

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

HIGHER EDUCATION COMMITTEE

Tuesday and Wednesday, February 14-15, 2006
Roughrider Room, State Capitol
East Heritage Room, Doublewood Inn
Bismarck, North Dakota

Senator Ray Holmberg, Chairman, called the meeting to order at 1:00 p.m. on Tuesday, February 14, 2006, in the Roughrider Room, State Capitol, Bismarck.

Members present: Senators Ray Holmberg, Tim Flakoll, Tony Grindberg, Nicholas P. Hacker, Ed Kringstad, Elroy N. Lindaas, Dave Nething, David O'Connell; Representatives Ole Aarsvold, Larry Bellew, Lois Delmore, Mary Ekstrom, Kathy Hawken, Bob Martinson, Darrell D. Nottestad, Mark S. Owens

Members absent: Representatives Tom Brusegaard, Nancy Johnson, Andrew G. Maragos, Earl Rennerfeldt, Steven L. Zaiser

Roundtable members present: Hardin Aasand, Greg Allen, Linda Butts, Bruce I. Christianson, Beverly Clayburgh, Jennifer Feist, Bill Goetz, Gary D. Hagen, Don Hedger, Dennis Hill, Terry Hoff, David Kemnitz, Frank Keogh, Dale Knutson, Cheryl Kulas, Richard Kunkel, Wayne Kutzer, Lucas Larson, Gloria Lokken, Richard McKennett, Don Morton, Patricia Olson, Judith Paukert, John Pederson, Robert L. Potts, Ken J. Quamme, Jim Roers, Wayne Sanstead, Tom Shorma, Daryl Splichal, Paul Steffes, Donna Thigpen, Lee Vickers, Carry Zubke

Roundtable members absent: Sue Andrews, Joseph A. Chapman, Bruce Furness, Pam Kostelecky, Charles E. Kupchella, John Q. Paulsen, Roger Reiersen, Richie Smith, Sister Thomas Welder, Delore Zimmerman

Others present: See attached appendix

Senator Larry Robinson, member of the Legislative Council, was also in attendance.

It was moved by Senator Flakoll, seconded by Representative Nottestad, and carried on a voice vote that the minutes of the November 9-10, 2005, meeting be approved as distributed.

HIGHER EDUCATION FUNDING AND ACCOUNTABILITY STUDY

Dr. Mary McKeown-Moak, Partner, MGT of America, Inc., provided a status report on the higher education funding and accountability study, a copy of which is on file in the Legislative Council office. She said representatives of MGT of America, Inc., have conducted meetings at each of the 11 higher education institutions and have interviewed a wide diversity of citizens, students, faculty and staff, legislators, and Higher Education Roundtable

members. She said the faculty and staff at the higher education institutions are committed to the success of students and improving the economy of North Dakota and business and industry are committed to working with the higher education institutions. She said the North Dakota University System has been called one of the five most productive state systems of higher education relative to its resources.

Higher Education Roundtable

Dr. McKeown-Moak said MGT of America, Inc., has evaluated the Higher Education Roundtable and its recommendations and has determined that the Higher Education Roundtable is perceived to be extremely successful at:

- Improving the quality of higher education.
- Integrating higher education into the economy.
- Bringing business and industry to the table as partners.

Dr. McKeown-Moak said there are some indicators that the North Dakota University System is not acting as a system. She said it appears as though some higher education institutions are looking at what is best for their institution instead of the system as a whole.

Accountability Measures

Dr. McKeown-Moak said MGT of America, Inc., has evaluated the North Dakota University System accountability measures and benchmarks in terms of appropriateness and adequacy. She said accountability measures may be classified as:

- Input measures - Human, financial, and physical resources received to support programs, activities, and services.
- Process measures - Means or method used to deliver programs, activities, and services.
- Output measures - Quantity of products produced.
- Outcome measures - Quality of the benefit or impact of the programs, activities, and services on students, states, and society.

