

HIGHER EDUCATION COMMITTEE

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

- Study higher education student affordability, including all forms of financial assistance available for students enrolled at institutions of higher education in the state, pursuant to Section 25 of Senate Bill No. 2003 (2021). The study must include a review of available scholarships, student loan programs, waivers, grants, and any other forms of student financial assistance available for students enrolled at institutions of higher education in the state. The study also must include a review of the eligibility requirements and other criteria relating to each program, and their impact on the financial cost and utilization of each program.
- Study the higher education funding formula, including instructional program classification factors, pursuant to Section 27 of Senate Bill No. 2003.
- Study the professional student exchange program, pursuant to Section 3 of Senate Bill No. 2140 (2021). The study must include the number of program participants enrolled in each discipline, the tuition support provided for students enrolled in each discipline, the rate at which students participating in the program return to the state, the procedures necessary to implement a payback provision and their associated costs, an appropriate grace period to allow program participants to return to the state, and the educational disciplines to which the payback provision should be applied.
- Receive annual reports from the State Board of Higher Education (SBHE) regarding the number of North Dakota academic scholarships and career and technical education (CTE) scholarships provided and demographic information pertaining to the recipients, pursuant to North Dakota Century Code Section 15-10-59.
- Receive a biennial report 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 report from any tribally controlled community college receiving a grant under Chapter 15-70 detailing grant expenditures and recipient demographics, pursuant to Section 15-70-05.
- Receive a report from SBHE pursuant to Section 14 of Senate Bill No. 2003 regarding the use of funding in each institutions' capital building fund, the source of matching funds, and each institutions' 5-year plan for capital construction spending.
- Receive a report from SBHE pursuant to Section 22 of Senate Bill No. 2003 regarding the transfer of appropriation authority from the operations to the capital assets line items within subdivisions 2 through 14 of Section 1 of Senate Bill 2003.

Committee members were Representatives Mark Sanford (Chairman), Larry Bellew, Jay Fischer, LaurieBeth Hager, Karla Rose Hanson, Zachary Ista, Dennis Johnson, Bob Martinson, Gary Paur, Brandy Pyle, David Richter, Mike Schatz, and Cynthia Schreiber-Beck and Senators JoNell A. Bakke, Robert Erbele, Karen K. Krebsbach, Dave Oehlke, and Jim P. Roers.

BACKGROUND

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, 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 2021-22 interim Higher Education Committee toured Valley City State University (VCSU), Williston State College (WSC), North Dakota State University (NDSU), Bismarck State College (BSC), Minot State University (MiSU), Mayville State University (MaSU), and UND.

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 has received authority to transition into a polytechnic institution that offers baccalaureate degrees in technical fields and Dickinson State University (DSU) has 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.

Legislative appropriations for the 2021-23 biennium for higher education institutions, Forest Service, and the University System office total \$2,820,974,686, of which \$703,353,526 is from the general fund. Of the total general fund appropriation amount, \$17,025,000 was considered one-time funding.

The University System reported fall 2021 total degree credit headcount enrollment of 43,384 students and a total degree credit full-time equivalent (FTE) enrollment of 33,496 students, compared to fall 2020 headcount enrollment of 44,001 students and FTE enrollment of 34,268 students.

Legislative Appropriations

Legislative appropriations for the 2021-23 biennium for higher education institutions, Forest Service, and the University System office total \$2,820,974,686, of which \$703,353,526 is from the general fund. The following is a history of legislative appropriations for higher education since the 2003-05 biennium:

Biennium	General Fund	Special Funds	Total
2003-05	\$364,029,938	\$110,546,775	\$474,576,713
2005-07	\$387,157,893	\$178,552,108	\$565,710,001
2007-09	\$472,036,237	\$165,419,701	\$637,455,938
2009-11	\$593,355,047	\$202,764,364	\$796,119,411
2011-13	\$657,838,539	\$108,817,759	\$766,656,298
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	\$703,353,526	\$2,117,621,160	\$2,820,974,686

NOTE: The special funds amounts for the 2017-19 through 2021-23 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 2007-09 biennium:

