taxes.

Today, industries that are growing in the United States and creating high-paying jobs – such as the life sciences and IT industries – do not, primarily, make their location decisions according to cost. Rather, these companies locate next to a critical mass of talent and intellectual capacity in the form of college graduates, technically-skilled workers, universities and research capability.

Fargo Moorhead does well in this regard. We have a skilled labor pool, multiple four-year universities with nearly 30,000 students, a research university and a technical college.

Despite how well we do, we have the potential to do even better; to set ourselves apart from the rest of the country. A highly skilled and educated labor pool starts in primary school. The more our state can do to encourage high achievement among its students, the more benefit both the students and potential and existing businesses will gain.

Specific aspects of the bill that encourage high achievement include:

- requiring grant recipients to take four units of math and four units of science in high school (more than is necessary for graduation);
- maintaining a 3.0 GPA – (Kalamazoo and Philadelphia programs only require 2.0)

- ACT requirements – currently set at a composite score of 23, which is the 69<sup>th</sup> percentile

These requirements will guarantee that rigor is fulfilled and a certain level of excellence is achieved. We need to incent students to work hard and parents to take notice in the importance of their children's education.

Of course, I am not just talking about new businesses that will want to locate in our state to capitalize on our highly trained labor pool. Existing businesses will also benefit tremendously from this resource; it may keep some businesses from leaving the community.

In conclusion, I support the Opportunity Grant legislation because it is a forward-thinking and long-term strategy to address two significant challenges facing the state of North Dakota: workforce recruitment and enhancing and maintaining the state's global economic competitiveness.

Thank you.

Senate Education Committee  
Testimony on SB 2062  
January 27, 2009

Chairman and members of the committee, my name is Wayne Kutzer, Director of the Department of Career and Technical Education. We offer our support SB 2062.

Others have testified about this bill and laid out how it is going to work. This opportunity grant addresses a need that we have in our state. Not only to provide scholarships and tax incentives for students who do well academically that attend colleges and universities in our state, it also provides scholarships and tax incentives to students who, when they meet the requirements, attend an approved two year career and technical education program. Many times these students are left out of the mix when it comes to scholarships but these are exactly the student that we need to assist and encourage to get a technical degree.

This is a bold initiative that directly focuses on what should be our states' chief objective, the education and training of our students. I understand that the funding for this request is substantial but we are in the best position we have ever been to truly make this investment in our state.

I ask that you support SB 2062. I would be glad to answer any questions



## Legislative Hearing – January 27, 2009

As president of the University of Mary, I am pleased to share these thoughts on behalf of private higher education in North Dakota to include Dr. Robert Badal, our colleague at Jamestown College.

An 8-year old announced to his mother, “During recess, I took a walk and figured out life. Mom, life comes down to two things—people and choices.”

It is a privilege to support Senator Grindberg and his associates in sponsoring this bill, the North Dakota Opportunity Grant Program. It comes down to two things—people and choices. Those pushing the Buffalo Commons specter would suggest that North Dakota lacks both. Senator Grindberg has stated that the citizens of North Dakota have already made two critical choices. First, that we need to keep our young people in the state; second, that we need to create more and better jobs. People and choices.

The North Dakota Opportunity Grant Program will work because access to affordable education matters to North Dakota families. It will work because there is a proven link between the intellectual capital developed in our schools and the economic fortunes of our local communities, state, and region. Tom Peters calls the 21<sup>st</sup> century the “Age of the Great War for Talent.” One of our leaders in economic development asks, “Do you have good people with skill or are trainable?...It is all people issues.”

Think of the extraordinary implications if you, the leaders of our state, bring forward an opportunity grant for our youth. Think of how empowering it would be to our daughters and sons who choose a public or private college or university in North Dakota to have cost barriers removed through tuition assistance. If they succeeded and achieved specific educational goals as laid out in SB 2062, their success would fuel the economic success of North Dakota.

January 27, 2009 (2)

If North Dakota is to have a future in a global economy, we need to grow our next generation of leaders. We need to find a way for our students and graduates to choose to stay in the state of North Dakota. We need (quote Ken Rogers/*Bismarck Tribune*) to begin "breaking the habit of diminished expectations." What would be some reasonable expectations for our state with the "North Dakota Opportunity Grant"?

1. It would be a test of our tolerance for change and for some, change comes hard.
2. It would enhance the continuity between secondary and postsecondary education with higher academic standards applied to both.
3. It would address our demographic crisis by reinforcing the key assets driving economic development – education, knowledge, attitude, and skills.
4. It would become an incentive for our young people to stay in the state as students and to remain in the state as contributing citizens.
5. It would encourage all of us in higher education to become even more intentional in our efforts to encourage our graduates to stay in the state. Putting forward one example: in the University of Mary's Emerging Leaders Academy, students in the Harold Schafer Leadership Center, we have set a goal of retaining 80% of our graduates and today are experiencing success in attaining that goal.

Somehow the state of North Dakota must find a way to celebrate the promise of our next generation of leaders. I join with my colleagues today in urging your support of the North Dakota Opportunity Grant. It comes down to people and choices.

Sister Thomas Welder  
President  
University of Mary  
Bismarck ND 58504



# Jamestown<sup>COLLEGE</sup>


January 27, 2009

Senator Layton Freborg  
Chairman, Senate Education Committee  
North Dakota Senate  
600 E Blvd Ave  
Bismarck ND 58505


SB 2062 Opportunity Grants

Dear Chairman Freborg and Members of the Committee:

I regret that my travel schedule prevents me from being present to offer this testimony in person before the committee, but I hope that this letter will serve to outline the position of Jamestown College relative to Senate Bill 2062.



Jamestown College recently celebrated its 125<sup>th</sup> Anniversary since its founding during Territorial days. We are the first and only college or university in the State to achieve recognition as a top tier institution in the *US News and World Report* rankings, and we are developing a national reputation as an institution that integrates the study of the liberal arts and the professions. We offer more than 40 majors to nearly 1100 students, and our three largest programs are Business (one of the few specially accredited programs in ND and housed in the new Unruh Sheldon Center for Business and Computer Science), Education (currently offering our first graduate courses) and Nursing (the first and oldest four year program in ND). Last fall, we launched a major new approach to our educational experience with the start of the Jamestown Journey to Success, a program that develops the whole person in a four-year package of innovative programming.



We offer our appreciation to the committee for debating this forward-looking bill. The long term health of our nation depends, more than ever, on higher education; in particular, the development of top-notch science and technology graduates is absolutely essential to our long-term economic survival. This particular bill will encourage bright students to secure a strong math and science background while in high school; without that background, these students will not easily succeed in science and technology fields once they enter college. Additionally, incentives of this type, aimed at providing support for high-level post-secondary study, will

encourage families to move from other states to North Dakota in order to provide affordable educational opportunities for their children. This opportunity grant will be an educational magnet that will literally pull talent into the State and will, thereby, feed the engine of economic growth.

I know that your interest is workforce development, and I believe that Jamestown College is contributing to the future of the State by developing and placing talented young people in our economy. Our current placement rate is 99% for the class of '08. Among those students whose hometown is in North Dakota, 83% are now working or studying at the advanced level in North Dakota. Among students originating out-of-state, one in four is now working or studying in North Dakota. Looking specifically at graduates in science, technology and nursing fields, one of every two graduates continues studying or working in North Dakota. Our students, the majority of whom are from rural North Dakota, show an amazing loyalty to their state.


Jamestown College is not subsidized by the State; we provide an important service to young people and only ask that our students remain eligible for the funds provided to all—the State Grant program and these new Opportunity Grants. We very much appreciate the inclusion of our students in this bill, and we will continue to deliver strong results for students in this new grant program.

A list of our largest employers would include the following:

Meritcare (Fargo), Anne Carlsen Center for Children, Jamestown Hospital, ND State Hospital, Wells Fargo Financial, James River Correctional Center, Mayo Clinic, Goodrich Corporation, Summit Group Software, Microsoft, Eide Bailly, LLC, ND Highway Patrol Cargill and Eagle Creek Software in Valley City (upon request, we assisted in attracting this firm through VCSU's Centers of Excellence Initiative, even though this program is closed to the private colleges).

