

HIGHER EDUCATION COMMITTEE

The committee was delegated by the Legislative Management the responsibility to:

- Study funding for dual-credit courses, pursuant to Section 43 of House Bill No. 1003 (2023). The study must include a review of all funding sources relating to dual-credit courses in the state, including tuition and fees, the higher education funding formula, elementary and secondary education integrated formula payments, institution scholarships, state scholarships, and the Bank of North Dakota. The study also must include a review of funding for dual-credit courses in other states.
- Receive an annual comprehensive report from the State Board of Higher Education (SBHE) regarding grants awarded from the economic diversification research fund, pursuant to North Dakota Century Code Section 6-09-53. The report must include information on how the research efforts by each institution align with the state's priorities, how the institutions collaborate when appropriate, and how the outcomes of the research meet established performance expectations. The State Board of Higher Education is required to develop reporting requirements for the institutions under the control of the board, including criteria for assessing performance outcomes related to grants awarded from the economic diversification research fund.
- Receive a report from SBHE by September 1 of each even-numbered year regarding the skilled workforce student loan repayment program and the skilled workforce scholarship program pursuant to Sections 15-10-38.1 and 15-10-38.2.
- Receive an annual report from SBHE regarding the number of North Dakota scholarships, academic scholarships, and career and technical education (CTE) scholarships provided and demographic information pertaining to the recipients, pursuant to Section 15-10-59.
- Receive a report from the State Commissioner of Higher Education on SBHE policies regarding communications between board members and board member access to current and historic board information, pursuant to Section 15-10-66.
- Receive an annual report from the State Commissioner of Higher Education regarding trends in higher education, including state and regional student enrollment, North Dakota University System institution reserves, state and regional tuition rates, state and regional student financial assistance, and the University System's response to the trends and changes, including new or expanded educational programs, closed programs, and future budget requests, pursuant to Section 15-10-71.
- Receive a biennial program report from SBHE by September 1 of each even-numbered year regarding awards under the workforce education innovation program, pursuant to Section 15-10-75. The report must include information per educational institution regarding the number, amount, and type of awards; the name of each educational program created, enhanced, or promoted; the amount and percentage of funds used for leadership and coordination costs; and detailed expense reports, including the type of equipment and technology purchased and the number of instructors hired or trained.
- Receive a biennial report and recommendations from the University of North Dakota (UND) School of Medicine and Health Sciences (SMHS) Advisory Council regarding the strategic plan, programs, and facilities of the school, pursuant to Section 15-52-04.
- Receive a biennial report from SBHE regarding the use of funding in the University System capital building fund, the source of matching funds, and each institutions' 5-year plan for capital construction spending, pursuant to Section 15-54.1-02.
- Receive a report from SBHE pursuant to Section 38 of House Bill No. 1003 regarding the transfer of appropriation authority from the operations to the capital assets line items within subdivisions 2 through 14 of Section 1 of the bill.
- Receive a report from any tribally controlled community college receiving a grant under Chapter 15-70 detailing the expenditures of the grant funds, a copy of the institution's latest audit report, and documentation of the enrollment status of students, pursuant to Section 15-70-05.
- Receive a report from the National Guard before June 1, 2024, on the award of out-of-state postsecondary tuition grants to qualifying members of the National Guard, including the number of grants awarded for use at out-of-state institutions and grants awarded for online or remote coursework, pursuant to Section 37-07.2-01.1.

Committee members were Representatives Mark Sanford (Chairman), Landon Bahl, Larry Bellew, Claire Cory, Jay Fisher, Karla Rose Hanson, Matt Heilman, Dennis Johnson, Bob Martinson, Mike Nathe, David Richter, Mike Schatz, Cynthia Schreiber-Beck, and Steve Swiontek and Senators Sean Cleary, Robert Erbele, Karen K. Krebsbach, Curt Kreun, Jonathan Sickler, and Ronald Sorvaag.

Representative Bellew was a member of the committee until he resigned on December 31, 2023.

BACKGROUND

The Legislative Management has established a Higher Education Committee each interim since 1999. These committees have reviewed higher education funding, expectations of the University System, and accountability and reporting measures for the University System. The committees, at times, have gathered input through the use of a higher education roundtable, which consisted of members of the Higher Education Committee and representatives from SBHE; business and industry; the executive branch; and higher education institutions, including tribal and private colleges. The committees have held meetings at the campuses of University System institutions. The 2023-24 interim Higher Education Committee toured Dickinson State University (DSU), Bismarck State College (BSC), Valley City State University (VCSU), Williston State College (WSC), Minot State University (MiSU), the North Dakota State College of Science (NDSCS), North Dakota State University (NDSU), Lake Region State College (LRSC), and UND.

North Dakota University System Information

The University System consists of 11 higher education institutions under the control of SBHE. 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. Bismarck State College received authority to transition into a polytechnic institution that offers baccalaureate degrees in technical fields and DSU received authority to transition into a dual-mission institution that offers associate degrees and certificates. In addition, the North Dakota Forest Service is administratively under NDSU.

The University System reported fall 2023 total degree credit headcount enrollment of 44,227 students and a total degree credit full-time equivalent (FTE) enrollment of 33,422 students, compared to fall 2022 headcount enrollment of 43,545 students and FTE enrollment of 33,164 students.

