

HIGHER EDUCATION STUDY - BACKGROUND MEMORANDUM

STUDY RESPONSIBILITIES

Section 23 of House Bill No. 1003 directs a study of the means by which the North Dakota University System can further contribute to developing and attracting the human capital to meet North Dakota's economic and workforce needs. The study is to focus on ways to increase postsecondary access, improve the quality of education, contain costs, and other means, including productivity, to maximize the usage of the University System in meeting the human capital needs of the state. The study must:

- Include a review of policy recommendations, as appropriate, which address the postsecondary delivery system, including the mix of institutions, educational attainment gaps, degree production gap, recruitment and retention of students, and workforce training needs;
- Include a review of the impact of the state's changing demographics on the University System long-term financing plan; and
- Recommend goals for each of the higher education cornerstones.

In addition, the Legislative Council has assigned the committee the responsibility to receive a report from the State Board of Higher Education before

July 1, 2008, on the status of the implementation of CCbenefits, Inc., services and any recommendations relating to the use of CCbenefits, Inc., services pursuant to Section 23 of House Bill No. 1018. A copy of Section 23 of House Bill No. 1003 and Section 23 of House Bill No. 1018 are attached as [Appendix A](#) and [Appendix B](#), respectively.

BACKGROUND

The University System consists of 11 higher education institutions under the control of the State Board of Higher Education. Of the 11 institutions, 2 are doctoral-granting institutions, 2 are master's-granting institutions, 2 are universities that offer baccalaureate degrees, and 5 are colleges that offer associate and technical degrees. Each institution is unique in its mission to serve the people of North Dakota.

Total appropriations by the 2007 Legislative Assembly for the 2007-09 biennium for higher education institutions and the University System office were \$634,069,325, of which \$468,649,624 was from the general fund. The following is a summary of higher education legislative appropriations:

Biennium	General Fund	Special Funds	Total
1997-99	\$306,825,098	\$323,595,863	\$630,420,961
1999-2001	\$334,449,287	\$713,538,799	\$1,047,988,086
2001-03	\$366,953,836	\$80,367,201	\$447,321,037
2003-05	\$364,029,938	\$110,546,775	\$474,576,713
2005-07	\$389,572,212	\$178,552,108	\$568,124,320
2007-09	\$468,649,624 ¹	\$165,419,701 ¹	\$634,069,325 ¹

¹The 2007 Legislative Assembly provided one-time funding of \$35,965,383, of which \$28,382,068 is from the general fund and \$7,583,315 is from the permanent oil tax trust fund, for the 2007-09 biennium.

NOTE: The special funds amounts for the 1999-2001 biennium reflect the appropriation of tuition and local funds.

The University System reported a total degree credit headcount enrollment of 42,237 students and a total degree credit full-time equivalent (FTE) enrollment of 35,373 students in the fall 2006

enrollment report. The following is a summary of University System degree credit headcount and FTE fall enrollments for 1997 through 2006:

Institution	Headcount Enrollment							
	1999	2000	2001	2002	2003	2004	2005	2006
Bismarck State College	2,743	2,744	3,044	3,168	3,430	3,546	3,370	3,477
Dickinson State University	1,867	2,012	2,101	2,326	2,461	2,479	2,516	2,572
Lake Region State College	805	902	1,308	1,340	1,473	1,464	1,471	1,508
Mayville State University	851	776	755	746	817	897	912	832
Minot State University	3,155	3,081	3,515	3,625	3,825	3,851	3,798	3,712
Minot State University - Bottineau	508	451	526	609	620	602	523	605
State College of Science	2,345	2,425	2,292	2,439	2,468	2,481	2,457	2,490
North Dakota State University	9,638	9,894	10,538	11,146	11,623	12,026	12,099	12,258
University of North Dakota	10,590	11,031	11,764	12,423	13,034	13,187	12,954	12,834
Valley City State University	1,077	1,090	1,005	1,022	998	1,033	1,035	1,037
Williston State College	714	687	748	770	871	937	947	912
Total	34,293	35,093	37,596	39,614	41,620	42,503	42,082	42,237

Institution	FTE Enrollment ¹							
	1999	2000	2001	2002	2003	2004	2005	2006
Bismarck State College	2,326	2,267	2,473	2,542	2,747	2,800	2,602	2,651
Dickinson State University	1,638	1,698	1,746	1,940	1,992	2,034	2,031	2,059
Lake Region State College	506	524	664	682	738	738	738	750
Mayville State University	692	686	662	658	700	761	722	652
Minot State University	2,753	2,647	2,911	2,969	3,021	3,022	3,063	2,928
Minot State University - Bottineau	498	419	416	475	473	447	386	399
State College of Science	2,503	2,428	2,247	2,253	2,323	2,271	2,223	2,171
North Dakota State University	8,775	9,003	9,621	9,950	10,294	10,692	10,752	10,890
University of North Dakota	9,417	9,837	10,466	11,061	11,704	11,815	11,531	11,381
Valley City State University	956	969	896	921	879	956	899	844
Williston State College	656	585	617	651	704	709	702	648
Total	30,720	31,063	32,719	34,102	35,575	36,245	35,649	35,373

¹In order to be more consistent with common practice in enrollment reporting, the State Board of Higher Education changed the definition of undergraduate FTE to 15 credit hours from 16 credit hours in August 2006. In order to provide a consistent basis for comparing 2006 enrollments to prior years, the prior year FTE enrollments have been recalculated based on the new definition.

PREVIOUS LEGISLATIVE HIGHER EDUCATION STUDIES AND RELATED LEGISLATION 1999-2000 Study

The Higher Education Committee during the 1999-2000 interim studied higher education funding, including the expectations of the University System in meeting the state's needs in the 21st century, the funding methodology needed to meet those expectations and needs, and the appropriate accountability and reporting system for the University System. The committee through the use of a Higher Education Roundtable consisting of the 21 members of the Higher Education Committee and 40 representatives from the State Board of Higher Education, business and industry, higher education institutions, including tribal and private colleges, and the executive branch, discussed shifts, trends, and realities that impact the state of North Dakota and the University System and developed expectations for the University System, recommendations concerning higher education in North Dakota, and accountability measures and success indicators that correspond with the expectations for the University System. The six cornerstones identified are Economic Development Connection, Education Excellence, Flexible and Responsive System, Accessible System, Funding and Rewards, and Sustaining the Vision. A copy of the **Higher Education Roundtable recommendations** concerning higher education in North Dakota is attached as [Appendix C](#).

The committee recommended six bills for consideration by the 2001 Legislative Assembly:

1. Senate Bill No. 2037 (2001), which was amended into Senate Bill No. 2003 (2001), provided a continuing appropriation for all higher education institutions' special revenue funds, including tuition income and local funds, and allowed institutions to carry over at the end of the biennium unspent general fund appropriations. The legislation was effective through June 30, 2003.

2. Senate Bill No. 2038 (2001), which was amended into Senate Bill No. 2003 (2001), required the budget request for the University System to include budget estimates for block grants for a base funding component and for an initiative funding component and a budget estimate for an asset funding component and the requirement that the appropriation for the University System include block grants for a base funding appropriation and for an initiative funding appropriation and an appropriation for asset funding. The legislation was effective through June 30, 2003.
3. Senate Bill No. 2039 (2001), as passed, allowed the State Board of Higher Education to authorize campus improvements and building maintenance projects that are financed by donations, gifts, grants, and bequests if the cost of the improvement or maintenance is not more than \$385,000.
4. Senate Bill No. 2040 (2001), which failed to pass, would have allowed the University System to provide bonuses, cash incentive awards, and temporary salary adjustments without reporting the activity to the Office of Management and Budget as a fiscal irregularity.
5. Senate Bill No. 2041 (2001), as passed, included the committee's recommendation to recognize the institutions under the control of the State Board of Higher Education as the North Dakota University System and to require the University System to develop a strategic plan which defines University System goals and objectives and to provide an annual performance and accountability report regarding performance and progress toward the goals and objectives.
6. Senate Bill No. 2042 (2001), as passed, included the committee's recommendation to amend and repeal statutes relating to the powers of the State Board of Higher Education

and the duties and responsibilities of institutions under the control of the State Board of Higher Education which were no longer appropriate.