Dr. McKeown-Moak said the North Dakota University System has 31 accountability measures, of which 22 were mandated by the Legislative Assembly and 9 measures were mandated by the State Board of Higher Education. She said the accountability measures are linked to the Higher Education

Roundtable and are similar to accountability measures used by other state and higher education systems. She said the University System publishes an annual performance and accountability report summarizing the status of the accountability measures for the system as a whole.

Dr. McKeown-Moak said the North Dakota University System should have one or two accountability measures for each Higher Education Roundtable cornerstone for the system as a whole and one or two accountability measures for each cornerstone for each higher education institution. She said each higher education institution should have a measure of faculty productivity. She said all accountability measures should have goals or benchmarks and the accountability measures should be reviewed and revised every six years.

Long-Term Financing Plan and Peer Institutions

Dr. McKeown-Moak said MGT of America, Inc., uses a statistical approach to determine appropriate peer institutions. Under the approach, institutions are compared using over 150 variables relating to size, location, type of institution, staffing, program mix, degrees awarded by program, and student body composition. Each institution is compared to all other institutions in the group and those institutions with similar scores are considered to be potential peer institutions. She said MGT of America, Inc., recommends an institution have a **peer group of at least 15 institutions**. She said MGT of America, Inc., has worked with each institution to select the following peer institutions:

Institution	Recommended Peer Institutions
Bismarck State College	Athens Technical College Athens, Georgia DeKalb Technical College Clarkston, Georgia Marshalltown Community College Marshalltown, Iowa Lake Michigan College Benton Harbor, Michigan Lake Superior College Duluth, Minnesota Ridgewater College Willmar, Minnesota New Mexico Junior College Hobbs, New Mexico San Juan College Farmington, New Mexico SUNY College of Technology at Canton Canton, New York Reading Area Community College Reading, Pennsylvania Western Dakota Technical Institute Rapid City, South Dakota Texas State Technical College-Harlingen Harlingen, Texas Texas State Technical College-West Texas Sweetwater, Texas

Institution	Recommended Peer Institutions
Dickinson State University	Lake Washington Technical College Kirkland, Washington Blackhawk Technical College Janesville, Wisconsin Lewis-Clark State College Lewiston, Idaho Indiana University-Kokomo Kokomo, Indiana Indiana University-East Richmond, Indiana Purdue University-North Central Campus Westville, Indiana University of Maine at Presque Isle Presque Isle, Maine Massachusetts College of Liberal Arts North Adams, Massachusetts University of Montana-Western Dillon, Montana Oklahoma Panhandle State University Goodwell, Oklahoma University of Pittsburgh-Bradford Bradford, Pennsylvania Dakota State University Madison, South Dakota Texas A&M University at Galveston Galveston, Texas Lyndon State College Lyndonville, Vermont University of Virginia's College at Wise Wise, Virginia Glennville State College Glennville, West Virginia West Liberty State College West Liberty, West Virginia
Lake Region State College	South Arkansas Community College El Dorado, Arkansas Feather River Community College District Quincy, California Florida Keys Community College Key West, Florida Southwest Georgia Technical College Thomasville, Georgia Ivy Tech State College-Whitewater Whitewater, Indiana Northwest Iowa Community College Sheldon, Iowa Cecil Community College North East, Maryland Kirtland Community College Roscommon, Michigan West Shore Community College Scottville, Michigan Pine Technical College Pine City, Minnesota Brunswick Community College Supply, North Carolina Sampson Community College Clinton, North Carolina Clatsop Community College Astoria, Oregon Frank Phillips College Borger, Texas Paul D. Camp Community College Franklin, Virginia