Legislative Appropriations

Legislative appropriations for the 2023-25 biennium for higher education institutions, Forest Service, and the University System office total \$3,318,989,269, of which \$868,522,227 is from the general fund. Of the total general fund appropriation amount, \$56,839,701 was considered one-time funding. The following is a history of legislative appropriations for higher education since the 2013-15 biennium:

| Biennium | General Fund | Special Funds | Total |
|----------|----------------------------|-----------------|-----------------|
| 2013-15 | \$910,632,494 | \$177,980,941 | \$1,088,613,435 |
| 2015-17 | \$837,849,212 | \$66,644,264 | \$904,493,476 |
| 2017-19 | \$679,438,630 ¹ | \$2,059,950,275 | \$2,739,388,905 |
| 2019-21 | \$660,517,805 | \$2,400,897,468 | \$3,061,415,273 |
| 2021-23 | \$703,453,294 | \$2,117,621,160 | \$2,821,074,454 |
| 2023-25 | \$868,522,227 | \$2,450,467,042 | \$3,318,989,269 |

NOTE: The special funds amounts for the 2017-19 through 2023-25 bienniums reflect the appropriation of tuition and local funds.

¹The 2017-19 biennium general fund amount includes \$53.6 million of supplemental funding appropriated by the 2019 Legislative Assembly.

The following is a summary of ongoing and one-time general fund appropriations for the University System since the 2013-15 biennium:

| General Fund Appropriations | | | |
|-----------------------------|------------------------|---------------------------|---------------|
| Biennium | Ongoing Appropriations | One-Time Appropriations | Total |
| 2013-15 | \$679,271,846 | \$231,360,648 | \$910,632,494 |
| 2015-17 | \$681,876,059 | \$155,973,153 | \$837,849,212 |
| 2017-19 | \$613,242,154 | \$66,196,476 ¹ | \$679,438,630 |
| 2019-21 | \$648,667,805 | \$11,850,000 | \$660,517,805 |
| 2021-23 | \$686,328,526 | \$17,124,768 | \$703,453,294 |
| 2023-25 | \$811,682,526 | \$56,839,701 | \$868,522,227 |

¹The 2017-19 biennium one-time amount includes \$53.6 million of supplemental funding appropriated by the 2019 Legislative Assembly.

DUAL-CREDIT FUNDING STUDY

The committee studied funding for dual-credit courses, including:

- A review of all funding sources relating to dual-credit courses in the state, including tuition and fees, the higher education funding formula, elementary and secondary education integrated formula payments, institution scholarships, state scholarships, and the Bank of North Dakota; and
- A review of funding for dual-credit courses in other states.

A dual-credit course is a one-semester college course taken through a 2- or 4-year institution of higher education for which the student earns one-half unit of high school credit. North Dakota's dual-credit program allows students in grades 10 through 12 to take college courses and receive college credit, which also may be used to meet high school graduation requirements. Tuition, fees, books, and other costs are the student's responsibility. Classes are taught by approved instructors, either face-to-face in the classroom, online, through the Center for Distance Education, or through an Interactive Video Network. The Higher Learning Commission requires teachers of dual-credit courses to have a master's degree or higher in the discipline or subfield in which they will be teaching. If the individual holds a master's degree or higher in a discipline or subfield other than that in which they will be teaching, a minimum of 18 graduate credit-hours must be completed in the academic field in which they will be teaching.

The committee was informed 5,240 headcount high school students were enrolled in college coursework for the fall 2023 semester, including dual-credit and early entry courses. Representatives of the University System reported the enrollment of high school students in college coursework has increased from fewer than 3,000 headcount high school students for the fall 2015 semester.

Tuition and Fees

Representatives of the University System reported students enrolled in dual-credit courses are charged a standardized, systemwide tuition and fee rate, regardless of the University System institution from which the student is receiving college credit. The University System reported a dual-credit student is charged a subsidized rate of \$89.43 per credit if the course is taught by an instructor paid by the high school, or an unsubsidized rate of \$153.96 per credit if the course is taught by an instructor paid by the University System institution. The tuition and fees are paid by the student to the University System institution.

Adjusted Student Credit-Hour Funding Method

Senate Bill No. 2200 (2013), codified as Chapter 15-18.1, 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 adjusted for inflation to determine total funding for an institution.

The University System institutions receive funding through the higher education funding formula for student credit-hours completed by dual-credit students at the same level as the institution would receive for credit-hours completed by traditional students. Representatives of the University System reported 66,137 student credit-hours completed by high school students from the 2019-21 biennium were included in the funding formula calculation for the 2023-25 biennium appropriation. These credit hours totaled approximately 3.4 percent of total credit hours completed during the 2019-21 biennium and resulted in \$9.1 million, or 1.4 percent, of funding determined under the formula.

Elementary and Secondary Education Integrated Formula Payments

In 2013, the Legislative Assembly approved the implementation of an integrated formula payment to provide school funding. The legislative appropriation for the state school aid program integrates property tax relief in the K-12 state school aid funding formula. The formula provides the state will determine an adequate base level of support necessary to educate students by applying an integrated payment rate to the weighted student units. For the 2023-25 biennium, the integrated payment rates provide \$10,646 during the 1st year of the biennium and \$11,072 during the 2nd year of the biennium. This base level of support will be provided through a combination of local tax sources, local revenue, and state integrated formula payments. The local funding requirement is set at 60 mills and a percentage of identified local in lieu of property tax sources and local revenues. Base level support not provided by local sources is provided by the state through the integrated formula payment. For the 2023-25 biennium, the Legislative Assembly provided an appropriation of \$2.3 billion, of which \$1.6 billion is from the general fund, \$157 million is from the foundation aid stabilization fund, \$510.9 million is from the state tuition fund, and \$14 million is from the strategic investment and improvements fund (SIIF), for state school aid for integrated formula payments.

The committee was informed the K-12 state school aid funding formula provides the same level of support for a student enrolled in dual-credit courses as it does for a student not enrolled in dual-credit courses.

