

NORTH DAKOTA LEGISLATIVE MANAGEMENT

Minutes of the

HIGHER EDUCATION COMMITTEE

Monday and Tuesday, October 12-13, 2015
 Rooms 2 and 3, Williston Area Recreation Center, 822 18th Street East
 Williston, North Dakota

Representative Mark Sanford, Chairman, called the meeting to order at 1:00 p.m. on Monday, October 12, 2015.

Members present: Representatives Mark Sanford, Tracy Boe, Richard G. Holman, Dennis Johnson, Matthew M. Klein, Bob Martinson, David Monson, Kylie Oversen, Mike Schatz, Cynthia Schreiber Beck, Roscoe Streyle; Senators Tim Flakoll, Ray Holmberg, Karen K. Krebsbach, Carolyn C. Nelson, David O'Connell, Larry J. Robinson

Members absent: Representatives Thomas Beadle, Lois Delmore, Mark A. Dosch, Kathy Hawken, Lisa Meier

Others present: Brad Bekkedahl, State Senator, Williston
 Patrick R. Hatlestad, State Representative, Williston
 Gary R. Sukut, State Representative, Williston
 Alex J. Cronquist, Legislative Council, Bismarck
 See [Appendix A](#) for additional persons present.

It was moved by Senator Robinson, seconded by Senator O'Connell, and carried on a voice vote that the minutes of the August 10-11, 2015, meeting be approved as distributed.

Ms. Kathleen Neset, Chair, State Board of Higher Education, Tioga, provided comments to the committee. She said young people in the state are the greatest resource for the state. She said the State Board of Higher Education and Legislative Assembly need to work together to improve the state. She invited members of the Legislative Assembly to attend State Board of Higher Education meetings.

HIGHER EDUCATION STUDY

Higher Education Governance

Mr. Larry A. Isaak, President, Midwestern Higher Education Compact, Minneapolis, Minnesota, presented information ([Appendix B](#)) regarding higher education governance including the history of the State Board of Higher Education. He said the State Board of Higher Education was established in 1938 through a constitutional amendment. He said from 1939 to 1990, the board controlled and administered eight higher education institutions. He said in 1984, three additional two-year institutions in the state were placed under the control of the board.

Mr. Isaak said from 1939 through 1990 the State Board of Higher Education provided substantial oversight of campus capital projects and personnel issues. He said in 1990, the board delegated additional authority to campus presidents regarding campus affairs. He said the board also implemented several initiatives to increase collaboration among institutions under its control.

Mr. Isaak provided an overview of higher education governance structures. He said the level of autonomy of higher education governing boards varies by state. He said some states use coordinating boards in addition to governing boards. He said the Association of Governing Boards has identified the following seven characteristics of successful higher education governing boards:

1. Boards must improve value in their institutions and lead a restoration of public trust in higher education itself;
2. Boards must add value to institutional leadership decision-making by focusing on their role as institutional fiduciaries;
3. Boards must act to ensure the long-term sustainability of their institutions by addressing changed finances and the imperative to deliver high-quality education at a lower cost;
4. Boards must improve shared governance within their institutions through attention to board-president relationships and a reinvention of faculty shared governance;
5. Boards must improve their own capacity and functionality through increased attention to the qualifications and recruitment of members, board orientation, committee composition, and removal of members for cause;

6. Boards must focus their time on issues of greatest consequence to the institution by reducing time spent reviewing routine reports and redirecting attention to cost-cutting and strategic issues not addressed elsewhere; and
7. Boards must hold themselves accountable for their own performance by modeling the same behaviors and performance they expect from others in their institutions.

Mr. Isaak said higher education governing boards, state legislatures, and state governors each have a separate role in administering higher education in a state. He said state legislatures must define expectations and accountability for higher education in states. He said state legislatures must also provide adequate support for higher education systems to effectively carry out its mission.

Mr. Isaak said effective higher education governing boards must identify the key needs of a state and effectively respond. He said higher education governing boards must also effectively govern institutions and provide a buffer between political and special interests and the higher education system.

