

# NORTH DAKOTA LEGISLATIVE COUNCIL

## Minutes of the

### HIGHER EDUCATION COMMITTEE

Wednesday and Thursday, January 9-10, 2002  
University of North Dakota and UND School of Medicine and Health Sciences  
Grand Forks, North Dakota

Senator Dave Nething, Chairman, called the meeting to order at 9:00 a.m. on Wednesday, January 9, 2002, at the Memorial Union, University of North Dakota, Grand Forks.

**Members present:** Senators Dave Nething, Linda Christenson, Tim Flakoll, Tony Grindberg, Ray Holmberg, Ed Kringstad, Elroy N. Lindaas, Ken Solberg, Rich Wardner; Representatives Ole Aarsvold, Rachael Disrud, Eliot Glassheim, Michael Grosz, Myron Koppang, Bob Martinson, Ralph Metcalf, Bill Pietsch, Janet Wentz, Lonny Winrich

**Members absent:** Representatives Pam Gulle-son, Roxanne Jensen, Nancy Johnson

**Others present:** Wesley R. Belter, State Representative and Legislative Council Chairman, Leonard Michael Polovitz, State Senator, Grand Forks  
Ken Svedjan, State Representative, Grand Forks  
See attached appendix for additional persons present.

**It was moved by Senator Solberg, seconded by Representative Martinson, and carried on a voice vote that the minutes of the October 16 and November 7-8, 2001, meetings be approved as distributed.**

#### UNIVERSITY OF NORTH DAKOTA

Dr. Charles Kupchella, President, University of North Dakota, welcomed the committee to the campus of the University of North Dakota and presented information regarding the state of the university. The information is included in the committee's tour packet contents, a copy of which is on file in the Legislative Council office. Dr. Kupchella said the University of North Dakota is positioning itself to:

- Be a leading graduate research university.
- Offer a comprehensive array of programs.
- Establish centers of excellence.
- Be a preeminent university in the nation for services and programs dedicated to American Indian people.
- Be effective in the integration of competitive intercollegiate athletics into the academic mission.

Dr. Kupchella said the University of North Dakota's strategic plan focuses on the areas of learning, research and creative activity, public service, campus climate, enrollment, information technology, infrastructure, personnel, and funding. He said each of the goals in the strategic plan has specific measures

and other indicators of success that will be monitored by the university. He said major goals in the area of research and creative activity include achieving \$80 million in annual funding for research by the year 2010; achieving doctoral, research university status; and becoming a regional leader in the number of research, creative activity, and scholarship experiences available to undergraduates.

Ms. Alice Brekke, Assistant to the President and Director of the Budget Office, University of North Dakota, provided information regarding the status of the 2001-03 biennium budget. The information is included in the committee's tour packet. Ms. Brekke said the university's general fund appropriation for the 2001-03 biennium has been increased by \$11.3 million, from \$88 million to \$99.3 million, to properly account for allocations received from the University System's technology pool (\$10 million) and equity and special needs pool (\$1.3 million). She said the university's estimated tuition revenues for the 2001-03 biennium have been increased by \$3.2 million, from \$62.8 million to \$66 million, due to a higher than anticipated student enrollment. She said the flexibility granted by the 2001 Legislative Assembly has allowed the university to allocate additional funding for faculty and staff salary increases and to focus on strategic priorities.

Dr. Robert Gallager, Vice President for Finance and Operations, University of North Dakota, provided information regarding university capital improvement projects. The information is included in the committee's tour packet. Dr. Gallager said the university has completed approximately 99 percent of the restoration relating to the 1997 flood, 92 percent of the restoration relating to the 2001 rainfall disaster, and 99 percent of the restoration relating to the 2001 wind-storm. He said the university's current capital improvement projects include a high-voltage electrical distribution system upgrade, energy improvement projects, renovation of the Memorial Union, and renovation of the Carnegie Building. He said the university's capital improvement requests for the 2003-05 biennium will include the renovation of O'Kelly Hall, construction of a wellness center, and campus infrastructure improvements.