Dual-Credit Tuition Scholarship

The 2021 Legislative Assembly approved House Bill No. 1375, codified as Section 15-10-38.4, to establish the dual-credit tuition scholarship program. Under this program, a student is eligible for \$250 for each successfully completed dual-credit course, up to a maximum of \$750. The Legislative Assembly, in House Bill No. 1003 (2023) appropriated \$1.5 million from Bank of North Dakota profits to SBHE for the dual-credit tuition scholarships, the same amount as the 2021-23 biennium.

Representatives of the University System reported the scholarship program provides an incentive at the collegiate level for taking dual-credit courses in high school. The committee was informed students enrolled at any postsecondary

institution in North Dakota, including public, private, tribal, or proprietary institutions, may be eligible for a dual-credit tuition scholarship if the student completed a dual-credit course and graduated from high school.

Bank of North Dakota

The Bank of North Dakota provides low-income dual-credit assistance to eligible students, including 459 students enrolled in 798 classes in 2021. To be eligible, a student must be a sophomore, junior, or senior in high school in the state, qualify for free or reduced-price lunch, and submit an application to the Bank during the course enrollment process. Costs covered by the Bank under this program include the college application fee, tuition and fees, and books for up to two courses per year.

Other States

Representatives of the University System provided the following information regarding funding for dual-credit courses in other states, including Minnesota, Montana, and South Dakota:

- **Minnesota**

High school students may enroll in dual-credit and college-credit-only courses at no cost to the students.

K-12 schools receive state funds to contract with accredited postsecondary institutions.

33,159 students participated in dual-credit courses in 2021.

\$4 million was appropriated in 2021, providing \$50.48 per student per course for the postsecondary institutions.

- **Montana**

2-year programs and community colleges are authorized to provide dual-credit opportunities.

Each of the 14, 2-year schools has a specific service region in the state.

High school students enrolled in dual-credit courses delivered in the high school classroom may complete two courses at no charge and are charged \$55 per credit for any additional courses.

High school students enrolled in dual-credit courses delivered on the college campus or online may complete two courses at no charge and are charged 50 percent of the regular tuition rate for any additional courses.

- **South Dakota**

Dual-credit courses are limited to high school juniors and seniors.

High school students enrolled in dual-credit courses taught by college faculty are charged one-third of the regular tuition rate (\$50.84 per credit) and the state reimburses the higher education institution the remaining two-thirds of the tuition rate.

High school students enrolled in dual-credit courses taught by a qualified high school teacher are charged \$40 per credit and no additional state funds are directed to the higher education institution.

Committee Conclusion

The committee made no recommendation regarding funding for dual-credit courses.

ECONOMIC DIVERSIFICATION RESEARCH FUND

The Legislative Assembly approved Section 16 of House Bill No. 1003 (2023) to provide for an economic diversification research fund. Section 10 of the bill provides for a transfer of \$5.5 million from SIIF to the economic diversification research fund. The Bank of North Dakota may spend from the fund to provide grants to institutions under the control of SBHE for economic diversification research. The sum of \$5 million must be awarded to NDSU and UND with equal amounts awarded to each institution. The remaining funding must be awarded to the other institutions under the control of SBHE, as determined by the board.

Section 6-09-53 requires SBHE to provide an annual comprehensive report regarding grants awarded from the economic diversification research fund. The report must include information on how the research efforts by each institution align with the state's priorities, how the institutions collaborate when appropriate, and how the outcomes of the research meet established performance expectations. The board is required to develop reporting requirements for the institutions under the control of the board, including criteria for assessing performance outcomes related to grants awarded from the economic diversification research fund. The Higher Education Committee was assigned to receive this report.

Report

The University System office reported the SBHE developed guidelines for requesting funding and reporting requirements on an annual basis. Williston State College and Dakota College at Bottineau (DCB) elected to not participate in fiscal year 2024 and the allocation for those institutions will be available during the fiscal year 2025 awarding period. Funding for fiscal year 2024 was distributed to the remaining institutions as follows in December 2023:

| Institution | Economic Diversification Research Grant |
|---------------------------------------|-----------------------------------------|
| Bismarck State College | \$26,250 |
| Lake Region State College | 20,000 |
| University of North Dakota | 1,250,000 |
| North Dakota State University | 1,250,000 |
| North Dakota State College of Science | 26,250 |
| Dickinson State University | 26,250 |
| Mayville State University | 32,500 |
| Minot State University | 40,000 |
| Valley City State University | 26,810 |
| Total | \$2,698,060 |

SKILLED WORKFORCE STUDENT LOAN REPAYMENT AND SCHOLARSHIP PROGRAMS

The 2019 Legislative Assembly enacted legislation, codified as Sections 15-10-38.1, 15-10-38.2, and 15-10-38.3, to create the skilled workforce student loan repayment and scholarship programs. The programs were created to assist businesses in attracting and retaining talent in high-demand and emerging occupations. Known collectively as the career builders programs, the workforce development programs have two components--scholarships for students enrolled in qualifying programs and student loan repayment for employees in the state who graduated from qualifying programs. The 2021 Legislative Assembly provided for the transfer of up to \$4.5 million from Bank of North Dakota profits to the special funds created for the career builders programs. The 2023 Legislative Assembly transferred \$6.8 million from Bank profits to the special funds created for the career builders programs.

Sections 15-10-38.1 and 15-10-38.2 require SBHE to provide a biennial program report to the Legislative Management by September 1 of each even-numbered year.