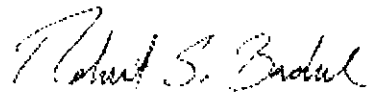
We hope that bill 2062 will receive favorable consideration by your committee. My only suggestion is that you consider the cost of fees in your formula for determining the amount of the grant. As you know, the real cost of public higher education is significantly greater than the cost of tuition due to the myriad of fees charged by these institutions. It would be more fair in determining the size of the grant if it included a share of the substantial fees being charged currently.

As an incentive to your committee, I am also prepared to announce that, if passed in its current form, Jamestown College will offer eligible students admitted under this program a dollar for dollar matching scholarship that will further help to make a Jamestown College education an affordable reality (opportunity grant students would not be eligible for other institutional academic scholarships under this plan).



Jamestown College is a full partner in providing higher education opportunities in the State of North Dakota. Programs like the Opportunity Grant will strengthen the State and the future opportunities of the students who qualify. I thank you for your consideration of this important bill.


Sincerely,



Robert S. Badal  
President

RSB:ls






Testimony of Dennis Hill, ND Association of RECs  
RE: SB 2062, before the Senate Education Committee  
Sen. Layton Freborg, chairman

Sen. Freborg and members of the committee,

I rise today to offer my positive support of SB 2062, which would create education opportunity grants for students enrolled in North Dakota institutions of higher education.


North Dakota's electric cooperatives are among the state's largest employers. The coal conversion, generation, transmission and electric distribution facilities and plant we own and operate in the state requires a work force of about 2,700 persons.

The good news about this workforce is this: we're productive, hardworking, talented and loyal. The rest of the story is: We're aging.



We've had studies that show upwards of 50% of that workforce is eligible to retire in the next decade. That of course means we're going to need a new pool of equally talented, productive, hardworking and loyal workers to fill the many slots that will open up over the next decade.

We see SB 2062 as a thoughtful approach that could help North Dakota, over the longer term, provide a strong pool of candidates for the human resource needs of North Dakota's business and industry. We believe SB 2062 deserves your positive consideration.



## CHAPTER 21-10 STATE INVESTMENT BOARD

### **21-10-01. State investment board - Membership - Term - Compensation - Advisory council.**

1. The North Dakota state investment board consists of the governor, the state treasurer, the commissioner of university and school lands, the director of workforce safety and insurance, the insurance commissioner, three members of the teachers' fund for retirement board or the board's designees who need not be members of the fund as selected by that board, and three of the elected members of the public employees retirement system board as selected by that board. The director of workforce safety and insurance may appoint a designee, subject to approval by the workforce safety and insurance board of directors, to attend the meetings, participate, and vote when the director is unable to attend. The teachers' fund for retirement board may appoint an alternate designee with full voting privileges to attend meetings of the state investment board when a selected member is unable to attend. The public employees retirement system board may appoint an alternate designee with full voting privileges from the public employees retirement system board to attend meetings of the state investment board when a selected member is unable to attend. The members of the state investment board, except elected and appointed officials and the director of workforce safety and insurance or the director's designee, are entitled to receive as compensation sixty-two dollars and fifty cents per day and necessary mileage and travel expenses as provided in sections 44-08-04 and 54-06-09 for attending meetings of the state investment board.
2. The state investment board may establish an advisory council composed of individuals who are experienced and knowledgeable in the field of investments. The state investment board shall determine the responsibilities of the advisory council. Members of the advisory council are entitled to receive the same compensation as provided the members of the advisory board of the Bank of North Dakota and necessary mileage and travel expenses as provided in sections 44-08-04 and 54-06-09.

**21-10-02. Board - Powers and duties.** The board is charged with the investment of the funds enumerated in section 21-10-06. It shall approve general types of securities for investment by these funds and set policies and procedures regulating securities transactions on behalf of the various funds. Representatives of the funds enumerated in section 21-10-06 may make recommendations to the board in regard to investments. The board or its designated agents must be custodian of securities purchased on behalf of funds under the management of the board. The board may appoint an investment director or advisory service, or both, who must be experienced in, and hold considerable knowledge of, the field of investments. The investment director or advisory service shall serve at the pleasure of the board. The investment director or advisory service may be an individual, corporation, limited liability company, partnership, or any legal entity which meets the qualifications established herein. The board may authorize the investment director to lend securities held by the funds. These securities must be collateralized as directed by the board. The board may create investment fund pools in which the funds identified in section 21-10-06 may invest.

### **21-10-02.1. Board - Policies on investment goals and objectives and asset allocation.**

1. The governing body of each fund enumerated in section 21-10-06 shall establish policies on investment goals and objectives and asset allocation for each respective fund. The policies must provide for:
  - a. The definition and assignment of duties and responsibilities to advisory services and persons employed by the board.

- b. Acceptable rates of return, liquidity, and levels of risk.
  - c. Long-range asset allocation goals.
  - d. Guidelines for the selection and redemption of investments.
  - e. Investment diversification, investment quality, qualification of advisory services, and amounts to be invested by advisory services.
  - f. The type of reports and procedures to be used in evaluating performance.
2. The asset allocation for each fund, to be effective, must be approved by the governing body of that fund and the state investment board by January first of each year. If the asset allocation is not approved, the previous asset allocation remains effective. The governing body of each fund shall use the staff and consultants of the retirement and investment office in developing asset allocation and investment policies.

14. **21-10-03. Cooperation with Bank of North Dakota.** Repealed by S.L. 1987, ch. 190, §

**21-10-04. Board - Meetings.** The state investment board shall select one of its members to serve as chair, one to serve as vice chair, and shall meet at the call of the chair, investment director, or upon written notice signed by two members of the board.

**21-10-05. Investment director - Powers and duties.** Subject to the limitations contained in the law or the policymaking regulations or resolutions adopted by the board, the investment director may sign and execute all contracts and agreements to make purchases, sales, exchanges, investments, and reinvestments relating to the funds under the management of the board. This section is a continuing appropriation of all moneys required for the making of investments of funds under the management of the board. The investment director shall see that moneys invested are at all times handled in the best interests of the funds. Securities or investments may be sold or exchanged for other securities or investments.

The investment director shall formulate and recommend to the investment board for approval investment regulations or resolutions pertaining to the kind or nature of investments and limitations, conditions, and restrictions upon the methods, practices, or procedures for investment, reinvestment, purchase, sale, or exchange transactions that should govern the investment of funds under this chapter.

**21-10-06. Funds under management of board - Accounts.** The board is charged with the investment of the following funds:

1. State bonding fund.
2. Teachers' fund for retirement.
3. State fire and tornado fund.
4. Workforce safety and insurance fund.
5. National guard tuition trust fund.
6. Public employees retirement system.
7. Insurance regulatory trust fund.
8. State risk management fund.



9. Veterans' cemetery trust fund.
10. Health care trust fund.
11. Cultural endowment fund.

Separate accounting must be maintained for each of the above funds. When it is deemed advantageous, the moneys of the individual funds may be commingled for investment purposes.

The state investment board may provide investment services to, and manage the money of, any agency, institution, or political subdivision of the state, subject to agreement with the industrial commission. The scope of services to be provided by the state investment board to the agency, institution, or political subdivision must be specified in a written contract. The state investment board may charge a fee for providing investment services and any revenue collected must be deposited in the state retirement and investment fund.

**21-10-06.1. Board - Investment reports.** The board shall annually prepare reports on the investment performance of each fund under its control. The reports must be uniform and must include:

1. A list of the advisory services managing investments for the board.
2. A list of investments at market value, compared to previous reporting period, of each fund managed by each advisory service.
3. Earnings, percentage earned, and change in market value of each fund's investments.
4. Comparison of the performance of each fund managed by each advisory service to other funds under the board's control and to generally accepted market indicators.

**21-10-06.2. Investment costs.** The amounts necessary to pay for investment costs, such as investment counseling fees, trustee fees, custodial fees, performance measurement fees, expenses associated with money manager searches, expenses associated with onsite audits and reviews of investment managers, and asset allocation expenses, incurred by the state investment board are hereby appropriated and must be paid directly out of the funds listed in section 21-10-06 by the fund incurring the expense.