In response to a question from Chairman Sanford, Mr. Isaak said the State Board of Higher Education implemented several changes in the 1980s and 1990s including the creation of the North Dakota University System. He said several other changes were also made to increase efficiencies by encouraging collaboration among institutions. He said the changes were made during a period of time when state funding resources were limited.

In response to a question from Representative Streyle, Mr. Isaak said from 1986 through 2003 there was extensive review of the roles and responsibilities relating to higher education. He said policies enacted by the 2015 Legislative Assembly are further defining specific roles within the University System relating to information technology and other services.

Chairman Sanford said many of the issues currently facing the University System are similar to issues encountered in the past. He said one repetitive issue is that the State Board of Higher Education provide greater oversight of the institutions it governs.

In response to a question from Chairman Sanford, Mr. Isaak said methods of communication between higher education governing boards and state legislatures varies by state. He said some state legislatures take a more active role in higher education due to the interests and background of legislators.

In response to a question from Representative Streyle, Mr. Isaak said higher education governing boards meeting with legislative committees would improve communications between the two entities.

In response to a question from Chairman Sanford, Mr. Isaak said the Legislative Assembly has previously identified accountability measures to be reported on by the State Board of Higher Education. He said the number of measures should be limited to focus on the overall goals of the University System.

In response to a question from Chairman Sanford, Mr. Isaak said tuition and financial aid policies should focus on efforts to produce graduates to meet the workforce demands of the state.

In response to a question from Representative Streyle, Mr. Isaak said there are several methods that may be used to address remedial education in college. He said one method is to provide financial incentives to institutions that have students who succeed in college after taking a remedial education course.

In response to a question from Senator Flakoll, Mr. Isaak said some states are using loan repayment programs to assist in areas affected by workforce shortages. He said North Dakota currently uses a teacher shortage loan repayment program to help fill high-demand teaching positions.

In response to a question from Chairman Sanford, Mr. Isaak said the higher education accreditation process helps ensure a student receives a quality education while attending an institution. He said some components of the accreditation process focus on learning environments, including classroom and laboratory space.

Representative Martinson said the accreditation process does not require higher education institutions to build or renovate program facilities. However, he said some University System institutions have informed the Legislative Assembly that the institution will lose accreditation for a program if the institution does not receive funding to build or renovate a facility.

Senator Robinson said many institutions use the accreditation process as a learning and improvement tool to enhance the quality of education offered by the institution.

Dr. Mark Hagerott, Chancellor, North Dakota University System, said many employers value the accreditation process and expect institutions to maintain accreditation.

In response to a question from Representative Monson, Mr. Isaak said the current number of members on the State Board of Higher Education is appropriate based on the population of the state and the number of institutions governed. He said the board has the primary responsibility for the operations and success of the institutions. He said the Legislative Assembly and Governor should have roles that focus on the overall outcomes of the University System.

In response to a question from Senator O'Connell, Mr. Isaak said the primary focus of the State Board of Higher Education should be its fiduciary responsibilities which include policy development, ensuring the long-term financial sustainability of institutions, and academic program review.

In response to a question from Senator Robinson, Mr. Isaak said the primary focus of a higher education system should be the students. He said student success should be a top priority when developing higher education policy. He said it is important that the roles and responsibilities of higher education governing boards, institution presidents, and system executive officers be clear and unambiguous.

In response to a question from Senator Flakoll, Mr. Isaak said there is a perception that a system executive officer or institution president may be a "weak" part of a higher education system. However, he said all roles in a higher education system can be effective without removing any authorities.

In response to a question from Representative Streyle, Mr. Isaak said higher education funding levels often fluctuate but it is important to focus on overall long-term financial sustainability. He said higher education institutions need to develop revenue plans and alternative plans to maintain financial sustainability.

Representative Streyle suggested the committee receive information regarding State Board of Higher Education plans for long-term financial stability of its institutions.

In response to a question from Senator O'Connell regarding the micromanagement of the University System by the Legislative Assembly, Mr. Isaak said there may be concerns regarding reports required to be provided by the University System to the Legislative Assembly. He said some reports may focus more on management issues rather than policy issues.