Report

Representatives of the University System reported:

- The career builders scholarship and loan repayment programs target high-need and emerging occupations identified by the North Dakota Workforce Development Council.
- Career builders scholarships were awarded to 374 applicants, with an average award of \$9,144.
- A total of \$2.8 million in scholarships has been disbursed through the program as of August 2024.
- Matching funds for the scholarships were received from 133 donors.
- 243 scholarship recipients graduated and are working in the state, 89 are active in the program, and 42 defaulted.
- Career builders loan repayment was awarded to 183 applicants, with an average award of \$13,471.
- A total of \$1.2 million in loan repayments has been disbursed through the program as of August 2024.
- Matching funds for the loan repayments were received from 48 donors.
- 138 loan repayment recipients remain employed, 18 are paid in full, and 27 did not continue employment.

Representatives of the University System suggested the Legislative Assembly consider expanding program eligibility to residents of neighboring states who work in North Dakota.

Committee Consideration

The committee considered but did not recommend a bill draft to amend statutory provisions relating to the career builders scholarship and loan repayment programs to expand eligibility to residents of neighboring states who work in North Dakota and to preclude funds from being awarded to a relative of the individual who provided matching funds.

CAREER AND TECHNICAL EDUCATION AND ACADEMIC SCHOLARSHIPS

The 2009 Legislative Assembly created the CTE and academic scholarship programs. Eligibility criteria for the scholarship programs, which are in Chapter 15.1-21, were adjusted by the Legislative Assembly in 2011, 2013, 2015, 2017, 2019, and 2021. Senate Bill No. 2289 (2021) created a new scholarship titled the North Dakota scholarship and

provided for the transition of academic and CTE scholarship recipients to the new North Dakota scholarship program. The eligibility requirements provide a student must be a resident of the state and meet the following program requirements for the scholarships:

| Career and Technical Education Scholarship | Academic Scholarship |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Complete 4 units of English language arts | Complete 4 units of English language arts |
| Complete 3 units of mathematics, including 1 unit of Algebra II and 2 units of other mathematics | Complete 1 unit of Algebra II, 1 unit of mathematics for which Algebra II is a prerequisite, and 1 unit of any other mathematics |
| Complete 3 units of science | Complete 3 units of science |
| Complete 3 units of social studies | Complete 3 units of social studies |
| Complete 1 unit of physical education or 0.5 unit of physical education and 0.5 unit of health | Complete 1 unit of physical education or 0.5 unit of physical education and 0.5 unit of health |
| Complete 2 units of a coordinated study plan as recommended by the Department of Career and Technical Education | Complete 2 units of the same foreign language, the same Native American language, American Sign Language, or CTE from a coordinated study plan approved by the Superintendent of Public Instruction |
| Complete 1 unit selected from foreign language, Native American language, American Sign Language, fine arts, or CTE | Complete 1 unit selected from foreign language, Native American language, American Sign Language, fine arts, or CTE |
| Complete 5 additional units, 2 of which must be in the area of CTE | Complete any 5 additional units |
| 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 0.5 unit required for the scholarship | Obtain a grade of at least "C" in each unit or 0.5 unit required for the scholarship |
| Receive a composite score of at least 24 on the ACT or a score of at least 5 on each of three WorkKeys assessments | Receive a composite score of at least 24 on the ACT |
| | Fulfill 1 unit required for the scholarship through an advanced placement course or fulfill 0.5 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. A student may continue to receive a scholarship if the student is enrolled in a graduate program and has not received the lifetime maximum amount of scholarship awards.

The committee reviewed the following summary of funding for the North Dakota scholarship and the academic and CTE scholarship programs:

| Biennium | General Fund |
|-----------------|---------------------|
| 2013-15 | \$10,000,000 |
| 2015-17 | \$13,134,096 |
| 2017-19 | \$12,016,749 |
| 2019-21 | \$12,016,749 |
| 2021-23 | \$16,216,749 |
| 2023-25 | \$17,216,749 |

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

Report

The University System reported that of the 8,028 high school seniors in the state who graduated in 2024, a total of 1,785, or 22 percent, qualified to receive an academic or CTE scholarship. Since the program began in 2010, there have been 119,722 high school graduates in the state and 25,257, or 21 percent, of those graduates were eligible to receive an academic or CTE scholarship. Of the 25,257 eligible students, 137 qualified for a North Dakota scholarship, 13,575 students qualified for an academic scholarship, and 11,545 students qualified for a CTE scholarship. The University System reported a total of 5,051 students received an academic or CTE scholarship during the fall 2023 semester.

BOARD MEMBER ACCESS TO HISTORIC INFORMATION

The Legislative Assembly approved Senate Bill No. 2343 (2023) to require SBHE to establish a policy ensuring transparent communication between members of the board on all topics relating to the specific powers and duties of the board. Section 3 of the bill provides the University System and SBHE may not deny a member of the governing body access to a record that is closed or confidential, as defined in Chapter 44-04, including a meeting record, whether written or recorded, unless otherwise prohibited by law. Section 15-10-66 requires the State Commissioner of Higher Education to report to the Legislative Management on SBHE policies regarding communications between board members and board member access to current and historic board information.

Report

The University System reported SBHE amended its policy 100.6, regarding the authority and responsibilities of the board, chancellor, and institution presidents, to ensure board member access to current and historic board information and communications.

HIGHER EDUCATION TRENDS

Section 15-10-71 requires the State Commissioner of Higher Education to provide an annual report to the Legislative Management regarding trends in higher education, including state and regional student enrollment, University System institution reserves, state and regional tuition rates, state and regional student financial assistance, and the University System's response to the trends and changes, including new or expanded educational programs, closed programs, and future budget requests.