**21-10-07. Legal investments.** The state investment board shall apply the prudent investor rule in investing for funds under its supervision. The "prudent investor rule" means that in making investments the fiduciaries shall exercise the judgment and care, under the circumstances then prevailing, that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it, not in regard to speculation but in regard to the permanent disposition of funds, considering probable safety of capital as well as probable income. The retirement funds belonging to the teachers' fund for retirement and the public employees retirement system must be invested exclusively for the benefit of their members and in accordance with the respective funds' investment goals and objectives.

**21-10-08. Reserves - Percentage limitations.** In order to meet claims and liabilities, reserves must be established and maintained in each of the funds in accordance with the investment policy and asset allocation established for each fund.

**21-10-09. Personal profit prohibited - Penalty.** No member, officer, agent, or employee of the state investment board may profit in any manner from transactions on behalf of the funds. Any person violating any of the provisions of this section is guilty of a class A misdemeanor.

**21-10-10. State investment board fund - Cost of operation of board. Repealed by S.L. 1989, ch. 667, § 13.**

## SB 2062 - Merit based Opportunity Grants/Scholarships

	2008-2009 Tuition	Scholarship or Grant/year	Percent of annual tuition covered by grant or scholarship
Bismarck State College	\$2691*	\$ 2,400.00	89%
Lake Region State College	\$ 3,065.00	\$ 2,400.00	78%
MiSU-Bottineau	\$ 3,120.00	\$ 2,400.00	79%
ND State College Science	\$2694*	\$ 2,400.00	89%
Williston State College	\$2416*	\$ 2,400.00	99%
Ave. of 2 year campuses (unweighted)			87%
Dickinson State University	\$ 4,019.00	\$ 2,400.00	57%
Mayville State University	\$ 3,985.00	\$ 2,400.00	60%
Minot State University	\$ 4,179.00	\$ 2,400.00	57%
North Dakota State Univ.	\$ 5,264.00	\$ 2,400.00	46%
University of North Dakota	\$ 5,276.00	\$ 2,400.00	46%
Valley City State Univ.	\$ 3,310.00	\$ 2,400.00	72%
Average of 4 year campuses (unweighted)			57%

\* based on 12 credits/term

Source: NDUS website

# Access - General

December 2008

## State Grant Program

The North Dakota Student Financial Assistance Program (State Grant) provides \$800 non-repayable grants each year to North Dakota residents pursuing undergraduate degrees at North Dakota's public, private (not-for-profit) and tribal colleges. The purpose of these need-based grants is to assist students with the cost of attending North Dakota postsecondary institutions. A State Grant also reduces the amount of money a student needs to borrow for his or her education.

- More than 33,580 North Dakota students applied for a state grant in 2007-08. The State Grant Program was able to fund 4,152 needy students or about 12 percent of the eligible students. For 2007-08, the greatest unmet need of a State Grant Program recipient was \$14,988. Unmet need for this program is calculated as follows: cost of education minus parent/student expected contribution, minus the Federal Pell Grant, minus other resources (such as veterans' benefits) equals unmet need. For academic year 2007-08, State Grant dollars were exhausted at an unmet need figure of \$5,964. In other words, those students demonstrating an unmet need of \$5,963 or less did not receive State Grant support. Historically, of the over 30,000 students who apply for the State Grant program each year, over 20,000 students exhibit some type of unmet financial aid need.

State funding to support the State Grant Program is equivalent to 1.7 percent of annual tuition collections.

Students Receiving State Grants Awarded by Institution Type				
	Public Institution	Private Non-Profit 4-Year Colleges & Hospital School of Nursing	Native American Community Colleges	Total
<b>2008-2009 School Year (est.)</b>				
# Applying	30,325			
# of Students Receiving Awards	3,536	581	100	4,217
\$ Awarded	\$2,828,800	\$464,800	\$80,000	\$3,373,600
% of Total \$ Awarded	84%	14%	2%	100%
% of all ND Students Attending College	87%	9%	4%	100%
<b>2007-2008 School Year</b>				
# Applying	33,580			
# of Students Receiving Awards	3,484	565	103	4,152
\$ Awarded	\$2,596,400	\$430,798	\$75,200	\$3,102,398
% of Total \$ Awarded	84%	14%	2%	100%
% of all ND Students Attending College	87%	9%	4%	100%

**FOR MORE INFORMATION CONTACT:**

**Peggy Wipf**, Director of Financial Aid and Federal Relations Coordinator  
701.328.4114 [Peggy.Wipf@ndus.edu](mailto:Peggy.Wipf@ndus.edu)

Senate Appropriations Committee

February 11, 2009

SB 2062

Testimony by Rod Backman

University of Mary & Jamestown College

Chairman Holmberg & members of the committee my name is Rod Backman, I am here today representing Jamestown College and The University of Mary, to speak in favor of SB 2062.

Our schools do not receive state funding, so we are here to advocate for our students. We believe funding for higher education in North Dakota should focus on funding students who are residents of North Dakota, and who attend a North Dakota college.

At the original hearing before the Senate Education Committee I shared comments from Dr. Robert Badal of Jamestown College where he praised this forward looking bill and its emphasis on higher education being essential to our long-term economic survival. Sr. Thomas Welder, President of the University of Mary said these are the kinds of incentives we need, encouraging our young people to stay in North Dakota as contributing citizens.

Jamestown College has 1100 students in 40 majors; the University of Mary has 2800 students in 44 majors, plus 6 masters programs. Mary has 725 employees and an economic impact in the community of \$120m. Jamestown has an economic impact over \$50m.

Our students are an integral part of the communities. At Mary in 2007 students volunteered 18,000 hours of service at 200 sites. Students in both communities are helping to meet the labor force needs of our businesses while they are in college and upon graduation. Mary's Leadership Academy at the Harold Schafer Center has consistently exceeded its goal of retaining 80% of its students in North Dakota after graduation. These schools are doing their part to contribute to our economy and our workforce; all with very little state assistance to our students.

I stood before you 2 days ago, telling you that the Education Committee had amended the formula in the State Grant Program; a needs based program and the only major program for which our students qualify. The amendment was designed to reduce the dollars going to needy students at the private schools.

Now comes a new program in SB 2062, out of the Workforce Committee designed to "increase the pipeline of workers in ND by adopting a long term strategy which builds on our strengths-our commitment to education."

The Education Committee has amended our students totally out of the bill.

We understand that we are not public education, we understand the University system needs programs for their students that our students should not qualify for. But when a program is designed for the workforce needs of the state, it should focus on results, not on where you get your education. Please understand-we are talking about North Dakota students from North Dakota high schools, who have chosen to remain in ND for college.

Please take minute to note the irony on page 1, line 14 that nonpublic high school students qualify. That is if they attend a public college. Or the further irony that a program designed to help meet the labor force needs of private sector business, excludes private sector education.

Mr. Chairman, members of the committee, if this bill moves forward we strongly encourage you not to exclude some of our most talented North Dakota students.



*Same given  
3-9-09  
to Korea  
Education*

**Testimony of Kevin Magstadt  
Economic Development Association of North Dakota  
SB 2062  
February 11, 2009**

Chairman Holmberg and members of the committee, my name is Kevin Magstadt and I am here today to testify on behalf of the Economic Development Association of North Dakota (EDND) in support of SB 2062.

As the President of EDND, I am here today representing nearly 80 economic development organizations, communities, businesses and state agencies that have a passion and concern for the future of North Dakota's economy. The mission of EDND and its members is to increase economic opportunities for residents of the state by supporting primary sector growth, professionalism among economic development practitioners and cooperation among development organizations. We believe that SB 2062 will strengthen our state's education system and economic development opportunities.

The US Census Bureau reported North Dakota's population in 2000 at 642,200, ranking 47<sup>th</sup> among all states. North Dakota ranked 50<sup>th</sup> in US population growth from 1990 to 2000; and 48<sup>th</sup> in population growth from 2000 to 2008. Unfortunately, census estimates predict that North Dakota will realize a net decrease in population of 5.5% between 2000 and 2030; one of only two states predicted to lose population.

During this timeframe, our state's under age 18 population is expected to decrease by 20% while our over age 65 population is expected to increase by over 60%. Quite simply put, there are not enough people in the North Dakota pipeline to replenish our workforce to take advantage of the current and emerging opportunities so that the state can realize economic growth to its full potential.