The committee also recommended financial and nonfinancial accountability measurements to be reported annually at the University System level.

2001-02 Study

The Higher Education Committee during the 2001-02 interim studied the State Board of Higher Education's implementation of the performance and accountability measures report. The committee, through the use of a Higher Education Roundtable consisting of the 22 members of the Higher Education Committee and 44 representatives from the State Board of Higher Education, business and industry, higher education institutions, including tribal and private colleges, and the executive branch, reviewed plans for and accomplishments relating to the recommendations of the 1999-2000 Higher Education Roundtable, reviewed the state's New Economy Initiative and its linkage to the Higher Education Roundtable cornerstones and recommendations, and developed high-priority action items concerning higher education in North Dakota. The committee also reviewed the University System long-term financing plan and resource allocation model approved by the State Board of Higher Education and the University System first annual performance and accountability report. A copy of the Higher Education Roundtable **high-priority action items** concerning higher education in North Dakota is attached as [Appendix D](#).

The committee recommended four bills for consideration by the 2003 Legislative Assembly:

1. House Bill No. 1039 (2003), which was amended into House Bill No. 1003 (2003), provided for the extension of the continuing appropriation authority for higher education institutions' special revenue funding, including tuition. The legislation was extended through June 30, 2005.
2. House Bill No. 1040 (2003), which was amended into House Bill No. 1003 (2003), provided for the extension of the University System's authority to carry over at the end of the biennium unspent general fund appropriations. The legislation was extended through June 30, 2005.
3. House Bill No. 1041 (2003), which was amended into House Bill No. 1003 (2003), continued the requirement that the budget request for the University System include budget estimates for block grants for a base funding component and for an initiative funding component and a budget estimate for an asset funding component and the requirement that the appropriation for the University System include block grants for a base funding appropriation and for an initiative funding appropriation and an appropriation for

asset funding. The legislation was extended through June 30, 2005.

4. House Bill No. 1042 (2003), which failed to pass, would have amended North Dakota Century Code (NDCC) Section 15-10-14.2 to require the University System performance and accountability report to include an executive summary and specific information regarding education excellence, economic development, student access, student affordability, and financial operations. The 2003 Legislative Assembly amended House Bill No. 1003 to provide legislative intent that the University System performance and accountability report include an executive summary and specific information regarding education excellence, economic development, student access, student affordability, and financial operations.

2003-04 Study

The Higher Education Committee during the 2003-04 interim studied higher education to further refine the expectations of the University System in meeting the state's needs in the 21st century, the funding methodology needed to meet those expectations and needs, and the accountability system and reporting methodology for the University System. The committee through the use of a Higher Education Roundtable consisting of the 16 members of the Higher Education Committee and 45 representatives from the State Board of Higher Education, business and industry, higher education institutions, including tribal and private colleges, and the executive branch, reviewed the status of higher education in North Dakota, developed meaningful recommendations for enhancing the economy and other appropriate issues concerning higher education in North Dakota, reviewed the progress made, current status, and further actions needed to enhance the economic and social vitality of the state and make the state more attractive for new business and business expansion, reviewed the impact of the Higher Education Roundtable on higher education in the state, and developed recommendations for action by the Legislative Assembly, University System, executive branch, and private sector. The committee also reviewed the University System long-term financing plan and resource allocation model approved by the State Board of Higher Education and the University System third annual performance and accountability report. A copy of the **Higher Education Roundtable recommendations** for enhancing the economy and other appropriate issues concerning higher education in North Dakota and recommendations for action by the Legislative Assembly, University System, executive branch, and private sector is attached as [Appendix E](#).

The committee recommended four bills for consideration by the 2005 Legislative Assembly:

1. Senate Bill No. 2034 (2005), as passed, provides for the continuation of the continuing appropriation authority for higher education institutions' special revenue funds, including tuition, through June 30, 2007.
2. Senate Bill No. 2035 (2005), as passed, provides for the continuation of the requirement that the budget request for the University System include budget estimates for block grants for a base funding component and for an initiative funding component and a budget estimate for an asset funding component and the requirement that the appropriation for the University System include block grants for a base funding appropriation and for an initiative funding appropriation and an appropriation for asset funding through June 30, 2007.
3. Senate Bill No. 2036 (2005), as passed, provides for the continuation of the University System's authority to carry over at the end of the biennium unspent general fund appropriations through June 30, 2007.
4. Senate Concurrent Resolution No. 4002 (2005), which failed to pass, directed the Legislative Council to study during the 2005-06 interim the State Board of Higher Education performance and accountability measures included in the report required by NDCC Section 15-10-14.2.
 - c. If the current State Board of Higher Education method of setting priorities is appropriate.
 - d. If the long-term financing plan adequately addresses the use of various sources of revenues and allocations and the need for funding initiatives at the state's institutions.
 - e. If the current method is not appropriate, develop an alternative method of funding using existing resources for the University System, including the allocation of funding to institutions, and a comparison of the proposed allocation of funding to institutions to the funding provided for the 2005-07 biennium.

2005-06 Study

The Higher Education Committee during the 2005-06 interim studied higher education funding and accountability, including a review of the progress made in implementing the Higher Education Roundtable recommendations relating to the University System meeting the state's expectations and needs, the funding methodology needed to meet those expectations and needs, and the appropriate accountability and reporting system for the University System. The committee developed a request for proposal for consulting services for a comprehensive review of the listed items identifying findings and making recommendations to be implemented by the University System and to assist the Legislative Assembly and the executive branch in monitoring of and budgeting for the University System:

1. Evaluate the long-term financing plan for the University System and determine:
 - a. If the current method of funding for the University System and the method of determining and evaluating equity among the institutions is appropriate and, if so, the appropriateness of the peer institutions selected and the need to update peer institution funding comparisons.
 - b. If the long-term financing plan is realistic based on historic funding increases and forecasted economic growth in North Dakota.

2. Describe the state of higher education in the United States and how North Dakota compares in finance and performance, national higher education trends, other states' per capita higher education funding, and trends in funding higher education from nonstate revenue sources.
3. Evaluate previous Higher Education Roundtable recommendations, including:
 - a. Status of implementation of the recommendations.
 - b. Strengths and weaknesses of the recommendations as implemented.
 - c. Appropriateness of the recommendations to meet the expectations and needs of students, citizens, higher education entities, and the Legislative Assembly.
4. Evaluate the accountability measures and benchmarks in terms of appropriateness and adequacy.
5. Provide findings, identify alternatives and options, and make recommendations for the state of North Dakota to proceed with appropriate implementation of roundtable recommendations, the long-term financing plan, and the accountability measures.

The Legislative Council selected and contracted with MGT of America, Inc., a consulting company based in Tallahassee, Florida, to conduct the higher education study. MGT of America, Inc., completed interviews, reviewed documentation, and gathered external benchmarking information. The MGT of America, Inc., final report included information regarding the state of higher education, Higher Education Roundtable, accountability measures, peer institutions, and University System long-term financing plan.