General Fund Appropriations			
Biennium	Ongoing Appropriations	One-Time Appropriations	Total
2007-09	\$443,654,169	\$28,382,068	\$472,036,237
2009-11	\$534,062,895	\$59,292,152	\$593,355,047
2011-13	\$606,525,437	\$51,313,102	\$657,838,539
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	\$17,025,000	\$703,353,526

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

STUDENT AFFORDABILITY STUDY

Pursuant to Section 25 of Senate Bill No. 2003, the committee studied higher education student affordability, including all forms of financial assistance available for students enrolled at institutions of higher education in the state. The Education Commission of the States, in a March 2016 report entitled *Redesigning State Financial Aid - Principles to Guide State Aid Policymaking*, stated financial aid programs should be:

- Student centered - Aid programs designed around students and their needs set students up for successful outcomes.
- Goal driven and data informed - Aid programs should have a clearly defined and easily understood intent aligned with measurable state education and workforce goals.
- Timely and flexible - Aid programs should provide financial support to students when it can have the greatest impact on enrollment and persistence decisions.
- Broadly inclusive of all students' educational pathways - Aid programs need to respond to the diverse enrollment options available to students.

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	Purpose	Approximate Number of Annual Recipients	Award Amount	2021-23 Biennium Appropriation
Student financial assistance grants	Needs-based grants awarded to students based on FAFSA information	Attract	6,000	Maximum grant of \$1,100 per semester	\$23,917,306
Scholars program	Scholarships awarded to the top-ranked high school graduates based on ACT Aspire scores	Attract	110	Full amount of tuition	\$1,807,115
Academic and career and technical education scholarship program	Scholarships awarded to resident students who achieve certain academic or technical standards in high school	Attract	5,300	\$750 per semester	\$16,216,749
Indian scholarship program	Merit or needs-based scholarships awarded to students who are enrolled members of a federally recognized Indian tribe	Attract	280	Up to \$2,000 per academic year	\$555,323
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	Target	70	Varies by program	\$3,699,342
Dual-credit tuition scholarship	Funded using Bank of North Dakota profits, this program incentivizes completion of dual-credit courses in high school	Attract	New program	Maximum lifetime award of \$750	\$1,500,000
Career builders scholarship and loan repayment	Workforce development program funded through Bank of North Dakota profits and private sector matching funds	Attract Retain Target	New program	Maximum lifetime award of \$17,000	\$4,500,000
Tribal community college assistance grant	Issued to five North Dakota tribal colleges for enrolling resident nonbeneficiary students	Attract	80	The appropriation is distributed at a prorated amount to each tribal college	\$1,000,000

Student Financial Assistance Grants

The Legislative Assembly provided \$23,917,306 from the general fund for student financial assistance grants. The maximum grant award amount under the program is \$1,100 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
2003-05	\$600	\$2,730,2215	\$200,000	\$2,930,215
2005-07	\$1,000	\$3,332,402	\$172,000	\$3,504,402
2007-09	\$1,000	\$5,823,497	\$164,000	\$5,987,497
2009-11	\$1,500	\$19,025,594	\$348,428	\$19,374,022
2011-13	\$1,500	\$19,025,594	\$348,428	\$19,374,022
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

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
2003-05	\$816,386
2005-07	\$862,077
2007-09	\$1,478,566
2009-11	\$2,113,584
2011-13	\$2,113,584
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

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. 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.

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

Biennium	General Fund
2009-11	\$3,000,000
2011-13	\$10,000,000
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

In addition to being considered under this study of student affordability, Section 15-10-59 requires SBHE 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.

The University System reported of the 8,081 high school seniors in the state who graduated in 2021, a total of 1,903, or 24 percent, qualified to receive an academic or CTE scholarship. Since the program began in 2010, there have been 95,598 high school graduates in the state and 19,884, or 21 percent, of those graduates were eligible to receive an academic or CTE scholarship. Of the 19,884 eligible students, 11,469 students qualified for an academic scholarship and 8,415 students qualified for a CTE scholarship. The University System reported a total of 5,025 students received an academic or CTE scholarship during the fall 2021 semester.