Employment, population and economic growth will depend on our ability to attract workers and students from other parts of the country. We have the potential to change course, but it will not happen without a change in strategy and without targeted investments.

The principle behind the scholarship plan of SB 2062 would create valuable student and parent interest and awareness of high school achievement and career opportunities. More parent interest and demand of academic excellence would empower our educators and students to substantially improve North Dakota's education performance.



The concept will position North Dakota with a competitive advantage in recruiting more residents and families to the state. The scholarship plan would create a significant incentive for former North Dakotans to return to their home state, enter our workforce that is in dire need of expansion, and participate in the expansion of the state's economy. This will occur from the state's promised opportunity and investment in their children's education. It will also attract individuals not originally from North Dakota for the same reasons.

On behalf of the board of directors and members of the Economic Development Association of North Dakota, I urge a Do Pass recommendation on SB 2062. I would be happy to answer any questions.

**North Dakota University System**  
**Engrossed SB 2062 – House Education Committee**  
**March 9, 2009**  
**William Goetz, Chancellor**

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

Engrossed SB2062 includes new and modified statutory changes and \$25 million in new state funding for student financial aid as follows:

- Needs-based financial aid program                   +\$20 million
- Opportunity Grants                                       +\$ 4 million
- STEM student loan forgiveness                       +\$ 1 million

**Needs-based financial aid program**

The current 07-09 NDUS budget includes roughly \$6.5 million in funding for needs-based financial aid. The SBHE requested an increase in 09-11 to bring total program funding to \$20 million, or a \$14 million increase. The Executive Budget recommendation included a total of about \$40 million for the Governor's proposed ACT-ND program, an increase of \$34 million over 07-09 levels. The Senate moved funding for this program from SB2003, the NDUS appropriation bill, to SB2062 and reduced the total amount from the executive budget level. Currently, engrossed SB2062 includes \$20 million and engrossed SB2003 includes \$7.2 million, for a total of \$27.2 million in 09-11 for state funded needs-based financial aid. This level of funding would allow the NDUS to assist approximately 7,750 students per year with annual grants ranging from \$500 to \$2,000 per student, based on the level of unmet need. However, section 2 of the bill (page 2, lines 18-19) limits total 09-11 spending to no more than \$26 million. If this restriction remains, it would reduce the number of students assisted to about 7,400 per year.

Section 2 of the bill (page 2, lines 8-10) raises the maximum level of the grant from the current \$1,000 to \$2,000.

Attachment (1) provides additional information on the purpose of the program and the current allocation of funding. It should also be noted that SB2166, if adopted, would make students attending Rasmussen College eligible to participate in the program as well.

It is our intent, at the present time, to cover the administrative cost, (including additional staffing) for this significantly expanded program within the current NDUS budget.

**Opportunity Grant Program**

Beginning in the Fall of 2010, this new program would provide a \$2,400 grant per year to students who meet the following requirements: 1.) was a resident of this state for the twelve months preceding high school graduation; 2.) graduated from a public or non-public high school in ND or another state under

15.1-29 or met home education requirements; 3.) completed requirements for a merit scholarship with technical honors or a merit scholarship with academic honors, as outlined in HB1400; 4.) is enrolled full-time in an associate or baccalaureate program at a public or private institution in ND. The student can receive up to a total of \$8,800 by maintaining a cumulative 3.0 GPA.

The NDUS estimates that there will be, at a minimum, between 1,300-1,500 new freshmen students who qualify for program funding per year. Taken together with the continuing students, in the future the program could serve about 6,000 students per year.

Given this is a new program, with significant administrative requirements and participation volume, the fiscal note does point out the need for program administration funding, including necessary staff. I would ask that either funding of \$230,000 be added to SB2062 or SB2003 or that the language in SB2062 be amended to permit the use of opportunity grant program funding for administrative costs. Without added funding, the NDUS will have a difficult time rolling out these new and expanded programs in a timely manner, and maintaining the expected high level of service to parents and students.

(Note: It should be noted that HB1400 also includes a new merit scholarship program of \$1,500 per year.)

### **STEM Student Loan Forgiveness**

This bill would increase funding for and change an existing program to further promote education and employment in STEM (Science, Technology, Engineering and Mathematics) fields. Currently, in the 07-09 biennium, the SBHE administers a state funded Technology Occupations Loan Program with expected biennial expenditures of \$696,000. The SBHE, as part of its budget request, sought total funding of \$934,000 to permit the grant award to be increased from \$1,000 to \$2,000 per applicant. The Executive Budget included an additional \$2.0 million in funding for this program. This was reduced by the Senate to \$1 million in new funding. Thus, SB2003, together with SB2062, includes \$1.7 million for the STEM Loan Forgiveness Program.

The Executive Budget recommendation included, and the Senate supported, changing the existing program to a STEM focus, increasing the grant award from \$1,000 to \$2,000 and expanding the years of eligibility from three to five years per applicant (page 1, lines 19-24). Furthermore, the Senate added the requirement that the program standards focus on "primary sector employment" (page 1, line 17).

Attachment (2) includes information on the existing technology loan forgiveness program.

We would ask for your support of these important programs to assist ND students, understanding the financial challenges many students and families face. Additionally, the other programs provide opportunities to increase high school and college performance, increase post-secondary participation in ND, enhance ND's labor market with talented graduates, all important components of continuing ND's economic growth. I will be happy to try to answer any questions.

**Access - General**

December 2008

**State Grant Program**

*The North Dakota Student Financial Assistance Program (State Grant) provides \$800 non-repayable grants each year to North Dakota residents pursuing undergraduate degrees at North Dakota's public, private (not-for-profit) and tribal colleges. The purpose of these need-based grants is to assist students with the cost of attending North Dakota postsecondary institutions. A State Grant also reduces the amount of money a student needs to borrow for his or her education.*

- More than 33,580 North Dakota students applied for a state grant in 2007-08. The State Grant Program was able to fund 4,152 needy students or about 20 percent of the eligible students. For 2007-08, the greatest unmet need of a State Grant Program recipient was \$14,988. Unmet need for this program is calculated as follows: cost of education minus parent/student expected contribution, minus the Federal Pell Grant, minus other resources (such as veterans' benefits) equals unmet need. For academic year 2007-08, State Grant dollars were exhausted at an unmet need figure of \$5,964. In other words, those students demonstrating an unmet need of \$5,963 or less did not receive State Grant support. Historically, of the over 30,000 students who apply for the State Grant program each year, over 20,000 students exhibit some type of unmet financial aid need.
- State funding to support the State Grant Program is equivalent to 1.7 percent of annual tuition collections.

<b>Students Receiving State Grants Awarded by Institution Type</b>				
	Public Institution	Private Non-Profit 4-Year Colleges & Hospital School of Nursing	Native American Community Colleges	Total
<b>2008-2009 School Year (est.)</b>				
# Applying	30,325			
# of Students Receiving Awards	3,536	581	100	4,217
\$ Awarded	\$2,828,800	\$464,800	\$80,000	\$3,373,600
% of Total \$ Awarded	84%	14%	2%	100%
% of all ND Students Attending College	87%	9%	4%	100%
<b>2007-2008 School Year</b>				
# Applying	33,580			
# of Students Receiving Awards	3,484	565	103	4,152
\$ Awarded	\$2,596,400	\$430,798	\$75,200	\$3,102,398
% of Total \$ Awarded	84%	14%	2%	100%
% of all ND Students Attending College	87%	9%	4%	100%

**MORE INFORMATION CONTACT:**

**Peggy Wipf**, Director of Financial Aid and Federal Relations Coordinator  
701.328.4114 [Peggy.Wipf@ndus.edu](mailto:Peggy.Wipf@ndus.edu)

## State Grant Program (cont.)

The State Grant Program has a federal maintenance of effort (MOE) requirement. Under federal law, states are required to meet or exceed the maintenance of effort requirement to ensure continued federal financial aid funding. The MOE requirement is the average expenditure of non-federal dollars for the past three years. However, in the future, according to federal reporting procedures, not all non-federal sources will be included in the MOE requirement. To maintain the MOE requirement for the 2009-11 biennium, an estimated \$3.45 million in non-federal dollars is needed.