Mr. Matt E. Brown, Mr. Michael Cleveland, Mr. Chris Frost, and Ms. Sherri Richards, representatives of the University of North Dakota Student Government, provided information regarding the

Memorial Union renovation project and the university's proposed wellness center.

Dr. Robert H. Boyd, Vice President for Student and Outreach Services, University of North Dakota, provided information regarding the university's enrollment status and trends. The information is included in the committee's tour packet. Mr. Boyd said the mission of enrollment management at the University of North Dakota is to achieve and maintain a student recruitment, enrollment, retention, and completion rate that is appropriate for the university. He said the university's strategic plan goals regarding enrollment are to:

1. Achieve total enrollment of 14,000 students of which approximately 12,200 are served on campus and 1,800 are served through distance education by the fall of 2005.
2. Over the next five years, achieve desired student profile targets relating to resident, minority, international, and evening and weekend students.
3. By the year 2005, achieve an average ACT score for the entering freshman class of 24 or higher and an average ACT score for all enrolled students of 24.
4. By the year 2005, achieve and hold a freshman-to-sophomore retention rate of 80 percent and a six-year graduation rate that exceeds 50 percent.

Mr. Roger Thomas, Director of Athletics, University of North Dakota, provided information regarding educational excellence within the university's athletic department. The information is included in the committee's tour packet. Mr. Thomas said the University of North Dakota is 10th in the nation in graduation rates of student athletes and first in the North Central Conference in the percentage of student athletes graduating during the years 1994 to 2001.

Mr. McLain Schneider, member of the University of North Dakota football team, provided comments regarding being a student athlete at the University of North Dakota.

Mr. Leon Osborne, Professor of Atmospheric Sciences, University of North Dakota, and President, Meridian Environmental Technology, Inc., provided information regarding economic development efforts of the university. The information is included in the committee's tour packet. Mr. Osborne said Meridian Environmental Technology, Inc., was founded in 1996 as a spinoff of the university's regional weather information center to build upon university-inspired research. He said Meridian Environmental Technology, Inc., which began with two employees and at the present time employs 29 employees, has become the nation's leader in site-specific weather forecasting.

In response to a question from Senator Nething regarding Meridian Environmental Technology, Inc., Mr. Osborne said at the present time all but one of the 29 employees are located in Grand Forks. He said the corporation hopes to employ 100 individuals in Grand Forks by the year 2010.

In response to a question from Senator Grindberg regarding Meridian Environmental Technology, Inc.'s involvement with the state's New Economy Initiative, Mr. Osborne said companies such as Meridian Environmental Technology, Inc., that feed off the energy of university research activities will play a vital role in the state's New Economy Initiative.

Dr. Gerald H. Groenewold, Director, Energy Environment Research Center (EERC), University of North Dakota, provided information regarding economic development efforts of the center. The information is included in the committee's tour packet. Dr. Groenewold said the Energy Environment Research Center is a research, development, demonstration, and commercialization facility recognized internationally for its expertise in cleaner, more efficient energy technologies, air and water pollution prevention and cleanup, and water management. He said the Energy Environment Research Center has more than 650 clients and anticipates generating contract revenue of \$23 million for the year 2002. He said the Energy Environment Research Center's five-year goals include achieving \$50 million in contract revenue by the year 2006, employing approximately 350 employees by the year 2006, and continuing global commercialization of the Energy Environment Research Center technologies.

Dr. John Ettl, Vice President for Academic Affairs and Provost, University of North Dakota, provided information regarding flexible, responsive, and accessible efforts of the university. The information is included in the committee's tour packet. Dr. Ettl said the university is working on developing program-to-program articulation agreements, expanding American Indian programs and evening and weekend programs, and developing alternative delivery methods.

Dr. Kupchella provided comments regarding the North Dakota University System long-term enrollment plan and the resource allocation model. The information is included in the committee's tour packet. He said the peer comparator institutions selected for the University of North Dakota as part of the long-term financing plan are:

- Ohio University - Main campus.
- Southern Illinois University - Carbondale.
- SUNY at Buffalo.
- University of Louisville.
- University of Missouri - Kansas City.
- University of Nevada - Reno.
- University of South Carolina at Columbia.
- West Virginia University.
- Wright State University - Main campus.