State of Higher Education

MGT of America, Inc., identified the following conditions relating to the state of higher education in the United States and how North Dakota compares in finance and performance, national higher education trends, per capita higher education funding, and trends in funding higher education from nonstate revenue sources:

- The mix of population by age level for North Dakota is close to the averages for Minnesota, Montana, South Dakota, and the national averages.
- The percentage of North Dakota high school graduates going directly to college is 73.7 percent compared to the national average of 56.6 percent.
- North Dakota has a 47.5 percent bachelor's degree graduation rate compared to the national average of 54.3 percent and a 36.2 percent associate degree graduation rate compared to the national average of 30.6 percent.
- North Dakota's personal income per capita for 2004 was \$29,247 compared to \$36,173 for Minnesota, \$27,666 for Montana, \$30,617 for South Dakota, and the national average of \$33,041.
- North Dakota's state tax collections per capita for 2000 was \$2,675 compared to \$3,694 for Minnesota, \$2,363 for Montana, \$2,300 for South Dakota, and the national average of \$3,100.
- North Dakota allocated 17.3 percent of its general fund budget to higher education for fiscal year 2003-04 compared to 7.3 percent for Minnesota, 10.2 percent for Montana, 12.6 percent for South Dakota, and the national average of 10.8 percent.
- North Dakota's general fund higher education spending per capita was \$258 for fiscal year 2003-04 compared to \$213.02 for Minnesota, \$155.34 for Montana, \$167.18 for South Dakota, and the national average of \$198.69.
- North Dakota's state net dollars (state appropriations and tuition and fees less student aid) per FTE student for fiscal year 2003-04 was \$5,528 compared to the national average of \$6,013.
- Total higher education revenues per FTE student, including higher education appropriations and net tuition revenues are:

	Higher Education Appropriations Per FTE Student	Net Tuition Revenue Per FTE Student	Total Higher Education Revenues Per FTE Student
North Dakota	\$4,345	\$2,945	\$7,290
Minnesota	\$5,584	\$3,963	\$9,547
Montana	\$3,915	\$3,873	\$7,788
South Dakota	\$4,408	\$4,560	\$8,968
National average	\$5,737	\$3,187	\$8,924

- Net tuition revenues as a percentage of total higher education revenues for fiscal year 2003-04 was 40.4 percent for North Dakota compared to 41.7 percent for Minnesota, 49.7 percent for Montana, 50.8 percent for South Dakota, and the national average of 35.7 percent.

- The percentage increase in higher education appropriations per FTE student from 1990-91 to 2003-04 was 49 percent for North Dakota compared to 32.3 percent for Minnesota, 35.6 percent for Montana, 88.1 percent for South Dakota, and the national average of 62.1 percent.
- Higher education appropriations per FTE student from 1991 through 2004, using constant 2004 dollars adjusted by a higher education cost adjustment, declined by 21.4 percent for North Dakota compared to the national average decline of 11.9 percent.
- North Dakota state appropriations for higher education increased from \$183.5 million for fiscal year 2000 to \$201.5 million for fiscal year 2003, then dropped to \$200.4 million for fiscal years 2004 and 2005 before increasing to \$215.3 million in fiscal year 2006.
- For the 10-year period 1995 through 2005, North Dakota higher education appropriations increased 1.7 percent per year compared to the national average of 2.1 percent.

Higher Education Roundtable

MGT of America, Inc., evaluated the Higher Education Roundtable and its recommendations and determined that there is a general consensus that the Higher Education Roundtable has met the needs and expectations of the various constituencies and the roundtable is perceived to be extremely successful at improving the quality of higher education, integrating higher education into the economy, and bringing business and industry to the table as partners. MGT of America, Inc., determined that of the Higher Education Roundtable's 147 recommendations--50 are fully implemented, 94 are partially implemented, and 3 are not implemented. Lack of adequate funding for faculty and staff salaries, lack of progress toward perceived equity in the distribution of resources among campuses, and lack of a commitment to appropriating a set percentage of the state's budget to higher education are thought of as weaknesses in the recommendations as implemented.

Accountability Measures

MGT of America, Inc., evaluated the University System accountability measures and benchmarks in terms of appropriateness and adequacy. MGT of America, Inc., determined that the University System has 30 accountability measures--21 mandated by the Legislative Assembly and 9 mandated by the State Board of Higher Education. The accountability measures are linked to the Higher Education Roundtable and are similar to accountability measures used by other states and higher education systems. The University System publishes an annual performance and accountability report summarizing the status of the accountability measures for the system as a whole.

Recommendations - MGT of America, Inc., made the following recommendations regarding the University System accountability measures and benchmarks:

- Establish benchmarks and goals for each measure.
- Include data for each higher education institution in summary fashion in the University System annual performance and accountability report.
- Reduce the number of accountability measures.
- When the number of accountability measures is reduced, retain those measures for five or six years.
- Include a measure of faculty productivity that is appropriate for each institution.

Peer Institutions

MGT of America, Inc., evaluated the appropriateness of the peer institutions used in the University System long-term financing plan. MGT of America, Inc., defined a "peer institution" as a college or university that is most like another college or university based on similarities on a group of variables. MGT of America, Inc., used a statistical approach to determine appropriate peer institutions for the University System. Under the approach, institutions were compared using over 150 variables relating to size, location, type of institution, staffing, program mix, degrees awarded by program, and student body composition. Those institutions with similar scores were considered to be potential peer institutions.

Recommendations - MGT of America, Inc., made the following recommendations regarding the University System peer institutions:

- Establish peer lists of no fewer than 15 institutions.
- Use peer institutions as recommended by MGT of America, Inc., for the purposes of determining adequate funding levels for North Dakota higher education institutions.

Long-Term Financing Plan

MGT of America, Inc., evaluated the long-term financing plan of the University System and determined the long-term financing plan was developed at the direction of the Higher Education Roundtable with input from all 11 University System higher education institutions and assistance from an outside consultant. The plan, which was approved by the State Board of Higher Education in 2001, is to serve the dual mission of providing access to high-quality higher education for citizens of North Dakota and to enhance the role of higher education in the economy of the state. MGT of America, Inc., noted the long-term financing plan has three components:

- Base operating funds - These funds are designed to support core campus functions, such as instruction, research, and public

service. Base operating funds are allocated to institutions in two pools--parity and equity. Parity funds are funds needed to continue current programs and services and include funds for salary increases, benefit changes, and inflationary increases for items such as utilities and fuel costs. Equity funds are funds needed to move a campus closer to the peer benchmark level of funding.

- Capital asset funds - These funds are used for the repair and replacement of facilities, based on age of each facility, replacement value, and the deferred maintenance backlog at each campus.
- Incentive funds - These funds are intended to provide the State Board of Higher Education with some flexibility to fund special initiatives that support state and system priorities and are consistent with the goals of the Higher Education Roundtable.

Findings - MGT of America, Inc., identified the following key findings regarding the long-term financing plan:

- The current funding for the University System institutions is not equitable and the disparity has increased since the 1999-2001 biennium. There are several reasons why disparity in funding has increased, including that the Legislative Assembly has appropriated only limited additional revenues with which to address inequities and that the manner in which funds are allocated between parity and equity increases the disparity.
- The long-term financing plan does not adequately address the need for funding initiatives at the higher education institutions, such as new program startup funding, funding for state-of-the-art equipment and technology, or other items that are consistent with the roundtable recommendations.
- Although the long-term financing plan adequately addresses the use of various sources of revenues, the state has not provided its share of resources in the base operating funding, capital asset funding, and incentive funding components. As a result, students have shouldered a significantly greater share, deferred maintenance has increased, and there has been little funding available for incentive funding to address system and state priorities consistent with the Higher Education Roundtable goals.

MGT of America, Inc., recognized there are some built-in inefficiencies in a system with 11 institutions to serve a state with fewer than 700,000 residents, and there are some unique characteristics of the North Dakota higher education institutions which make a funding formula appropriate for the system. MGT of America, Inc., noted Lake Region State College, Mayville State University, Minot State University - Bottineau, Valley City State University, and Williston

State College cannot take advantage of economies of scale and could benefit from a fixed base allocation with a variable amount per student above the base. MGT of America, Inc., concluded because of the difficulties implementing the ConnectND system, the University System does not at this time have the capability of collecting, retrieving, and using data on student enrollments by course, discipline, and level needed to support a funding formula; therefore, the current method of funding using peer comparisons is the most appropriate base funding methodology at the present time.

