



HIGHER EDUCATION COMMITTEE

Monday, September 14, 2020
Roughrider Room, State Capitol
Bismarck, North Dakota

Representative Mark Sanford, Chairman, called the meeting to order at 10:00 a.m.

Members present: Representatives Mark Sanford, Rick Becker, Larry Bellew, Karla Rose Hanson, Richard G. Holman, Dennis Johnson, Donald W. Longmuir, Bob Martinson, David Monson, Gary Paur, Mike Schatz; Senators Brad Bekkedahl, Robert Erbele, Karen K. Krebsbach, Erin Oban, Larry J. Robinson, Jim P. Roers

Members absent: Representative Matt Eidson

Others present: Senator Ray Holmberg, Grand Forks, member of the Legislative Management
Mr. Brady A. Larson, Assistant Legislative Budget Analyst and Auditor, Legislative Council
See [Appendix A](#) for additional persons present.

It was moved by Senator Robinson, seconded by Senator Erbele, and carried on a roll call vote that the minutes of the July 14, 2020, meeting be approved as distributed.

Chairman Sanford thanked the committee members for their attendance and commented on how quickly virtual meetings and classrooms are being implemented.

Dr. Brian Van Horn, President, Mayville State University, presented information ([Appendix B](#)) regarding the institution, including the institution foundation, current and future capital spending, and academic program changes. He said Mayville State University (MaSU) estimates its fall 2020 enrollment to be 800 full-time equivalent (FTE) students, an increase from the 703 FTE students enrolled in 2010. He said 62.7 percent of fall 2020 enrolled students are from North Dakota. He said MaSU has added a bachelor of science degree in agribusiness, a master of science degree in nursing, a graduate certificate in nurse education, and a graduation certificate in nursing leadership and management. He said the MaSU Foundation has increased its assets from less than \$6.5 million in fiscal year 2015 to approximately \$10 million in the current fiscal year. He said MaSU has received approval from the State Board of Higher Education to seek \$1.6 million of state funding from the 2021 Legislative Assembly for a boiler replacement project.

In response to a question from Senator Bekkedahl, Dr. Van Horn said most North Dakota University System institutions offer dual-credit courses, including North Dakota State University (NDSU), which recently began offering dual-credit courses.

In response to a question from Chairman Sanford, Dr. Van Horn said MaSU focuses on teacher education; however, there has been a decrease in student interest in teacher education nationwide.

In response to a question from Senator Holmberg, Dr. Van Horn said faculty at MaSU are expanding the use of open educational resources (OER) to provide free or low-cost books or digital resources for students.

In response to a question from Representative Monson, Dr. Van Horn said the boiler replacement project at MaSU will reduce emissions and annual operating costs at the institution. He said in addition to the operating cost savings, the institution's fuel oil tank was at the end of its useful life.

In response to a question from Chairman Sanford, Mr. Steven Bensen, interim Vice President for Business Affairs, Mayville State University, said the institution does not have matching funds needed to access any funding appropriated under the 3-tier capital building fund program for the 2019-21 biennium. He said carryover funding for extraordinary repairs from the 2017-19 biennium would be matched and used during the current biennium.

Dr. Andrew Armacost, President, University of North Dakota, presented information ([Appendix C](#)) regarding the institution, including current and future capital spending, academic program changes, and research. He said the University of North Dakota (UND) expects enrollment to increase by 1 percent compared to the 2019-20 academic year, including an increase of 366 students enrolled in graduate programs. He said online education has increased from 13.3 percent of enrollment in the fall 2019 semester to 23.8 percent in the fall 2020 semester, in part due to the Coronavirus (COVID-19) pandemic. He said capital projects recently completed or still under construction at UND include a newly constructed Memorial Union, a newly constructed steam plant in cooperation with Johnson Controls, a newly constructed Nistler College of Business, and a renovation of the Gershman Graduate Center. He said proposed capital projects include a renovation of Merrifield Hall, a newly constructed housing and dining facility, and Phase 2 of the High Performance Center. He said UND has expanded its research focus beyond data, autonomous systems, energy and environmental sustainability, rural health and communities, and human health to also include national security.

Ms. Debbie Storrs, Interim Provost/Vice President, Academic Affairs, University of North Dakota, commented in support of state funding to increase the number of nursing clinicals available in the state.

In response to a question from Chairman Sanford, Ms. Storrs said expanded availability of nurse practitioner clinicals would benefit students at UND, NDSU, and the University of Mary.

In response to a question from Representative Martinson, Ms. Storrs said she is reviewing information to determine the level of funding necessary to expand the availability of clinicals for nurses.

In response to a question from Representative Paur, Dr. Armacost said enrollment in the UND School of Law has increased by approximately 20 students from the fall 2019 semester to the fall 2020 semester.