Institution	Recommended Peer Institutions	
Mayville State University	California State University-Monterey Bay Seaside, California	
	New College of Florida Sarasota, Florida	
	Indiana University-East Richmond, Indiana	
	Purdue University-North Central Campus Westville, Indiana	
	Massachusetts College of Liberal Arts North Adams, Massachusetts	
	University of Maine at Fort Kent Fort Kent, Maine	
	St. Mary's College of Maryland St. Mary's City, Maryland	
	University of Minnesota Crookston Crookston, Minnesota	
	University of Minnesota Morris Morris, Minnesota	
	University of Montana-Western Dillon, Montana	
	Elizabeth City State University Elizabeth City, North Carolina	
	Central State University Wilberforce, Ohio	
	Lyndon State College Lyndonville, Vermont	
	University of Virginia's College at Wise Wise, Virginia	
	Virginia Military Institute Lexington, Virginia	
	Minot State University	University of Montevallo Montevallo, Alabama
		University of West Alabama Livingston, Alabama
Southern Arkansas University Main Campus Magnolia, Arkansas		
Albany State University Albany, Georgia		
North Georgia College & State University Dahlonega, Georgia		
Kentucky State University Frankfort, Kentucky		
University of Michigan-Flint Flint, Michigan		
Bemidji State University Bemidji, Minnesota		
Delta State University Cleveland, Mississippi		
Chadron State College Chadron, Nebraska		
Western New Mexico University Silver City, New Mexico		
East Central University Ada, Oklahoma		
Southeastern Oklahoma State University Durant, Oklahoma		
Eastern Oregon University La Grande, Oregon		
Mansfield University of Pennsylvania Mansfield, Pennsylvania		
Minot State University - Bottineau		Rich Mountain Community College Mena, Arkansas
		South Arkansas Community College El Dorado, Arkansas

Institution	Recommended Peer Institutions	
North Dakota State University	Feather River Community College District Quincy, California	
	Lamar Community College Lamar, Colorado	
	Quinebaug Valley Community College Danielson, Connecticut	
	Garrett College McHenry, Maryland	
	Pine Technical College Pine City, Minnesota	
	Rainy River Community College International Falls, Minnesota	
	Miles Community College Miles City, Montana	
	Martin Community College Williamston, North Carolina	
	Pamlico Community College Grantsboro, North Carolina	
	Mesalands Community College Tucumcari, New Mexico	
	New Mexico State University-Grants Grants, New Mexico	
	Clatsop Community College Astoria, Oregon	
	Frank Phillips College Borger, Texas	
	University of Alaska Fairbanks Fairbanks, Alaska	
	University of Arkansas Main Campus Fayetteville, Arkansas	
	University of Connecticut Storrs, Connecticut	
	University of Delaware Newark, Delaware	
	University of Idaho Moscow, Idaho	
	Iowa State University Ames, Iowa	
	University of Kentucky Lexington, Kentucky	
	University of Maine Orono, Maine	
	University of Nevada-Reno Reno, Nevada	
	University of Nebraska at Lincoln Lincoln, Nebraska	
	University of Rhode Island Kingston, Rhode Island	
	Clemson University Clemson, South Carolina	
	University of Tennessee Knoxville, Tennessee	
	Utah State University Logan, Utah	
	University of Wyoming Laramie, Wyoming	
	State College of Science	Naugatuck Valley Community College Waterbury, Connecticut
		Indian Hills Community College Ottumwa, Iowa
		Northwest Iowa Community College Sheldon, Iowa
	Washtenaw Community College Ann Arbor, Michigan	

Institution	Recommended Peer Institutions
University of North Dakota	Anoka Technical College Anoka, Minnesota
	Hennepin Technical College Brooklyn, Minnesota
	Linn State Technical College Linn, Missouri
	Great Basin College Elko, Nevada
	SUNY College of Technology at Alfred Alfred, New York
	Oklahoma State University-Okmulgee Okmulgee, Oklahoma
	Clackamas Community College Oregon City, Oregon
	Mt. Hood Community College Gresham, Oregon
	Thaddeus Stevens College of Technology Lancaster, Pennsylvania
	Texas State Technical College-Waco Waco, Texas
	Eastern Wyoming College Torrington, Wyoming
	University of Alabama at Birmingham Birmingham, Alabama
	University of Hawaii at Manoa Honolulu, Hawaii
	University of Illinois at Chicago Chicago, Illinois
	University of Kentucky Lexington, Kentucky
	University of Louisville Louisville, Kentucky
	University of Missouri-Kansas City Kansas City, Missouri
	University of Nevada-Reno Reno, Nevada
	SUNY at Buffalo Buffalo, New York
	University of North Carolina at Chapel Hill Chapel Hill, North Carolina
	Wright State University Dayton, Ohio
	University of Pittsburgh Pittsburgh, Pennsylvania
	University of Tennessee Knoxville, Tennessee
	University of Utah Salt Lake City, Utah
	University of Vermont and State Agricultural College Burlington, Vermont
	University of Virginia-Main Campus Charlottesville, Virginia
Valley City State University	California State University-Monterey Bay Monterey, California
	Western State College of Colorado Gunnison, Colorado

