

HIGHER EDUCATION COMMITTEE

The Higher Education Committee was assigned four study areas and nine reports to receive:

1. Section 45 of 2015 House Bill No. 1003 directed a study of the delivery methods of higher education courses offered by institutions under the control of the State Board of Higher Education. The study was to review current methods of distance education offered by institutions, options to improve delivery methods, revenue generated by each type of delivery method, and how course delivery methods may affect future campus infrastructure needs and study the components of the higher education funding formula established in North Dakota Century Code Chapter 15-18.2, including the uses of funding provided through each of the components for costs-to-continue, salary adjustments, and other inflationary adjustments and tuition waivers.
2. Section 46 of 2015 House Bill No. 1003 directed a study of the missions of all 2-year institutions and other institutions under the control of the State Board of Higher Education, as determined by the Legislative Management, including the feasibility and desirability of the institutions offering only workforce and career and technical education programs. The study was to review the current missions of the institutions, current and projected course and program enrollments, projected workforce needs, including how the institutions can serve the needs, and options to increase operating efficiencies.
3. Section 47 of 2015 House Bill No. 1003 directed a study of administrative costs at institutions under the control of the State Board of Higher Education. The study was to review the number of administrator positions at each institution, the number of new administrator positions added at each institution during the previous 5 academic years, the total salaries and benefits associated with the administrator positions, the average salaries and benefits for administrator positions at each institution for each of the previous 5 fiscal years, the percentage of overall institution operating costs attributable to administration, and options to provide future increased legislative appropriations to institutions specifically for instructional purposes.
4. 2015 House Concurrent Resolution No. 3046 directed a study of public higher education in North Dakota for the purpose of developing and implementing a governance model that articulates the role and function of the State Board of Higher Education, its Chairman and other members, including the board's objectives and the monitoring responsibilities necessary to ensure that its objectives are achieved; the role and function of the Commissioner of Higher Education, including the Commissioner's relationship with the board, the Commissioner's responsibility for implementing the board's objectives, and for meeting the board's expectations regarding organizational performance; and the role and function of each institution's president, including the authority and responsibility to supervise and direct the efficient operation of the institution, to execute all directives from the Commissioner of Higher Education, and to report directly to the Commissioner regarding the operation and management of the institution, and the execution of the directives.
5. A biennial report from the University of North Dakota (UND) School of Medicine and Health Sciences Advisory Council pursuant to Section 15-52-04 regarding the strategic plan, programs, and facilities of the school.
6. Annual reports from the State Board of Higher Education pursuant to Section 15-10-59 regarding North Dakota academic scholarships and career and technical education scholarships.
7. Reports from any tribally controlled community college receiving a grant under Chapter 15-70 detailing grant expenditures and recipient demographics.
8. A report from the State Board of Higher Education pursuant to Section 3 of 2015 House Bill No. 1003 regarding the status of the development of a unified workforce, vocational, and technical education program.
9. Reports from the State Board of Higher Education pursuant to Section 25 of 2015 House Bill No. 1003 regarding distributions from the systemwide deferred maintenance, campus security, and internal audit funding pools.
10. A report from the State Board of Higher Education pursuant to Section 38 of 2015 House Bill No. 1003 regarding the use of extraordinary repairs funding and related matching funds.
11. A report from the State Board of Higher Education before July 1, 2016, pursuant to Section 40 of 2015 House Bill No. 1003, regarding the operations and financial condition of Dickinson State University.
12. A report from the State Board of Higher Education prior to July 1, 2016, pursuant to Section 2 of Senate Bill No. 2150, regarding the status of the implementation of the student and student organization disciplinary proceedings uniform procedure.
13. A report from the State Board of Higher Education prior to July 1, 2016, pursuant to 2015 House Concurrent Resolution No. 3052, regarding the policies, procedures, supports, and services available to all public institutions of higher education in the state regarding sexual assault and related incidents.

Committee members were Representatives Mark Sanford (Chairman), Thomas Beadle, Tracy Boe, Lois Delmore, Mark A. Dosch, Kathy Hawken, Richard G. Holman, Dennis Johnson, Matthew M. Klein, Bob Martinson, Lisa Meier, David Monson, Kylie Oversen, Mike Schatz, Cynthia Schreiber Beck, and Roscoe Streyle and Senators Tim Flakoll, Ray Holmberg, Karen K. Krebsbach, Carolyn C. Nelson, David O'Connell, and Larry J. Robinson.

PREVIOUS LEGISLATIVE STUDIES AND RELATED LEGISLATION

The Legislative Management has established a higher education committee each interim since 1999. These committees have reviewed higher education funding, expectations of the North Dakota University System, and accountability and reporting measures for the University System. The committees, at times, gathered input through the use of a higher education roundtable, which consisted of members of the higher education committee and representatives from the State Board of Higher Education; business and industry; the executive branch; and higher education institutions, including tribal and private colleges.

HIGHER EDUCATION STUDY

As discussed earlier, the committee was assigned four studies:

1. The delivery methods of higher education courses offered by institutions under the control of the State Board of Higher Education;
2. The missions of all 2-year institutions and other institutions under the control of the State Board of Higher Education, as determined by the Legislative Management;
3. Administrative costs at institutions under the control of the State Board of Higher Education; and
4. Public higher education in North Dakota, including higher education governance.

University System Information

The 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 and technical degrees. Each institution is unique in its mission to serve the people of North Dakota.

The original legislative appropriations for the 2015-17 biennium for higher education institutions and the University System office totaled \$961,584,277, of which \$896,574,867 was from the general fund. The general fund appropriations for the University System were reduced by \$58,725,655, or 6.55 percent, to \$837,849,212 as a result of general fund budget reductions made during the August 2016 special legislative session.

The University System reported fall 2015 total degree credit headcount enrollment of 47,513 students and a total degree credit full-time equivalent (FTE) enrollment of 38,151 students, compared to fall 2014 headcount enrollment of 47,660 students and FTE enrollment of 38,174 students.

Higher Education Course Delivery Methods

Higher education institutions offer course delivery through several different methods. The following is a summary of various delivery methods:

Delivery Method	Description
Face-to-face on campus	A traditional classroom environment where both the instructor and students are physically located in the same classroom.
Face-to-face off campus	Both the instructor and students are physically located in the same classroom in an off-campus facility.
Correspondence	Instruction is provided through mail, email, or fax.
One-way video	A video connection that allows for the faculty member to be heard and seen by students.
Two-way video	A video and audio connection among two or more sites that allows for communication between faculty members and students.
Synchronous Internet	Online classes that require faculty members and students to be online at the same time for interactive learning.
Asynchronous Internet	Online classes in which faculty members and students are not required to be online at the same time. Faculty members provide learning materials and assignments that may be completed by a student anytime during a specified time period.
Hybrid/blended	Classes in which multiple delivery methods are utilized.

Distance Education Enrollment

The committee learned defining a distance education course is difficult because some courses include both on-campus and online content. For reporting purposes, distance education courses are generally defined as a course with at least 50 percent of content delivered through a distance delivery method, such as the Internet or interactive video.

During the fall 2015 semester, 47 percent of all University System students were enrolled in at least one distance education course. Sixty-one percent of University System students who only enrolled in distance education courses were North Dakota residents. At 2-year institutions, 78 percent of students who enrolled only in distance education courses were North Dakota residents, compared to 31 percent at research institutions. Distance education student counts include high school students taking dual-credit or early-entry courses.