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**FOR MORE INFORMATION CONTACT:**

**Peggy Wipf**, Director of Financial Aid and Federal Relations Coordinator  
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Section 8 – Page 3.1

**Access - General**

December 2008

**Technology Occupations  
Student Loan Forgiveness Program**

The 2001 North Dakota Legislature appropriated \$400,000 for the North Dakota University System (NDUS) to administer a technology occupations student loan forgiveness program. The intent of this program is to reduce student loan indebtedness for individuals who have: (1) graduated in technology-related fields and (2) been employed in technology occupations in the state for one year.

Recipients are eligible to receive \$1,000 in loan forgiveness each year they are employed in approved technology occupations in North Dakota, up to a maximum of three years or \$3,000. The Bank of North Dakota is responsible for applying and/or forwarding loan forgiveness payments. To be eligible, a recipient must have a student loan from the Bank of North Dakota or other participating lender. Individuals must apply annually for new or continued funding.

*\*1M increase (SB2062) - \$2,000/yr for 5yrs - Focus on STEM & primary sector employment.*

- For academic year 2007-08, 342 new and continued-funding applications were received. Of the 342 applicants, 291 were funded. *(#grants would be reduced with revised program)*
- The average student loan indebtedness of funded applicants, as reported on their applications, was \$10,391.

A breakdown of funded 2007-08 applicants by program area follows:

Program Areas of Funded Applications for 2007-08	# of Applicants Funded
Agricultural/Biological Engineering and Bioengineering	9
Animal Sciences, General	1
Architectural Engineering Technology/Technician	4
Atmospheric Sciences and Meteorology, General	2
Biology/Biological Sciences, General	2
Chemical Engineering	1
Civil Engineering Technology/Technician	4
Civil Engineering, General	11
Clinical Laboratory Science/Medical Technology/Technologist	8
Computer and Information Sciences and Support Services, Other	1
Computer and Information Sciences, General	57
Computer Engineering, General	2
Computer Programming/Programmer, General	1
Computer Science	10
Computer Systems Analysis/Analyst	5
Computer Systems Networking and Telecommunications	10
Construction Engineering	1

**FOR MORE INFORMATION CONTACT:**

**Peggy Wipf**, Director of Financial Aid and Federal Relations Coordinator  
701.328.4114 [Peggy.Wipf@ndus.edu](mailto:Peggy.Wipf@ndus.edu)

## Technology Occupations (cont.)

Program Areas of Funded Applications for 2007-08	# of Applicants Funded
Diagnostic Medical Sonography/Sonographer and Ultrasound Technician	3
Diesel Mechanics Technology/Technician	5
Electrical and Electronic Engineering Technologies/Technicians	8
Electrical, Electronic and Communications Engineering Technology/Technician	7
Electrical, Electronics and Communications Engineering	13
Emergency Medical Technology/ Technician (EMT Paramedic)	3
Engineering, General	1
Industrial Engineering	7
Industrial Production Technologies/ Technicians, Other	1
Industrial Technology/Technician	5
Lineworker	1
Machine Tool Technology/Machinist	1
Management Information Systems and Services, Other (some qualify)	2
Management Information Systems, General	28
Manufacturing Engineering	1
Mathematics Teacher Education	2
Mathematics, General	2
Mechanical Engineering	35
Medical Radiologic Technology/Science - Radiation Therapist	15
Radiologic Technology/Science-Radiographer	1
Respiratory Care Therapy/Therapist	8
Small Engine Mechanics and Repair Technology/Technician	1
Surgical Technology/Technologist	2
System, Networking, and LAN/WAN Management/Manger	4
Technology Teacher Education/ Industrial Arts Teacher Education	4
Web Page, Digital/Multimedia and Information Resources Design	1
Welding Technology/Welder	1
<b>TOTAL</b>	<b>291</b>

- A breakdown of funded 2007-08 applicants by technology job occupations follows:

Technology Job Occupations of Funded Applicants for 2007-08	# of Applicants Funded
Agricultural Engineers	4
Bus and Truck Mechanics and Diesel Engine Specialists	2
Civil Engineering Technicians	4
Civil Engineers	11
Coating, Painting, and Spraying Machine Setters, Operators, and Tenders	1
Computer and Information Systems Managers	2
Computer and Mathematical Science Occupations	1
Computer Operators	2
Computer Programmers/Computer Science Teachers, Postsecondary	24
Computer Software Engineers, Applications	17
Computer Specialists, All Other	10

FOR MORE INFORMATION CONTACT:

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Section 8 – Page 6.1

# Technology Occupations (cont.)

Technology Job Occupations of Funded Applicants for 2007-08	# of Applicants Funded
Computer Support Specialists	28
Computer Systems Analysts	17
Conservation Scientists, Park Naturalists, Range Managers, Soil & Water Conservationists	1
Cost Estimators	1
Database Administrators	1
Diagnostic Medical Sonographers	5
Education, Training, and Library Workers, All Other	2
Electrical and Electronics Engineering Technicians	3
Electrical and Electronics Installers and Repairers, Transportation Equipment	1
Electrical and Electronics Repairers, Commercial and Industrial Equipment	5
Electrical Engineers	7
Electrical Power-Line Installers and Repairers	1
Electro-Mechanical Technicians	1
Electronics Engineers, Except Computer	5
Emergency Medical Technicians and Paramedics	3
Engineering Managers	2
Engineering Technicians, Except Drafters, All Other	2
Engineers, All Other	11
Farm Equipment Mechanics	2
Hydrologists	1
Industrial Engineers	3
Industrial Machinery Mechanics	1
Mathematical Science Occupations, All Other	1
Mathematical Science Teachers, Postsecondary	1
Mechanical Engineers	38
Medical and Clinical Laboratory Technologists	8
Middle School Teachers, Except Special and Vocational Education	1
Mixing and Blending Machine Setters, Operators, and Tenders	1
Network and Computer Systems Administrators/Computer Security Specialists	20
Network Systems and Data Communications Analysts	1
Outdoor Power Equipment and Other Small Engine Mechanics	1
Radiologic Technologists and Technicians	14
Respiratory Therapists	6
Respiratory Therapy Technicians	2
Secondary School Teachers, Except Special and Vocational Education	1
Surgical Technologists	2
Telecommunications Equipment Installers and Repairers, Except Line Installers	8
Vocational Education Teachers, Middle School	1
Vocational Education Teachers, Postsecondary	2
Vocational Education Teachers, Secondary School	1
Welders, Cutters, and Welder Fitters/Solderers & Brazers	1
<b>TOTAL</b>	<b>291</b>

FOR MORE INFORMATION CONTACT:

**Peggy Wipf**, Director of Financial Aid and Federal Relations Coordinator  
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## COMPARISON OF REENGROSSED SENATE BILL NO. 2062 AND REENGROSSED SENATE BILL NO. 2062 WITH HOUSE AMENDMENTS

	Reengrossed Senate Bill No. 2062	Reengrossed Senate Bill No. 2062 With House Amendments
Section 1	Science, technology, engineering, and mathematics (STEM) grants maximum \$2,000 per year and \$10,000 total	STEM grants maximum \$1,500 per year and \$6,000 total
Section 2	Student financial assistance program grants maximum \$2,000 per year Provides that the State Board of Higher Education may not expend more than \$26 million for student financial assistance grants during the 2009-11 biennium	Student financial assistance program grants maximum \$1,500 per year Removes provision (appropriation limits the expenditure)
Section 3	Eligibility for opportunity grant Requires maintenance of a 3.0 GPA	Eligibility for merit scholarship Requires maintenance of a 2.75 GPA
Section 4	Opportunity grant amount \$1,200 per semester \$8,800 maximum	Merit scholarship amount \$750 per semester \$6,000 maximum
Section 5	Annual report to the Legislative Council regarding number of grants	Annual report to the Legislative Council regarding number of scholarships
Section 6	Joint meetings	Joint meetings (no change)
Section 7	Legislative Council study - Higher education student trust fund	Legislative Council study - Higher education student trust fund (no change)
Section 8 Appropriation	Needs based financial aid program \$20 million Opportunity grants \$4 million STEM student loan forgiveness \$1 million Total general fund appropriation \$25 million	Needs based financial aid program \$21 million Merit scholarships \$3 million STEM student loan forgiveness \$1 million Total general fund appropriation \$25 million
Section 9	Expiration date (no change)	Expiration date (no change)
Section 10	Emergency (no change)	Emergency (no change)

## Testimony

**SB 2062 – House Education Committee Hearing  
Representative RaeAnn Kelsch, Chair**

10:00 a.m. March 9, 2009

**Brandi Pelham, Senior Policy Advisor, Office of the Governor**

Good Morning, Madame Chair and members of the House Education Committee, for the record my name is Brandi Pelham, and I am a Senior Policy Advisor for the Office of the Governor. I'm speaking this morning on behalf of Lt. Governor Jack Dalrymple who is currently testifying on House Bill 1400.