Institution	Recommended Peer Institutions
Williston State College	New College of Florida Sarasota, Florida
	Lewis-Clark State College Lewiston, Idaho
	Purdue University-North Central Westville, Indiana
	University of Maine at Presque Isle Presque Isle, Maine
	Massachusetts College of Liberal Arts North Adams, Massachusetts
	University of Minnesota Morris Morris, Minnesota
	Elizabeth City State University Elizabeth City, North Carolina
	Winston-Salem State University Winston-Salem, North Carolina
	Central State University Wilberforce, Ohio
	Oklahoma Panhandle State University Goodwell, Oklahoma
	University of Pittsburgh-Bradford Bradford, Pennsylvania
	Texas A&M University at Galveston Galveston, Texas
	Lyndon State College Lyndonville, Vermont
	Northeast Alabama Community College Rainsville, Alabama
	Southern Arkansas University Tech Camden, Arkansas
	Feather River Community College District Quincy, California
	Marshalltown Community College Marshalltown, Iowa
	Highland Community College Freeport, Illinois
	West Shore Community College Scottville, Michigan
	Itasca Community College Grand Rapids, Minnesota
	North Central Missouri College Trenton, Missouri
	Miles Community College Miles City, Montana
	Western Nebraska Community College Scottsbluff, Nebraska
	New Mexico State University-Carlsbad Carlsbad, New Mexico
	McDowell Technical Community College Marion, North Carolina
	Southwestern Oregon Community College Coos Bay, Oregon
University of Pittsburgh-Titusville Titusville, Pennsylvania	
Northwest Community College Powell, Wyoming	

Dr. McKeown-Moak said based on net tuition and appropriation per full-time equivalent (FTE) levels for fiscal year 2004 and the peer institutions as

recommended by MGT of America, Inc., the North Dakota University System is funded at approximately

64 percent of its peer institutions. The following is a summary of funding per student for fiscal year 2004:

Institutions	Net Tuition			Appropriations			Net Tuition and Appropriations		
	North Dakota	Peers	North Dakota as Percentage of Peers	North Dakota	Peers	North Dakota as Percentage of Peers	North Dakota	Peers	North Dakota as Percentage of Peers
Bismarck State College	\$3,050	\$2,178	140.0%	\$2,962	\$6,617	44.8%	\$6,012	\$8,955	67.1%
Dickinson State University	\$2,296	\$3,495	65.7%	\$3,319	\$5,749	57.7%	\$5,615	\$9,244	60.7%
Lake Region State College	\$3,073	\$2,056	149.5%	\$3,245	\$8,611	37.7%	\$6,318	\$10,667	59.2%
Mayville State University	\$2,964	\$4,121	71.9%	\$6,458	\$8,556	75.5%	\$9,422	\$12,621	74.7%
Minot State University	\$2,865	\$3,532	81.1%	\$4,423	\$5,569	79.4%	\$7,288	\$9,101	80.1%
Minot State University - Bottineau	\$1,450	\$1,586	91.4%	\$4,442	\$8,053	55.2%	\$5,892	\$9,639	61.1%
North Dakota State University	\$4,138	\$5,415	76.4%	\$6,785	\$11,337	59.8%	\$10,923	\$16,752	65.2%
State College of Science	\$2,582	\$2,562	100.8%	\$5,675	\$7,232	78.5%	\$8,257	\$10,124	81.6%
University of North Dakota	\$6,298	\$6,472	97.3%	\$5,110	\$11,497	44.4%	\$11,408	\$17,970	63.5%
Valley City State University	\$3,233	\$3,059	105.7%	\$7,306	\$8,697	84.0%	\$10,539	\$11,756	89.6%
Williston State College	\$1,977	\$1,878	105.3%	\$3,637	\$6,829	53.3%	\$5,614	\$8,721	64.4%
Total	\$4,317	\$4,981	86.7%	\$5,308	\$9,999	53.1%	\$9,624	\$14,980	64.2%