Distance Education Costs

The committee learned University System institutions may charge different tuition and fee rates for distance education courses. The committee reviewed the following schedule detailing the tuition and fee charge differential between online and on-campus courses at University System institutions:

Institution	Additional Online Per-Credit Tuition and Fee Costs Compared to On-Campus Courses	Percentage Difference Between Online and On-Campus Tuition and Fee Costs
Bismarck State College - Regular courses	\$80.41	36.7%
Bismarck State College - Energy program	\$121.41	46.7%
Dakota College at Bottineau	\$24.82	12.5%
Lake Region State College	\$18.35	10.0%
North Dakota State College of Science	\$38.97	20.7%
Williston State College	\$33.68	16.8%
Dickinson State University	\$48.80	15.9%
Mayville State University	\$14.15	5.1%
Minot State University	\$0	0.0%
Valley City State University	\$0	0.0%
North Dakota State University	\$0	0.0%
University of North Dakota	\$0	0.0%

The committee learned it is difficult to determine the costs relating directly to distance education courses. Some costs, such as technology equipment and course software, are directly related to distance education courses. However, many campus services, such as admissions and student finance functions, are shared between on-campus and distance education courses.

When identifiable, the costs of providing distance education courses can vary significantly by program. An online accounting course offered by Minot State University costs \$6,858 to provide while an online mechanical fundamentals course at Bismarck State College costs \$14,279 to provide.

Institution Missions

The constitution provides for the State Board of Higher Education to control and administer certain higher education institutions in the state. The following is a summary of the references for each University System institution as found in Article VIII, Section 6, of the Constitution of North Dakota:

Institution	Constitutional Reference
University of North Dakota	"The state university and school of mines, at Grand Forks, with their substations."
North Dakota State University	"The state agricultural college and experiment station, at Fargo, with their substations."
North Dakota State College of Science	"The school of science, at Wahpeton."
Dickinson State University, Mayville State University, Minot State University, and Valley City State University	"The state normal schools and teachers colleges, at Valley City, Mayville, Minot, and Dickinson."
Dakota College at Bottineau	"The school of forestry, at Bottineau."
Bismarck State College, Lake Region State College, Williston State College	There are no specific references in the constitution to these institutions. The constitution provides for the State Board of Higher Education to control and administer "other state institutions of higher education as may hereafter be established."

State Board of Higher Education policy 100.7 provides for the State Board of Higher Education to approve institution missions and roles and any changes to institution missions and roles. The following schedule provides information regarding the mission statement of each institution:

Institution	Mission Statement
Bismarck State College	Bismarck State College, an innovative community college, offers high quality education, workforce training, and enrichment programs reaching local and global communities.
Dakota College at Bottineau	Dakota College at Bottineau provides students with a quality education in a caring environment.
	The institution values diversity and personal enrichment by promoting engaged learning for employment and university transfer. With the help of a supportive community, Dakota College at Bottineau emphasizes nature and technology to accomplish its mission through an array of curricula, programs, and services.
Dickinson State University	To provide high-quality accessible programs, promote excellence in teaching and learning, support scholarly and creative activities, and to provide services relevant to the economy, health and quality of life for North Dakota citizens.
Lake Region State College	We enhance lives and community vitality through quality education.
Mayville State University	The mission of Mayville State University is to educate and guide students, as individuals, so that they may realize their full career potential and enhance their lives. We do this in an environment that reflects our tradition of personal service, commitment to innovative technology-enriched education and dynamic learning relationships with community, employers and society.
Minot State University	Minot State University is a regional, public institution located in the northwest region of North Dakota. Committed to high academic standards and professional support for students, the university is dedicated to student success, engaged and life-long learning, advancement of knowledge, effective student service and development of students of character. These commitments are grounded in effective and motivated teaching and learning, scholarship and service. The university values critical and creative thinking, vitality of communities and cultures, stewardship of place and the multicultural and global environment. The university honors and supports the dignity and rights of diverse individuals, freedom of expression, academic freedom, ethical and moral behavior, integrity, fairness and honesty.
North Dakota State University	With energy and momentum, North Dakota State University addresses the needs and aspirations of people in a changing world by building on our land-grant foundation.
North Dakota State College of Science	The North Dakota State College of Science is a comprehensive, associate degree-granting college founded on a tradition of quality and integrity. We deliver learner-focused education through a unique and evolving collegiate experience. Using innovative delivery strategies, North Dakota State College of Science anticipates and responds to statewide and regional workforce needs by providing access to occupational/technical programs, transfer programs, and workforce training.
University of North Dakota	A national research university that engages in the creation of new knowledge and which fosters scholarship and creative activity, the University of North Dakota maintains its original mission in liberal arts, business, education, law, medicine, engineering and mines; and has also developed special missions in nursing, fine arts, aerospace, energy, and international studies. UND provides a wide range of challenging academic programs for undergraduate, professional and graduate students through the doctoral level. The University encourages students to make informed choices, to communicate effectively, to be intellectually curious and creative, to commit themselves to lifelong learning and the service of others, and to share responsibility both for their own communities and the world.
Valley City State University	Valley City State University is a public, regional university offering exceptional programs in an active, learner-centered community that promotes meaningful scholarship, ethical service, and the skilled use of technology. As an important knowledge resource, the University offers programs and outreach that enrich the quality of life in North Dakota and beyond. Through flexible, accessible, and innovative baccalaureate and master's programs, Valley City State University prepares students to succeed as educators, leaders, and engaged citizens in an increasingly complex and diverse society.
Williston State College	Williston State College, "Where the People Make the Difference", is an open admission learned-center, comprehensive community college of the North Dakota University System providing academic transfer and occupational education, workforce training, and cultural activities to residents of North Dakota, the Upper Plains, and beyond. Williston State is committed to providing educational opportunities that are accessible, affordable, life changing, and life-long.

Degrees Offered

The following is a summary of degrees offered at each institution:

Institution	Degrees Offered
Bismarck State College	Certificates, diplomas, associate's degrees, bachelor's degrees (limited)
Dakota College at Bottineau	Certificates, diplomas, associate's degrees
Dickinson State University	Certificates (limited), associate's degrees (limited), bachelor's degrees
Lake Region State College	Certificates, diplomas, associate's degrees
Mayville State University	Associate's degrees (limited), bachelor's degrees

Institution	Degrees Offered
Minot State University	Associate's degrees (limited), bachelor's degrees, master's degrees
North Dakota State University	Bachelor's degrees, master's degrees, doctoral degrees
North Dakota State College of Science	Certificates, diplomas, associate's degrees
University of North Dakota	Bachelor's degrees, master's degrees, doctoral degrees
Valley City State University	Bachelor's degrees, master's degrees (limited)
Williston State College	Certificates, diplomas, associate's degrees

TrainND

In addition to offering degree programs, the TrainND program offers workforce training at certain institutions. The TrainND program is divided into the following four regions to serve local business and industry:

TrainND Region	Location
Northwest	Williston State College
Northeast	Lake Region State College
Southeast	North Dakota State College of Science
Southwest	Bismarck State College

Information Received

The committee learned clear mission differentiation for higher education institutions reduces unnecessary duplication and increases productivity. Lacking clear institution missions can cause ambiguous goals and accountability metrics.

The committee received an update regarding the University System campus mission task force. The task force was formed in 2015 to determine if the workforce needs of the state, and regions of the state, are being met by the current structure and program delivery of the University System. The task force reviewed the 5-year trends in program completions and analyses of future trends in education, training, and workforce needs. The task force determined education and training degrees offered in one region of the state do not translate into employers being able to employ those skilled workers in another part of the state. The task force also found uneven employee pools for jobs depending on location and salary levels.