Report

Representatives of the University System reported higher education trends to the committee on August 3, 2023, and August 23, 2024. The reports indicated:

- National higher education enrollment peaked in 2011 with 20.9 million students and decreased to 18.6 million students in 2021.
- Undesignated institution reserves ranged from \$502,148 at DCB to \$12,029,592 at NDSU.
- Minnesota and South Dakota provided funding to freeze tuition rates for the 2024-25 academic year.
- The University System added 47 undergraduate certificates, 12 associate degrees, 7 bachelor's degrees, 12 graduate certificates, and 5 master's degrees during the 2023-24 academic year.
- The University System terminated 3 undergraduate certificates, 3 associate degrees, 1 bachelor's degree, 3 graduate certificates, 3 master's degrees, and 1 doctoral degree during the 2023-24 academic year.

WORKFORCE EDUCATION INNOVATION PROGRAM

The Legislative Assembly approved House Bill No. 1241 (2023) to establish the workforce education innovation program to create or enhance educational programs that address the workforce needs of North Dakota business and industry. Section 15-10-75 provides for the Legislative Management to receive a biennial program report from SBHE by September 1 of each even-numbered year regarding awards under the workforce education innovation program. The report must include information by institution regarding the number, amount, and type of awards; the name of each educational program created, enhanced, or promoted; the amount and percentage of funds used for leadership and coordination costs; and detailed expense reports, including the type of equipment and technology purchased and the number of instructors hired or trained. The Higher Education Committee was assigned to receive this report.

House Bill No. 1241 (2023), as introduced, included an appropriation of \$24 million from the general fund for workforce education innovation grants; however, this appropriation was removed by the House before final passage of the bill. House Bill No. 1003 (2023), as approved by the House and Senate, included an appropriation of \$10 million from the general fund for workforce education grants; however, this funding was removed by the Conference Committee before final passage of the bill. Therefore, no funding was appropriated for this program for the 2023-25 biennium.

Report

Representatives of the University System reported the University System would support proposals to provide funding for the workforce education innovation program for the 2025-27 biennium.

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

The University of North Dakota School of Medicine and Health Sciences Advisory Council consists of 16 members, including a majority party member and minority party member from both the Senate and House of Representatives. Other members of the advisory council are selected by the Department of Health and Human Services, SBHE, North Dakota

Medical Association, North Dakota Hospital Association, the Department of Veterans Affairs hospital in Fargo, the North Dakota Center for Nursing, the UND Center for Rural Health, and the Dean of the School of Medicine and Health Sciences.

Section 15-52-04 requires the UNDSMHS Advisory Council to provide a biennial report to the Legislative Management. 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 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 UNDSMHS Advisory Council regarding the strategic plan, programs, and facilities of the school. Representatives of the council reported UNDSMHS has doubled its research grants and contracts over the past decade, with funding primarily from federal funds. The report noted the availability of laboratory space is becoming an issue due to the increase in research. The council reported the medical student class size will increase by 29 percent by the 2026-27 academic year as part of the health care workforce initiative to ensure more health care provider graduates are available for the state.

CAPITAL BUILDING FUND PROGRAM

The Legislative Assembly established a capital building fund program for the 2019-21 biennium in Sections 29 and 30 of House Bill No. 1003 (2019), including one-time appropriations of \$17 million from Bank of North Dakota profits and \$2 million from the general fund which were to be matched by other institutional funds as follows:

| Institution | Tier II | | Tier III | |
|---------------------------------------|------------------------------|--------------------------------|-----------------------------------------------|--------------------------------|
| | Bank of North Dakota Profits | Institution Match (\$1 to \$1) | General Fund and Bank of North Dakota Profits | Institution Match (\$2 to \$1) |
| Bismarck State College | \$425,693 | \$425,693 | \$500,000 | \$1,000,000 |
| Dakota College at Bottineau | 106,064 | 106,064 | 500,000 | 1,000,000 |
| Lake Region State College | 177,375 | 177,375 | 500,000 | 1,000,000 |
| North Dakota State College of Science | 500,695 | 500,695 | 500,000 | 1,000,000 |
| Williston State College | 137,947 | 137,947 | 500,000 | 1,000,000 |
| Dickinson State University | 268,862 | 268,862 | 500,000 | 1,000,000 |
| Mayville State University | 240,029 | 240,029 | 500,000 | 1,000,000 |
| Minot State University | 572,801 | 572,801 | 500,000 | 1,000,000 |
| Valley City State University | 309,137 | 309,137 | 500,000 | 1,000,000 |
| North Dakota State University | 2,899,596 | 2,899,596 | 2,250,000 | 4,500,000 |
| University of North Dakota | 4,361,801 | 4,361,801 | 2,250,000 | 4,500,000 |
| Total | \$10,000,000 | \$10,000,000 | \$9,000,000 | \$18,000,000 |

The funding in Tier II was appropriated directly to the institutions and the funding in Tier III was appropriated to the University System office with a directive to allocate the money as identified in the schedule above as matching funds are secured. An additional \$11.1 million from the general fund, which must be matched by each institution with \$1 of matching funds from operations or other sources for each \$1 of appropriated extraordinary repairs funding used for a project, excluding NDSU and UND, which must provide \$2 of matching funds from operations or other sources for each \$1 of appropriated extraordinary repairs funding used for a project, was appropriated in the capital assets line item of each institution for extraordinary repairs. This amount was considered Tier I of the capital building fund program.

The Legislative Assembly continued the capital building fund program for the 2021-23 biennium in Sections 6, 7, and 14 of Senate Bill No. 2003 (2021), including a transfer of \$19 million from SIIF to the University System capital building fund. The allocations by school remained the same as for the 2019-21 biennium and continuing appropriation authority was established to spend from the fund in Section 15-54.1-01. Section 15-54.1-02 provides for SBHE to report to the Legislative Management regarding the use of funding in the University System capital building fund, the source of matching funds, and each institutions' 5-year plan for capital construction spending.