Dr. Kupchella said at the present time the university is funded at approximately 66 percent of its peer comparator institutions. He said the recommended funding share for the university is 60 percent from state appropriations and 40 percent from tuition revenue, but the tuition revenue percentage may have to be increased if state appropriations are not increased. He said at the present time, tuition and fees at the

university are below the regional average, the national average, and the average of the peer comparator institutions.

In response to a question from Senator Nething, Dr. Kupchella said overall he is satisfied with the long-term financing plan and the resource allocation model, but the recommended funding percentages for each institution may have to be revised in the future.

### **OTHER INFORMATION**

During lunch, Mr. Josh Askvig, lobbyist, North Dakota Student Association, said the North Dakota Student Association at its last meeting discussed the North Dakota University System long-term financing plan and the resource allocation model. He said students support the long-term financing plan and the resource allocation model but are concerned with the percentages of funding to be borne by the students. He said students would like to see the recommended tuition revenue funding percentage be the same for all institutions in the University System. He said all committee members are invited to attend the North Dakota Student Association's next meeting on January 25-26, 2002, at the University of North Dakota.

Mr. Larry Isaak, Chancellor, North Dakota University System, provided comments regarding the system's first annual performance and accountability report required by 2001 Senate Bill No. 2041. A copy of Mr. Isaak's comments is on file in the Legislative Council office. He said overall the University System higher education institutions perform very well when compared to other states and national standards. He said in regard to economic development, the number of businesses that were provided training for their employees through North Dakota's workforce training system increased 134 percent from fiscal year 2000 to fiscal year 2001. In regard to educational excellence, University System graduates exceed the national first-time pass rate on national examinations for most professions. In regard to accessibility, the University System enrollment is at an all-time high of 37,596. In regard to funding and rewards, the University System generated approximately 62 percent of its combined restricted and unrestricted revenue and state transfers in fiscal year 2001 through tuition and fees, sales and services, grants, and gifts. He said the first annual performance and accountability report does not contain findings for all required measures. Information regarding the remaining measures will be included in the 2002 or 2003 annual report.

### **UNIVERSITY OF NORTH DAKOTA TOUR**

After lunch, the committee conducted a tour of the campus of the University of North Dakota, including the Energy Environment Research Center, Ryan Hall, Carnegie Building, and O'Kelly Hall.

In response to a question from Senator Nething regarding the Energy Environment Research Center, Dr. Groenewold said the center is considering constructing an addition to create additional office

space, a conference center, and a commercialization center.

In response to a question regarding the Carnegie Building, Dr. Boyd said the 2001 Legislative Assembly provides the university a special funds appropriation of \$3 million for renovation of the Carnegie Building; however, depending on the start date for the renovation, the university may have to ask the Legislative Assembly for increased spending authority. He said the university plans to renovate the building for a welcome center and the university's Office of Enrollment Services.

In response to a question regarding O'Kelly Hall, Dr. Ettlting said the university's O'Kelly Hall capital improvement request is for \$3.5 million for Phase 1 of the renovation project estimated to cost a total of \$8.75 million. He said Phase 1 of the renovation project would provide for infrastructure improvements and for remodeling of Ireland Laboratory to house the university's social work program.

Upon completion of the tour, the committee recessed at 5:00 p.m.

## **UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH SCIENCES**

The committee reconvened at 9:00 a.m. on Thursday, January 10, 2002, at the Memorial Union, University of North Dakota. Dr. H. David Wilson, Vice President for Health Affairs and Dean of the School of Medicine and Health Sciences, provided information regarding the UND School of Medicine and Health Sciences. A copy of the information is included in the committee's tour packet.