University System Strategic Plan

The committee received information regarding updates to the strategic plan of the University System. The committee learned the University System is working to address the needs of the state by gathering information from key stakeholders. University System representatives have participated in sessions to receive feedback from government and community leaders, businesses, and campus communities.

The committee learned the strategic plan was updated to include the following goals:

- Deliver degrees that are the best value in the nation;
- Provide programs people want, where and when they need them;
- Equip students for success; and
- Maximize strengths of the unified system.

The University System office has created a strategic plan webpage on its website to improve transparency and accountability by providing information and trends regarding key metrics.

Administrative Costs

There are several definitions that can be used to identify higher education institution administrative costs which also may be referred to as "institutional support." The Integrated Postsecondary Data System (IPEDS) defines "institutional support" as:

"A functional expense category that includes expenses for the day-to-day operational support of the institution. Includes expenses for general administrative services, central executive-level activities concerned with management and long range planning, legal and fiscal operations, space management, employee personnel and records, logistical services such as purchasing and printing, and public relations and development. Also includes information technology expenses related to institutional support activities. If an institution does not separately budget and expense information technology resources, the IT costs associated with student services and operation and maintenance of plant will also be applied to this function."

The definition for administrative staff positions also varies based by reporting type. In previous IPEDS surveys, administrative staff positions were categorized as follows:

- Executive, administrative, and managerial - Occupational positions directly related to management policies or general operations of the institution. Examples include presidents, vice presidents, managers, provosts, and deans whose principal occupational activity is administration rather than instruction.
- Professional - Occupational positions providing services and support, such as accountants, human resources professionals, and attorneys.

University System Employees

The committee reviewed the following schedule detailing the number of University System FTE employees per 1,000 at University System institutions:

FTE Employees Per 1,000 Students at University System Institutions				
Institution	Total FTE Employees	FTE Employees Per 1,000 Students	National Average FTE Employees Per 1,000 Students ¹	Difference Between Institution and National Average for FTE Employees Per 1,000 Students
Bismarck State College	385	130	115	15
Dakota College at Bottineau	90	180	115	65
Lake Region State College	130	134	115	19
North Dakota State College of Science	375	163	115	48
Williston State College	131	230	115	115
Dickinson State University	243	191	150	41
Mayville State University	194	252	150	102
Minot State University	485	186	140	46
Valley City State University	216	219	150	69
North Dakota State University	2,915	228	234	(6)
University of North Dakota	3,075	244	234	10

¹As determined in the February 2014 Delta Cost Project Issue Brief: *Labor Intensive or Labor Expensive? Changing Staffing and Compensation Patterns in Higher Education.*

The committee reviewed the following schedule detailing the number of University System administrators by institution type as of July 1, 2005, July 1, 2010, and July 1, 2015:

University System Administrator Count by Position and by Institution Type					
Position	2005 Count	2010 Count	2015 Count	Number Increase from 2005 to 2015	Percentage Increase from 2005 to 2015
Executive					
Research universities	14	16	17	3	21%
Regional universities	21	21	21	0	0%
Community colleges	14	15	16	2	14%
Total - Executive	49	52	54	5	10%
Dean					
Research universities	17	18	17	0	0%
Regional universities	4	4	5	1	25%
Community colleges	6	6	6	0	0%
Total - Dean	27	28	28	1	4%
Officer					
Research universities	58	63	68	10	17%
Regional universities	4	6	5	1	25%
Community colleges	12	12	15	3	25%
Total - Officer	74	81	88	14	19%
Non-banded administrator					
Research universities	3	3	3	0	0%
Community colleges	0	1	1	1	100%
Total - Non-banded administrator	3	4	4	1	33%

University System Administrator Count by Position and by Institution Type					
Position	2005 Count	2010 Count	2015 Count	Number Increase from 2005 to 2015	Percentage Increase from 2005 to 2015
Non-banded EERC position					
Research universities	27	33	32	5	19%
Total - Non-banded EERC position	27	33	32	5	19%
Director, Associate Director, Manager					
Research universities	55	69	77	22	40%
Regional universities	53	58	65	12	23%
Community colleges	28	34	37	9	32%
Total - Director, Associate Director, Manager	136	161	179	43	32%
Associate Dean					
Research universities	6	8	11	5	83%
Total - Associate Dean	6	8	11	5	83%
Assistant Dean					
Research universities	3	3	3	0	0%
Total - Assistant Dean	3	3	3	0	0%
Grand total	325	370	399	74	23%

The committee reviewed the following information regarding the average salaries of administrators by position and institution type:

University System Administrator Average Salaries by Position and by Institution Type					
Position	2005 Average Salary	2010 Average Salary	2015 Average Salary	Increase from 2005 to 2015	
Executive (Presidents only)					
Research universities	\$192,006	\$308,730	\$363,082	\$171,076	89%
Regional universities	\$161,549	\$187,295	\$218,440	\$56,891	35%
Community colleges	\$136,007	\$168,037	\$194,938	\$58,931	43%
University System average	\$157,423	\$203,879	\$237,967	\$80,544	51%
Executive (Excluding Presidents)					
Research universities - Excluding medical school	\$126,231	\$173,565	\$215,017	\$88,786	70%
Research universities - Medical school	\$337,547	\$525,000	\$674,588	\$337,041	100%
Regional universities	\$77,839	\$98,746	\$118,154	\$40,315	52%
Community colleges	\$83,516	\$109,663	\$128,911	\$45,395	54%
University System average	\$100,097	\$134,992	\$164,554	\$64,457	64%
Dean					
Research universities	\$132,596	\$181,410	\$219,544	\$86,948	66%
Regional universities	\$79,435	\$101,698	\$119,442	\$40,007	50%
Community colleges	\$70,697	\$90,878	\$110,367	\$39,670	56%
University System average	\$110,965	\$150,623	\$178,274	\$67,309	61%
Officer					
Research universities	\$80,465	\$109,409	\$128,862	\$48,397	60%
Regional universities	\$61,117	\$70,987	\$94,081	\$32,964	54%
Community colleges	\$67,729	\$79,866	\$95,998	\$28,269	42%
University System average	\$77,354	\$102,186	\$121,284	\$43,930	57%
Director, Associate Director, Manager					
Research universities	\$63,876	\$85,483	\$98,451	\$34,575	54%
Regional universities	\$43,224	\$56,061	\$65,332	\$22,108	51%
Community colleges	\$54,326	\$66,226	\$80,535	\$26,209	48%
University System average	\$53,862	\$70,817	\$82,721	\$28,859	54%
Associate Dean					
Research universities - Excluding medical school	\$86,482	\$137,688	\$160,115	\$73,633	85%
Research universities - Medical school			\$500,000	N/A	N/A
University System average	\$86,482	\$137,688	\$191,014	\$104,532	121%

University System Administrator Average Salaries by Position and by Institution Type					
Position	2005 Average Salary	2010 Average Salary	2015 Average Salary	Increase from 2005 to 2015	
Assistant Dean					
Research universities	\$53,695	\$71,317	\$90,632	\$36,937	69%
University System average	\$53,695	\$71,317	\$90,632	\$36,937	69%

Between 2005 and 2015, the total number of faculty and teaching staff at all University System institutions decreased by 213, from 2,102 in 2005 to 1,889 in 2015. During the same time period, the systemwide average compensation levels of faculty with a full professor rank increased from \$73,198, to \$104,934, and compensation levels of associate professors increased from \$56,558, to \$76,601. The number of administrators increased by 74, from 325 to 399, during the same time frame.