Recommendations - MGT of America, Inc., made the following recommendations regarding the long-term financing plan for the University System:

- Determine the count of students for the base funding component of the plan by using an average of the two most current years' fall enrollment--25 percent based on student headcount and 75 percent based on FTE students.
- Use the peer institutions recommended by MGT of America, Inc., to update the peer funding comparisons. Keep the same set of peer institutions for at least two bienniums unless there are major changes that suggest a peer group may need revision.
- Update the data for the peer institutions by using the most current Integrated Postsecondary Education Data Systems (IPEDS) data available at the time the biennial budget request is prepared. Collect information on appropriations and net tuition revenues for agriculture programs from peer institutions.
- Revise the method of allocating parity and equity so that a minimum of 80 percent of the new funding is allocated to equity and 20 percent to parity. (Currently, no more than 80 percent of all new state funding is allocated to parity and no less than 20 percent of the new funds to equity.) Further, allocate the 20 percent of parity dollars in inverse proportion to the percentage of peer funding so that institutions that are the furthest from peer funding would get the greatest relative parity and equity increase.
- Increase state funding to the University System to reach a goal of 21 percent of the state general fund budget.
- Establish more realistic targets for the percentage of peer funding.

In association with the committee's study of higher education, the committee through the use of a Higher Education Roundtable consisting of the 21 members of the Higher Education Committee and 44 representatives from the State Board of Higher Education, business and industry, higher education institutions, including tribal and private colleges, and the executive branch, received information on Operation: Intern, "soft skills" areas of education and training, and centers of excellence and convened four

discussion groups. Each of the groups was to consider three of the following points:

- How the accountability measures or the assessment system should be refined.
- Strategies that can be used to attract and retain the best and brightest graduates.
- The connection between the performance of the University System and the rewards and incentives provided to the University System.
- How access to higher education should be increased.
- How the state should not only sustain the momentum of the Higher Education Roundtable but take it to an even higher level of performance.
- How the centers of excellence initiative should be improved.

A copy of the Higher Education Roundtable recommendations for the discussion points is attached as [Appendix F](#).

The committee recommended three bills for consideration by the 2007 Legislative Assembly:

1. House Bill No. 1030 (2007), as passed, provides for the continuation of the continuing appropriation authority for higher education institutions' special revenue funds, including tuition, through June 30, 2009.
2. House Bill No. 1031 (2007), as passed, provides for the continuation of the requirement that the budget request for the University System include budget estimates for block grants for a base funding component and for an initiative funding component and a budget estimate for an asset funding component and the requirement that the appropriation for the University System include block grants for a base funding appropriation and for an initiative funding appropriation and an appropriation for asset funding through June 30, 2009.
3. House Bill No. 1032 (2007), as passed, provides for the continuation of the University System's authority to carry over at the end of the biennium unspent general fund appropriations through June 30, 2009.

2007 RELATED LEGISLATION

House Bill No. 1003 - Higher Education Study

As previously stated, Section 23 of House Bill No. 1003, as passed by the 2007 Legislative Assembly, directs a study of the means by which the University System can further contribute to developing and attracting the human capital to meet North Dakota's economic and workforce needs. The study is to focus on ways to increase postsecondary access, improve the quality of education, contain costs, and other means, including productivity, to maximize the usage of the University System in meeting the human capital needs of the state.

The House version of House Bill No. 1003 directed a study of higher education, including approaches to achieving increased higher education productivity through measures that build a more cost-effective system, changes to the academic production function, and steps that reduce the demand students place on the system. The House version of House Bill No. 1003 also provided that the State Board of Higher Education make available \$200,000 of the University System office unspent 2005-07 general fund appropriation authorized to continue under NDCC Section 54-44.1-11 for the payment of any consulting services relating to the study of higher education. This provision for funding was not included in the enrolled version of House Bill No. 1003.

House Bill No. 1003 - Study of Professional Student Exchange Programs

Section 24 of House Bill No. 1003 provides for a Legislative Council study of professional student exchange programs. The study is to include a review of:

1. The amount of annual tuition and fees paid by students for health care-related professional education programs.
2. The amount of annual support fees paid by the state for health care-related professional education programs.
3. The number of state-supported slots funded and demand for state-supported slots, including the consideration of basing the number of slots on the estimated workforce needs to fill positions due to retirements, geographic, and professional specific service needs.
4. The present repayment provisions and loan forgiveness programs to determine cost-effectiveness, equality issues, and development of program enhancements that would aid in the recruitment of professional students to return to the state to practice their chosen profession.
5. Discontinuation of the contracts with the Western Interstate Commission on Higher Education for access to veterinary medicine programs and consideration of negotiating contracts for veterinary medicine with Kansas, Iowa, and Minnesota.

This study was not selected for study by the Legislative Council for the 2007-08 interim.

House Bill No. 1003 - Transfer Authority

Section 12 of House Bill No. 1003 allows the State Board of Higher Education to authorize higher education institutions to transfer spending authority from the operations line item to the capital assets line item. Any transfers are to be reported to the Office of Management and Budget.

House Bill No. 1003 - Full-Time Equivalent Positions

Section 13 of House Bill No. 1003 provides the State Board of Higher Education with the authority to adjust FTE positions as needed, subject to the availability of funds, for institutions and entities under its control. The University System is to report any adjustments to the Office of Management and Budget prior to the submission of the 2009-11 budget request.

House Bill No. 1003 - Tuition Rate Increases

Section 18 of House Bill No. 1003 provides that the State Board of Higher Education is to limit any annual tuition increase for students attending institutions under its control for the 2007-08 and 2008-09 academic years to not more than 5 percent for each year unless the board receives prior Budget Section approval.

House Bill No. 1125 - Veterinarian Loan Repayment Program

House Bill No. 1125 establishes a loan repayment program for veterinarians. Under the program, veterinarians in the state will be eligible to receive up to \$80,000 in loan repayment funds.

House Bill No. 1395 - Financial Assistance to Tribally Controlled Community Colleges

House Bill No. 1395 provides a \$700,000 special funds appropriation from the permanent oil tax trust fund to the State Board of Higher Education for providing grant assistance payments to tribally controlled community colleges to defray the costs of education associated with enrollment of nonbeneficiary students. This bill also provides that the State Treasurer transfer to the permanent oil tax trust fund the first \$700,000 of the state's share of tax revenues under NDCC Chapter 57-51.1 from oil produced from wells within the exterior boundaries of the Fort Berthold Reservation drilled and completed after June 30, 2007.

LONG-TERM FINANCING PLAN AND RESOURCE ALLOCATION MODEL

The 1999-2000 Higher Education Roundtable recommended the State Board of Higher Education and the chancellor develop a long-term financing plan and resource allocation model. As a result, the State Board of Higher Education contracted with the National Center for Higher Education Management Systems for assistance with the development of such a plan and model. The board reviewed the recommendations of the National Center for Higher Education Management Systems and adopted a long-term financing plan consisting of base operating funding, incentive funding, and capital asset funding components. The board approved changes to the long-term financing plan and resource allocation model in May 2006. The following is a description of

the **current** long-term financing plan and resource allocation model:

Base operating funding component - The base operating funding component of the long-term financing plan provides funding to each higher education institution to support core campus functions, such as instruction, research, and public service. The funding for each institution is based on the institution's current state general fund appropriation with general fund appropriation increases to address parity and equity. Objectives of the base operating funding component are to:

1. Establish peer institutions for each higher education institution based on the criteria established by MGT of America, Inc., during the 2005-06 interim study on higher education. At a minimum, the peer institutions are to be reviewed every four years.
2. Review national IPEDS data on unrestricted state and local appropriations and net tuition revenues (total tuition revenue less scholarships, waivers, and discounts) on a per FTE student basis for each of the peer institutions.
3. Establish a base operating funding benchmark for each higher education institution based on the review of the state and local appropriations and net tuition revenues per student information.
4. Establish share funding percentages to reflect that higher education funding is to be a shared responsibility between the state and students.
5. Determine the recommended base operating funding levels for each institution by taking into consideration the base operating funding benchmark, enrollment, and the recommended shared funding percentages.
6. Develop budget requests to move all institutions to 100 percent of their benchmarks.
7. Allocate a portion of increased state general fund appropriations to fund parity and to resolve equity differentials. Parity and equity will be distributed as follows:
 - a. Parity - Funding for new and continuing salary health insurance costs.
 - b. Equity - No less than 15 percent of total new funding available.
 - c. Parity - Funding for operating inflation, including utility cost increases.
 - d. Equity - Any remaining funding.
 - e. Equity funds are to be distributed based on a weighting methodology that provides funding to all campuses funded at less than their benchmarks but with more to those furthest away from the benchmarks calculated on the average of:
 - (1) Variable weighting of percentage distance from peers with more weighting given to those institutions furthest from their peer benchmark.