**Section one:** The STEM student loan program covers the science, technology, engineering and mathematics occupations. Science, technology, engineering and math are the industries where we will see the job growth of the future. The STEM program will assist students who are pursuing an education in one of these high demand fields. In his executive budget, the Governor included nearly \$3 million to fund the STEM program, this amount was reduced to \$1 million by the Senate. We recommend restoring the Governor's original level of funding of \$3 million. The STEM program will provide a \$2,000 grant each year for five years to a student who meets the eligibility requirements.

**Section two:** ACT-ND - the student needs-based financial assistance program. The Governor's executive budget recommends increasing the state's needs-based tuition program from \$6 million a biennium to \$40 million a biennium; this was reduced to \$20 million by the Senate. We recommend restoring the Governor's original level of funding of \$40 million. Currently, 4,000 North Dakota students receive grants of up to \$800. At the governor's funding level, ACT-ND will

provide for up to \$2,000 per year in individual needs-based assistance to approximately 11,000 financially qualified North Dakota students. When combined with the federal Pell Grant, this assistance will cover most of the cost of tuition for eligible undergraduates requiring financial assistance. These programs provide an incentive for students to get their education in North Dakota and aspire to one of the thousands of good paying job we're creating through our aggressive economic development efforts, thereby also addressing the state's workforce needs.

**Section three:** The Opportunity Grant. The Opportunity Grant will assist students who meet the requirements for a merit scholarship with technical honors or a merit scholarship with academic honors set forth in House Bill 1400. The bill provides \$4 million in scholarships for North Dakota high school students who attend college in North Dakota. The Commission on Education Improvement has been dedicated to preparing high school students for a North Dakota college education by building up academic standards. The Opportunity Grant would further the efforts of the Commission by providing the state's exceptional high school students with scholarship dollars. This provides an incentive to attend a North Dakota institution of higher education and making North Dakota education more affordable.

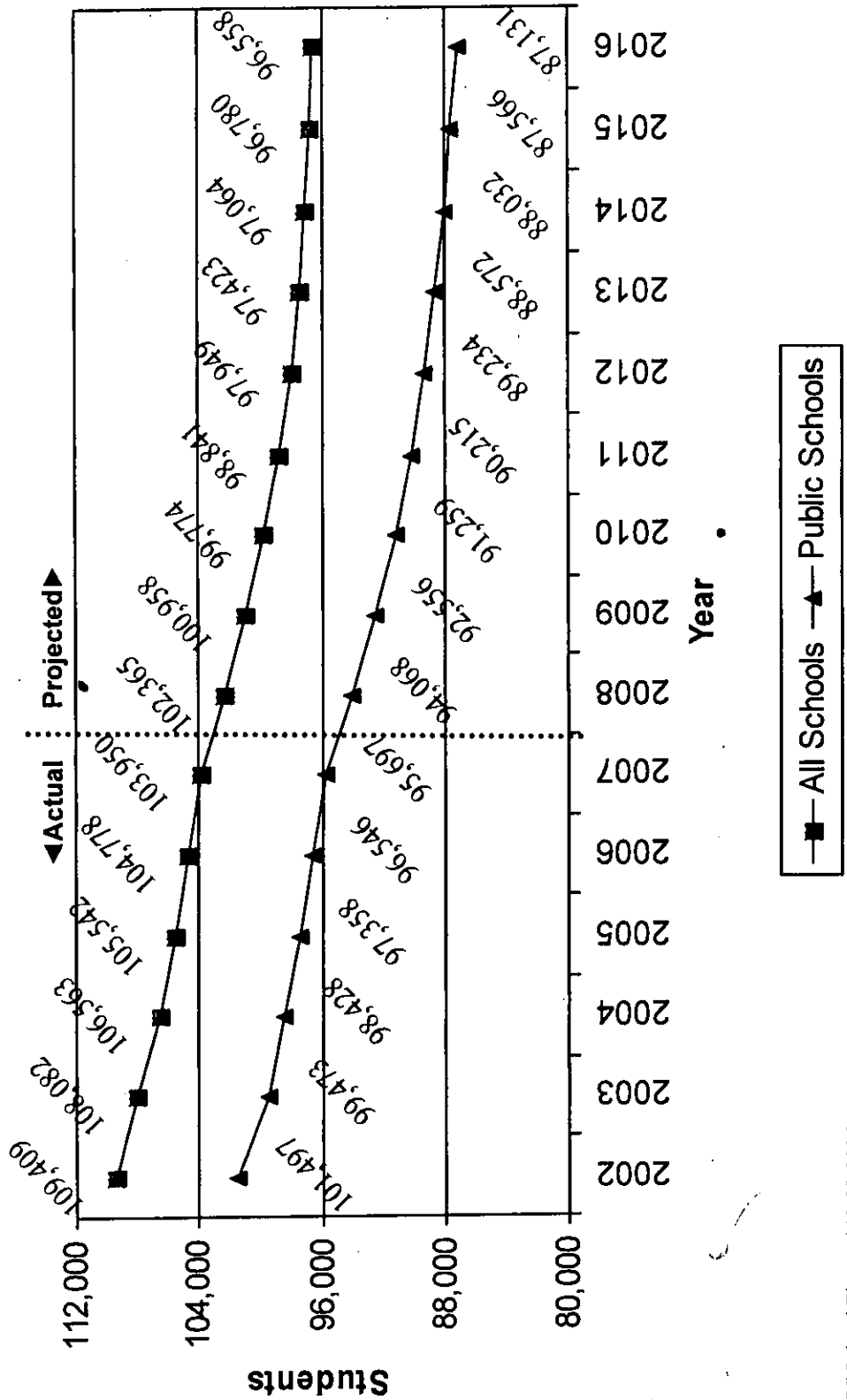
STEM, ACT-ND, and the Opportunity Grant programs put students first by helping the next generation of North Dakotans obtain an affordable and a quality education. Senate Bill 2062 is an investment in North Dakota youth, and therefore is an investment in North Dakota's future. We urge you to restore the Governor's original level of funding and urge a "Do Pass" recommendation on SB 2062.

Madame Chair and members of the committee, I would like to thank you for your

time and attention this morning. This concludes my remarks, and I will stand for any questions.



**ND K-12 Enrollment: Actual & Projected**  
 NORTH DAKOTA DEPARTMENT OF PUBLIC INSTRUCTION  
 OFFICE OF SCHOOL FINANCE AND ORGANIZATION



## Opportunity Grant program.

### The Opportunity Grant plan's provisions include:

- Students must have graduated from a high school in North Dakota.
- Students must maintain a 3.0 GPA in college
- Eligible students would receive \$1,000 per semester
- Students are eligible for up to \$8,000 and those dollars may be spread out over six years (they are not required to be continuously enrolled).
- The scholarships would begin the second year of the biennium and would cost an estimated \$30.5 million/biennium when fully implemented. The appropriations committee will be working on how the funding mechanism will work. There are discussions if it should be an ongoing appropriation or if a trust fund should be utilized to cover some or all of the program costs.
- A student can attend either a two year or four year campus in the NDUS
- To be eligible a student must have either a 24 ACT test score, a 1,100 SAT test score or a 20 on the WorkKeys. This would cover approximately 2,000 students per graduating class or approximately 8,000 students when fully implemented.
- Education committee amendments include immediately starting the grant program during the upcoming biennium rather than using a temporary income tax break.
- The bill is fully funded from profits that the Bank of North Dakota earns from student loans.
- The program requires that the dollars follow the students.