The Legislative Assembly continued the capital building fund program for the 2023-25 biennium in Section 11 of House Bill No. 1003 (2023), including a transfer of \$24 million from SIIF to the University System capital building fund. The Legislative Assembly also provided for certain institutions to use moneys from the capital building fund without securing any matching funds for projects, including LRSC (\$1,000,000), WSC (\$637,947), Mayville State University (MaSU) (\$2,330,087), VCSU (\$1,025,082), and DCB (\$1,000,000). The transfer of \$24 million from SIIF was allocated to the institutions as follows:

| Institution | Tier II | | Tier III | |
|---------------------------------------|--------------|-----------------------------------|-------------|-----------------------------------|
| | SIIF | Institution Match (\$1 to \$1) | SIIF | Institution Match (\$2 to \$1) |
| Bismarck State College | \$638,540 | \$638,540 | \$500,000 | \$1,000,000 |
| Dakota College at Bottineau | 159,096 | 159,096 | 500,000 | 1,000,000 |
| Lake Region State College | 266,062 | 266,062 | 500,000 | 1,000,000 |
| North Dakota State College of Science | 751,042 | 751,042 | 500,000 | 1,000,000 |
| Williston State College | 206,920 | 206,920 | 500,000 | 1,000,000 |
| Dickinson State University | 403,293 | 403,293 | 500,000 | 1,000,000 |
| Mayville State University | 360,044 | 360,044 | 500,000 | 1,000,000 |
| Minot State University | 859,202 | 859,202 | 500,000 | 1,000,000 |
| Valley City State University | 463,705 | 463,705 | 500,000 | 1,000,000 |
| North Dakota State University | 4,349,394 | 4,349,394 | 2,250,000 | 4,500,000 |
| University of North Dakota | 6,542,702 | 6,542,702 | 2,250,000 | 4,500,000 |
| Total | \$15,000,000 | \$15,000,000 | \$9,000,000 | \$18,000,000 |

Report

Representatives of the University System reported state funds continued from prior bienniums in the University System capital building fund were anticipated to be allocated during the 2023-25 biennium. Representatives of the University System attributed the use of funding continued from prior bienniums to a one-time exemption approved by the Legislative Assembly to allow certain institutions to use money from the capital building fund without securing any matching funds for projects. The exemption allowed:

- LRSC to allocate \$1,000,000 to replace a wind turbine gearbox and for parking lot repairs.
- WSC to allocate \$637,947 for a medical health care building.
- MaSU to allocate \$2,210,102 for a renovation of Old Main.
- VCSU to allocate \$1,025,082 for a renovation of McCarthy Hall.
- DCB to allocate \$1,000,000 for a renovation of Old Main.

The University System reported major uses of money in the University System capital building fund have included:

- The construction of a polytechnic building at BSC.
- The construction of the Hofstad Ag Center and replacement of a wind turbine gearbox at LRSC.
- The remodel of Stevens Hall and construction of a medical health care building at WSC.
- The renovation of the Chester Fritz Library at UND.
- Residence hall repairs at NDSU.
- The remodel of the Gene Haas Center for Advanced Manufacturing at NDSCS.
- The renovation of Old Main at MaSU.
- Student Center repairs at MiSU.
- The renovation of McCarthy Hall at VCSU.
- The renovation of Old Main at DCB.
- Various deferred maintenance and extraordinary repairs projects, including mechanical and electrical upgrades, building exterior repairs, paving and area lighting, and utilities and infrastructure repairs.

Committee members suggested:

- The University System capital building fund could be adjusted to eliminate the legislative appropriation process for individual capital projects.
- The University System capital building fund could provide a consistent source of funding for future capital projects, allowing institutions to plan and prioritize the allocation of funding for projects.

Committee Consideration and Recommendation

The committee recommends the Legislative Assembly consider amending the University System capital building fund program to reduce Tier III matching requirements and to limit Tier III funds to legislatively approved capital projects.

The committee considered but did not recommend a bill draft to restrict the use of money in the University System capital building fund for extraordinary repairs and deferred maintenance projects, including bond payments for these projects, for only academic facilities.

Committee members expressed concern regarding:

- The use of money in the University System capital building fund for bond payments.
- Potential conflicting appropriations and statutory amendments that may occur during the legislative session if the bill draft is recommended and not referred to the Appropriations Committees.

TRANSFERS BETWEEN LINE ITEMS

The Legislative Assembly approved Section 38 of House Bill No. 1003 (2023) to allow for the transfer of appropriation authority from the operations line item to the capital assets line item of higher education institutions and the Forest Service. The State Board of Higher Education is required to report to the Legislative Management regarding any line item transfers made pursuant to the section.

Report

Representatives of the University System reported VCSU transferred \$408,319 of appropriation authority from the operations line item to the capital assets line item to provide matching funds for extraordinary repairs, pursuant to Section 38 of House Bill No. 1003. The transfer was made to provide matching funds required under Section 4 the bill, which requires institutions to provide \$1 of matching funds from operations or other sources for each \$1 of appropriated extraordinary repairs funding used for a project, excluding NDSU and UND, which must provide \$2 of matching funds from operations or other sources for each \$1 of appropriated extraordinary repairs funding used for a project.

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.