Native American Scholarship Program

The Legislative Assembly provided \$555,323 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
2003-05	\$204,086
2005-07	\$251,988
2007-09	\$380,626
2009-11	\$381,292
2011-13	\$574,267
2013-15	\$649,267
2015-17	\$649,267
2017-19	\$555,323
2019-21	\$555,323
2021-23	\$555,323

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 Legislative Assembly also repealed statutory repayment provisions relating to the professional student exchange program. 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

The professional student exchange program was further studied pursuant to Section 3 of Senate Bill No. 2140 (2021) and is addressed later in this report.

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. The Legislative Assembly appropriated \$1.5 million from Bank of North Dakota profits to SBHE for the dual-credit tuition scholarships. Representatives of the University System reported the program provides an incentive at the collegiate level for taking dual-credit courses in high school. The committee was informed students enrolled at any post-secondary institution in North Dakota, including public, private, tribal, or proprietary institutions, may be eligible for the dual-credit tuition scholarship if the student completed a dual-credit course and graduated from high school.

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 transferred \$4.5 million from Bank of North Dakota profits to the special funds created for the career builders programs.

In addition to being considered under this study of student affordability, 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.

Representatives of the University System reported:

- The career builders scholarship and loan repayment programs target in-demand occupations identified by the North Dakota Workforce Development Council, including occupations in education, engineering and architecture, information technology, health care, transportation, and skilled trades;
- Career builders scholarships were awarded to 160 applicants, with an average award of \$6,187;
- A total of \$989,941 in scholarships has been committed through the program;
- Matching funds for the scholarships were received from 66 donors;
- 104 scholarship recipients graduated and are working in the state, 40 are active in the program, and 16 defaulted;
- Career builders loan repayment was awarded to 55 applicants, with an average award of \$14,262;
- A total of \$784,404 in loan repayments has been committed through the program;
- Matching funds for the loan repayments were received from 17 donors; and
- 48 loan repayment recipients remain employed, 2 are paid in full, and 5 did not continue employment.

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.

In addition to being considered under this study of student affordability, 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 following table details legislative appropriations for grants to tribally controlled community colleges:

Biennium	General Fund	Permanent Oil Tax Trust Fund	Student Loan Trust Fund
2007-09		\$700,000	
2009-11		\$700,000	
2011-13	\$1,000,000		
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		

Representatives of the University System provided a report to the committee regarding the allocation of tribal college assistance grants. The University System reported \$6,046 of grant funding was awarded per FTE nonbeneficiary student during the 2021-22 academic year. The committee reviewed the following schedule detailing the allocation of grant funding during the 2021-22 academic year:

Tribal College Assistance Grants - 2021-22 Academic Year			
Institution	Headcount of Nonbeneficiary Students	FTE Enrollment of Nonbeneficiary Students	Grant Funds Provided
Cankdeska Cikana Community College	27	18.7	\$113,059
Fort Berthold Community College	24	15.9	96,131
Sitting Bull College	13	7.3	44,135
Turtle Mountain Community College	11	10.8	\$65,296
United Tribes Technical College	33	30	181,379
Total	108	82.7	\$500,000

Higher Education Challenge Grants 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 2021 Legislative Assembly provided \$11.15 million from the general fund for higher education challenge grants, \$1.50 million more than the 2019-21 biennium appropriation of \$9.65 million. The 2021 Legislative Assembly made statutory changes to allow UND SMHS to participate in the program. The 2021 Legislative Assembly also added abortion-related restrictions to the program's eligibility requirements. 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

Of the funding appropriated, \$1.70 million each was designated to be available to UND and NDSU; \$1.50 million was designated to be available to UND SMHS; \$950,000 each was designated to be available to BSC, MiSU, and the North Dakota State College of Science; \$700,000 each was designated to be available to DSU, MaSU, and VCSU; \$350,000 each was designated to be available to Dakota College at Bottineau, Lake Region State College, and WSC; and \$250,000 was designated to be available to the UND School of Law. The University System reported of the \$11.15 million available for higher education challenge grants, approximately \$9.5 million had been awarded through June 2022. The University System reported approximately 60 percent of all funding awarded to campuses since the inception of the higher education challenge grant program has been for student scholarships.