University System Governance

State Board of Higher Education

In 1938 the voters of the state approved an initiated measure to create a State Board of Higher Education. The measure became Article 54 of the Constitution of North Dakota. The following table highlights the principal provisions of Article 54 and changes to those provisions as currently contained in Article VIII, Section 6, of the Constitution of North Dakota.

Original Article 54 of the Constitution of North Dakota	Current Article VIII, Section 6, of the Constitution of North Dakota
State Board of Higher Education is created for the "control and administration" of the listed institutions.	No change
Seven members appointed by the Governor <ul style="list-style-type: none"> • Must be qualified electors and taxpayers • Must have resided in the state for at least 5 years 	No change
	Governor shall appoint 8 th member, a full-time resident student at an institution under the board's control (1994).
Governor shall select appointee from a list of three names unanimously agreed to by: <ul style="list-style-type: none"> • The President of the North Dakota Education Association • The Chief Justice of the Supreme Court • The Superintendent of Public Instruction 	Governor shall select appointee from a list of three names agreed to by four of the following five: <ul style="list-style-type: none"> • The President of the North Dakota Education Association • The Chief Justice of the Supreme Court • The Superintendent of Public Instruction • President Pro Tempore of the Senate (1996) • Speaker of the House of Representatives (1996)
Appointee must be confirmed by the Senate	No change
Members are removable by impeachment	No change
Term of office is 7 years	Term of office is 4 years (1996)
Legislature shall provide adequate funds for the proper carrying out of the functions and duties of the State Board of Higher Education.	No change
Board shall elect a competent person to serve as secretary.	No change
Board has "full authority over the institutions under its control with the right, among its other powers, to prescribe, limit, or modify the courses offered at the several institutions."	No change
Board has the "power to delegate to its employees details of the administration of the institutions under its control."	No change
Board has "full authority to organize or re-organize within constitutional and statutory limitations, the work of each institution under its control, and do each and everything necessary and proper for the efficient and economic administration" of the institutions.	No change
Board shall prescribe "standard systems of accounts and records."	No change
Board shall biennially and within 6 months of a regular legislative session provide "a report to the Governor, covering in detail the operations of the educational institutions under its control."	No change

Original Article 54 of the Constitution of North Dakota	Current Article VIII, Section 6, of the Constitution of North Dakota
Heads of the institutions are to submit budget requests for the biennial appropriations to the board <ul style="list-style-type: none"> • Board shall consider and revise the budgets "as in its judgment shall be for the best interests of the educational system of the State." • Board shall prepare and present a single unified budget to the legislature. • Appropriations for all of the institutions must be contained in one legislative measure. 	No change
	Budgets and appropriation measures for the agricultural experiment stations and their substations and the extension division of the North Dakota State University of Agriculture and Applied Science may be separate from those of state educational institutions (1964).
Board shall have "control of the expenditure of the funds belonging to and allocated to such institutions and also those appropriated by the legislature, for the institutions of higher education in this State."	No change
Board shall appoint a state commissioner of higher education: <ul style="list-style-type: none"> • 3-year term • Removable by board for cause • Graduate of a reputable college or university • By training and experience must be familiar with the problems peculiar to higher education 	No change

Review of Higher Education Governing and Coordinating Boards

Governing Boards - A consolidated higher education governing board manages and controls certain public institutions of higher education. Some governing boards are constitutionally mandated while others are established statutorily. The duties of governing boards can vary and may include preparing budgets, allocating resources, establishing personnel policies, managing assets, approving programs, and hiring chief executives for institutions.

The following table prepared by the Ohio Board of Regents staff lists potential strengths and weaknesses of consolidated governing boards:

Higher Education Governing Board Model	
Potential Strengths	Potential Weaknesses
Engaged in statewide strategic planning Responsive to state priorities Guards against duplication Ensures program quality through program approval methods Is able to address articulation and transfer issues	Central planning can cause a slow response to workforce and business needs Can evolve into large and inefficient bureaucracies Can have political influence on micro issues at the institution level Often lacks necessary data to assess institutional performance Tense relationships can develop between professional leaders and state government May become weighed down with internal concerns

Coordinating Boards - A higher education coordinating board is a single agency other than a governing board that has the responsibility for the statewide coordination of certain higher education policy areas. Coordinating boards generally do not manage institutions and are not responsible for hiring or setting the compensation of institution chief executives. Coordinating boards typically focus more on the needs of the state rather than the needs of the institutions. Some coordinating boards do have the authority to regulate certain areas, such as approving new programs at institutions.

The following table prepared by the Ohio Board of Regents staff lists potential strengths and weaknesses of higher education coordinating boards:

Higher Education Coordinating Board Model	
Potential Strengths	Potential Weaknesses
Quick to respond to market needs Engaged in statewide strategic planning	State priorities can be hindered by local lobbying efforts May be perceived as powerless if consensus is not achieved

Higher Education Coordinating Board Model	
Potential Strengths	Potential Weaknesses
Generally responsive to state priorities	Statewide initiatives can be hindered without the voluntary cooperation of all institutions
Private sector usually a direct partner	Difficult to reverse enacted policies or make policy changes
Sensitive to consumer needs	Institutional decisions at the local level may be in direct conflict with views at the state level
Builds consensus to make change, particularly with budgeting, program review, and articulation	

Information Received

The committee learned the Association of Governing Boards believes successful higher education governing boards must:

1. Improve value in their institutions and lead a restoration of public trust in higher education itself;
2. Add value to institutional leadership decisionmaking by focusing on their role as institutional fiduciaries;
3. Act to ensure the long-term sustainability of their institutions by addressing changed finances and the imperative to deliver high-quality education at a lower cost;
4. Improve shared governance within their institutions through attention to board-president relationships and a reinvigoration of faculty shared governance;
5. Improve their own capacity and functionality through increased attention to the qualifications and recruitment of members, board orientation, committee composition, and removal of members for cause;
6. Focus their time on issues of greatest consequence to the institution by reducing time spent reviewing routine reports and redirecting attention to cost-cutting and strategic issues not addressed elsewhere; and
7. Hold themselves accountable for their own performance by modeling the same behaviors and performance they expect from others in their institutions.

The committee learned higher education governing boards, state legislatures, and state governors each have a separate role in administering higher education in a state. State legislatures must define expectations and accountability for higher education in states and must also provide adequate support for higher education systems to effectively carry out their missions.

The committee learned effective higher education governing boards must identify the key needs of a state and effectively respond. Higher education governing boards must also effectively govern institutions and provide a buffer between political and special interests and the higher education system.

Higher Education Funding

The Legislative Assembly, in 2013 Senate Bill No. 2200, adopted a higher education funding method beginning with the 2013-15 biennium based on an adjusted student credit-hour calculation. The calculation involves multiplying a base amount per student credit-hour by an adjusted student credit-hour calculation for each institution. The resulting equalized base budget is then adjusted for inflation to determine total institutional funding.

The adjusted student credit-hour amount for an institution is determined as follows:

1. Completed student credit-hours are determined for each institution. A completed credit-hour is one for which a student met all institutional requirements and obtained a passing grade.
2. A weighted completed student credit-hour calculation is determined by multiplying each institution's completed student credit-hours by an instructional program classification factor. The factor amount for each program classification is based upon historical costs of instruction in each program.
3. The weighted completed student credit-hour amount for each institution is then adjusted for:
 - a. A credit completion factor which is based on total credits completed at an institution. Institutions that have a lower credit-hour output receive a greater weighting factor.
 - b. An institutional size factor based on the square footage of facilities at an institution. Institutions that have a large amount of infrastructure may receive an additional factor adjustment.