To qualify for a grant, a qualified institution must submit an application to SBHE, which documents the enrollment status of each student for whom financial assistance is sought. If an application is approved, SBHE 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 required to submit a report to the Legislative Council detailing the expenditures of the grant funds received by the institution. Additionally, each college must 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 following table details legislative appropriations for grants to tribally controlled community colleges:

| Biennium | General Fund | Permanent Oil Tax Trust Fund | Student Loan Trust Fund |
|-----------------|---------------------|-------------------------------------|--------------------------------|
| 2013-15 | \$1,000,000 | | |
| 2015-17 | \$500,000 | | \$500,000 |
| 2017-19 | \$100,000 | | \$500,000 |
| 2019-21 | \$1,000,000 | | |
| 2021-23 | \$1,000,000 | | |
| 2023-25 | \$1,400,000 | | |

Report

Representatives of the University System provided a report to the committee regarding the allocation of tribal college assistance grants. The University System reported \$7,136 of grant funding was awarded per FTE nonbeneficiary student during the 2023-24 academic year. The committee reviewed the following schedule detailing the allocation of grant funding during the 2023-24 academic year:

| Tribal College Assistance Grants - 2023-24 Academic Year | | | |
|-----------------------------------------------------------------|---------------------------------------------|--------------------------------------------------|-----------------------------|
| Institution | Headcount of Nonbeneficiary Students | FTE Enrollment of Nonbeneficiary Students | Grant Funds Provided |
| Cankdeska Cikana Community College | 47 | 35.3 | \$251,886 |
| Fort Berthold Community College | 27 | 14.4 | 102,752 |
| Sitting Bull College | 16 | 12.4 | 88,481 |
| Turtle Mountain Community College | 21 | 15.4 | 109,888 |
| United Tribes Technical College | 24 | 20.6 | 146,993 |
| Total | 135 | 98.1 | \$700,000 |

NATIONAL GUARD TUITION GRANTS

Funding included in the tuition, recruiting, and retention line item in the Adjutant General's budget provides the resources required to offer up to 100 percent tuition reimbursement for qualified National Guard members and to provide a \$500 stipend to current members of the National Guard who provide a lead on a recruit that results in an enlistment. Prior to 2023, only members enrolled in a North Dakota institution of higher education were eligible for tuition reimbursement.

The Legislative Assembly approved Senate Bill No. 2094 (2023) to expand eligibility to provide for a member of the National Guard who enrolls in a higher education institution which is located outside the state to receive a grant in an amount not to exceed 100 percent of the cost of tuition and fees for similar courses and credit hours at a University System institution. Section 37-07.2-01.1 requires the Adjutant General to report to the Legislative Management regarding the tuition grant usage, including the number of grants awarded for enrollment at out-of-state institutions and grants awarded for online or remote coursework.

The table below details legislative appropriations for tuition, recruiting, and retention since the 2013-15 biennium.

| Biennium | General Fund |
|------------------|---------------------|
| 2013-15 biennium | \$2,517,500 |
| 2015-17 biennium | \$2,517,500 |
| 2017-19 biennium | \$2,617,500 |
| 2019-21 biennium | \$4,782,072 |
| 2021-23 biennium | \$3,042,235 |
| 2023-25 biennium | \$3,362,235 |

Report

The Adjutant General provided a report regarding the tuition assistance program to the Higher Education Committee on April 3, 2024. The Adjutant General reported 17 fall 2023 semester applications and 17 spring 2024 semester applications for out-of-state tuition assistance, totaling approximately \$30,000 per semester.

OTHER COMMITTEE WORK

The committee received information regarding the higher education funding formula and other student financial assistance programs administered by the University System office.

Higher Education Funding Formula

Senate Bill No. 2200 (2013), codified as Chapter 15-18.1, 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 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 adjusted for 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.

The adjusted student credit-hours are 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:

| Institution | Biennial Base Rate Per Credit-Hour | | |
|------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|---------|----------|
| | 2019-21 | 2021-23 | 2023-25 |
| North Dakota State University, University of North Dakota | \$60.87 | \$61.81 | \$73.15 |
| Dickinson State University, Mayville State University, Minot State University, Valley City State University | \$90.98 | \$92.60 | \$103.76 |
| Bismarck State College, Dakota College at Bottineau, Lake Region State College, North Dakota State College of Science, Williston State College | \$97.06 | \$98.84 | \$110.38 |

Representatives of SBHE recommended the Legislative Assembly consider:

- Addressing equity concerns due to an equalization function in the formula that results in three base rate tiers.
- Addressing unintended reductions in the formula for growing institutions impacted by the credit completion factor.
- Strategically aligning credit weightings with the highest demand degrees.
- Evolving the formula to incentivize private-public partnerships and to reward institutions that educate students who remain in the state after graduation.

Committee Recommendation

The committee recommends a bill draft [\[25.0334.02000\]](#) to:

- Amend the higher education funding formula to ensure institutions with increasing enrollment do not receive reduced funding due to reductions in the credit completion factor; and
- Provide legislative intent that wind energy technology and law enforcement credits be weighted under the CTE instructional program classification factor in the higher education funding formula.