Senator Holmberg said the 2019 Legislative Assembly increased funding for the School of Law. He said the increased funding was used by the School of Law to hire additional faculty, including an oil and gas law professor. He said the school enrolled its largest freshman class in the fall 2020 semester.

In response to a question from Representative Martinson, Dr. Armacost said he would provide additional information regarding the institution's relationship with Pearson for online learning.

Mr. Jed Shivers, Vice President for Finance and Operations, University of North Dakota, commented regarding funding for the institution. He said UND is preparing for budget reductions in response to the COVID-19 pandemic.

In response to a question from Senator Holmberg, Mr. Shivers said UND will spend its federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funds by the end of the calendar year. He said UND is working with Johnson Controls and other suppliers to ensure it is able to spend the federal funds and purchase needed heating, ventilation, and air conditioning (HVAC) equipment and other cleaning equipment by the end of December 2020.

In response to a question from Senator Holmberg, Mr. Mike Pieper, Associate Vice President, Facilities, University of North Dakota, said the buildings posing the greatest challenge for HVAC updates are older and have "through the wall" ventilation systems.

Ms. DeAnna Carlson-Zink, Chief Executive Officer, University of North Dakota Alumni Association and Foundation, commented in support of state matching funds for capital projects and student scholarships. She said the UND Alumni Foundation raised over \$80 million in fiscal year 2020, an increase from the \$67.7 million raised in fiscal year 2019.

Dr. Armacost said \$50 million has been raised for the Nistler College of Business and Public Administration project to replace Gamble Hall.

Dr. Joshua Wynne, Vice President for Health Affairs and Dean, University of North Dakota School of Medicine and Health Sciences, presented information ([Appendix D](#)) pursuant to North Dakota Century Code Section 15-52-04, regarding the strategic plan, programs, and facilities of the School of Medicine and Health Sciences (SMHS). He said SMHS distributes an annual report in October of each year. He said the primary purpose of SMHS is to educate physicians and other health professionals and to enhance the quality of life in North Dakota. He said SMHS has 174 full-time academic faculty and over 2,000 students. He said fall student enrollment at SMHS is at the level anticipated by the school and includes a slight reduction in international graduate students. He said SMHS is 1 of 35 community-based medical schools that does not own or operate a hospital, out of 155 medical schools in the country. He said nearly 20 percent of all American Indian physicians practicing in the country are graduates of the UND SMHS Indians into Medicine (INMED) program. He said SMHS set a new record of \$30.8 million of external funding for research in fiscal year 2020.

In response to a question from Representative Martinson, Dr. Wynne said SMHS has prioritized the reduction of student debt for medical school graduates. He said the tuition rate at SMHS is lower than the tuition rates at most medical schools.

In response to a question from Representative Schatz, Dr. Wynne said there are 3 students from North Dakota enrolled in the Indigenous Health PhD program and the other 22 enrolled students are from other states or Canada.

In response to a question from Representative Monson, Dr. Wynne said the majority of students enrolled in the INMED program are from out of state.

In response to a question from Representative Martinson, Dr. Wynne said there are 8 federally sponsored slots at SMHS designated for the INMED program. He said additional American Indian students may be accepted under the normal admission procedures. He said there is not a specific requirement for INMED students to work at an Indian Health Service or American Indian reservation medical facility upon graduation.

Dr. Dave Molmen, Chairperson, University of North Dakota School of Medicine and Health Sciences Advisory Council, presented information ([Appendix E](#)) regarding the health care workforce initiative at SMHS. He said the goals of the initiative are to reduce disease burden, retain more health care provider graduates for the state, train more health care providers, and improve efficiency of the health care delivery system. He said there has been an increase in the number of nurses and primary care providers in the state; however, the state still has fewer physicians per 10,000 people compared to the Midwest region and the country.

In response to a question from Senator Erbele, Dr. Wynne said 85 percent of SMHS enrollment is either from North Dakota or has a family, historical, or other connection to the state. He said approximately 40 percent of SMHS medical student graduates remain in the state, which is near the 70th percentile of all medical schools.

Ms. Susan G. Heegaard, President, Midwestern Higher Education Compact, presented information ([Appendix F](#)) regarding higher education in other states. She said higher education institutions in other states are using federal CARES Act funding for medical supplies, building improvements, testing, and workforce and training improvements. She said as of August 21, 2020, 803 higher education institutions are operating primarily online in response to the COVID-19 pandemic, with 567 institutions continuing to operate primarily in-person, and 698 institutions still are undecided. She said North Dakota provides \$264 of needs-based financial aid per FTE undergraduate student, which is less than the national average of \$667 per FTE undergraduate student.