Dr. McKeown-Moak said the long-term financing plan for the North Dakota University System should be equitable. She said the plan should use actual tuition and state funding levels for each year instead of using the consumer price index to update the funding levels and the plan should contain a mechanism for providing funding for new program startup costs. She said the long-term financing plan for the University System will have to address centers of excellence funding.

In response to a question from Representative Martinson, Dr. McKeown-Moak said the final report for the higher education funding and accountability study will include general comments regarding indicators that the North Dakota University System is not acting as a system.

Representative Martinson said it is important for the Legislative Assembly to know where the problems exist in order to correct them.

In response to a question from Representative Aarsvold, Dr. McKeown-Moak said examples of measures of faculty productivity are the number of publications produced by faculty and the amount of job training conducted by faculty.

Senator Flakoll requested the committee receive an electronic copy of the information presented by MGT of America, Inc.

In response to a question from Senator Grindberg, Dr. McKeown-Moak said on a scale of 1 to 10, the North Dakota University System would receive a 3 for funding, 9 for quality of faculty, 6 for physical facilities, 2 for tuition and fee levels, 4 for financial aid, and 10 for commitment of business and industry.

In response to a question from Senator Flakoll, Dr. McKeown-Moak said the fiscal year 2004 state appropriation levels include restricted and unrestricted appropriations. She said the funding reported for North Dakota State University includes funding for agriculture research and extension and the funding

reported for the University of North Dakota includes funding for the University of North Dakota School of Medicine and Health Sciences.

In response to a question from Senator Nething, Dr. McKeown-Moak said the information presented is a preliminary analysis. She said MGT of America, Inc., has not yet decided on any recommendations.

In response to a question from Representative Martinson, Dr. McKeown-Moak said the Legislative Assembly will need to decide whether or not to include the funding relating to centers of excellence in the long-term finance plan.

In response to a question from Senator Hacker, Dr. McKeown-Moak said if peer institution comparisons are used for determining funding levels, peer institution comparisons should also be used for measuring performance.

Dr. Robert L. Potts, Chancellor, North Dakota University System, provided comments regarding the higher education funding and accountability study. He said the North Dakota University System is pleased with the status of the higher education funding and accountability study and is looking forward to reviewing the final report for the study.

Ms. Pam Sharp, Director, Office of Management and Budget, provided comments regarding the higher education funding and accountability study. She said the executive branch is pleased with the status of the higher education funding and accountability study and is looking forward to reviewing the final report for the study.

Senator Nething requested the Legislative Council staff prepare a memorandum for the committee regarding the funding components included in the state appropriation levels reported for fiscal year 2004.

The committee recessed at 3:20 p.m.

HIGHER EDUCATION ROUNDTABLE

The committee reconvened at 8:30 a.m. on Wednesday, February 15, 2006, at the Doublewood Inn. Chairman Holmberg welcomed representatives of business, industry, the State Board of Higher Education, the institutions of higher education, higher education students, the executive branch, and private and tribal higher education institutions who joined the committee for a Higher Education Roundtable discussion.

Chairman Holmberg said the Higher Education Roundtable has moved the North Dakota University System forward. He said the University System's headcount enrollment has increased by approximately 10,000 students to 43,000 students and research expenditures have increased by more than \$40 million to over \$100 million per year. He said over 63 percent of resident graduates and over 27 percent of nonresident graduates remain in the state one year after graduation. He said at the present time, the challenge of the Higher Education Roundtable is to reflect on what has been accomplished, ask questions, and decide on potential action by the

Legislative Assembly, executive branch, higher education, and private sector.