Student Financial Assistance Grants

The Legislative Assembly provided \$29,917,306 from the general fund for student financial assistance grants for the 2023-25 biennium. The maximum grant award amount under the program is \$1,375 per semester. To qualify, a student must be a resident undergraduate student who has graduated from a North Dakota high school and is attending a qualified postsecondary institution in North Dakota. The award of grants is based on student need. The committee reviewed the following summary of funding for student financial assistance grants:

| Biennium | Maximum Annual Grant Award | Legislative Appropriations | | |
|----------|----------------------------|----------------------------|---------------|--------------|
| | | General Funds | Federal Funds | Total |
| 2013-15 | \$1,650 | \$21,245,679 | | \$21,245,679 |
| 2015-17 | \$1,950 | \$23,886,160 | | \$23,886,160 |
| 2017-19 | \$1,950 | \$21,917,306 | | \$21,917,306 |
| 2019-21 | \$2,200 | \$23,917,306 | | \$23,917,306 |
| 2021-23 | \$2,200 | \$23,917,306 | | \$23,917,306 |
| 2023-25 | \$2,750 | \$29,917,306 | | \$29,917,306 |

The committee received information regarding the Minnesota North State Promise Program, a new program which pays the cost of tuition and fees for Minnesota residents who have not earned a bachelor's degree and have a family adjusted gross income below \$80,000. Representatives of the University System reported the Legislative Assembly could consider expanding the student financial assistance grants program to provide a similar scholarship for North Dakota residents. Committee members suggested the impact on enrollment for the fall 2024 semester be considered before making any changes to financial assistance provided by the state. Representatives of the University System reported the preliminary enrollment numbers for the fall 2024 semester were mostly positive compared to the fall 2023 semester.

Committee Consideration

The committee considered but did not recommend a bill draft to expand the student financial assistance grant program to provide scholarships to students with family incomes less than \$80,000 to cover the full cost of tuition when combined with the student's base student financial assistance grant and any federal Pell grant award.

Scholars Program

The Legislative Assembly provided \$1,807,115 from the general fund for the scholars program. The scholars program provides full-tuition scholarships to resident students who score in the upper fifth percentile of North Dakota ACT Aspire test takers and enroll in an undergraduate program in the state. The committee reviewed the following summary of funding for the scholars program:

| Biennium | General Fund |
|----------|--------------|
| 2013-15 | \$2,113,584 |
| 2015-17 | \$2,113,584 |
| 2017-19 | \$1,807,115 |
| 2019-21 | \$1,807,115 |
| 2021-23 | \$1,807,115 |
| 2023-25 | \$1,807,115 |

Native American Scholarship Program

The Legislative Assembly provided \$1 million from the general fund for Native American scholarships. The committee reviewed the following summary of funding for the Native American scholarship program:

| Biennium | General Fund |
|----------|--------------|
| 2013-15 | \$649,267 |
| 2015-17 | \$649,267 |
| 2017-19 | \$555,323 |
| 2019-21 | \$555,323 |
| 2021-23 | \$555,323 |
| 2023-25 | \$1,000,000 |

Professional Student Exchange Program

The Legislative Assembly provided \$3,699,342 from the general fund for the professional student exchange program. The program assists North Dakota students enrolling in professional programs not offered in the state, including dentistry, optometry, and veterinary medicine. The committee reviewed the following summary of funding for the professional student exchange program:

| Biennium | General Fund | Student Loan Trust Fund | Total |
|----------|--------------|-------------------------|-------------|
| 2003-05 | \$1,678,300 | | \$1,678,300 |
| 2005-07 | \$1,864,780 | \$262,500 | \$2,127,280 |
| 2007-09 | \$2,199,566 | \$523,380 | \$2,722,946 |
| 2009-11 | \$2,346,130 | \$990,970 | \$3,337,100 |
| 2011-13 | \$2,856,131 | \$465,307 | \$3,321,438 |
| 2013-15 | \$3,809,708 | \$465,307 | \$4,275,015 |
| 2015-17 | \$3,476,447 | \$465,307 | \$3,941,754 |
| 2017-19 | \$3,234,035 | \$465,307 | \$3,699,342 |
| 2019-21 | \$3,699,342 | | \$3,699,342 |
| 2021-23 | \$3,699,342 | | \$3,699,342 |
| 2023-25 | \$3,699,342 | | \$3,699,342 |

Higher Education Challenge Grant Program

The committee received information regarding the higher education challenge grant program. The program is used to provide grants to University System institutions to match private donations. The 2023 Legislative Assembly provided \$20 million from the general fund for higher education challenge grants, \$8.85 million more than the 2021-23 biennium appropriation of \$11.15 million. The 2023 Legislative Assembly made statutory changes to allow the NDSU Agricultural Experiment Station to participate in the program. The committee reviewed the following summary of funding for the higher education challenge grants program:

| Biennium | General Fund | Student Loan Trust Fund | Total |
|----------|--------------|-------------------------|--------------|
| 2013-15 | \$29,000,000 | | \$29,000,000 |
| 2015-17 | \$21,000,000 | \$2,500,000 | \$23,500,000 |
| 2017-19 | \$2,000,000 | | \$2,000,000 |
| 2019-21 | \$9,650,000 | | \$9,650,000 |
| 2021-23 | \$11,150,000 | | \$11,150,000 |
| 2023-25 | \$20,000,000 | | \$20,000,000 |

Of the funding appropriated, \$2.7 million each was designated to be available to each UND and NDSU; \$2.2 million was designated to be available to UNDSMHS and to the NDSU Agricultural Experiment Station; \$1.7 million each was designated to be available to BSC, MiSU, and NDSCS; \$1.1 million each was designated to be available to DSU, MaSU, and VCSU; and \$600,000 each was designated to be available to DCB, LRSC, and WSC. The University System reported of the \$20 million available for higher education challenge grants, approximately \$16.8 million had been awarded through April 2024. The University System reported approximately 64 percent of all funding awarded to campuses since the inception of the higher education challenge grant program has been for student scholarships.

Committee members suggested the challenge grant program could be adjusted or expanded to work in conjunction with the career builders scholarship program through the provision of nonendowed scholarships. Other committee members expressed concerns about changing a program that is working well.

Committee Recommendation

The committee recommends the Legislative Assembly consider expanding the challenge grant program to include funding specifically for nonendowed scholarships.