## **Provisions that we will continue to work on include:**

**Funding – The bill will be heading to appropriations committee where their deliberations will include a focus on the funding side of the bill. Options includes:**

- 1) Ongoing appropriation with the intent that it be a ongoing program or -
- 2) Should we fund the program with trust funds (paid for by the state) – full or partial funding of the grants.
- 3) To what level should we provide grants on a per student basis?
- 4) When the February forecast comes out next week it will help in our deliberations on the most appropriate way to fund the bill for this and future sessions.

## **Notes:**

For 2008 the average income tax paid in North Dakota was \$495 so the proposed amendments would give eligible students more than four-times more dollars with the opportunity grant incentives.

The average North Dakota state tax rate is 2.1% for the first \$32,550 of taxable income.

The bill as amended would provide between 30-60% of the tuition at two year or four year campuses. Two year campuses generally have lower tuition rates but are higher than the regional averages of their counterparts.

Attachment 6

House Education Committee

March 9, 2009

SB 2062

Testimony by Rod Backman

University of Mary & Jamestown College

Same  
to House  
appears  
3-23-09

Chairman Kelsch & members of the committee my name is Rod Backman, I am here today representing Jamestown College and The University of Mary, to speak in favor of SB 2062.

The private schools in North Dakota have long been a part of the State Grant program. Across the nation these programs have become established as viable means of addressing affordability of higher education. The statistics I have seen, show that raising the cap to \$2,000 and funding at the level the Governor has proposed will move North Dakota from 45<sup>th</sup> in the nation to 14<sup>th</sup>.

Our schools do not receive state funding, so we are here to advocate for our students. We believe funding for higher education in North Dakota should focus on funding students who are residents of North Dakota, and who attend a North Dakota college. Because the State Grant Program matches that philosophy we encourage your support of this bill.

We are also supportive of the STEM and Opportunity Grant programs. These programs are focused on encouraging students to perform well and to enter certain education areas where the state sees a specific need. At the original hearing before the Senate Education Committee I shared comments from Dr. Robert Badal of Jamestown College where he praised this forward looking bill and its emphasis on higher education being essential to our long-term economic survival.



Sr. Thomas Welder, President of the University of Mary said these are the kinds of incentives we need, encouraging our young people to stay in North Dakota as contributing citizens.

Jamestown College has 1100 students in 40 majors; the University of Mary has 2800 students in 44 majors, plus 6 masters programs. Mary has 725 employees and an economic impact in the community of \$120m. Jamestown has an economic impact over \$50m.

Our students are an integral part of the communities. At Mary in 2007 students volunteered 18,000 hours of service at 200 sites. Students in both communities are helping to meet the labor force needs of our businesses while they are in college and upon graduation. Mary's Leadership Academy at the Harold Schafer Center has consistently exceeded its goal of retaining 80% of its students in North Dakota after graduation. These schools are doing their part to contribute to our economy and our workforce; all with very little state assistance to our students.

We are grateful that the Senator Grindberg and his colleagues saw fit to include our students in these programs. We understand that we are not public education, we understand the State University system needs programs for their students that our students should not qualify for. However, when programs are designed to meet the workforce needs of the state, they should focus on results, not on whether your education is at a public institution.

Thank you, Chairman Kelsch and members of the committee, I would be happy to answer any questions you may have.



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**Testimony of Deana Wiese**  
Executive Director, Information Technology Council of North Dakota  
In Support of SB 2062  
March 9, 2009

Chairman Kelsch and members of the House Education Committee:

For the record, my name is Deana Wiese, and I am the executive director of the Information Technology Council of North Dakota (ITCND). On behalf of ITCND, I would encourage your support of SB 2062, specifically as it relates to the STEM loan forgiveness program.

ITCND was created in 2000 by North Dakota business, government and education leaders who recognized the need to strengthen the state's information technology infrastructure and reposition the state as a national leader in IT. ITCND has nearly 90 member organizations, with representatives from both the public and private sector.

The ITCND board of directors and membership have identified workforce recruitment as one of the IT industry's biggest challenges. The 2008 *IT Workforce Needs Assessment* indicated a need for 2,500 new and replacement IT workers in the state over the next 10 years. This number is one-third of the current IT workforce in only the core IT industry. It does not take into consideration IT employees in other industries, such as energy and health care.

The expansion of the current technology occupations loan forgiveness program to include the fields of science, technology, engineering and math and the increase in the maximum amount and duration of loan forgiveness will be an incentive for more students in STEM fields, including IT, to remain and work in North Dakota following college graduation. Out of the 291 applicants funded in 2007-2008, approximately 45 percent were in IT-related occupations. We would expect this number to grow with the enhancements.

However, if the funding increase is \$1 million versus the \$2 million that was originally proposed, fewer students will actually be able to take part in the program due to the increased amount and duration. Therefore, we would encourage you to consider reinstatement of the \$2 million originally proposed for the STEM loan forgiveness program.

Thank you for your time and consideration.

Wiese testimony in support of SB 2062.

March 2009

*SB 2062  
March 2009  
attachment # 7*

## STUDENT FINANCIAL ASSISTANCE PROGRAM FUNDING

The table below provides information regarding funding from the general fund for selected higher education student financial aid programs in Senate Bill Nos. 2003 and 2062.

	As Introduced		With Senate Amendments		With House Education Committee Amendments	
	SB 2003	SB 2062	SB 2003	SB 2062	SB 2003	SB 2062
Needs-based financial aid	\$39,300,000		\$6,187,797	\$20,000,000	N/A	\$21,000,000
Science, technology, engineering, and mathematics loan forgiveness program	1,000,000			1,000,000	N/A	1,000,000
Opportunity grants		Various transfers <sup>1</sup>		4,000,000	N/A	
Merit grants					N/A	3,000,000
Total	\$40,300,000		\$6,187,797	\$25,000,000	N/A	\$25,000,000

<sup>1</sup>Senate Bill No. 2062, as introduced, provided for a \$25 million transfer from the general fund to the North Dakota merit award trust fund for the 2009-11 biennium. The bill also provided intent that transfers of \$40 million be made to the North Dakota merit award trust fund for the 2011-13 biennium. Of the total transfer to the fund for the 2011-13 biennium, \$15 million was from Bank of North Dakota profits, \$10 million from oil extraction tax revenues, and the remainder from the student loan trust fund and lottery operating fund in amounts determined by the Legislative Assembly.

SB 2062  
March 23, 2009  
attachment #3

## Engrossed SB2062 House Appropriations Hearing Chancellor William Goetz, NDUS – March 23, 2009

Engrossed SB2062 includes new and modified statutory changes and \$25 million in new state funding for student financial aid as follows:

- Needs-based financial aid program +\$21 million
- Opportunity Grants +\$ 3 million
- STEM student loan forgiveness +\$ 1 million

### Needs-based financial aid program

The current 07-09 NDUS budget includes roughly \$6.5 million in funding for needs-based financial aid. The SBHE requested an increase in 09-11 to bring total program funding to about \$20 million, or a \$14 million increase. The Executive Budget recommendation included a total of about \$40 million for the Governor's proposed ACT-ND program, an increase of \$34 million over 07-09 levels. The Senate moved funding for this program from SB2003, the NDUS appropriation bill, to SB2062 and reduced the total amount from the executive budget level. Currently, engrossed SB2062 includes \$21 million and engrossed SB2003 includes \$7.2 million, for a total of \$28.2 million in 09-11 for state funded needs-based financial aid. This level of funding would allow the NDUS to assist approximately 11,765 students per year with annual grants of about \$1,200 per student.

	SB2003	SB2062	TOTAL	Max Grant Limit	Est. Grant Award per student	Est. # of Grants per year
07-09 Base	\$6.5 million	\$0	\$6.5 million	\$1,000	\$800	4,100-4,200
09-11 Request	\$20.6 million	\$0	\$20.6 million	\$2,000	\$800-890	11,950
09-11 Exec. Rec. 1/	\$40.3 million	\$0	\$40.3 million	\$2,000	\$500-\$2000	11,400
09-11 Senate	\$7.2 million	\$20.0 million	\$27.2 million	\$2,000	\$500-2000	7,750
09-11 House Education	\$7.2 million	\$21.0 million	\$28.2 million	\$1,500	\$1,200	11,765

Section 2 of the bill (page 2, lines 8-10) raises the maximum level of the grant from the current \$1,000 to \$1,500, a reduction from the \$2,000 requested and recommended level.

