

OTHER DUTIES OF THE HIGHER EDUCATION FUNDING COMMITTEE - BACKGROUND MEMORANDUM

In addition to the study responsibilities assigned to the Higher Education Committee for the 2013-14 interim, the committee has been assigned the following responsibilities:

- Receive a report from the Statewide Longitudinal Data System Committee on the status of the plan for a longitudinal data system.
- Receive a biennial report from the University of North Dakota (UND) School of Medicine and Health Sciences Advisory Council regarding the strategic plan, programs, and facilities of the school.
- Receive annual reports from the State Board of Higher Education regarding North Dakota academic scholarships and career and technical education scholarships.
- Receive reports from any tribally controlled community college receiving a grant under North Dakota Century Code Chapter 15-70 detailing grant expenditures and recipient demographics.
- Receive periodic reports from the State Board of Higher Education of status updates on the progress of the board implementing and administering Chapter 15-18.1 regarding authorization to operate postsecondary education institutions.
- Receive a report from the State Board of Higher Education regarding the distribution of funds from the performance funding pool authorized in 2013 Senate Bill No. 2003.
- Receive a report from the State Board of Higher Education prior to October 1, 2014, regarding the award of matching grants for the advancement of postsecondary academies.
- Approve changes by the State Board of Higher Education to the adjusted student credit hour funding method delineations in establishing instructional program classification factors to reflect a nationally recognized and standardized instructional program classification system.

STATEWIDE LONGITUDINAL DATA SYSTEM COMMITTEE

Section 15.1-02-18 ([Appendix A](#)) establishes a Statewide Longitudinal Data System Committee. Membership of the committee consists of:

- The Commissioner (Chancellor) of the State Board of Higher Education.
- The Superintendent of Public Instruction.
- The Chief Information Officer.
- The Director of the Department of Career and Technical Education.
- The Director of Job Service North Dakota.
- The Commissioner of Commerce.
- The Director of the Department of Human Services.
- The Director of the Educational Technology Council.
- The Director of the North Dakota Council of Educational Leaders.
- The Director of the North Dakota Workforce Development Council.
- Two members of the Legislative Assembly.

The Statewide Longitudinal Data System Committee is to establish policy and adopt rules relating to access to and the collection, storage, and sharing of information and the systems necessary to perform those functions. The committee is to provide operational oversight for information-sharing activities and make recommendations for and provide oversight of information-sharing budgets. The committee may authorize studies to benefit and improve workforce training and education.

The Statewide Longitudinal Data System Committee is to provide a report on the status of the system to the interim Information Technology Committee and interim committees that review education and economic development issues. The report must include recommendations for further development, cost proposals, proposals for legislation, and data sharing governance.

**UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE
AND HEALTH SCIENCES ADVISORY COUNCIL**

Section 15-52-04 ([Appendix B](#)) provides the Legislative Council receive a biennial report from the UND School of Medicine and Health Sciences Advisory Council. The report is to provide recommendations regarding the strategic plan, programs, and facilities of the school. Recommendations for implementing strategies through the school must address the health care needs of the people of the state and provide information regarding the state's health care workforce needs. Additionally, recommendations of the advisory council may address the areas of medical education and training, recruitment and retention of health care professionals, factors influencing the practice environment of health care professionals, access to health care, patient safety, quality of health care, and financial challenges in the delivery of health care.

The UND School of Medicine and Health Sciences Advisory Council consists of 15 members, including a majority party member and minority party member from both the Senate and House of Representatives. Other members to the advisory council are selected by the Department of Human Services, State Board of Higher Education, State Department of Health, North Dakota Medical Association, North Dakota Hospital Association, the Department of Veterans' Affairs hospital in Fargo, the UND Center for Rural Health, and the dean of the School of Medicine and Health Sciences.