Representative Streyle said some reports that may be viewed as micromanaging result from a lack of leadership and oversight by the State Board of Higher Education.

Workforce Needs of the Williston Area

Mr. Shawn Wenko, Executive Director, Williston Economic Development, Williston, presented information ([Appendix C](#)) regarding workforce needs of the Williston area. He said the oil and gas industry is continuing to create a strong economy in the Williston area. He said many oil and gas companies are focusing on retaining and developing young employees in the area. He said an increasing number of job openings in the area require postsecondary education.

In response to a question from Senator Robinson, Mr. Wenko said future estimated job openings in the oil and gas industry have decreased. He said additional multifamily housing in the area has reduced the need for worker housing in temporary structures.

In response to a question from Representative Streyle, Mr. Wenko said workforce projections are not directly related to the number of drilling rigs as the drilling process has become more efficient. He said oil production in the area would significantly increase if the price of oil reached \$80 per barrel.

Tour

Senator Bekkedahl led the committee on a bus tour of the city of Williston. The committee viewed several public works projects and private development projects in the city.

The committee recessed at 5:00 p.m. and reconvened at 8:00 a.m. on Tuesday, October 13, 2015.

University System Mission

Dr. Hagerott presented an overview ([Appendix D](#)) of the mission of the University System. He said the mission of the University System is to "enhance the quality of life for all those we serve and the economic and social vitality of North Dakota through the discovery, sharing, and application of knowledge."

Dr. Hagerott said representatives of the University System are holding meetings with various stakeholders to develop future planning for the system. He said the system is working to be more responsive to the workforce needs of the state.

In response to a question from Representative Streyle, Dr. Hagerott said the University System is still in the process of reorganizing the structure of the University System office. He said the University System plans to seek Budget Section approval in the future to utilize a \$1 million contingent general fund appropriation for system operations.

Missions of Two-Year University System Institutions

Dr. Raymond Nadolny, President, Williston State College, presented information ([Appendix E](#)) regarding the college. He said Williston State College has a headcount enrollment of 1,038 students and a full-time equivalent enrollment of 738 students. He said 70 percent of students attending the institution are from Williams County.

Dr. Nadolny said funds were donated to the institution to establish a Williams County graduate scholarship program for students graduating from a high school located in Williams County. He said the scholarship pays for a full-time student's tuition, fees, and books for up to 2 consecutive years. He said approximately 60 percent of full-time students at the institution receive the scholarship.

The committee recessed at 8:40 a.m. and reconvened at 8:50 a.m. in the TrainND building, 415 22nd Ave NE, Williston.

Mr. Wayne Kutzer, Director and Executive Officer, Department of Career and Technical Education, presented information ([Appendix F](#)) regarding state funding for the TrainND program. He said the 1999 Legislative Assembly established the TrainND program to provide workforce training. He said the program is divided into four regions with a two-year University System institution in the region assigned the responsibility for administering the program. He said each region has a workforce training advisory board which consists of members appointed by the president of the two-year institution administering the program.

Mr. Kutzer said the Legislative Assembly appropriates funding to the Department of Career and Technical Education for distribution to each TrainND region. He said the 2015-17 biennium legislative appropriations for the department include \$3 million from the general fund to be distributed among the TrainND regions.

In response to a question from Senator Holmberg, Mr. Kutzer said the State Board for Career and Technical Education and State Board of Higher Education work together to distribute funding to TrainND regions. He said the University System Chancellor is a member of the State Board for Career and Technical Education.

In response to a question from Senator Robinson, Mr. Kutzer said funding for workforce training is also appropriated in other agency budgets including the Department of Commerce. He said the funding is generally appropriated to the agency that has expertise in the program areas for which the funding is appropriated.

In response to a question from Chairman Sanford, Mr. Kutzer said he will provide the committee with information regarding the various sources of funding for workforce training.