(2) Simple weighting of dollar distance from peers.

8. Assure that state general fund appropriations are not reduced for any institution from the previous biennium until such time that the institution exceeds 105 percent of its peer benchmark or enrollment declines are sufficient to cause a reevaluation of its benchmark.

Incentive funding component - The incentive funding component of the long-term financing plan includes funding for the State Board of Higher Education to support state and system priorities consistent with the goals of the Higher Education Roundtable. The State Board of Higher Education goal for incentive funding is to have funding equivalent to 2 percent of the total University System state general fund appropriation.

Capital asset funding component - The capital asset funding component of the long-term financing plan provides funding to each of the higher education institutions for maintenance and replacement of facilities and infrastructure. The State Board of Higher Education goal for capital asset funding is for each of the institutions to phase in full funding of the Office of Management and Budget buildings and infrastructure formula over a 10-year period (by the 2013-15 biennium) and to address the current deferred maintenance backlog over approximately a 14-year period (by the 2015-17 biennium). The funding provided to each of the institutions would be left to the discretion of the institution with appropriate approvals by the State Board of Higher Education for projects greater than \$100,000. Institutions would be given the authority to allocate funds for repair and replacement priorities for both deferred maintenance and regular repair and replacement projects as determined by the institution. Institutions are allowed to carry unspent capital asset funding from one biennium to the next in order to complete the projects started in one biennium but not completed until the next and to accumulate funds to complete large projects that require multiyear funding. The capital asset funding component will be applied to new state buildings built on campuses; however, no new operating funds will be added to the base operating budget for operating costs if the operating base is already at the benchmark target.

PERFORMANCE AND ACCOUNTABILITY REPORT

North Dakota Century Code Section 15-10-14.2 requires the University System to provide an annual performance and accountability report regarding performance and progress toward the goals outlined in the University System strategic plan and related accountability measures. Section 17 of House Bill No. 1003 (2007) provides that the performance and accountability report as required by Section 15-10-14.2 is to include an executive summary and identify progress on specific performance and

accountability measures in the areas of education excellence, economic development, student access, student affordability, and financial operations. The following is a summary of the performance and accountability measures identified in Section 17 of House Bill No. 1003 (2007):

1. **Education excellence**, including:
 - a. Student performance on nationally recognized exams in their major fields compared to the national averages.
 - b. First-time licensure pass rates compared to other states.
 - c. Alumni-reported and student-reported satisfaction with preparation in selected major, acquisition of specific skills, and technology knowledge and abilities.
 - d. Employer-reported satisfaction with preparation of recently hired graduates.
 - e. Biennial report on employee satisfaction relating to the University System and local institutions.
 - f. Student graduation and retention rates.
2. **Economic development**, including:
 - a. Enrollment in entrepreneurship courses and the number of graduates of entrepreneurship programs.
 - b. Percentage of University System graduates obtaining employment appropriate to their education in the state.
 - c. Number of businesses and employees in the region receiving training.
3. **Student access**, including number and proportion of enrollments in courses offered by nontraditional methods.
4. **Student affordability**, including:
 - a. Tuition and fees on a per student basis compared to the regional average.
 - b. Tuition and fees as a percentage of median North Dakota household income.
 - c. Cost per student in terms of general fund appropriations and total University System funding.
 - d. Per capita general fund appropriations for higher education.
 - e. State general fund appropriation levels for University System institutions compared to peer institutions general fund appropriation levels.
5. **Financial operations**, including:
 - a. Cost per student and percentage distribution by major function.
 - b. Ratio measuring the funding derived from operating and contributed income compared to total University System funding.
 - c. Ratio measuring the amount of expendable net assets as compared to the amount of long-term debt.
 - d. Research expenditures in proportion to the amount of revenue generated by

research activity and funding received for research activity.

- e. Ratio measuring the amount of expendable fund balances divided by total expenditures and mandatory transfers.
- f. Ratio measuring net total revenues divided by total current revenues.

The State Board of Higher Education has adopted 9 performance and accountability measures, in addition to the 21 measures required by the 2007 Legislative Assembly, to provide guidance in establishing effective policy for the 11 system institutions. The following is a summary of the performance and accountability measures adopted by the State Board of Higher Education:

1. Workforce training information, including levels of satisfaction with training events as reflected in information systematically gathered from employers and employees receiving training.
2. Noncompleters satisfaction - Levels of satisfaction and reasons for noncompletion as reflected in a survey of individuals who have not completed their program or degree.
3. Student goals - Levels and trends in the number of students achieving goals and the institution meeting the defined needs and goals as expressed by students.
4. Levels of satisfaction with responsiveness as reflected through responses to evaluations of companies receiving training.
5. Student participation - Levels and trends in rates of participation of:
 - a. Recent high school graduates and nontraditional students.
 - b. Individuals pursuing graduate degrees.
6. Student enrollment information, including:
 - a. Total number and trends in full-time, part-time, degree-seeking, and non-degree-seeking students being served.
 - b. The number and trends of individuals, organizations, and agencies served through noncredit activities.
7. Higher education funding - A status report on higher education financing as compared to the long-term financing plan.
8. Ratio of incentive funding to total University System state general fund appropriations.
9. Ratio of University System state general fund appropriations to total state general fund appropriations.

The first performance and accountability report was published in December 2001 and the report has been published each subsequent year. The most recent report was published in December 2006 and may be viewed on the Internet at www.ndus.nodak.edu/reports/details.asp?id=465.

CCBENEFITS, INC., SERVICES

In 2002 the North Dakota University System established CCbenefits, Inc., which is a collaboration with the Association of Community College Trustees. Under the services of CCbenefits, Inc., North Dakota community colleges perform studies and forecasts on the economic impact of the college and ways to enhance the college's ability to better serve stakeholders while addressing economic development.

STUDY PLAN

The following is a proposed study outline for the committee's consideration in its study of higher education:

1. Receive and review information regarding measures that build a more cost-effective system, including a more appropriate mix of institutions, new types of providers, effective collaboration among institutions, and a more efficient use of existing resources.
2. Receive and review information regarding changes to the academic production function, including programs of cost-effective size and a reengineering of curricula and course delivery.
3. Receive and review information regarding reducing the demand students place on the system, including accelerated learning, time-to-degree completion, and remediation.
4. Review the University System long-term financing plan and the impact of the state's changing demographics on the plan.
5. Recommend goals for each of the higher education cornerstones.
6. Receive a report from the State Board of Higher Education before July 1, 2008, on the status of the implementation of the CCbenefits, Inc., services and any recommendations relating to the use of the CCbenefits, Inc., services.
7. Receive testimony from other interested persons regarding the committee's study of higher education.
8. Develop recommendations and any bill drafts necessary to implement the recommendations.
9. Prepare a final report for submission to the Legislative Council.

ATTACH:6

SECTION 23. LEGISLATIVE COUNCIL STUDY - HIGHER EDUCATION.

1. The legislative council shall consider appointing a higher education committee for the 2007-08 interim. If appointed, the committee shall spend a majority of time studying the means by which the North Dakota university system can further contribute to developing and attracting the human capital to meet North Dakota's economic and workforce needs, and if time allows, the committee may visit select higher education institutions.
2. The study must focus on ways to increase postsecondary access, improve the quality of education, contain costs and other means, including productivity, to maximize the usage of the North Dakota university system in meeting the human capital needs of the state.
3. The study must include a review of policy recommendations, as appropriate, which address the postsecondary delivery system, including the mix of institutions, educational attainment gaps, degree production gaps, recruitment and retention of students, and workforce training needs.
4. The study must include a review of the impact of the state's changing demographics on the university system long-term financing plan.
5. The study must recommend goals for each of the higher education cornerstones.
6. The study may include the use of a higher education roundtable format.
7. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-first legislative assembly.
8. The state board of higher education also shall take the recommendations into account and make appropriate changes to practices, board policy, and budget needs and allocation.