Other Student Financial Assistance

Representatives of the Bank of North Dakota reported that in addition to providing funding for the dual-credit tuition scholarship program and the career builders scholarship and loan repayment program, the Bank also:

- Issues and refinances private student loans - The Bank's student loan portfolio is \$1.1 billion, including over 45,000 borrowers with an average loan amount of \$25,600.
- Provides low-income dual-credit assistance - The Bank provides dual-credit assistance to students who qualify for free or reduced lunch, including 459 students enrolled in 798 classes in 2021.
- Administers College SAVE 529 savings plans - The Bank administers nearly 40,000 College SAVE plans, with net assets of over \$280 million.

The committee was informed other forms of student financial assistance in the state include the following:

Program	Approximate Annual Amount
Institutional and private scholarships	\$49,200,000
Tuition waivers	\$31,100,000
Health care professional student loan repayment program	\$550,173
Federal/state loan repayment program	\$540,000
Dental loan repayment program	\$270,000
Veterinarian loan repayment program	\$240,000
Federal Pell Grant and Supplemental Educational Opportunity Grant	\$37,000,000
Federal Work Study	\$2,100,000
Federal subsidized and unsubsidized student loans - Undergraduate only	\$106,900,000
Federal parent PLUS loans - Undergraduate only	\$8,400,000

Teacher Shortage

Representatives of the Department of Public Instruction (DPI) reported the teacher shortage is a pervasive problem affecting all states. They also reported:

- The teacher shortage loan forgiveness program was transferred from the University System office to DPI in 2019, and the goal of the program is to repay loans for teachers in moderate to extreme rural areas and those who work in a shortage field.
- 269 teachers originally qualified and received loan forgiveness payments totaling \$2 million.
- The teacher shortage loan forgiveness program increased 1-year teacher retention in general, but the 2- and 3-year retention benefits were most evident among more experienced teachers.
- The teacher shortage loan forgiveness program was discontinued on June 30, 2022.

- DPI used federal Elementary and Secondary School Emergency Relief (ESSER) funds to establish a teacher shortage grants program and a teacher apprenticeship initiative to help address the teacher shortage.
- The teacher shortage grants program provides scholarships to school paraprofessionals enrolled in teacher education programs.
- DPI is working to establish North Dakota teacher apprenticeships as eligible for federal apprenticeship funding.
- The available ESSER funding will be used by September 2024.

Student Financial Assistance Programs in Other States

Representatives of the Midwestern Higher Education Compact (MHEC) and the Western Interstate Commission for Higher Education (WICHE) provided the committee with information regarding student financial assistance in other states. The Midwestern Higher Education Compact reported North Dakota provides the second highest average merit-based grant aid in the Midwest, but its needs-based grant aid was less than the regional average. The Midwestern Higher Education Compact also reported the average net price, the total cost of attendance minus grant aid, was higher in North Dakota than the regional average. Student financial assistance is typically intended to attract, retain, or target individuals for enrollment or workforce. The Western Interstate Commission for Higher Education and MHEC reported the following unique or new student recruitment and financial assistance programs in other states:

- **Attract - Program enrollment**

Indiana - You Can Go Back campaign - Encourages adults who have earned college credits but no degree to re-enroll in college and complete their credential. The effort includes direct outreach with adult students, an assessment of institutional practices that support returning adults, and employer engagement.

Minnesota - U Promise Scholarship program - Provides awards of \$300 to \$4,000 of needs-based aid per year to students from families earning no more than \$120,000 per year.

Minnesota - Direct admissions program - Grants high school seniors prequalified admission to Minnesota State colleges and universities.

Wisconsin - Text Steps program - Encourages college-accepted individuals via text message to complete their final steps toward entering college.

- **Retain - Program retention and completion**

South Dakota - Critical Teaching Needs Scholarship - Provides a scholarship for teacher education students in the final 2 years of the program. Students must commit to teaching in a critical area for 5 years. Recipients who do not meet the requirements will have their scholarship converted to a loan.