Higher Education Funding and Accountability Study

Chairman Holmberg said the Legislative Council at its September 8, 2005, meeting selected MGT of America, Inc., as the consultant for conducting the higher education funding and accountability study provided for in Section 23 of 2005 Senate Bill No. 2003.

Chairman Holmberg called on Dr. McKeown-Moak to provide an overview of the MGT of America, Inc., preliminary report on the higher education funding and accountability study. A copy of the information presented is on file in the Legislative Council office. Dr. McKeown-Moak 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 47.5 percent.
- North Dakota has a 56.6 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 allocated from the general fund \$258 for higher education per capita 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 state net dollars per FTE student for fiscal year 2003-04 was \$5,528 compared to the national average of \$6,013.
- Total education revenues per FTE student, including education appropriations and net tuition revenues, are:

	Education Appropriations Per FTE Student	Net Tuition Revenue Per FTE Student	Total 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 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 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.
- The percentage change in education appropriations per FTE student from 1991-2004 using constant 2004 dollars adjusted by a higher education cost adjustment was (21.4) percent for North Dakota compared to the national average 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 1995-2005, North Dakota higher education appropriations increased 1.7 percent per year compared to the national average of 2.1 percent.

Dr. McKeown-Moak said MGT of America, Inc., has evaluated the Higher Education Roundtable and its recommendations and has determined that the Higher Education Roundtable is perceived to be extremely successful at:

- Improving the quality of higher education.
- Integrating higher education into the economy.
- Bringing business and industry to the table as partners.

Dr. McKeown-Moak said there are some indicators that the North Dakota University System is not acting as a system. She said it appears as though some higher education institutions are looking at what is best for their institution instead of the system as a whole.

Dr. McKeown-Moak said MGT of America, Inc., has evaluated the North Dakota University System accountability measures and benchmarks in terms of appropriateness and adequacy. She said the University System has 31 accountability measures--22 mandated by the Legislative Assembly and 9 mandated by the State Board of Higher Education. She said the accountability measures are linked to the Higher Education Roundtable and are similar to accountability measures used by other state and higher education systems. She said the University System publishes an annual performance and accountability report summarizing the status of the accountability measures for the system as a whole.

Dr. McKeown-Moak said the North Dakota University System should have one or two accountability measures for each Higher Education Roundtable cornerstone for the system as a whole and one or two accountability measures for each cornerstone for each higher education institution. She said each higher education institution should have a measure of faculty productivity. She said all accountability measures should have goals or benchmarks and the accountability measures should be reviewed and revised every six years.

Dr. McKeown-Moak said MGT of America, Inc., uses a statistical approach to determine appropriate peer institutions. Under the approach, institutions are compared using over 150 variables relating to size, location, type of institution, staffing, program mix, degrees awarded by program, and student body composition. Each institution is compared to all other institutions in the group and those institutions with similar scores are considered to be potential peer institutions. She said MGT of America, Inc., recommends an institution have a peer group of at least 15 institutions.

In response to a question from Mr. Pederson, Dr. McKeown-Moak said examples of measures of faculty productivity are the number of publications produced by faculty and the percentage of credit hours produced by tenured faculty.

Operation: Intern

Chairman Holmberg called on Mr. James Burgum, Governor's office, to provide information regarding Operation: Intern. A copy of the information presented is on file in the Legislative Council office. Mr. Burgum said Operation: Intern is an effort by the Governor's office to link students to job and career opportunities in North Dakota by creating awareness and promoting development of internships. He said under the initiative, an internship tool kit was distributed to businesses across the state and a job and internship posting system--*ndinterns.com*--has been created to provide information needed to start an internship program and link businesses and students. He said initiative results include:

- An increase in the postings and the usage of *ndinterns.com*.

- A number of individual communities developing projects to continue promotion and development of local efforts to fund and coordinate internships.
- Increases in higher education cooperative education programs.

