

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION  
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2003

2001 SENATE APPROPRIATIONS

SB 2003

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. 2003

Senate Appropriations Committee

Conference Committee

Hearing Date: January 2, 2001

Tape Number	Side A	Side B	Meter #
1	NDUS		0.0 - 44.4
1		NDUS	0.0 - 45.0
2	NDUS		0.0 - 6.2

Committee Clerk Signature *Jennie Putsch*

Minutes:

Senator Nething, Chairman, called the Senate Appropriations Committee meeting to order at 3:00 p.m. on Tuesday, January 2, 2001.

Senator Nething announced that the Committee would have hearings this afternoon, Wednesday, Thursday, and next Monday. Presentations will be made by the North Dakota University System (NDUS), University of North Dakota, UND School of Medicine and Health Sciences, Williston State College, Lake region State College, Dickinson State University, Mayville State University, Valley City State University, Minot State University, Minot State University-Bottineau, State College of Science, Bismarck State College, North Dakota State University, the North Dakota Forest Service, and the University System Office - as part of SB2003.

The Upper Great Plains Transportation Institute, the Main Research Station, Branch Stations, the NDSU Extension Service, the Agronomy Seed Farm, and the Northern Crops Institute will make their presentations - as part of SB2021.

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Dr. William B. Isaacson, President, State Board of Higher Education, was recognized by Senator Nething. Dr. Isaacson introduced fellow members of the Board of Higher Education who were in attendance. He thanked the Committee for past support and requested continued support of the proposed budget, SB2003. (Copy of written testimony is attached.)

Chancellor Larry Isaak presented the North Dakota State University (NDUS) Overview. (Copies of written testimony and slides are attached.) His presentation covered the organizational chart of the NDUS, 1999-01 NDUS Major Accomplishments, State Board of Higher Education Objectives, Enrollment by Residency - Fall 2000, NDUS Program Completers by Level of Award for 1999-2000, the 2000-2001 Annual Budget, 2000-2001 Annual Budget Funding Source, Salary Levels, Cost of Living Index, Graduation Employment and Retention, Summary of General Fund Increases, Comparison of 2001-03 Budget Request to Executive Recommendation, Estimated Cost for 2001-03 Compensation Package Recommended by State Board of Higher Education, Summary of General Fund Increase/Decrease, Selected Portions of NDUS Office Block Grants - 2001-03 Executive Recommendation, Summary of General and Other Fund Increases/Decreases, 2001-03 Major Capital Projects, 2001-03 Campus Major Capital Projects, and 2001-03 Schedule of Suggested Amendments and Restoration. Questions were encouraged during and following the presentation.

Senator Nething: On pages 30-31, are requests to be general or special?

Chancellor Isaak: Both.

Senator Grindberg: Will this include/cover the problems experienced over the holidays at North Dakota State School of Science (NDSCS)?

Chancellor Isaak: Not sure, a question to ask when NDSCS presentation is heard.

Senator Andrist: Tuitions continue to increase...notice that the next 4 years tuitions are up 35% from the last 4?

Chancellor Isaak: Not sure that it is up 35% in 4 years---perhaps if you include fees. Beyond next 2 years, unable to say if they will increase.

Senator Tomac: When we toured the eastern campuses, NDSU talked of new residence halls to accommodate students, and there are empty rooms at Mayville and Valley City...how do you justify residence halls?

Chancellor Isaak: Tough question--demographic studies indicate a growth in Cass County--due in part to economics. We try to be there to serve the students, keep them here in state-- rather than lose them to MN. The Board is looking at demographics--growth signs, age of residences, reviewing pricing of programs--pricing is market based, eliminating out-of-state tuition at smaller campuses to attract students...at one time there was a cap on student enrollment at NDSU--students were directed to NDSU Bottineau...that didn't work, believe zero number of students transferred.

Senator Nething: Perhaps technology provides a different approach?

Chancellor Issak: Could be--competition as well as opportunity to bring in students.

Senator Tomac: Demand, competition are good points but the State Constitution mandates that there shall be colleges there--if small campuses can't compete, will they be abandoned, neglected?