Mr. Vern Dosch, Contact Tracing Administrator, State Department of Health, presented information ([Appendix G](#)) regarding testing of University System students for COVID-19. He said over 14,400 COVID-19 tests have been performed on over 9,400 students. He said 912 students, or 9.67 percent of students tested, have tested positive. He said the State Department of Health is focusing on testing certain groups, including anyone with symptoms, people who care for a vulnerable population, people who are close contacts with someone who tested positive, groups that cannot social distance, and targeted hot spots.

In response to a question from Senator Holmberg, Mr. Dosch said a student who tests positive for COVID-19 would be identified with the county they select when they register for testing.

Mr. David Krebsbach, Director of Finance, North Dakota University System, presented information ([Appendix H](#)) regarding the capital building fund program, including how institutions have used the funding, the sources of matching funds, and each institution's 5-year plan for capital construction spending. He said the capital building fund program includes \$80.4 million for University System institutions and consists of three tiers with varying matching requirements. He said \$23.4 million has been utilized, but future spending through the program is uncertain due to expected funding reductions and other impacts of the COVID-19 pandemic. He said \$20.8 million of the \$33.3 million appropriated in Tier 1 has been utilized, including the entire Tier 1 appropriation for UND and Williston State College. He said Williston State College also has fully utilized its Tier 2 and Tier 3 allocations.

In response to a question from Representative Bellew, Mr. Krebsbach said matching funds for the capital building fund program may come from institution operations, donations, or other local funds.

Chairman Sanford commented in support of the prioritization of funding for extraordinary repairs and the continuation of funding for the capital building fund program.

In response to a question from Representative Paur, Mr. Alex J. Cronquist, Senior Fiscal Analyst, Legislative Council, said the authority for the capital building fund program during the biennium is in the Session Laws and was enacted in House Bill No. 1003 (2019). He said the Higher Education Committee has recommended a bill draft to enact the capital building fund program in the Century Code.

Mr. Krebsbach presented information ([Appendix I](#)) regarding the transfer of appropriation authority between the operations, capital assets, and capital building fund line items within subdivisions 2 through 14 of Section 1 of House Bill No. 1003 (2019). He said Valley City State University transferred \$1.1 million from operations to use as matching funds for Tier 1 and Tier 2 of the capital building fund program. He said Bismarck State College (BSC) transferred \$104,418, or 25 percent of its Tier 1 extraordinary repairs appropriation to its operations line item pursuant to Section 23 of House Bill No. 1003 (2019), as amended by Section 25 of Senate Bill No. 2015 (2019).

Ms. Tammy Dolan, Vice Chancellor for Administrative Affairs and Chief Financial Officer, North Dakota University System, presented information ([Appendix J](#)) regarding University System budget requests for the 2021-23 biennium. She said Governor Burgum's budget guidelines for the 2021-23 biennium provide for a funding reduction for University System institutions. She said the guidelines reduce University System institutions "funding" from \$541.7 million appropriated for the 2019-21 biennium to \$487.5 million for the 2021-23 biennium. She said the University System intends to submit a needs-based budget rather than the reduced budget requested by the Governor. She said the needs-based budget includes salary increases of 3 percent per year and provides for an increase in funding of \$11.8 million, or 1.8 percent. She said the University System's budget includes optional requests totaling \$111.3 million of state funding for proposed capital projects at 10 institutions.

In response to a question from Representative Becker, Ms. Dolan said the University System removed approximately 900 FTE positions in the 2015-17 and 2017-19 bienniums. She said she will provide the committee with additional information regarding FTE positions included in the budget request for the 2021-23 biennium.

In response to a question from Senator Holmberg, Ms. Dolan said she has not been informed of changes being proposed by the State Auditor regarding future audits of the University System.

In response to a question from Senator Robinson, Ms. Dolan said she is hopeful the impact of the COVID-19 pandemic on enrollment will not be as great as initially estimated.

In response to a question from Chairman Sanford, Ms. Dolan said the University System does not have the authority to award a reduced amount for academic and career and technical education (CTE) scholarships due to a funding shortfall.

In response to a question from Chairman Sanford, Ms. Dolan said each capital project recommended by the State Board of Higher Education was the top priority at each institution. She said the University System will be discussing with the Legislative Assembly the appropriate sources of funding for student unions and sports complexes that are now considered mixed use buildings.

Senator Holmberg said the state provided funding for the student union at Minot State University because the institution added administrative offices to the building.

Mr. Cronquist presented bill drafts [[21.0143.01000](#)] relating to the professional student exchange program (PSEP), [[21.0187.01000](#)] relating to the capital building fund program, and [[21.0186.02000](#)] relating to the higher education funding formula base funding amount.

Mr. Cronquist said bill draft [[21.0143.01000](#)] relating to PSEP also was presented at the committee's July 14, 2020, meeting. He said the bill draft repeals the PSEP repayment provision approved by the Legislative Assembly in House Bill No. 1003 (2019).