Utah - Adult Learner Grant Program - Needs-based grant for students 26 years of age or older and enrolled in an online program in a field designed to meet industry needs, as established by the Department of Workforce Services.

- **Target - Workforce entry and retention**

Indiana - Next Level Jobs program - Provides adults with tuition-free job training toward certificates in high-demand areas.

Iowa - Teach Iowa Scholar program - Loan forgiveness program that awards Iowa teachers who teach at schools in designated shortage areas up to \$4,000 per year toward paying their student loans.

Committee Recommendations

The committee recommends:

- A bill draft [23.0134.01000] to provide for financial aid program technical corrections. The bill draft:
 - Continues the skilled workforce student loan repayment and scholarship programs;
 - Clarifies eligibility and the award amount for the dual-credit scholarship;
 - Clarifies eligibility for the scholars program;
 - Renames the Indian scholarship to the Native American scholarship; and
 - Provides for the University System office to continue to administer the academic and CTE scholarship program for current award recipients.
- A bill draft [23.0152.01000] regarding needs-based student financial assistance grants, the academic and CTE scholarship, and the dual-credit tuition scholarship. The bill draft:

Increases the annual needs-based student financial assistance grant award from \$2,200 to \$3,300 per year;
 Provides \$12.0 million in additional funding for a total of \$35.9 million from the general fund for student financial assistance grants to support the increased award;
 Provides \$1.0 million in additional funding for a total of \$17.2 million from the general fund for academic and CTE scholarships to meet estimated program needs for the 2023-25 biennium; and
 Provides \$1.5 million from the Bank of North Dakota to continue the dual-credit tuition scholarship program.

- A bill draft [23.0158.01000] to provide financial aid targeted to students enrolled in certificate programs in high-need areas. The bill draft includes an appropriation of \$1 million from the general fund to establish a \$500 scholarship for residents of the state enrolled in educational programs for commercial driver's license and certified nursing assistant certificates.
- A bill draft [23.0159.01000] to provide financial aid targeted to paraprofessionals enrolled in a teacher education program. The bill draft includes an appropriation of \$3 million from the general fund to DPI to provide grants to accredited institutions of higher education to assist paraprofessionals to become qualified teachers.
- A bill draft [23.0155.01000] to reinstate the teacher shortage loan forgiveness program. The bill draft:
 - Reinstates the teacher shortage loan forgiveness program under DPI with no limit on the number of teachers from each school district who would be eligible; and
 - Includes an appropriation of \$3 million from the general fund and would provide a maximum annual award of \$5,000 for a maximum of 4 years.
- A bill draft [23.0156.01000] to continue the higher education challenge grant program. The bill draft:
 - Appropriates \$24.00 million for the higher education challenge grant program for the 2023-25 biennium, an increase from the \$11.15 million appropriated for the 2021-23 biennium; and
 - Expands the allowable uses of challenge grant funds to include endowed faculty and costs related to new or expanding educational programs.

HIGHER EDUCATION FUNDING FORMULA STUDY

Pursuant to Section 27 of Senate Bill No. 2003 (2021), the 2021-22 interim Higher Education Committee studied the higher education funding formula, including instructional program classification factors.

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 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 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		
	2017-19	2019-21	2021-23
North Dakota State University, University of North Dakota	\$58.65	\$60.87	\$61.81
Dickinson State University, Mayville State University, Minot State University, Valley City State University	\$86.95	\$90.98	\$92.60
Bismarck State College, Dakota College at Bottineau, Lake Region State College, North Dakota State College of Science, Williston State College	\$93.03	\$97.06	\$98.84

Under the adjusted student credit-hour funding formula, funding for extraordinary repairs is included in the base amount determined by the formula; however, funding for major capital projects is appropriated separately from the formula. The Legislative Assembly appropriated \$11,117,046 from the general fund for the 2021-23 biennium for extraordinary repairs under the adjusted student credit-hour funding formula. This funding is considered Tier I funding under the capital building fund program.