Attachment (1) provides additional information on the purpose of the program and the current allocation of funding. It should also be noted that SB2166, if adopted, would make students attending Rasmussen College eligible to participate in the program as well.

It is our intent, at the present time, to cover the administrative cost, (including additional staffing) for this significantly expanded program within the current NDUS budget.

**Merit Scholarship (formerly Opportunity Grant Program)**

Beginning in the Fall of 2010, this new program would provide a \$1,500 per year grant to students who meet the following requirements: 1.) was a resident of this state for the twelve months preceding high school graduation; 2.) graduated from a public or non-public high school in ND or another state under 15.1-29 or met home education requirements; 3.) completed requirements for a merit scholarship with technical honors or a merit scholarship with academic honors, as outlined in HB1400; 4.) is enrolled full-time in an associate or baccalaureate program at a public or private institution in ND. The student can receive up to a total of \$6,000 by maintaining a cumulative 2.75 GPA (reduced from 3.0 by House Education).

The NDUS estimates that there will be, at a minimum, between 1,300-1,500 new freshmen students who qualify for program funding per year. Taken together with the continuing students, in the future the program could serve about 6,000 students per year.

Section 8 permits the use of \$50,000 of the program funding to be utilized for administrative costs. This funding, along with internal NDUS Office allocations from projected 07-09 carryover, should be able to cover most of the administrative costs associated with implementation of the new program in 09-11.

	SB2003	SB2062	Total	Grant Award Per year
07-09 approp	\$0	\$0	\$0	
09-11 request	\$0	\$0	\$0	
09-11 Exec. Rec	\$0	\$0	\$0	
09-11 Senate	\$0	\$4 million	\$4 million	\$2,400
09-11 House Education	\$0	\$3 million	\$3 million	\$1,500

(Note: It should be noted that HB1400 also includes a new merit scholarship program of \$1,500 per year, with first payments to students beginning in the Fall 2011.)

**STEM Student Loan Forgiveness**

It is our understanding that this bill would put into place a new STEM Student Loan Forgiveness Program for two years. Section 9 of the bill includes an expiration date of June 30, 2011. Furthermore, it is our understanding that the existing Technology Occupations Loan Forgiveness Program, contained in SB2003, is also to expire at the end of the 09-11 biennium. Accordingly, funding in both programs in the 09-11 biennium is intended to not only meet the financial requirements of the 09-11 biennium, but to also meet ongoing financial obligations to continuing students in the 11-13 and 13-15 biennium. Thus, the 09-11 appropriations would be intentionally under spent in order to carry over sufficient funding to meet obligations in subsequent biennia.

Currently in the 07-09 biennium, the SBHE administers a state funded Technology Occupations Loan Forgiveness Program, which is funded in SB2003. The Executive Budget included an additional \$2.0 million in funding for this program, with a STEM focus, and increase the award from \$1,000 for three years to \$2,000 for five years. SB2062 currently contains \$1 million for the new STEM program, which would assist about 83 new applicants in 09-11, and SB2003 includes \$934,000 to fund existing slots and

144 new slots per year, at \$1,000. the Technology Occupations Program which would assist about 72 new applicants per year, based on the carryover assumptions noted earlier.

	SB2003	SB2062	TOTAL	Annual Award Amount	Max # of yrs. Eligible	Est. No. of Annual Awards
<b>Tech. Occupations</b>						
07-09 approp.	\$696,000	\$0	\$696,000	\$1,000	3	168
09-11 Request	\$934,000	\$0	\$934,000	\$1,000	3	144
09-11 Exec. Rec.- <b>STEM</b>	\$2.934 million	\$0	\$2.934 million	\$2,000	5	250-275
09-11 Senate 1/	\$934,000	\$0	\$934,000	\$1,000	3	72
09-11 House Ed 1/	\$934,000	\$0	\$934,000	\$1,000	3	72
<b>STEM</b>						
07-09 approp.	\$0	\$0	\$0			
09-11 Request	\$0	\$0	\$0			
09-11 Exec. Rec.	See above	See above	See above			
09-11 Senate 1/	\$0	\$1.0 million	\$1.0 million	\$2,000	5	50
09-11 House Ed 1/	\$0	\$1.0 million	\$1.0 million	\$1,500	4	80-85

1/ Assuming need to under spend in 09-11 biennium to carryover sufficient funds to meet continuing obligations in 11-13 and 13-15.

Attachment (2) includes information on the existing technology loan forgiveness program.

It should be noted that there are some discrepancies in the bill that need to be resolved. They are:

1. Merit Scholarship: Section 3 suggests that eligible students would graduate from high school during or after 2010-11 school year, or at the earliest, in the Spring of 2011. Graduating high school seniors in the Spring of 2011 would become college freshmen in the Fall of 2011. However, Section 4 states that grant payments should be made to the colleges beginning with the 2010-11 school year or the Fall of 2010.
2. It is our understanding that it was the Senate's intent to continue to maintain the existing Technology Occupations Loan Forgiveness Program and start a new STEM Loan Forgiveness Program, with both programs expiring on June 30, 2011, except for commitments to continuing students. However, there is only one section of law which now governs the STEM program (section 1 of SB2062). The existing statutory language which previously governed the Technology Occupations program was modified to fit the STEM program. Also, due to this, section 9, which includes the expiration date, does not appear to apply to the existing Technology Occupations Loan Forgiveness Program.
3. Program start-up efforts are significant for any new financial aid program. Please strongly consider the merits of starting a program for only two years. Additionally, the close alignment of programs under both the STEM and Technology Occupations Loan Forgiveness Program will be difficult to administer and communicate to potential applicants.

We would ask for your support in funding programs to assist ND students, understanding the financial challenges many students and families face. Additionally, the other programs provide opportunities to increase high school and college performance, increase post-secondary participation in ND, enhance ND's labor market with talented graduates, all important components of continuing ND's economic growth. I will be happy to try to answer any questions.

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SB 2062  
March 23, 2009  
attachment #4

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**Testimony of Deana Wiese**  
Executive Director, Information Technology Council of North Dakota  
In Support of SB 2062  
March 23, 2009

Chairman Skarphol and members of the House Appropriations Education and Environment Sub-Committee:

For the record, my name is Deana Wiese, and I am the executive director of the Information Technology Council of North Dakota (ITCND). On behalf of ITCND, I encourage your support of SB 2062, specifically as it relates to the STEM loan forgiveness program.

ITCND was created in 2000 by North Dakota business, government and education leaders who recognized the need to strengthen the state's information technology infrastructure and reposition the state as a national leader in IT. ITCND has nearly 90 member organizations, with representatives from both the public and private sector.

The ITCND board of directors and membership have identified workforce recruitment and retention as one of the IT industry's biggest challenges. The 2008 *IT Workforce Needs Assessment* indicated a need for 2,500 new and replacement IT workers in the state over the next 10 years. This number is one-third of the current workforce in only the core IT industry. It does not take into consideration IT employees in other industries, such as energy and health care.

The expansion of the current technology occupations loan forgiveness program to include the fields of science, technology, engineering and math and the increase in the maximum amount and duration of loan forgiveness will be an incentive for more students in STEM fields, including IT, to remain and work in North Dakota following college graduation. Out of the 291 applicants funded in 2007-2008, approximately 45 percent were in IT-related occupations. We would expect this number to grow with the enhancements.

We encourage your consideration of reinstatement of the \$2 million increase in funding and the original language establishing the amount and duration of loan forgiveness at \$2,000 per year for up to five years (\$10,000 per recipient), which were both included in the executive recommendation. ITCND was one of the early supporters of the technology loan forgiveness as it was created as a tool to address IT workforce needs. Therefore, we would also ask you to consider not terminating the STEM loan forgiveness program after the 2009-11 biennium. This program has been and will continue to be a successful tool in recruiting and retaining workforce in the IT industry.

Thank you for your time and consideration.