The adjusted student credit-hours are then multiplied by a base per credit amount which varies based on institution type. The following is a summary of the base rates for each institution:

Institutions	Biennial Base Rate Per Credit-Hour	
	2013-15	2015-17
North Dakota State University, University of North Dakota	\$66.35	\$72.63
Dickinson State University, Mayville State University, Valley City State University	\$95.57	\$107.33
Minot State University	\$98.75	\$107.33
Bismarck State College, Dakota College at Bottineau, Lake Region State College, North Dakota State College of Science	\$101.73	\$114.88
Williston State College	\$104.88	\$114.88

Through June 30, 2017, by state law, an institution may not receive less than 96 percent of the state funding to which the institution was entitled during the previous fiscal year. Under the adjusted student credit-hour funding method, funding for major capital projects is appropriated separately from the formula.

Preliminary 2017-19 Biennium Funding Formula Calculations

The committee learned the 2017-19 biennium higher education funding formula calculations will be based on student credit-hours completed during the 2013-15 biennium. The preliminary calculations for the 2013-15 biennium indicate 7,544,545 adjusted student credit-hours were completed at institutions. This represents an increase of 191,661, or 2.6 percent, in completed adjusted student credit-hours from the 2011-13 biennium.

The committee reviewed the following schedule which details preliminary funding formula calculations for the 2017-19 biennium:

Institution	2015-17 Biennium Base Budget	2017-19 Biennium Preliminary Funding Formula Calculation	Increase (Decrease)	
Bismarck State College	\$36,580,826	\$37,786,307	\$1,205,481	3.3%
Dakota College at Bottineau	8,703,616	9,450,029	746,413	8.6%
Lake Region State College	14,987,556	15,683,016	695,460	4.6%
North Dakota State College of Science	44,731,764	43,329,152	(1,402,612)	(3.1%)
Williston State College	10,248,265	10,323,737	75,472	0.7%
Dickinson State University	26,215,932	21,981,678	(4,234,254)	(16.2%)
Mayville State University	16,739,145	17,590,442	851,297	5.1%
Minot State University	48,758,181	49,070,643	312,462	0.6%
Valley City State University	25,469,668	25,219,223	(250,445)	(1.0%)
North Dakota State University	157,410,539	160,610,714	3,200,175	2.0%
University of North Dakota	224,608,494	236,599,561	11,991,067	5.3%
Total	\$614,453,986	\$627,644,502	\$13,190,516	2.1%

The committee learned the preliminary 2017-19 biennium funding calculation for Dickinson State University would be \$25,167,295 if the minimum amount payable clause in the higher education funding formula were to be extended. This would result in a reduction of funding for the institution of \$1,048,637 rather than \$4,234,254.

Other Information Received

University System Campus Master Plan and Space Utilization Study

The committee received updates regarding the University System campus master plan and space utilization study. The purpose of master planning is to resolve strategic program needs through an analysis of criteria, such as the availability of space for a program and the condition of the space. The University System first engaged a higher education planning consultant in 2014 to review institution programs, facilities, master plans, and space utilization.

The committee learned the criteria for determining space utilization includes room schedules and density. Room scheduling is the amount of time classrooms and laboratories are being used. Room density is the number of students occupying the available student spaces in each room compared to total capacity. The utilization rate is calculated by multiplying its scheduling rate times its density rate.

The space utilization goal is for each classroom to be used at least 30 hours per week with an occupancy rate of at least 80 percent of capacity. The space utilization goal for laboratories is for each laboratory to be used at least 20 hours per week with an occupancy rate of at least 75 percent of capacity.

The committee learned on average, University System institutions have below average space utilization rates. Utilization rates of classrooms at institutions range from 22.6 to 91.3 percent while the utilization rates of laboratories at institutions range from 32 to 176.7 percent. Low space utilization rates may be caused by excessive classroom or laboratory space at an institution, noncentralized scheduling methods, or space that is in poor condition. Having a space

utilization rate of over 100 percent indicates the classroom or laboratory is being scheduled and occupied at rates higher than the target rate. An institution with high space utilization rates may need to review options to provide more space for programs.

The committee learned deferred maintenance amounts for a building are based on the projected life span of building components. Even if a component has a projected life span of 10 years, the component may last much longer than the projection. Proper management of buildings at a facility includes carrying a deferred maintenance balance for the building. Campus buildings are evaluated to determine if repairs should be made to the building or if it is better to demolish the structure. Demolition costs of a building are determined by its size, how the building was constructed, and whether there are hazardous materials located in the building.

Campus Police Jurisdiction Issues

The committee received an update regarding campus police jurisdiction issues. The committee learned in *Korschel v. Levi*, the North Dakota Supreme Court found that a North Dakota State University police officer did not have authority to initiate a police stop and arrest an individual off of the campus. The decision does not affect campus police jurisdiction on campus, but does affect the use of joint powers agreements to enable campus police to provide law enforcement services in areas near a campus. Campus police are still authorized to assist other law enforcement agencies off of a campus in certain situations.

Student Financial Assistance Programs

The committee received information regarding various state student financial assistance programs. The committee reviewed the following schedule which provides details regarding the programs:

Program	Description	Award Amount	2015-17 Biennium General Fund Appropriations
Student financial assistance grants	Needs-based grants awarded to students based on FAFSA information	Maximum grant of \$975 per semester	\$25,634,276
Scholars program	Scholarships awarded to the top-ranked high school graduates based on ACT scores	Full amount of tuition	\$2,113,584
Academic and career and technical education (CTE) scholarship program	Scholarships awarded to resident students who achieve certain academic standards in high school	\$750 per semester	\$14,054,677
Indian scholarship program	Merit or needs-based scholarships awarded to students who are enrolled members of a federally recognized Indian tribe	Up to \$2,000 per academic year	\$649,267
Professional student exchange program	Secures admission opportunities and reduces tuition costs for North Dakota students who enroll in veterinary medicine, dentistry, and optometry programs at certain out-of-state institutions	The amount of tuition reduced varies by program	\$3,809,708
Education incentive programs	Provides student loan forgiveness through the teacher shortage loan forgiveness program and science, technology, engineering, and mathematics (STEM) occupations loan forgiveness program	Provides \$1,500 of student loan repayment per year, up to a maximum of 4 years	\$3,349,000

The committee learned that in addition to the state financial assistance programs, there are several institutional scholarship programs that provide student financial assistance. Funding for most of the scholarships are provided by foundations or donors for various purposes, such as athletic or fine arts scholarships. Approximately \$22.8 million of institutional scholarships were awarded in the 2014-15 academic year.

The committee received information regarding estimated costs to expand state student financial assistance programs. The committee reviewed the following schedule detailing the estimated costs to expand the academic and career and technical education scholarship program and the needs-based student financial assistance grant program:

Program	Current Award Level	Potential Increased Award Level	Estimated Additional Funding Required to Increase Award Level	
			2017-19 Biennium	2019-21 Biennium
Academic and CTE scholarships	\$750 per semester; \$6,000 lifetime maximum	\$850 per semester; \$6,800 lifetime maximum	\$900,000	\$548,090
Needs-based student financial assistance grants	\$975 per semester; \$7,800 lifetime maximum	\$1,025 per semester; \$8,200 lifetime maximum	\$1,438,500	\$0
		\$1,050 per semester; \$8,400 lifetime maximum	\$2,157,750	\$0

The committee reviewed the following schedule which details the estimated costs to provide loan forgiveness to all eligible program applicants through the teacher shortage loan forgiveness program and the STEM occupations loan forgiveness program:

	Teacher Shortage Loan Forgiveness Program	STEM Occupations Loan Forgiveness Program
Annual loan forgiveness amount	\$1,000	\$1,500
Lifetime maximum loan forgiveness	\$3,000	\$6,000
2014 application year:		
Eligible applicants	481	1,161
Cost for all eligible applicants	\$481,000	\$1,741,500
Actual program funding	373,072	1,154,893
Shortfall	\$107,928	\$586,607
2015 application year:		
Eligible applicants	540	1,002
Cost for all eligible applicants	\$540,000	\$1,503,000
Actual program funding	424,885	1,178,259
Shortfall	\$115,115	\$324,741

The committee learned an advisory board provided recommendations to the State Board of Higher Education regarding the needs-based financial aid program, but that other financial aid programs do not have advisory boards.