Dr. Wilson said the UND School of Medicine and Health Sciences is the nation's leader in rural health. He said the school's budget for the 2001-03 biennium is \$96.1 million, including \$30 million from the state's general fund, \$14.7 million from tuition and mill levy revenue, and \$51.4 million from grants and other local funds. He said the increased flexibility granted by the 2001 Legislative Assembly has allowed the school to make investments in faculty and staff salaries, post-graduate medical doctor stipends, graduate student assistantships, and technology initiatives.

Dr. Wilson said recently completed capital improvement projects include construction of the Biomedical Research Center, an addition and tunnel to the Biomedical Research Center, and a new Grand Forks Family Practice Center. He said future capital improvement projects include infrastructure improvements, construction of a medical school addition for the occupational therapy program, renovation of the school's front entrance, construction of a new neuroscience research building, renovation of the Minot Family Practice Center, and potential transfer of the state morgue.

In regard to economic development, Dr. Wilson said the UND School of Medicine and Health Sciences received approximately \$8.7 million in funding from grants and contracts for fiscal year 2001

and approximately \$7.4 million in funding from grants and contracts for the first quarter of fiscal year 2002. He said the school has received the following specific grants:

- A Biomedical Research Infrastructure Network \$6 million grant to further develop the state's capability to conduct biomedical research.
- An Office of National Drug Control Policy \$3.8 million grant to study drug-seeking compulsion.
- Center for Health Promotion and Translation Research grants totaling \$2,475,000 for focusing on the translation of research information relating to diabetes, asthma, tobacco, alcohol abuse, and diet and exercise.

In response to a question from Senator Nething regarding grants and research funding, Dr. Wilson said grant and research funding typically includes funding for a portion of related salaries and wages. He said the school uses grants and research salaries and wages funding as substitute funding for the related faculty's salary. He said the funding saved by having a faculty's salary funded in part by grants and research funding is allocated one-third to a reserve fund that is at the dean's discretion, one-third to the faculty's department for additional research, and one-third to the faculty as a temporary salary increase.

In response to a question from Senator Grindberg regarding the commercialization of biomedical research, Dr. Wilson said the results of biomedical research are in most cases not suitable for commercialization.

In response to a question from Representative Disrud regarding medical school graduates, Dr. Wilson said the UND School of Medicine and Health Sciences graduates approximately 57 individuals per year of which approximately 35 to 40 percent stay and practice in North Dakota.

In response to a question from Representative Disrud regarding incentives for medical school graduates to stay in the state, Ms. Judy DeMers, Associate Dean for Student Affairs and Admissions, UND School of Medicine and Health Sciences, said there is a statutory community matching physician loan repayment program administered by the State Health Council that each year provides five physicians practicing in the state in areas of defined health professional medical need a loan repayment. Each recipient is limited to a \$40,000 maximum loan repayment paid over four years.

In response to a question from Senator Nething regarding the North Dakota University System long-term financing plan and resource allocation model, Dr. Wilson said he is pleased with the plan and model, but he is concerned with how the students at the UND School of Medicine and Health Sciences would be affected if the medical school enrollment remains stable and the total enrollment at the university declines.

### **UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE AND HEALTH SCIENCES TOUR**

The committee conducted a tour of the UND School of Medicine and Health Sciences facilities, including the medical school, the Biomedical Research Center, and the Grand Forks Family Practice Center.

In response to a question from Representative Disrud regarding the treatment of animals in the Biomedical Research Center, Dr. Kap Lee, Director of the Biomedical Research Center, UND School of Medicine and Health Sciences, said the university is required to follow the United States federal regulations regarding the treatment of animals.

In response to a question regarding the Grand Forks Family Practice Center, Dr. Wilson said the Family Practice Center was opened in October 2001.

The committee recessed for lunch at 12:00 noon.

After lunch, Chairman Nething said the committee's next scheduled meeting is at Mayville State University and Lake Region State College on Monday and Tuesday, March 4-5, 2002.

The committee adjourned subject to the call of the chair at 1:00 p.m.

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Roxanne Woeste  
Fiscal Analyst

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Jim W. Smith  
Legislative Budget Analyst and Auditor

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