

Legislative Review

NORTH DAKOTA
UNIVERSITY SYSTEM
The Vital Link to a Brighter Future

A Look at Higher Education in Week 9: Feb. 26–Mar. 2, 2007

Senate Appropriations Committee Hears HB 1003, the NDUS Budget Bill

Testimony provided to the Senate Appropriations Committee during the Feb. 27 SBHE budget hearing focused on consistent messages.

NDUS and private sector representatives discussed the importance of providing adequate base funding, the relationship between adequate base funding and the University System's ability to hold down tuition increases to no more than 5 percent and the need for 5 percent faculty and staff salary increases. They emphasized the importance of the University System in attracting and developing human capital and the phenomenal success of the Roundtable on Higher Education.

John Q. Paulsen, president of the State Board of Higher Education, stressed the importance of adequate base funding.

"I want to emphasize the importance of providing the base funding included in the board's budget request," Paulsen said. "This level of base funding is closely linked to our ability to keep tuition rate increases at no more than 5 percent during

the upcoming biennium. Even with 5 percent increases per year, increasing cost demands will be a challenge for some of our institutions.

"While our board feels strongly about holding tuition rate increases to a minimum, it is vitally important to understand the relationship between adequate base funding and tuition rates," he said. "Our foremost obligation is to keep them strong and viable and able to respond to the needs of students and the state."

Paulsen also commented on the need to provide 5 percent faculty and staff pay increases.

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**Don Hedger,
Killdeer Mountain
Manufacturing**

Voicing Strong Private Sector Support



Private sector members of the Roundtable on Higher Education held a news conference after Tuesday's Senate Appropriations Committee hearing on HB 1003, the NDUS budget bill. Spokesman Don Morton, Microsoft, said higher education brings overwhelming benefits to private businesses, and decreasing the amount of funding for higher education will move the state backwards. "We truly recognize it and we see it every day, the value proposition around our university system. Whether you are in Grand Forks, North Dakota, or Williston or Dickinson or Fargo, we see the value."

Private sector roundtable members who participated in the news conference were, left to right: Dennis Hill, North Dakota Association of Rural Electric Cooperatives; Daryl Splichal, Montana Dakota Utilities Resources Group; Don Hedger, Killdeer Mountain Manufacturing; Roger Reiersen, Flint Communications; Don Morton (speaking), Bruce Furness, State Bank and Trust of Fargo; Tom Shorma, WCCO Belting; and Delore Zimmerman, CEO Praxis.

“When the Roundtable on Higher Education was formed, we assured those deeply committed men and women that, as they worked so hard to transform the University System into an engine of economic development, we would take steps to move faculty and staff salaries up from the absolute bottom of the nation’s pay scale. We have not yet delivered on that commitment,” Paulsen said. “Members of the committee, I strongly encourage you to reinstate the 5 percent pay increases included in the board budget and to maintain health insurance benefits at their current level. These are the University System’s top funding priorities. A pay raise of 5 percent is not unreasonable, and it is needed to attract and retain talented faculty and provide high-quality education to our students.” Paulsen said.

Prior to providing comments, Don Hedger, president of Killdeer Mountain Manufacturing and a private sector roundtable member, submitted a statement of support for the SBHE and NDUS 2007 legislative agenda signed by private sector roundtable members.

“Mr. Chairman, members of the committee, North Dakota has made significant progress over the past few years in terms of growing our economy,” Hedger said. “That growth is a result of a stronger partnership between the state, business and our universities and colleges. It was the roundtable that identified our university system as a catalyst in growing our economy, and, since the acceptance of the *Roundtable Report* by the Legislature, our universities and colleges have had a major impact on our economy. They have taken the mission of being a catalyst very seriously and have allocated resources to leverage significant economic growth.

“Our colleges and universities have played a major role in our state’s growth, just as they were asked,” he said. “They did so by utilizing their resources to invest in research and new programs that have helped existing businesses grow and new ones begin. Their efforts have helped attract new knowledge-based industry to our state, raising our salary base and, in turn, taxable income. Now it’s our state’s turn to respond. The roundtable suggested that if higher education significantly contributed to growing the state’s economy, they would share in the benefits. They have stepped up to the plate and should be rewarded accordingly. That reward is reflected in the budget submitted by the State Board of Higher Education and in Governor Hoeven’s budget.

“Mr. Chairman and members of the committee, the message could not be any clearer. We are at a critical junction in our state’s economic growth. We can proceed by building on our proven success since the roundtable legislation, or we can send a message to our universities and colleges that their role in that growth is no longer

needed. I believe the North Dakota University System is critical to the economic growth of North Dakota and our recent growth bears that out, but they cannot continue their impressive role to date without additional resources,” Hedger said.

Bobby Haskins, NDSA president, told the committee the state is at a crossroad.

“We have reached a point in North Dakota that we can sit back and allow 8–10 percent tuition and fee increases to become the status quo, or we can stand up together as a state and make a substantial investment in the human capital that drives this state,” Haskins said.

“I am standing here today in unity with the University System and the State Board of Higher Education. ... If we continue to invest in the young people of this state, we can’t go wrong, and what better way is there to invest in the young people of this state than by providing them with the best possible education,” he said.