SECTION 23. STATE BOARD OF HIGHER EDUCATION REPORT ON CCBENEFITS - LEGISLATIVE COUNCIL REPORT. During the 2007-08 interim, the state board of higher education shall monitor the implementation of the services of ccbenefits, incorporated, by the institutions under the control of the state board of higher education. Before July 1, 2008, the state board of higher education shall report to the legislative council on the status of the implementation of the ccbenefits, incorporated, services, including the status of the implementation at each institution using the services, the level of utilization of the services at the institutional level and at the system level, the feasibility and desirability of expanding the use of the services from use by the community colleges to use by all institutions in order to improve responsiveness of institutions and to improve forecasting efforts of institutions, and recommendations relating to the use of the ccbenefits, incorporated, services. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-first legislative assembly.

1999-2000 INTERIM - HIGHER EDUCATION ROUNDTABLE RECOMMENDATIONS

The Higher Education Roundtable formed six task forces to study the key areas or "cornerstones" that emerged from roundtable discussions—Economic Development Connection, Education Excellence, Flexible and Responsive System, Accessible System, Funding and Rewards, and Sustaining the Vision. The task forces, chaired by legislative committee members, developed by consensus the following recommendations:

Economic Development Connection

1. High-potential primary sector business alliances and partnerships should be actively pursued.
2. Planning and working relationships with local and state development organizations should be strengthened.
3. Program offerings and delivery capabilities should be developed to close the gap between the demand for individuals with technical educational knowledge and skills and the number of such graduates available within the state and nation.
4. Educational programs on the topic of entrepreneurship should be offered at every institution within the University System.
5. Institutions should utilize partnering entities to ensure that state-of-the-art technology is being used.
6. Partnerships with the tribal college should be established to deliver training to the reservations.
7. Opportunities should be developed which take advantage of the underemployed and unemployed work force on the reservations.
8. The development and operation of the state-wide technology infrastructure should be viewed as a public utility.
9. Support for the work force training delivery system that was enacted by the 1999 Legislative Assembly should be continued.
10. Entrepreneurial behavior should be encouraged at each level of the University System.
11. The budget process, appropriation process, and audit function should be modified to be consistent with the direction of the roundtable.
12. Accountability measures must be agreed upon.
13. Technology must be viewed as a key component of the new economy and added to the "four-part economy" proposed in the Vision 2000 report.
14. High-potential research and development opportunities should be identified.
15. Campuses should be encouraged to maximize the potential of the "global" marketplace

to the institution, the students, and North Dakota.

Education Excellence

Students and learning:

1. Institutions must be assertive in attracting, recruiting, registering, and retaining quality students.
2. There should be a clear tie between learner outcomes, workplace needs, and the values and attitudes required for living a full and rewarding life.
3. Students should experience the workplace as part of their quality education.
4. Colleges and universities should clearly identify course and program learner outcomes; instructors should teach those outcomes; and students should be required to demonstrate the outcomes.
5. Students should exit programs with the skills and attitudes to be lifelong learners.
6. Colleges and universities should partner with kindergarten through grade 12 in the development and implementation of education standards.

Faculty and teaching:

1. The University System should make teaching in the University System attractive so campuses can employ and retain a faculty of highest quality.
2. Faculty should regularly involve employers in determining learner outcomes.
3. Skills, attitudes, and strategies of the entrepreneur should be infused into courses and programs.
4. There should be indicators of quality and excellence for all learning experiences.
5. Faculty members and institutions should move from an accountability system focused on process and input to one focused on ends or outcomes.
6. Faculty members should continue to update their knowledge, skills, and teaching strategies.
7. Institutions and their faculties should be provided with state-of-the-art equipment and technology.
8. Colleges and universities should create a culture of continuous improvement.
9. Continuous improvement strategies should not be limited to instructional programs but include all aspects of university operations.
10. Courses and degree programs should focus on the economic and social needs of North Dakota as well as individual needs.
11. Colleges and universities should utilize information technology to provide easy access for

rural populations, nontraditional students, out-of-state learners, and lifelong learners.

12. The University System and its campuses should maximize technology opportunities to improve instruction.

Research function:

1. The University System and its faculties should accept the charge to be a critical force in the economic well-being of North Dakota.
2. Research should be allowed to create business opportunities for researchers and entrepreneurs.
3. Research grants should be focused on the economic, social, and educational needs of North Dakota.
4. Faculty should be strongly encouraged, supported, and rewarded in their pursuit of research grants.
5. Students should gain practical research skills.
6. College and university faculty should serve as lifelong learning role models.

Service obligation:

1. Faculty and institutions should apply their knowledge and expertise to meet the real-world economic and social needs of North Dakota and its people.
2. Institutions should continue to provide high-quality cultural activities to the community.
3. The University System should be attractive and available to nontraditional students, and learner outcomes should be based on practical employment needs of the student.
4. The University System and campuses should take responsibility to keep academic programs current and to discontinue programs that are no longer meeting a need.
5. The citizens of North Dakota should be able to view tangible forms of faculty and institution services provided to communities and to the state.
6. Institutions should serve the state by expanding their work force training services to business and industry.

Flexible and Responsive System

Concerning the culture, policies, and practices of the University System:

1. The State Board of Higher Education, the executive branch, the legislative branch, the business community, and campuses should make conscious efforts to build trusting relationships.
2. The University System and individual campuses should create policies, practices, and a culture that encourages and rewards entrepreneurial thinking.
3. Campus leaders should be given more control over and responsibility for their budgets.
4. Campuses should move from a seat time-based credentialing system to a results-based system of credentialing.

5. The University System should provide training necessary to improve the staff's ability to deliver up-to-date learning.
6. The formula for budget allocation should be changed to a system that encourages and rewards the meeting of the needs of nontraditional students, businesses, and industries.
7. The University System should not lose its focus on the traditional college student.
8. The University System should ensure that any movement toward flexibility and responsiveness be met with an equally strong commitment to quality.

Concerning customer/client/learner focus:

1. The University System through the use of technology should allow individuals to "learn anything, from anywhere, in any way, at any time."
2. The University System should create a "seamless" organization from the perspective of the student.
3. On-campus programs should be customer/learner focused, flexible, and responsive.

Concerning the University System's relationship to the business community:

1. Colleges and universities should identify their customers, customer needs, and delivery systems available to meet the needs.
2. Faculty and staff of the University System should continually update their knowledge, skills, and strategies to meet the needs of their customers/clients.

Accessible System

1. The State Board of Higher Education should designate or establish learner centers throughout the state to provide educational access to underserved areas.
2. Campuses must develop alternative delivery opportunities that are responsive to the needs of all students.
3. The University System must develop and offer programs that are responsive to the needs of the state and are consistent with market trends of the future.
4. Tribal and private colleges should be partners with the University System in meeting educational access needs of the state.
5. Communities and the private sector should partner with the University System to meet local training and educational needs.
6. State government should be responsible for ensuring that affordable broadband high-speed Internet access is available to all citizens throughout North Dakota.
7. The University System should partner with kindergarten through grade 12 to ensure that students leave school systems with the knowledge and skills necessary to function effectively as college students.