Chancellor Isaak: The Round Table recommended that the Board do a long term financial and research budget comparison with "peer institutions." The first report went to the Board recently. Each campus will build a 7-10 year projection--what is the state expected to contribute, and what need there is to raise money locally. Need to have each campus do a plan--have something to

"shoot for." Some may need to raise more funds--we are not sure which ones--flexibility is what we need--let them be creative and innovative. Not all campuses should be the same, the System encourages individuality.

Senator Grindberg: How does one find a peer institution? Is there a report--will it be ready soon?

Chancellor Isaak: We can provide the information presented by Dennis Jones, a consultant working with the Board. This is not final, but is the result of some 5-6 months of input.

Senator Robinson: Not specific to a particular campus--but would the bill provide flexibility for popular programs that lack funding--if flexibility is not used, the students might go to another state?

Chancellor Isaak: One can't always reallocate funds, there are startup funds that might be requested, should everyone be required to re-address caps...maybe no, but maybe yes.

Senator Nething: Regarding page 22 of testimony...16.2 million includes tuition revenue not authorized; then other funds will be used to fund the 14.2 million of estimated cost to salary increases and utility increases?

Chancellor Isaak: If no additional funds beyond the Governor's recommendations, we would have to use it to offset expenses.

Senator Nething: If we do tuition only?

Chancellor Isaak: Yes.

Senator Nething: Plus additional costs associated with additional enrollment--what are they?

Chancellor Isaak: Need to review on campus by campus...but there may be a need to add a new section, and hire an adjunct professor, or qualified instructor.

Senator Nething: There is 2 million to work with and an additional 1.3 million additional tuition to cover those?

Chancellor Isaak: Yes, we would use those funds; some campuses would have funds to absorb expenses, others would not.

Senator Nething: Appears to be a wash.

Chancellor Isaak: System wide yes, it varies campus to campus.

Senator Nething: If the funds are provided to you--would all be paid?

Chancellor Isaak: Yes, by Board action with my recommendation...funds would be used to cover this cost.

Senator Nething: Then this is here for a shock effect?

Chancellor Isaak: No it is not, there is a need to show the information.

Senator Solberg: Accountability with flexibility--the Round Table report includes them...one thing of concern: How do you count FTEs? There are 14 or 18 Rugby individuals enrolled in a distance learning program/class--they are counted on 3 campuses, address accountability here?

Chancellor Isaak: Distance education does throw a curve in the numbers--yes, they are counted by each of the 3 campuses. We are now working on a program format that would get at duplications and un-duplication counts. You are right, we need to change. They use all 3 campuses, so each campus needs to show use and count.

Senator Solberg: Could there be a campus-wide enrolled distance learning?

Chancellor Isaak: Yes, not physically located.

Senator Nething: Ready to look at that?

Chancellor Isaak: The Board received a report in November. We can provide that document.

Senator Nething: We would like it next Monday, when we review the Round Table recommendations.

Senator Bowman: What if you take the dollars out of tuition funds--inflation generated a need for seeking replacement funds--same old problem of accountability--how can you avoid this?

Chancellor Isaak: If the legislature adopts the Executive Budget--next time we would not request tuition dollars--it would be state funds. The Interim Legislative Committee review has 2 sets of accountability: fiscal and non-fiscal.

Senator Robinson: System puts more responsibility within the system, are there changes that need to be made in the market place--more partnerships made?

Chancellor Isaak: Yes, like Valley City State University and the Great Plains connection--building on partnerships. NDSU in conjunction with John Deere--classes in the research park. There is a need for nontraditional things--part of our service is added responsibility, we need to seize upon the opportunity or someone else will.

Senator Andrist: We read about explosive growth demographics in distance learning enrollment--is this positive or negative on resident students who take classes on campus?

Chancellor Isaak: 50% of the students taking on-line classes are already students on a campus. The on-line class allows them to take additional classes at their convenience.

Senator Nething: On SB2003, subdivisions 2-14, comfortable with this or without?

Chancellor Isaak: Yes.

Senator Nething: What reason should we not include subdivisions 2-14?

Chancellor Isaak: Purist. The Board has ongoing grants and projects to allow flexibility and accountability--we are not displeased with the Governor's Budget....we want to be consistent.

Senator Nething: Heartburn for you?

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Chancellor Isaak: No.

Senator Nething: Draft offensive, or just different from that recommended?

Chancellor Isaak: Yes.

Hearing on SB2003 recessed until Wednesday, January 3 at 8:30 a.m.