"Soft skills" Areas of Education and Training

Chairman Holmberg called on Dr. Michel Hillman, Vice Chancellor for Academic and Student Affairs, North Dakota University System, to provide information regarding efforts underway to address the "soft skills" areas of education and training. A copy of the information is on file in the Legislative Council office. Dr. Hillman said definitions of "soft skills" vary widely but are generally understood to include:

- Ability to communicate effectively.
- Creativity.
- Analytical thinking.
- Problem-solving skills.
- Team-building skills.
- Listening skills.
- Diplomacy.
- Flexibility.
- Change-readiness.
- Self-awareness.

Dr. Hillman said the North Dakota University System is formally involved in several initiatives that promote the development of "soft skills" in the academic environment. He said the State Board of Higher Education is supporting a statewide preschool through college effort that is expected to result in the improvement of all academic skills, including "soft skills". He said the State Board of Higher Education has also implemented a systemwide speech course requirement and each academic program is encouraged to seek the advice of a private sector advisory council or committee to help keep them connected with the current demands of the industry served.

Chairman Holmberg called on Mr. Knutson to provide information regarding efforts underway to address the "soft skills" areas of education and training. A copy of the information is on file in the Legislative Council office. Mr. Knutson said the 1999 Legislative Assembly established a new workforce training system for North Dakota. He said under the workforce training system, the state is divided into four delivery regions and select higher education institutions are designated as having primary responsibility for workforce training programs. He said the process followed by the institutions is to visit with business or industry, help determine training needs, facilitate meeting the training needs, and followup to evaluate the training effectiveness. He said for fiscal year 2005, the workforce training system provided 45,874 hours of "soft skills" training which represents approximately 32.1 percent of all training.

The committee recessed for lunch at 11:30 a.m. and reconvened at 12:30 p.m.

Centers of Excellence

Chairman Holmberg called on Mr. Mark Nisbet, Chairman, Centers of Excellence Commission, Fargo, to provide information regarding the centers of excellence initiative. A copy of the information is on file in the Legislative Council office. Mr. Nisbet said the 2005 Legislative Assembly approved Senate Bill No. 2032 establishing a centers of excellence program. He said a center of excellence is defined as a hub of research and development around which related businesses expand and dynamic new businesses cluster. He said to be designated as a center of excellence, an application must be approved by the Centers of Excellence Commission, State Board of Higher Education, North Dakota Economic Development Foundation, and Budget Section.

Mr. Nisbet said in December 2005 the Budget Section gave final approval to the following four centers of excellence applications submitted by the Centers of Excellence Commission from round 1:

Bismarck State College	Energy Center of Excellence	\$3,000,000
Lake Region State College	Dakota Center of Optimized Agriculture	450,000
University of North Dakota	National Center for Hydrogen Technology	2,500,000
North Dakota State University	Center for Advanced Electronics Design and Manufacturing	3,000,000
Total		\$8,950,000

Mr. Nisbet said in March 2006 the Budget Section will be considering the following six centers of excellence applications submitted by the Centers of Excellence Commission from round 2:

Williston State College	Petroleum Safety Technology Center	\$400,000
University of North Dakota	Center for Unmanned Aerial Vehicle and Simulation Applications	1,000,000
	Center for Life Sciences and Advanced Technology	3,500,000
North Dakota State University	Center for Agbiotechnology: Oilseed Development	2,000,000
	Center for Surface Protection	2,000,000
Valley City State University	Enterprises Application Model	1,000,000
Total		\$9,900,000

Roundtable Discussion

Chairman Holmberg called on members of the private sector and higher education students to answer the following questions:

- From your viewpoint, has the Higher Education Roundtable been effective?
- Should the Higher Education Roundtable be continued?

- If the Higher Education Roundtable is continued, what changes should be made?
- What are the two or three major issues that should be addressed?

Mr. Hill said the Higher Education Roundtable has been effective and should be continued. He said there should be regular meetings of the roundtable to build consistency and continuity.

Mr. Shorma said the Higher Education Roundtable has been effective and should be continued. He said the roundtable should encourage the allocating of funding to those activities that are successful.

Mr. Splichal said the Higher Education Roundtable has been effective and should be continued.