8. The funding practices should be modified to encourage multicampus collaboration, to recognize the constituents served, to encourage new delivery methods, and to balance funding so student costs remain affordable to North Dakota citizens.
 9. The State Board of Higher Education should review and modify tuition rates to remain competitive in the global marketplace and expand the client base.
 10. The University System should modify its administrative information systems and fiscal practices to support the expanding client base and alternative education delivery methods.
 11. The State Board of Higher Education and the campuses should modify their procedures to support the values of the roundtable.
 12. The State Board of Higher Education should recommend a fiscal accountability report that is consistent with the new funding model and the values of the roundtable.
 13. The University System should take a leadership role in creating an easily accessible directory of education, research, and other higher education services.
7. The Legislative Assembly should provide lump sum base and strategic appropriations to the State Board of Higher Education and the institutions.
 8. The executive and legislative branches should remove all income that is in addition to the state general fund appropriation from the specific appropriation process and modify processes to provide campuses budgetary flexibility.
 9. The State Board of Higher Education should adopt the recommendations outlined in the "Sustaining the Vision" cornerstone.
 10. The State Board of Higher Education should develop a consistent set of limited financial reporting measurements that will be used to measure the financial accountability of the campuses.
 11. The Legislative Assembly and the State Auditor's office should revise the audit process.
 12. The State Board of Higher Education should develop procedures that grant flexibility in the use of resources as long as an institution meets or exceeds expectations established by the board.
 13. The State Board of Higher Education and campuses should revise board and institution policies and procedures to reflect the vision of the roundtable.
 14. Campuses should allocate funds for maintenance of physical assets based on priorities established by individual campuses.

Funding and Rewards

1. The State Board of Higher Education and the chancellor should develop and recommend to the Legislative Assembly a financing plan to address the gap between current funding levels and resources needed to implement the recommendations of the roundtable, a resource allocation model, and mechanisms to demonstrate both performance and fiscal accountability. The funding plan should reflect a shared funding responsibility among all payers and make allowance for the need for institutions to fund plant asset depreciation.
2. The resource allocation model should be comprised of a base-funding component, an incentive/performance component, and an asset-funding component.
3. The Legislative Assembly should work with the University System to reach agreement on the proposed funding mechanism.
4. The Office of Management and Budget and the Legislative Assembly should revise the budget request process.
5. The executive and legislative branches should modify the budget and appropriation process.
6. The State Board of Higher Education should establish revenue structures and rates so that affordability of access to the University System is maintained, the campuses' abilities to serve students are enhanced, and the utilization of the state's investment is maximized.

Sustaining the Vision

1. There should be a mechanism established for sustaining the work of the roundtable through an annual roundtable meeting.
2. The University System should take the initiative in arranging roundtable meetings with state agencies and other organizations.
3. The University System should develop or modify communication feedback systems to obtain essential information for monitoring and measuring progress on accountability measures.
4. The State Board of Higher Education should review the University System's current strategic plan (six-year plan) and redefine as necessary to incorporate the recommendations of the roundtable.
5. The University System should provide an annual performance and accountability report.
6. The State Board of Higher Education should provide a status report on higher education in the state to the Legislative Assembly.
7. The State Board of Higher Education and the chancellor's office should develop and implement a plan for communicating the results and recommendations of the roundtable.

2001-02 INTERIM - HIGHER EDUCATION ROUNDTABLE HIGH-PRIORITY ACTION ITEMS

The Higher Education Roundtable reconvened the six task forces formed for the 1999-2000 Higher Education Roundtable--Economic Development Connection, Education Excellence, Flexible and Responsive System, Accessible System, Funding and Rewards, and Sustaining the Vision--to develop high-priority action items. The task forces, chaired by legislative committee members, developed by consensus the following high-priority action items:

Economic Development Connection

1. Review existing state laws and procedures to determine if the laws and procedures are sufficient to protect the privacy and confidentiality of the information of business and industry in partnership with the North Dakota University System, and if not, request that legislation be developed and provided to the interim Higher Education Committee. (Responsibility: Economic Development Connection Task Force)
2. Endorse the New Economy Initiative's state-wide talent pool strategy and the following related five strategic statements:
 - a. Attract and embrace a more diverse workforce that targets innovation and technology and other careers identified by the needs assessment tool.
 - b. Utilize the assets of colleges and universities in attracting and retaining a new economy workforce.
 - c. Develop an aggressive marketing campaign promoting North Dakota's "quality of place."
 - d. Expand workforce training and lifelong learning to match North Dakota's current workforce to new economy opportunities and move to a high-value workforce.
 - e. Become a national model for providing rural preschool through postsecondary education and lifelong learning.

(Responsibility: State Board of Higher Education, higher education institutions, Legislative Assembly, executive branch, private sector)

Education Excellence

1. Continue a strong emphasis on making and keeping faculty salaries competitive. (Responsibility: State Board of Higher Education, higher education institutions)
2. Begin to conceptualize and develop an approach to kindergarten through postsecondary education using a roundtable approach. (Responsibility: State Board of Higher Education, higher education institutions, kindergarten through grade 12)
3. Encourage and strongly support emphasis on experiential learning, including the inclusion

of students with faculty in applied research and other problem-solving activities. (Responsibility: State Board of Higher Education, higher education institutions)

4. Enhance emphasis on research as a means to attract and retain faculty. (Responsibility: State Board of Higher Education, higher education institutions)
5. Consider the establishment of an enhanced state scholarship program. (Responsibility: State Board of Higher Education, higher education institutions)

Flexible and Responsive System

1. Continue and expand the flexibility granted to the North Dakota University System. (Responsibility: Legislative Assembly, State Board of Higher Education)
2. Colleges and universities and the Department of Commerce must continue to establish strategic alliances with state government, businesses and industries, community groups, and federal entities. (Responsibility: State Board of Higher Education, higher education institutions, executive branch)
3. Examine the balance between competition and cooperation in the North Dakota University System and provide mechanisms for guidance. (Responsibility: State Board of Higher Education, higher education institutions)

Accessible System

1. Develop partnerships to ensure students leave kindergarten through grade 12 with the knowledge and skills necessary to function effectively as college and university students. (Responsibility: State Board of Higher Education, higher education institutions, kindergarten through grade 12)
2. Encourage higher education institutions to become more approachable and to provide more assistance to enable older than average students to further their education and skills development. (Responsibility: State Board of Higher Education, higher education institutions)
3. Enhance marketing efforts for recruitment purposes, including informing the public and customers of programs available and program successes. (Responsibility: North Dakota University System, Legislative Assembly)

Funding and Rewards

1. Identify strategies for maximizing campus utilization. (Responsibility: State Board of Higher Education, higher education institutions, private sector)

2. Continue to enhance campus entrepreneurship and partner with state and federal government, private sector, and other entities. (Responsibility: State Board of Higher Education, higher education institutions, private sector)
3. Ensure that focus and rewards are consistent with established North Dakota University System and higher education institutions' goals. (Responsibility: State Board of Higher Education, higher education institutions)
4. Continue higher education special revenue funds continuing appropriation authority, higher education budget requests, budget estimates, and appropriation legislation, and higher education appropriation carryover legislation passed by the 2001 Legislative Assembly. (Responsibility: Legislative Assembly, executive branch, private sector)

Sustaining the Vision

1. Continue the roundtable concept by retaining the structure of the membership and holding annual meetings. (Responsibility: Legislative Council)
2. Develop a clear and concise message of the roundtable which explains the roundtable benefits. (Responsibility: North Dakota University System)
3. "Tell the story" by broadening and intensifying the message to the following:
 - a. General public.
 - b. Business community.
 - c. Legislative Assembly.
 - d. Media.
 - e. North Dakota University System faculty.
 - f. Kindergarten through grade 12.(Responsibility: State Board of Higher Education, higher education institutions, Legislative Assembly, executive branch, private sector)

2003-04 INTERIM - HIGHER EDUCATION ROUNDTABLE RECOMMENDATIONS

The Higher Education Roundtable reconvened six task forces that were similar to those formed for the 1999-2000 Higher Education Roundtable--Economic Development Connection, Education Excellence, Flexible and Responsive System, Accessible System, Funding and Rewards, and Sustaining the Vision--to develop meaningful recommendations for enhancing the economy and other appropriate issues concerning higher education in North Dakota. The task forces, chaired by legislative committee members, developed by consensus the following recommendations:

Economic Development Connection

- Continue the strong emphasis on the direct connections and contributions of the North Dakota University System to the economic growth and social vitality of North Dakota.
- Develop a more positive image of the state of North Dakota.
- Continue to assist with business development.