E-Transcripts System

The committee received information regarding the E-Transcripts system. The committee learned the system is used by elementary and secondary schools to identify courses completed by a student. The system can be used to transfer information among school districts or to colleges. The system also has a student and parent portal to allow for the viewing of transcripts. The system is currently being utilized by several school districts in the state.

The committee learned the E-Transcripts system could be utilized at higher education institutions. A uniform application system at University System institutions could allow for students to use e-transcripts to apply for admission to system institutions.

Higher Education Challenge Grant Program

The committee received information regarding the higher education challenge grant program. The committee learned the program is used to provide grants to University System institutions to match private donations. The 2015 Legislative Assembly appropriated \$23.5 million for the grant program during the 2015-17 biennium. Of the funding appropriated, \$7 million was designated to be available to each research institution, \$1 million was designated to be available to each non-research institution, and \$500,000 was designated to be available to non-research institutions that were awarded \$1 million of grants during the biennium.

The grant program is effective through the end of the 2015-17 biennium.

Campus Assessments

The committee discussed the financial assessments imposed by the University System office on system institutions. The committee learned the assessments are used to provide systemwide services such as internal auditing. The State Board of Higher Education approves major assessments charged to campuses.

Other Information Received

The committee also received information regarding:

- Student journalist freedom of expression at campuses.
- The University System student affordability report.
- Student success measures.
- The University System tuition waiver report.
- Campus student safety initiatives.
- Historical general fund appropriations and tuition rate increases for the University System.
- University System information technology data inconsistencies.
- Effects of budget allotments on University System institutions.
- Educational pathways in information technology.
- University System institution research activities.
- State and national trends in higher education.
- Open educational resources.
- Predictive analytics reporting.
- The North Dakota State University research index tool.
- The NexusND research initiative.
- University System information technology projects and issues.
- The NDChoose Program.
- Student debt.
- The Free Application for Federal Student Aid program.
- State funding for University System capital projects.
- University System institution revenues and expenditures by category.
- State Authorization Reciprocity Agreements.
- The use of the Starfish Student Success System at Minot State University.
- Costs of maintaining facilities at institutions.
- University System graduate pass rates on occupational licensing exams.

During the interim, the committee held meetings on the campuses of several University System institutions, received updates regarding unique issues affecting the campuses, and conducted tours of selected campus buildings.

The committee also met jointly with the State Board of Higher Education, focusing on student affordability issues as previously discussed in this report.

Committee Considerations

The committee, through the Legislative Management Chairman, forwarded committee findings related to higher education governance to the State Board of Higher Education for consideration in the board's review of higher education governance issues.

Recommendations

The committee recommends:

1. A [bill draft](#) to repeal the student financial assistance grant advisory board.
2. A [bill draft](#) to remove the sunset clause from Section 15-18.2-06 which establishes a minimum amount payable to an institution through the higher education funding formula.
3. A [bill draft](#) to continue the higher education challenge grant program.
4. A [bill draft](#) to require local school districts to use the E-Transcripts system.
5. A [bill draft](#) to increase the teacher shortage loan forgiveness program award amount to \$1,500 per year.

The committee considered, but does not recommend, a bill draft to clarify the use of joint powers agreements which would authorize campus police to continually exercise law enforcement activities in areas adjacent to a campus. The committee also considered, but does not recommend, a bill draft to prohibit the University System office from assessing campuses for systemwide services.

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

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.

Section 15-52-04 requires the UND School of Medicine and Health Sciences Advisory Council to provide a biennial report to the Legislative 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. 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.

Report

The committee received a report from representatives of the UND School of Medicine and Health Sciences Advisory Council regarding the strategic plan, programs, and facilities of the school. The committee learned the UND School of Medicine and Health Sciences is still in the process of implementing the health care workforce initiative. The initiative includes the following four major initiative areas:

- Reduce disease burden to lower the demand for health care services and related costs;
- Train more physicians and health care providers by increasing medical and health science class sizes and expanding residency programs;
- Retain more health care providers in the state through programs, such as the RuralMed scholarship program; and
- Improve the efficiency of the health care delivery system by training health care providers in interprofessional health care teams and by the use of learning communities.

NORTH DAKOTA CAREER AND TECHNICAL EDUCATION SCHOLARSHIPS AND ACADEMIC SCHOLARSHIPS

The 2009 Legislative Assembly created the CTE and academic scholarship programs. Eligibility criteria for the scholarship programs are in Chapter 15.1-21, and were subsequently adjusted by the Legislative Assembly in 2011, 2013, and 2015. The current eligibility requirements require a student to be a resident of the state and meet the following program requirements for the scholarships as follows:

CTE 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
	Complete any five additional units

CTE Scholarship	Academic 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	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
Obtain a grade of at least "C" in each unit or one-half unit required for the scholarship	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 or a score of at least five on each of three WorkKeys assessments	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

Any student who meets the requirements for a CTE 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 6 years following the student's graduation from high school.

The 2015-17 biennium legislative appropriation provides \$14,054,677 from the general fund for the program, an increase of \$4,054,677 from the 2013-15 biennium legislative appropriation.

Section 15-10-59 requires the State Board of Higher Education to provide an annual report to the Legislative Management regarding the number of North Dakota academic and CTE scholarships awarded and demographic information pertaining to the recipients.

Reports

Representatives of the University System provided reports to the committee regarding the academic and CTE scholarship programs. The committee learned of the 7,839 high school seniors in the state that graduated in 2015, a total of 1,709, or 22 percent, qualified to receive an academic or CTE scholarship. Since the program began in 2010, there have been 48,350 high school graduates in the state and 8,902, or 18 percent of those graduates were eligible to receive an academic or CTE scholarship. Of the 8,902 eligible students, 5,697 students qualified for an academic scholarship and 3,205 students qualified for a CTE scholarship.