**NORTH DAKOTA CAREER AND TECHNICAL EDUCATION
SCHOLARSHIPS AND ACADEMIC SCHOLARSHIPS**

The 2009 Legislative Assembly enacted legislation to create the career and technical education and academic scholarship programs. The legislation established eligibility criteria for the scholarship programs in Chapter 15.1-21, and the criteria were subsequently adjusted by the Legislative Assembly in 2011 and 2013. The current eligibility requirements provide a student must be a resident of the state and meet the following program requirements for one of the programs as follows:

Career and Technical Education Scholarship	Academic Scholarship
Complete four units of English language arts	Complete four units of English language arts
Complete three units of mathematics, including one unit of Algebra II and two units of other mathematics	Complete one unit of Algebra II and one unit of mathematics for which Algebra II is a prerequisite
Complete three units of science	Complete three units of science
Complete one unit of physical education or one-half unit of physical education and one-half unit of health	Complete three units of social studies
Complete two units of a coordinated study plan as recommended by the Department of Career and Technical Education	Complete one unit of physical education or one-half unit of physical education and one-half unit of health
Complete one unit selected from foreign language, Native American language, American sign language, fine arts, or career and technical education	Complete two units of the same foreign language, the same Native American language, American sign language, or career and technical education from a coordinated study plan approved by the Superintendent of Public Instruction
Complete five additional units, two of which must be in the area of career and technical education	Complete one unit selected from foreign language, Native American language, American sign language, fine arts, or career and technical education
Obtain a cumulative grade point average of at least 3.0 on a 4.0 grading scale for all courses taken or only for courses taken that are required for the scholarship	Complete any five additional units
Obtain a grade of at least "C" in each unit or one-half unit required for the scholarship	Obtain a cumulative grade point average of at least 3.0 on a 4.0 grading scale for all courses taken or only for courses taken that are required for the scholarship
Receive a composite score of at least 24 on the ACT or a score of at least five on each of three WorkKeys assessments	Obtain a grade of at least "C" in each unit or one-half unit required for the scholarship
	Receive a composite score of at least 24 on the ACT
	Fulfill one unit required for the scholarship through an advanced placement course or fulfill one-half unit required for the scholarship through a dual-credit course

To continue receiving a scholarship under the program, a student must be enrolled in at least 12 credits during the student's first two semesters and must be enrolled in at least 15 credits during each semester thereafter. However, 2013 House Bill No. 1258 provides a student may continue to receive the scholarship if the student requires fewer than 15 credits to graduate and is enrolled in at least 12 credits. The Legislative Assembly also

adjusted the criteria to receive a scholarship in 2013 House Bill No. 1291. The bill expands the program to allow students who complete a home education program to receive a scholarship.

Any student who meets the requirements for a career and technical education scholarship or an academic scholarship is eligible to receive a scholarship of \$750 per semester, or \$500 per quarter, for each period the student is enrolled full time at a North Dakota higher education institution and maintains eligibility up to a maximum amount of \$6,000. Scholarships may be provided to students for up to six years following the student's graduation from high school and cannot be used for graduate programs.

The 2013-15 biennium legislative appropriation provides \$10 million from the general fund for the program, the same as the 2011-13 biennium legislative appropriation. Section 15-62.2-05 ([Appendix C](#)) requires the State Board of Higher Education to provide an annual report to the Legislative Council regarding the number of North Dakota academic and career and technical education scholarships awarded and demographic information pertaining to the recipients.

GRANTS TO TRIBALLY CONTROLLED COMMUNITY COLLEGES

Chapter 15-70 ([Appendix D](#)) creates an assistance program for tribally controlled community colleges located in the state. Funding is to be distributed to the tribally controlled community colleges to defray the costs of education associated with the enrollment of nonbeneficiary students.

In order to qualify for a grant, a qualified institution must submit an application to the State Board of Higher Education that documents the enrollment status of each student for whom financial assistance is sought. If an application is approved, the State Board of Higher Education is to distribute an annual payment to the institution for each nonbeneficiary student enrolled at the institution. The amount of payment is to be equal to the per student payment provided to institutions under the federal Tribally Controlled Colleges and Universities Assistance Act of 1978 or a prorated amount if funding is limited.

Each tribal college receiving a grant under Chapter 15-70 is to submit a report to the Legislative Council detailing the expenditures of the grant funds received by the institution. Additionally, each college is to submit a copy of the institution's latest audit report and documentation of the enrollment status of each student for whom financial assistance is requested. Any institution that fails to meet the reporting requirements is ineligible to receive future grants until the required information is submitted.

The table below details legislative appropriations for grants to tribally controlled community colleges.