Ms. Deanette Piesik, Chief Executive Officer, TrainND, Williston, presented information ([Appendix G](#)) regarding TrainND-Northwest. She said funding distributions from the Department of Career and Technical Education to TrainND regions is based on the number of businesses served in each region. She said this can make budgeting difficult as funding allocations are not known until the start of the biennium. She suggested a base amount of funding be provided to each region with additional funding distributions based on performance and workload.

Ms. Piesik said additional improvements could be made to TrainND accounting and finance procedures. She said two-year institutions currently provide many accounting and business services for the TrainND program. She said utilizing separate financial accounts for the TrainND programs would enable better monitoring of finances. She also suggested a revolving fund program be implemented to assist with accounts receivable held by TrainND programs. She said some businesses in the northwest region wait 60 to 90 days to pay TrainND for services provided.

Ms. Piesik said increased workforce training collaboration is needed among University System institutions, tribal colleges, and private institutions. She said tribal colleges now receive workforce training funds through state grant programs which may result in the duplication of programs.

In response to a question from Chairman Sanford, Ms. Piesik said the TrainND program has developed a fee structure which includes a component to pay for overhead costs. She said the fees are kept low to encourage businesses to utilize the workforce training offered through the program.

In response to a question from Representative Streyle, Ms. Piesik said state funding for the TrainND program helps keep training fees affordable for businesses. She said the TrainND program is a vital link between the state and business community.

Representative Martinson suggested the committee receive information from the Department of Commerce regarding workforce training programs and funding administered by the department.

In response to a question from Representative Martinson, Ms. Piesik said most TrainND regions receive payment prior to providing workforce training services rather than billing companies and waiting for payment.

Representative Martinson said the TrainND program shouldn't be negatively affected because of the oilfield culture to delay paying bills.

In response to a question from Senator Krebsbach, Ms. Piesik said the average age of an individual receiving workforce training has decreased in recent years.

Mr. Dan Grafton, Oasis Petroleum Inc., Williston, provided comments to the committee regarding workforce training needs of private businesses. He said the TrainND program enhances the local economy by providing quality workforce training to businesses. He said if the TrainND program was not available, many oilfield companies would either need to develop internal training programs or send employees to training out of state. He said this may reduce the quality and consistency of training.

Representative Oversen said the TrainND program and private industry partners have established a successful workforce training system.

Chairman Sanford said future committee meetings will include time to further review workforce training issues.

The committee toured the TrainND building and viewed equipment used in workforce training.

The committee recessed at 9:55 a.m. and reconvened at the Williston Area Recreation Center at 10:10 a.m.

Dr. Larry C. Skogen, President, Bismarck State College, presented information ([Appendix H](#)) regarding the mission of the college. He said the typical Bismarck State College incoming freshman has an ACT score of 20 and a high school grade point average of 3.03. He said 61.9 percent of Bismarck State College students are from Burleigh, Morton, or a contiguous county.

Dr. Skogen said the University System is conducting a study of the missions of institutions. He said the study is reviewing the level and range of academic and noncredit programs at each institution, the economic and workforce needs of each region of the state, and how the workforce needs of the state are being met.

In response to a question from Senator Nelson, Dr. Skogen said students enrolled in dual-credit courses are considered non-degree students. He said taking a dual-credit course does not affect the financial aid eligibility of the student.

In response to a question from Representative Sanford, Dr. Skogen said institutions collaborate to offer various instructional programs. He said the current higher education funding model does not affect the willingness of institutions to collaborate on program offerings.

Dr. Steven W. Shirley, President, Minot State University, Minot, said a new campus dean has been appointed at Dakota College at Bottineau. He introduced Dr. Jerry Migler, Dean, Dakota College at Bottineau.

Dr. Migler presented information ([Appendix I](#)) regarding Dakota College at Bottineau. He said the college collaborates with other institutions for administrative services such as payroll processing and human resources support. He said the college provides remedial education courses for students attending Minot State University and Valley City State University.

Representative Streyle said University System institutions may better address workforce needs if institutions offered additional short-term, high-intensity, professional certification programs.