Mr. Roers said the Higher Education Roundtable has been effective and should be continued. He said the roundtable should put more emphasis on workforce training issues.

Mr. Allen said the Higher Education Roundtable has been effective and should be continued.

Ms. Paukert said the Higher Education Roundtable has been effective and should be continued. She said the roundtable should continue to support the centers of excellence initiative and the roundtable should receive a followup report on the higher education funding and accountability study.

Mr. McKennett said the Higher Education Roundtable should be continued. He said higher education and business and industry need to continue to work together. He said the centers of excellence initiative should be reviewed to accelerate the approval process.

Mr. Keogh said the Higher Education Roundtable has been effective and should be continued. He said the roundtable should continue to support the centers of excellence initiative and the roundtable should put more emphasis on funding workforce training.

Ms. Zubke said the Higher Education Roundtable has been effective and should be continued. She said it is important for the roundtable to maintain its diversity.

Ms. Feist said the Higher Education Roundtable has been effective and should be continued. She said members of the private sector should be permanent members of the roundtable and the number of private sector members should be increased.

Mr. Morton said the Higher Education Roundtable has been effective and should be continued. He said the roundtable should have a more specific agenda to encourage detailed discussions on the issues.

Mr. Hedger said the Higher Education Roundtable has been effective and should be continued. He said the roundtable should encourage the spread of economic development across the state and the expansion of workforce training activities.

Mr. Larson said the Higher Education Roundtable has been effective and should be continued. He said the roundtable should consider ways to increase access to higher education, including affordability.

Ms. Olson said the Higher Education Roundtable has been effective and should be continued. She said the roundtable should have more detailed discussions and develop specific recommendations and the roundtable should encourage the private sector to address higher education students in the classroom.

After the discussion, Chairman Holmberg convened four discussion groups and instructed each discussion group 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 North Dakota 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.

Chairman Holmberg called on Mr. Roers for comments regarding discussion group recommendations. Mr. Roers reviewed the following comments of the discussion group:

How access to higher education should be increased	<p>Improve college affordability</p> <p>Invest in technology to increase access</p> <p>Enhance kindergarten through grade 12 and higher education partnerships</p>
Strategies that can be used to attract and retain the best and brightest graduates	<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>
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>Enhance the role of the private sector</p> <p>Encourage Higher Education Roundtable members to educate those not participating in the roundtable</p>

Chairman Holmberg called on Senator Grindberg for comments regarding discussion group recommendations. Senator Grindberg reviewed the following comments made by the discussion group:

How the accountability measures or the assessment system should be refined	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.
The connection between the performance of the North Dakota University System and the rewards and incentives provided to the University System	Encourage rewards and incentives for collaboration between higher education institutions and for meeting the needs of the state
How the centers of excellence initiative should be improved	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

Chairman Holmberg called on Senator Hacker for comments regarding discussion group activities. Senator Hacker reviewed the following comments made by the discussion group:

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

Chairman Holmberg called on Senator Kringstad for comments regarding discussion group activities. Senator Kringstad reviewed the following comments made by the discussion group:

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

The roundtable adjourned and the Higher Education Committee met for committee discussion and staff directives.

Chairman Holmberg reviewed the following tentative schedule for budget tours and meetings of the Higher Education Committee:

March 14-15, 2006 (Tuesday-Wednesday)	State College of Science Fargo - Consultant's final report North Dakota State University Main Research Center
April 13, 2006 (Thursday)	Valley City State University
May 10-11, 2006 (Wednesday-Thursday)	Minot State University North Central Research Extension Center Minot State University - Bottineau Forest Service Lake Region State College
June 13, 2006 (Tuesday)	Dickinson State University Dickinson Research Extension Center
September 7-8, 2006 (Thursday-Friday)	University of North Dakota Mayville State University

It was moved by Senator Nething, seconded by Representative Martinson, and carried on a voice vote that the committee adjourn subject to the call of the chair. The meeting was adjourned at 3:55 p.m.

Roxanne Woeste
Senior Fiscal Analyst

Jim W. Smith
Legislative Budget Analyst and Auditor

[ATTACH:1](#)