	General Fund	Permanent Oil Tax Trust Fund
2007-09 biennium		\$700,000
2009-11 biennium		\$700,000
2011-13 biennium	\$1,000,000	
2013-15 biennium	\$1,000,000	

AUTHORIZATION TO OPERATE PRIVATE POSTSECONDARY INSTITUTIONS

Chapter 15-18.1, as enacted by 2013 House Bill No. 1103, provides the State Board of Higher Education has regulatory authority over private degree granting institutions of higher education. The board is to establish and require compliance with minimum standards for postsecondary institutions and adopt policies to implement the standards. The standards and criteria must include quality of education, ethical and business practices, and health, safety, and fiscal responsibility.

Section 15 ([Appendix E](#)) of House Bill No. 1103 requires the State Board of Higher Education to provide a report a Legislative Management interim committee regarding the process of the board in implementing and administering the provisions of the bill.

PERFORMANCE FUNDING POOL DISTRIBUTIONS

The Legislative Assembly in 2013 Senate Bill No. 2003 appropriated \$5 million of one-time funding from the general fund for a performance funding pool. Subsection 3 of Section 21 ([Appendix F](#)) of 2013 Senate Bill No. 2003 requires the funding to be distributed to North Dakota University System institutions based on each institution meeting specific goals or other performance measures established by the State Board of Higher Education. In allocating the funds, the board is to consider any allocations from the oil and gas impact grant fund to higher education institutions. The subsection further provides the board is to provide a report to the Legislative Management during the 2013-14 interim regarding the distribution of funds from the performance funding pool.

HIGHER EDUCATION MATCHING GRANT PROGRAM

Senate Bill No. 2003 (2013) created six new sections to Chapter 15-10 to create a higher education matching grant program. The bill also appropriated \$29 million of one-time funding from the general fund for the program. The program is to provide one dollar in matching grants for every two dollars raised by a University System institution foundation for projects dedicated exclusively to the advancement of academics.

A project must be approved by a grant review committee which consists of the Governor or the Governor's designee, two members of the House Appropriations Committee appointed by the House Majority Leader, two members of the Senate Appropriations Committee appointed by the Senate Majority Leader, two members appointed by the Governor with the consent of the Legislative Management, and two members appointed by the State Board of Higher Education with the consent of the Legislative Management. A project eligible to receive funding includes investments in research, scholarships, technology, endowed chairs, and investments in educational infrastructure, including new capital construction projects. An institution foundation is liable to the institution for any amount pledged but not received for a project.

To be eligible for a grant a research institution must demonstrate its foundation has raised at least \$50,000 in cash or monetary pledges for a project and the project has been approved by the grant review committee. Each research institution may be awarded up to \$10 million in matching grants during the period beginning July 1, 2013, and ending December 31, 2014. An institution may receive additional grant funds beginning July 1, 2015, if all available funding has not been awarded.

To be eligible for a grant, a two-year institution or a four-year regional university must demonstrate its foundation has raised at least \$25,000 in cash or monetary pledges for a project and the project has been approved by the grant review committee. Each two-year institution and four-year regional university may be awarded up to \$1 million in matching grants during the period beginning July 1, 2013, and ending December 31, 2014. An institution may receive additional grant funds beginning July 1, 2015, if all available funding has not been awarded.

Section 38 of 2013 Senate Bill No. 2003 ([Appendix G](#)) requires the State Board of Higher Education to provide a report to the Legislative Management regarding the number of matching grants that were sought, the number that were awarded, and the manner in which the grants were used.

HIGHER EDUCATION ADJUSTED STUDENT CREDIT HOUR FUNDING METHOD - INSTRUCTIONAL PROGRAM CLASSIFICATION FACTORS

Section 15-18.2-01, as enacted by the Legislative Assembly through 2013 Senate Bill No. 2200, implements an adjusted student credit hour funding method for University System institutions. The method determines funding levels by adjusting completed student credit hours by the following factors:

- Instructional program classification cost factor
- Credit completion factor
- Institution size factor

The instructional program classification cost factor amounts are based upon federal Classification of Instructional Program (CIP) codes for each academic area. A cost factor is applied to each code which recognizes historical costs of instruction relating to each instructional level within an academic program. Section 15-18.2-02 ([Appendix H](#)) details the instructional program classification factors to be applied to courses in each academic area and is adjusted for each instructional level. The section provides the State Board of Higher Education shall ensure all factors in the section reflect the requirements of a nationally recognized and standardized instructional program classification system. The board may adopt changes to the factors in the section after receiving approval from the Legislative Management for the changes.

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