The committee learned a total of 4,313 students received an academic or CTE scholarship during the fall 2015 semester as follows:

	Type of Institution Attended by Scholarship Recipients (Fall 2015 Semester)				
	2-Year Public or Tribal Institution	4-Year Public Institution	Public Research Institution	Private Institution	Total
Academic scholarship recipients	142	292	2,009	341	2,784
CTE scholarship recipients	315	283	765	166	1,529
Total	457	575	2,774	507	4,313

GRANTS TO TRIBALLY CONTROLLED COMMUNITY COLLEGES

Chapter 15-70 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	Student Loan Trust Fund
2007-09 biennium		\$700,000	
2009-11 biennium		\$700,000	
2011-13 biennium	\$1,000,000		
2013-15 biennium	\$1,000,000		
2015-17 biennium	\$500,000		\$500,000

Report

Representatives of the University System provided reports to the committee regarding the allocation of tribal college assistance grants. The committee learned \$5,091.83 of grant funding was awarded per FTE nonbeneficiary student during the 2015-16 academic year. The committee reviewed the following schedule detailing the allocation of grant funding during the 2015-16 academic year:

Tribal College Assistance Grants - 2015-16 Academic Year				
Institution	Headcount of Nonbeneficiary Students	FTE Enrollment of Nonbeneficiary Students	Grant Funds Provided	
Cankdeska Cikana Community College	18	12.42	\$63,225	
Fort Berthold Community College	21	17.00	86,561	
Sitting Bull College	4	3.83	19,517	
Turtle Mountain Community College	29	19.79	100,778	
United Tribes Technical College	51	43.17	219,794	
Total	123	96.21	\$489,875	

UNIFIED WORKFORCE, VOCATIONAL, AND TECHNICAL EDUCATION PROGRAM SYSTEM

Section 15-10-57, as enacted by 2015 House Bill No. 1003, requires the State Board of Higher Education to establish and maintain a unified system to offer workforce training, vocational education, and technical education programs at institutions under its control. The section requires the board to periodically review programs offered at institutions under its control and revise program offerings based on the workforce needs of the state. The section also requires the board to develop administrative arrangements among institutions under its control to make possible the efficient use of facilities and staff.

Section 15-10-58 requires the board to establish a workforce education advisory council to advise the board regarding skills and qualifications needed for workforce training, vocational, and technical education programs offered by institutions under the control of the board. The advisory council is also to provide information to the board regarding the workforce needs of the state. The advisory council consists of a representative of the Department of Career and Technical Education, a representative of Job Service North Dakota, a representative of the Department of Commerce, and eight members representing business and industry in the state. The eight members representing business and industry are to be appointed by the Chairman of the Legislative Management.

Section 3 of 2015 House Bill No. 1003 requires the State Board of Higher Education to provide a report to the Legislative Management regarding the status of the development of the unified system.

Report

Representatives of the University System provided a report on the activities of the workforce education advisory council. The committee learned the membership of the council consists of representatives of state agencies and private businesses. The council first met in January 2016 and developed a council charter. The council also reviewed state workforce programs and budgets and high-demand occupation areas.

DISTRIBUTIONS FROM SYSTEMWIDE FUNDING POOLS AND USES OF DEFERRED MAINTENANCE FUNDING

The 2015 Legislative Assembly, in House Bill No. 1003, provided general fund appropriations for the following systemwide funding pools:

Deferred maintenance (one-time funding)	\$8,700,000
Campus security (one-time funding)	\$3,000,000
Internal audit	\$300,000

Section 25 of 2015 House Bill No. 1003 provides guidelines regarding the distribution of funds from the funding pools and requires the State Board of Higher Education to provide reports to the Legislative Management regarding the distribution of funds from the pools.

Deferred Maintenance and Extraordinary Repairs Funding

The 2015 Legislative Assembly, in House Bill No. 1003, approved a deferred maintenance initiative to address maintenance needs at University System institutions. In addition to regular extraordinary repairs funding, the initiative provided funding for major deferred maintenance projects at institutions and for a deferred maintenance funding pool to be distributed to certain institutions. The initiative also reallocated \$4 million of unused funding from a \$5 million 2013-15 biennium performance funding pool for extraordinary deferred maintenance and campus needs at institutions affected by energy development.

Section 38 of 2015 House Bill No. 1003 requires institutions to provide \$2 of matching funds from operations or other sources for each dollar of regular extraordinary repairs funding used for a project. However, an institution may not use a transfer of funds from the deferred maintenance funding pool for the matching funds requirement. The section requires the State Board of Higher Education to provide a report to the Legislative Management regarding the use of extraordinary repairs funding and related matching funds.

The following is a summary of the funding for the deferred maintenance initiative:

	Regular Extraordinary Repairs Funding	Major Deferred Maintenance Projects	Deferred Maintenance Funding Pool Grants	Deferred Maintenance and Extraordinary Needs	Total
Bismarck State College	\$417,673	\$1,575,000	\$700,000		\$2,692,673
Lake Region State College	155,367	1,648,423	500,000		2,303,790
Williston State College	197,801			\$1,500,000	1,697,801
University of North Dakota	4,411,566	6,000,000	3,500,000		13,911,566
North Dakota State University	2,732,244		3,500,000		6,232,244
North Dakota State College of Science	1,012,379	13,298,000			14,310,379
Dickinson State University	409,078			1,500,000	1,909,078
Mayville State University	358,992		500,000		858,992
Minot State University	899,620			500,000	1,399,620
Valley City State University	408,319	14,289,000			14,697,319
Dakota College at Bottineau	114,007	1,098,789		500,000	1,712,796
Total	\$11,117,046	\$37,909,212	\$8,700,000	\$4,000,000	\$61,726,258

Reports

The committee received reports from representatives of the University System regarding deferred maintenance funding. The committee learned through July 31, 2016, \$5,722,658 has been approved to be distributed from the deferred maintenance funding pool for various projects. The remaining funds to be distributed from the pool will be adjusted due to general fund budget reductions. The committee reviewed the following schedule detailing the distributions:

University System Deferred Maintenance Funding Pool Allocations Through July 31, 2016					
Institution	Original Allocation	Approved Distributions for Projects	Remaining Balance Prior to General Fund Budget Reductions	Adjustment for General Fund Budget Reductions	Remaining Balance
North Dakota State University	\$3,500,000	(\$3,500,000)	\$0	\$0	\$0
University of North Dakota	3,500,000	(1,350,000)	2,150,000	(157,061)	1,992,939
Bismarck State College	700,000	(700,000)	0	0	0
Mayville State University	500,000	(172,658)	327,342	(23,913)	303,429
Lake Region State College	500,000	0	500,000	(36,526)	463,474
Total	\$8,700,000	(\$5,722,658)	\$2,977,342	(\$217,500)	\$2,759,842

The committee received reports from the University System regarding the use of matching funds for extraordinary repairs. The committee learned sources of matching funds utilized by institutions include operating funds, carryover funds, and local funds and reserves. Some institutions reduced funding for extraordinary repairs due to general fund budget reductions. The committee reviewed the following schedule detailing the use of extraordinary repairs and matching funding:

Extraordinary Repairs and Matching Funds Used Through June 30, 2016

Institution	Original Appropriation for Extraordinary Repairs	Required Matching Funds	Total Funding Available	Budget Reduction Adjustment	Funding Used	Remaining Funds
Bismarck State College	\$417,673	\$835,346	\$1,253,019	(\$749,823)	(\$70,706)	\$432,490
Lake Region State College	155,367	310,734	466,101	(466,101)	0	0
Williston State College	197,801	395,602	593,403	0	(269,233)	324,170
University of North Dakota	4,411,566	8,823,132	13,234,698	0	(13,234,698)	0
North Dakota State University	2,732,244	5,464,488	8,196,732	0	(7,030,603)	1,166,129
North Dakota State College of Science	1,012,379	2,024,758	3,037,137	(1,102,779)	(845,852)	1,088,506
Dickinson State University	409,078	818,156	1,227,234	(409,078)	0	818,156
Mayville State University	358,992	717,984	1,076,976	(1,076,976)	0 ¹	0 ¹
Minot State University	899,620	1,799,240	2,698,860	(1,200,000)	(318,302)	1,180,558
Valley City State University	408,319	816,638	1,224,957	(568,131)	(206,876)	449,950
Dakota College at Bottineau	114,007	228,014	342,021	0	0	342,021
Total	\$11,117,046	\$22,234,092	\$33,351,138	(\$5,572,888)	(\$21,976,270)	\$5,801,980

¹Mayville State University previously transferred \$80,000 from its operations line item to its capital assets line item which will be used for extraordinary repairs.