Dr. Doug Darling, President, Lake Region State College, Devils Lake, presented information ([Appendix J](#)) regarding the college. He said signature programs offered by the institution include precision agriculture, peace officer training, nursing, and wind energy technician. He said the institution offers high-demand programs at remote locations in the state. He said the peace officer training program is offered in locations such as Fargo, Grand Forks, Bismarck, and Minot.

Mr. Dennis Gladen, Vice President of Administrative Affairs, North Dakota State College of Science, Wahpeton, presented information ([Appendix K](#)) regarding the college. He said the institution works with private industry partners to develop and provide technical programs. He said the institution has established a Fargo branch location to offer high demand programs.

In response to a question from Senator Holmberg, Mr. Gladen said he would provide the committee with information regarding estimated funding used to support the institution's Fargo branch location. Following the meeting, representatives of the North Dakota State College of Science provided information ([Appendix L](#)) regarding funding for operations of the Fargo branch location for fiscal years 2013, 2014, and 2015.

Committee Discussion Regarding Higher Education Policy Areas and Issues

Chairman Sanford reviewed a document ([Appendix M](#)) detailing major higher education policy areas and called for committee discussion regarding issues in each of the policy areas.

Senator Nelson said the committee needs to focus on the facts relating to higher education. She said many citizens rely on media stories to establish perspectives on the status of higher education in the state.

Chairman Sanford said missions of institutions need to be clear and concise. He said many graduates from an institution do not know the mission of the institution.

Representative Oversen said the committee should focus on the core values of the University System and not burden the system with unnecessary reporting or requirements.

Representative Klein suggested the committee further review the success of students who either graduate or transfer from a two-year institution.

Representative Monson said some institutions have used funding from institution foundations to circumvent normal legislative approvals for building projects. He said the State Board of Higher Education and Legislative Assembly need to be more involved in decisions to construct new facilities or move programs to facilities located off campus.

Representative Schatz said representatives of a University System institution recently announced plans to increase institution enrollment. He said it may be beneficial to the state to increase enrollments in certain programs but a review should be conducted of the benefits of increasing overall institution enrollments without specific strategies.

Representative Klein said prior to approving new building projects, there should be greater scrutiny of future building maintenance and utility costs. He said planning for new building projects should also include detailed reviews of old facilities that may be decommissioned as part of the new building project.

Chairman Sanford said the University System campus master plan and space study should help address the most efficient uses of facilities on campuses.

Senator Robinson said the Legislative Assembly has recently been providing funding to address deferred maintenance needs on campuses. He said the Legislative Assembly should continue to focus on reducing deferred maintenance needs at campuses.

Senator Holmberg said the Legislative Assembly should be more prescriptive regarding facilities that are to be decommissioned as part of a new facility project.

Representative Boe said future building maintenance costs should be included in budgets for new campus facility projects.

Representative Monson said the Legislative Assembly should consider both higher education funding formula distributions and tuition revenue when determining appropriations for higher education institutions. He said the two main funding sources for campus operations should be considered together rather than separate.

Chairman Sanford said most higher education governing boards determine tuition rates for institutions under its control. He said the Legislative Assembly has occasionally limited tuition rate increases when certain issues have not been addressed at campuses.

Representative Monson said the State Board of Higher Education has approved tuition rate increases in the past that were higher than legislative expectations. He said the board should communicate better with campuses regarding expectations for tuition rate increases.

Senator Robinson suggested the committee determine the appropriate source of information when comparing University System state appropriations and tuition rates to regional and national averages.

Representative Streyle suggested the committee receive and review information regarding administration and overhead costs of University System institutions.

Senator Nelson said even though the percentage increase in tuition rates may appear high, the dollar amount of the rate increase may not be substantial.

Chairman Sanford said the committee will review the major higher education policy areas and issues at a future meeting. He asked committee members to email the Legislative Council staff with any suggestions for issues to review in the policy areas.

OTHER BUSINESS

Chairman Sanford announced the next committee meeting is tentatively scheduled for November 17-18, 2015, in Devils Lake.

No further business appearing, Chairman Sanford adjourned the meeting at 12:40 p.m.

Brady A. Larson
Assistant Legislative Budget Analyst and Auditor

ATTACH:13