Minimum Amount Payable

Through June 30, 2019, the calculation of funding through the adjusted student credit-hour funding method was to ensure an institution would not receive less than 96 percent of the state funding to which the institution was entitled during the previous biennium. The minimum amount payable requirement resulted in an additional \$710,879 appropriation for MiSU for the 2019-21 biennium, \$2,309,626 for DSU for the 2017-19 biennium, and \$972,723 for DSU for the 2015-17 biennium. The minimum amount payable requirement was not continued by the 2019 Legislative Assembly for use in the funding formula calculation for the 2021-23 biennium. Representatives of the University System suggested the Legislative Assembly consider reinstating the 96 percent minimum amount payable clause in the higher education funding formula.

Preliminary 2023-25 Biennium Funding Formula Calculations

The committee was informed the 2023-25 biennium higher education funding formula calculations will be based on student credit-hours completed during the 2019-21 biennium. The preliminary calculations for the 2023-25 biennium based on current law indicate 7,601,165 adjusted student credit-hours were completed at institutions during the 2019-21 biennium. This represents a decrease of 175,107, or 2.2 percent, in completed adjusted student credit-hours from the 2017-19 biennium.

Representatives of the University System reported the following preliminary funding formula calculations based on current law for the 2023-25 biennium:

Institution	2021-23 Biennium Base Funding	2023-25 Biennium Preliminary Funding Formula Calculation	Increase (Decrease)	
Bismarck State College	\$32,084,055	\$31,223,842	(\$860,213)	(2.7%)
Dakota College at Bottineau	9,537,862	9,966,630	428,768	4.5%
Lake Region State College	14,242,152	13,084,439	(1,157,713)	(8.1%)
North Dakota State College of Science	35,714,792	31,394,055	(4,320,737)	(12.1%)
Williston State College	11,286,737	11,424,224	137,487	1.2%
Dickinson State University	20,242,730	21,241,607	998,877	4.9%
Mayville State University	18,679,828	19,364,975	685,147	3.7%
Minot State University	41,206,630	39,003,398	(2,203,232)	(5.3%)
Valley City State University	24,161,377	24,642,249	480,872	2.0%
North Dakota State University	138,431,325	130,839,593	(7,591,732)	(5.5%)
University of North Dakota	208,373,934	208,619,443	245,509	0.1%
Total	\$553,961,422	\$540,804,455	(\$13,156,967)	(2.4%)

Committee Recommendation

The committee recommends the 2023 Legislative Assembly reinstate the minimum amount payable portion of the higher education funding formula.

PROFESSIONAL STUDENT EXCHANGE PROGRAM STUDY

Pursuant to Section 3 of Senate Bill No. 2140 (2021), the committee studied the professional student exchange program (PSEP), including:

- The number of program participants enrolled in each discipline;
- The tuition support provided for students enrolled in each discipline;
- The rate at which students participating in the program return to the state;
- The procedures necessary to implement a payback provision and their associated costs;
- An appropriate grace period to allow program participants to return to the state; and
- The educational disciplines to which the payback provision should be applied.

The Legislative Assembly provided \$3,699,342 from the general fund for PSEP for the 2021-23 biennium. The program assists North Dakota students enrolling in professional programs not offered in the state, including dentistry, optometry, and veterinary medicine.

Professional Student Exchange Program Repayment Provision

The 2017-18 interim Higher Education Committee considered but did not recommend a bill draft to replace PSEP with a dentistry, optometry, and veterinary medicine student loan repayment program. The bill draft would have required students in professional programs in other states to return to North Dakota to receive student loan repayment funding. House Bill No. 1003 (2019) established a PSEP repayment provision requiring dentistry, optometry, and veterinary medicine students to repay the state if they don't return to and work in the state for 3 years. Senate Bill No. 2140 (2021) repealed the repayment provision and provided for this study.

Representatives of the WICHE reported North Dakota paid approximately \$1.1 million for 47 students enrolled in PSEP through WICHE, including 16 in dentistry, 25 in optometry, and 6 in veterinary medicine. They reported North Dakota's PSEP return rate for graduates between 2007 and 2017 was 37 percent, but the return rate for states with a return requirement ranged from 65 percent for Hawaii to 95 percent for New Mexico. They reported states with a hybrid service requirement, Wyoming and Montana, had return rates of 42 percent and 55 percent, respectively.