Campus Security

The 2015 Legislative Assembly appropriated \$3 million from the general fund for a campus security funding pool to be transferred by the State Board of Higher Education to institutions under the control of the board. Transfers from the pool must be used for security needs at institutions as identified in campus risk and security assessments.

Reports

The committee received reports from representatives of the University System regarding the use of the campus security funding pool. The pool was distributed to campuses proportionally based on total estimated costs at each institution to address surveillance, card access, and lighting needs. A portion of the funding was also used to provide for 24/7 security coverage at certain institutions. The following schedule details allocations from the campus security funding pool:

Institution	Distribution
Bismarck State College	\$334,104
Lake Region State College	118,787
Williston State College	371,010
University of North Dakota	448,320
North Dakota State University	675,200
North Dakota State College of Science	222,528
Dickinson State University	86,512
Mayville State University	191,138
Minot State University	421,903
Valley City State University	66,396
Dakota College at Bottineau	64,102
Total	\$3,000,000

Similar funding was also appropriated during the 2009-11 and 2013-15 bienniums to install security equipment and for additional security coverage at institutions.

Internal Audit

The 2015 Legislative Assembly provided adjustments to the auditing process for the State Board of Higher Education and institutions and entities under the control of the board. The Legislative Assembly removed three existing internal audit FTE positions and related funding from the University System office. The Legislative Assembly then added six FTE audit positions and related funding to the State Auditor's office to provide audit services to the board and institutions and entities under the control of the board. Section 54-10-30, as enacted by the 2015 Legislative Assembly, provides for the State Auditor to establish a higher education audit division to perform audit-related functions of the board. Subsection 4 of the section provides that the section does not prohibit the board from employing internal audit staff or contracting for internal audit services. The Legislative Assembly appropriated \$300,000 from the general fund for a 2015-17 biennium internal audit funding pool to be used for systemwide and campus internal audit purposes as determined by the board.

Report

The committee received a report from representatives of the University System regarding the use of the internal audit funding pool. The committee learned through July 2016, \$140,451 of funding had been used from the funding pool. The funding was used to continue the employment of three existing University System internal audit staff from July through October 2015. In October 2015 one of the internal audit staff members was terminated and two internal audit staff members obtained employment with UND. Potential uses of the remaining funding include external consulting services and the payment of salary and benefit costs of the University System Director of Audit Services. The salary and benefit costs of the University System Director of Audit Services are currently paid through assessments charged to institutions.

DICKINSON STATE UNIVERSITY FINANCIAL CONDITION

Section 40 of 2015 House Bill No. 1003 required the State Board of Higher Education to provide a report to the Legislative Management prior to July 1, 2016, regarding the financial condition of Dickinson State University. The report was to detail the financial condition of the institution and plans to improve the institution's financial stability.

Dickinson State University has experienced a decline in enrollment since approximately 2009. The following schedule details the FTE student enrollment at the institution for the Fall 2009 through Fall 2015 semesters:

	2009	2010	2011	2012	2013	2014	2015
FTE enrollment	2,187	2,054	1,959	1,454	1,201	1,176	1,070

As a result of declining enrollment and the impact of energy development on the campus, the institution has received special funding allocations. The 2015 Legislative Assembly appropriated \$2 million of one-time funding from the student loan trust fund for campus leadership transition costs. The Legislative Assembly also reallocated \$1.5 million of one-time funding from a 2013-15 biennium University System funding pool to Dickinson State University for extraordinary campus needs.

Report

The committee received a report from Dickinson State University regarding the financial condition of the institution. The committee learned net tuition revenue for the institution decreased from \$9.9 million during fiscal year 2010 to \$6.2 million during fiscal year 2015. The institution is projecting a budget shortfall of \$4.1 million to \$5.6 million during the 2017-19 biennium.

The committee learned that in response to the budget issues, the institution has been reviewing academic programs and positions and making strategic cuts or consolidating departments where appropriate. The institution is also reducing costs by lowering the minimum number of credits required to be completed to receive a degree in certain programs from 128 to 120 credits.

The committee learned operating expenses for the institution have decreased from \$4.5 million in fiscal year 2011 to \$3.2 million in fiscal year 2015. The institution has also realized salary savings as result of the reduction in employees. The number of FTE employees at the institution decreased by 49.20 between 2011 and 2014. Most of the positions eliminated were vacant due to retirements or resignations.

STUDENT DISCIPLINARY PROCEEDINGS UNIFORM PROCEDURE

Section 15-10-56, as enacted in 2015 Senate Bill No. 2150, provides that any student enrolled at an institution under the control of the State Board of Higher Education has the right to be represented, at the student's expense, by an attorney or a nonattorney advocate, during any disciplinary proceeding or during any other procedure addressing an alleged violation of the institution's rules or policies. The section does not apply to matters involving academic misconduct.

Section 2 of 2015 Senate Bill No. 2150 requires the State Board of Higher Education to develop and implement a uniform procedure for student and student organization disciplinary proceedings which is applied uniformly to all institutions under the control of the board. The section also requires the board to provide a report to the Legislative Management before July 1, 2016, regarding the status of the implementation of the uniform procedure.

Reports

The committee received reports from representatives of the University System regarding the implementation of a uniform procedure relating to student disciplinary proceedings. The committee learned State Board of Higher Education policy 514 was updated to allow advocates to fully participate on students' behalf in suspension or expulsion proceedings and to allow the right to an appeal on various grounds for at least 1 year. The policy provides a balance between ensuring a nondiscriminatory environment for campus stakeholders and providing procedural due process that ensures fair treatment of students and student organizations involved in campus disciplinary proceedings. Students have the right to

appeal a decision in a nonacademic conduct hearing process for at least 1 year following the outcome. The appeals process allows for the introduction of newly discovered evidence relating to the incident.

CAMPUS SEXUAL ASSAULT POLICIES, PROCEDURES, AND SUPPORT SERVICES

House Concurrent Resolution No. 3052, as approved by the 2015 Legislative Assembly, urges the State Board of Higher Education to study sexual assault policies, procedures, and support services available at institutions under its control. The resolution suggests the board develop uniform policies to be implemented at each institution and that the policies be developed with input from health professionals, law enforcement representatives, and members of the Legislative Assembly. The resolution requires the State Board of Higher Education to provide a report to the Legislative Management before July 1, 2016, regarding sexual assault policies, procedures, and support services at institutions under the control of the board.

Reports

The committee received updates from representatives of the University System regarding sexual assault policies, procedures, and supports at University System institutions. The committee learned the University System developed a task force to address federal Title IX and other issues involving campus sexual assault incidents and related proceedings. The task force has assisted institutions in updating policies relating to campus sexual assault incidents and student rights during disciplinary proceedings.

The committee learned new University System students are required to attend awareness and prevention programs to identify potential sexual assaults, to learn how to intervene as a bystander, and how to report sexual assaults to institution officials. University System institution employees are also receiving training on responsibilities to observe, prevent, and report sexual assault.

The committee learned University System institutions have a variety of resources for students and employees affected by sexual assault. There are reporting structures and institutional processes that allow institutions to investigate and hold individuals accountable for sexual misconduct. Services provided to victims include campus escorts, the issuance of no-contact orders, adjustment of the individuals' campus housing or class schedules, and confidential counseling and academic support services. No-contact orders may be issued as a result of a campus disciplinary process or may be issued on a temporary basis while an alleged sexual assault incident is being investigated.