It was moved by Senator Erbele, seconded by Representative Martinson, and failed on a roll call vote that the bill draft to repeal the PSEP repayment provision be recommended to the Legislative Management. Representatives Johnson, Martinson, and Paur and Senators Erbele, Krebsbach, and Oban voted "aye." Representatives Sanford, Becker, Bellew, Holman, Longmuir, Monson, and Schatz and Senators Bekkedahl, Robinson, and Roers voted "nay."

Mr. Cronquist said the other bill draft [[21.0187.01000](#)] is an updated proposal to establish the capital building fund program in statute. He said this bill draft differs from the capital building fund bill draft [[21.0021.01000](#)] recommended by the committee at its July 14, 2020, meeting in the following ways:

- The new bill draft establishes a separate fund under the control of the State Board of Higher Education for program money;
- The new bill draft continues funding for the capital building fund program during the 2021-23 biennium at the same level as the 2019-21 biennium;

- The new bill draft allows the State Board of Higher Education to invest the fund under the supervision of the State Investment Board; and
- The new bill draft creates a funding pool under the capital building fund program for interest or earnings of the fund and for any institution's allocation that has not been matched and committed by January 1 of the 3rd biennium after the funding was appropriated (approximately 5.5 years). Any institution that has fully matched and committed its allocation under the program may apply for money from the pool, subject to State Board of Higher Education approval and matching requirements of \$2 match for every \$1 from the pool.

It was moved by Senator Robinson, seconded by Senator Krebsbach, and carried on a roll call vote that the new bill draft relating to the capital building fund program be recommended to the Legislative Management. Representatives Sanford, Becker, Holman, Johnson, Longmuir, Martinson, Monson, and Paur and Senators Bekkedahl, Erbele, Krebsbach, Oban, Robinson, and Roers voted "aye." Representatives Bellew and Schatz voted "nay."

In response to a question from Representative Martinson, Mr. Cronquist said bill draft [\[21.0187.01000\]](#) conflicts with bill draft [\[21.0021.01000\]](#) recommended by the committee at its July 14, 2020, meeting.

It was moved by Senator Krebsbach, seconded by Senator Bekkedahl, and carried on a roll call vote to reconsider the committee's previous action to recommend bill draft [\[21.0021.01000\]](#). Representatives Sanford, Becker, Bellew, Holman, Johnson, Longmuir, Martinson, Monson, Paur, and Schatz and Senators Bekkedahl, Erbele, Krebsbach, Oban, Robinson, and Roers voted "aye." No negative votes were cast.

Mr. Cronquist said bill draft [\[21.0186.02000\]](#) relating to the higher education funding formula amends law relating to the funding formula to provide for a reduced base funding amount for upper division non-CTE credits completed at 2-year institutions and an increased base funding amount for CTE credits completed at 4-year regional institutions. He said the adjustments to the funding formula proposed in this bill draft are in response to institutional mission changes at BSC and Dickinson State University. He said for the 2021-23 biennium, the provisions of this bill draft, excluding other changes recommended by the committee at its July meeting, would result in a reduction of funding for BSC of approximately \$130,000 and would have no impact on funding for Dickinson State University because the institution did not have any completed credits in CTE during the 2017-19 biennium.

In response to a question from Senator Roers, Chairman Sanford said this bill draft is independent of the funding formula bill draft approved by the committee at its July 14, 2020, meeting.

It was moved by Representative Martinson, seconded by Senator Robinson, and carried on a roll call vote that the bill draft relating to the funding formula base funding amount be recommended to the Legislative Management. Representatives Sanford, Becker, Bellew, Holman, Longmuir, Martinson, Monson, Paur, and Schatz and Senators Bekkedahl, Erbele, Krebsbach, Oban, Robinson, and Roers voted "aye." No negative votes were cast.

The Legislative Council staff distributed testimony received from interested persons, including testimony ([Appendix K](#)) submitted by the Valley Prosperity Partnership in support of funding for research.

It was moved by Senator Robinson, seconded by Representative Longmuir, and carried on a roll call vote that the Chairman and the Legislative Council staff be requested to prepare a report and the bill drafts recommended by the committee, to present the report and recommended bill drafts to the Legislative Management, and that the committee be adjourned sine die. Representatives Sanford, Becker, Holman, Longmuir, Martinson, Monson, Paur, and Schatz and Senators Bekkedahl, Erbele, Krebsbach, Oban, Robinson, and Roers voted "aye." No negative votes were cast.

No further business appearing, Chairman Sanford adjourned the meeting sine die at 4:40 p.m.

Alex J. Cronquist
Senior Fiscal Analyst

ATTACH:11