Committee Consideration

The committee considered but did not recommend a bill draft to reinstate the repayment provision for the professional student exchange program.

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 UND SMHS 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 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 SMHS Advisory Council regarding the strategic plan, programs, and facilities of the school. Representatives of the UND SMHS Advisory Council reported UND SMHS has doubled its research grants and contracts over the past decade, with funding primarily from federal funds. They noted the availability of lab space is becoming an issue due to the increase in research. They reported UND SMHS is working to create a more diverse and inclusive workforce with recruitment of Native American students and students from rural areas.

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 North Dakota 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 \$2 from operations or other sources for each \$1 of 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 the strategic investment and improvements fund (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.

Report

The University System reported state funds totaling \$918,894 in Tier II and \$2,415,945 in Tier III of the capital building fund program were continued from the 2019-21 biennium into the 2021-23 biennium. The University System reported DSU, MiSU, and DCB, expected as of February 2022, to utilize all carryover funds during the 2021-23 biennium. The University System reported MaSU did not expect to utilize any of the state funding carried over in Tier II (\$240,029) or Tier III (\$500,000), and VCSU did not expect to utilize any of the state funding carried over in Tier III (\$415,945) during the 2021-23 biennium.

The University System reported of the \$33.3 million appropriated for Tier I of the capital building fund program, including \$11.1 million from the general fund and \$22.2 million of institution matching funds, \$28.7 million, or 86 percent, had been allocated for projects as of February 2022. The University System reported BSC, UND, NDSU, MiSU, and DCB had fully allocated their Tier I funds; WSC and VCSU had not allocated any funding for extraordinary repairs projects; and the four other institutions had partially allocated their Tier I funds for projects.

The University System reported of the \$20 million available for Tier II of the capital building fund program, including \$10 million from SIIF and \$10 million from institution matching funds, \$17.3 million, or 86 percent, had been allocated for projects as of February 2022. The University System reported BSC, UND, NDSU, DSU, MiSU, and DCB had fully allocated their Tier II funds and the other five institutions had not allocated any Tier II funds for projects as of February 2022.

The University System reported of the \$27 million available for Tier III of the capital building fund program, including \$9 million from SIIF and \$18 million from institution matching funds, \$19.5 million, or 72 percent, had been allocated for projects as of February 2022. The University System reported BSC, UND, NDSU, DSU, MiSU, and DCB had fully allocated their Tier III funds and the other five institutions had not allocated any Tier III funds for projects as of February 2022.

Committee Recommendation

The committee recommends a bill draft [23.0132.01000] regarding the capital building fund program. The bill draft:

- Reduces the Tier I matching requirements to \$1-\$1 for the nine non-research University System institutions;
- Doubles funding for Tier II of the capital building fund program from \$10 million to \$20 million from SIIF;
- Restricts the use of Tier II and Tier III funding to extraordinary repairs and deferred maintenance projects for academic facilities, unless legislatively approved; and
- Requires institutions to identify matching funds for future capital project requests submitted during the budget process.

TRANSFERS BETWEEN LINE ITEMS

The Legislative Assembly approved Section 22 of Senate Bill No. 2003 to allow for the transfer of appropriation authority from the operations line item to the capital assets line item within subdivisions 2 through 14 of Section 1 of Senate Bill No. 2003. The State Board of Higher Education is required to report to the Legislative Management regarding any line item transfers made pursuant to the section. The Higher Education Committee was assigned to receive this report.

Report

The University System reported VCSU transferred \$816,638 of appropriation authority from the operations line item to the capital assets line item for extraordinary repairs matching funds, pursuant to Section 22 of Senate Bill No. 2003. The transfer was made to provide matching funds required under Section 9 of Senate Bill No. 2003, which requires institutions to provide \$2 of matching funds from operations or other sources for each \$1 of appropriated extraordinary repairs funding used for a project.