Education Excellence

- Continue to build support for the roundtable, particularly with higher education faculty.
- Recognize the importance of education excellence and that the cornerstones, although numbered 1 through 6, are not priority-ranked.
- Encourage higher education institutions, departments, and programs to establish private sector advisory boards.
- Improve higher education retention and graduation rates through improved college preparation and support for college students.
- Revise the accountability measures relating to education excellence to be more focused.

Flexible and Responsive System

- Anticipate and identify future trends in North Dakota and apply a flexible and proactive approach.
- Facilitate a flexible and responsive system through an internal and external open exchange of information.
- Define a successful North Dakota University System partnership arrangement.

Accessible System

- Enhance the marketing efforts of the North Dakota University System with a focus on the older than average student.
- Develop a seamless preschool through college system, including the review of dual credit courses and affordability.
- Review student financial assistance, including state-funded, needs-based aid, and related student debt.
- Review the impact of increased tuition costs on enrollment.

Funding and Rewards

- Sustain the vision of the roundtable and have the State Board of Higher Education examine how the vision can be carried out through the individual and collective assets of the North Dakota University System.
- Create a culture and provide funding to reward success at the institutional and unit level and to provide incentives as a means of encouraging accomplishment of roundtable objectives, including collaboration. The definition of success needs to be determined at the outset.
- Support the long-term financing plan adopted by the State Board of Higher Education. Any revisions to the plan should be completed in a broader context that examines the balance between state, institutional, and student sources, including the relationship of tuition to needs-based financial aid.

Sustaining the Vision

- Continue the roundtable concept by retaining the structure of the membership and having annual meetings.
- Develop a clear and concise message of the roundtable which explains the goals, objectives, benefits, and impacts of the roundtable.
- Expand communication of the goals, objectives, benefits, and impacts of the roundtable to the:

General public.

Legislative Assembly.

Public and private higher education faculty, staff, and students.

Kindergarten through grade 12 administration and staff.

Business community.

Professional societies.

Trade associations.

The Higher Education Roundtable convened six discussion groups to develop recommendations for action by the Legislative Assembly, North Dakota University System, executive branch, and private sector. The discussion groups, chaired by legislative committee members, developed by consensus the following recommendations:

Discussion Group A

- Continue to provide investments in higher education.
- Continue to emphasize the building of trusting relationships.
- Review other states' processes for completing legislative requests for information.

- Integrate the vision of the roundtable to all levels of the North Dakota University System and the general public.
- Review the higher education accountability measures and make changes as necessary.

Discussion Group B

- Conduct an evaluation of the higher education accountability measures to determine the usefulness of the measures in developing public policy and making campus-level management decisions.
- Continue the roundtable concept by having two meetings each year with a half-day orientation session for new members.
- Identify necessary "soft skills" needed by the private sector and incorporate the teaching of those skills into the curriculum for academic programs.
- Increase the faculty representation on the roundtable by at least including the president of the North Dakota University System Council of College Faculties.

Discussion Group C

- Provide funding to the State Board of Higher Education to encourage and reward collaboration between higher education institutions.
- Provide incentives to students and faculty relating to student internships.
- Continue to promote higher education centers of excellence.
- Allow Work Force 2000 funding to be utilized by employers for providing "soft skills" training to employees.
- Market the benefits of the roundtable to the general public.
- Interface with the federal government when possible.
- Identify necessary "soft skills" needed by the private sector and incorporate the teaching of those skills into the curriculum for academic programs.

Discussion Group D

- Continue the roundtable concept by convening a roundtable meeting before the 2005 legislative session.
- Continue the budgetary flexibility granted to the higher education institutions by the Legislative Assembly.
- Review the higher education accountability measures and make changes as necessary.
- Provide funding to the State Board of Higher Education to encourage and reward

collaboration between higher education institutions.

- Conduct a study of the remedial needs of higher education students.
- Allow new or expanding businesses in small communities to access the statewide information technology network for a limited period of time and allow other businesses in small communities to access the network to receive workforce training.
- Develop academic programs that respond quickly to the state's needs.
- Identify necessary "soft skills" needed by the private sector and incorporate the teaching of those skills into the curriculum for academic programs.
- Communicate the results of a survey being conducted by Job Service North Dakota regarding job skills needed by employees.
- Provide higher education funding equal to 21 percent of the total state budget.

Discussion Group E

- Provide assistance to the private sector relating to the accessing of broadband telecommunications services.
- Provide higher education funding equal to 21 percent of the total state budget utilizing the long-term financing plan adopted by the State Board of Higher Education.
- Develop a structured and uniform student internship program through a task force consisting of higher education and private sector members.

Discussion Group F

- Identify necessary "soft skills" needed by the private sector, incorporate the teaching of those skills into the curriculum for academic programs, and inform students of the skills they should possess.
- Develop a uniform student internship program that benefits both students and the private sector.
- Review the higher education accountability measures and make changes as necessary.
- Review the provision of distance education programs by higher education institutions, including the distribution of revenue generated by distance education programs.
- Explain the goals, objectives, benefits, and impacts of the roundtable to potential beneficiaries.

2005-06 INTERIM - HIGHER EDUCATION ROUNDTABLE RECOMMENDATIONS

Discussion Group A

<p>How access to higher education should be increased</p> <p>Strategies that can be used to attract and retain the best and brightest graduates</p> <p>How the state should not only sustain the momentum of the Higher Education Roundtable but take it to an even higher level of performance</p>	<p>Improve college affordability</p> <p>Invest in technology to increase access</p> <p>Enhance kindergarten through grade 12 and higher education partnerships</p> <p>Define what is meant by best and brightest</p> <p>Enhance internships by creating financial incentives for business participation, reducing administrative burdens, and increasing mentoring opportunities</p> <p>Enhance information sharing on job openings in the state</p> <p>Enhance North Dakota business name recognition among students</p> <p>Enhance the role of the private sector</p> <p>Encourage Higher Education Roundtable members to educate those not participating in the roundtable</p>
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Discussion Group B

<p>How the accountability measures or the assessment system should be refined</p> <p>The connection between the performance of the University System and the rewards and incentives provided to the University System</p> <p>How the centers of excellence initiative should be improved</p>	<p>Streamline the accountability measures and develop goals associated with the measures. In streamlining the measures, consider the final report for the higher education funding and accountability study and operational definitions of roundtable cornerstones.</p> <p>Encourage rewards and incentives for collaboration between higher education institutions and for meeting the needs of the state</p> <p>Consider the hiring of a technical review of the centers of excellence applications and the providing of funding to match benchmarks associated with the projects</p>
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Discussion Group C

<p>Strategies that can be used to attract and retain the best and brightest graduates</p> <p>How access to higher education should be increased</p> <p>How the state should not only sustain the momentum of the Higher Education Roundtable but take it to an even higher level of performance</p>	<p>Create programs in high demand that only accept the best and the brightest students</p> <p>Enhance scholarship opportunities</p> <p>Encourage collaboration and increase distance education offerings</p> <p>Operate the roundtable in a private sector environment instead of a public sector environment</p> <p>Provide a more specific agenda that addresses areas of conflict</p>
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Discussion Group D

<p>Strategies that can be used to attract and retain the best and brightest graduates</p> <p>The connection between the performance of the University System and the rewards and incentives provided to the University System</p> <p>How the centers of excellence initiative should be improved</p>	<p>Attract the best and the brightest faculty by improving faculty salaries</p> <p>Consider a student loan forgiveness program for students staying in the state</p> <p>Consider more entrepreneurial ways to attract and retain students</p> <p>Incentives and rewards should be continued</p> <p>Develop and maintain funding benchmarks</p> <p>Continue the centers of excellence initiative</p> <p>Determine ways to help small campuses better compete</p> <p>Consider expanding the timeframe for expenditures</p>
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