Eddie Dunn, NDUS chancellor, talked about the University System’s critically important role to the future of the state. He concluded his comments by inviting consensus for the purpose of drawing the group to a logical conclusion.

“If you believe human capital is the key to North Dakota’s future, as we believe it is,” Dunn said. “If you believe we can grow our own human capital and not rely on trying to import it from other states and countries ... If you believe the University System is the primary vehicle for attracting and developing the human capital needed ... If you believe the University System has been responsive to what you’ve been asking ... and, if you believe the investment in the University System has and will continue to generate additional revenue to support other agencies and services ... Then we would encourage you to provide the funding requested, and, in turn, the University System will commit to continuing to work with you in expanding the state’s economy and creating a brighter future for students and the state.”

Representatives of the 11 colleges and universities and the NDUS Office provided budget overviews to the Senate Appropriations Committee Feb. 27 through March 1.

Senate Appropriations Committee Names Subcommittees

The Senate Appropriations Committee has named subcommittees to review and make recommendations on **HB 1003**, the NDUS appropriations bill, and **HB 1020**, the NDSU Extension and Research appropriation bill. HB 1003 subcommittee members are Sens. Holmberg, Krebsbach and Robinson. HB 1020 subcommittee members are Sens. Holmberg, Bowman and Lindaas.

HCR 3019 Heard in Committee, Amended, Failed by the House

HCR 3019, a concurrent resolution created to provide more authority to the NDUS chancellor, was heard by the House Constitutional Revision Committee Feb. 26.

John Q. Paulsen, SBHE president, told the committee the board voted to oppose the resolution at its Feb. 20 meeting.

“We clearly want and need a very strong chancellor with all the authority he or she needs to lead our system effectively,” Paulsen said. “At the same time, the fundamental strength of the North Dakota University Systems rests in our 11 institutions, and those institutions need strong, effective, entrepreneurial presidents who can guide them to even greater accomplishments than we have achieved thus far.

“We have that system,” he said. “It is working, and I truly fear that the essence of HCR 3019, which is to give absolute control of the system and its institutions to one person – the chancellor – with the only limitation that the State Board of Higher Education, with no other responsibility than that of hiring or terminating the chancellor, has the strong potential to do great damage to a system that is working and serves more than 42,000 students who every year put their trust and faith in those institutions.”

Following the hearing, however, the committee provided substantial amendments to the resolution. In its amended form, HCR 3019 would not have provided more authority to the chancellor. Instead, it would:

- Specify that the college and university presidents report directly to the chancellor
- Change language governing how institution budgets are presented
- Remove the board member nominating committee from the constitution and turn this authority over to the Legislature
- Name the chancellor as the CEO of the University System, replacing use of the term “commissioner”

The House approved the amendments, but defeated the amended resolution March 2 on a vote of 42-49.

Deficiency Appropriations Bill Heard

SB 2023, the state agency deficiency appropriations bill, was heard in the House Appropriations Committee Feb. 26.

Included in the bill is funding to defray expenses related to 1997 flood expenditures at UND, 2000 flood expenditures at NDSU and additional operating expenses for the North Dakota Forest Service. Testimony in support of the bill was provided by Alice Brekke, UND budget director; Gary Wawers, NDSU controller and Larry Kotchman, state forester.

The committee did not take action on the bill.

Prevention Advisory Council Bill Heard

SB 2276, a bill to define duties of a prevention advisory council and provide an appropriation for youth prevention, was heard in the House Human Services Committee Feb. 28.

Michel Hillman, NDUS vice chancellor for academic and student affairs, testified in support of the bill and provided written testimony from Karin Walton, director of the North Dakota Higher Education Consortium for Substance Abuse Prevention. According to Walton’s written testimony, SB 2276 supports the agenda the consortium has been working to create. The bill also supports the vision of the consortium: campus communities where student safety and success is not jeopardized by the use of alcohol or other substances.

There was no opposition to the bill, but the appropriateness of using tobacco settlement money to fund it was questioned, given the inadequacy of tobacco prevention resources in the state. The committee did not take action on the bill.

Senate Judiciary Hears “Trade Secrets” Bill

HB 1099, a bill that relates to confidentiality of trade secrets and proprietary information, was heard in the Senate Judiciary Committee Feb. 28.

Pat Seaworth, NDUS legal counsel, and Dale Zetocha, NDSU director of technology transfer and executive director of the NDSU Research Foundation, testified in support of HB 1099. Introduced at the request of the SBHE, this legislation would more clearly define confidential trade secrets and proprietary, commercial and financial information to make it easier for NDUS institutions to negotiate agreements with research partners who share confidential information with institution researchers.

The committee did not immediately act on the bill.

“Flexibility with Accountability” Bills Approved by the Senate

HB 1030, **HB 1031** and **HB 1032**, the three “flexibility with accountability” bills were approved by the Senate Feb. 27. These bills support continuation of legislation first adopted in 2001, based on the recommendations of the Roundtable on Higher Education. A brief description of each bill and the vote count follows:

HB 1030: Tuition revenues would continue to be appropriated in the same way all other institutional funds, such as grants and contracts, auxiliary revenues and private funds, are appropriated for another two-year period through June 30, 2009. Vote: 45–0

HB 1031: The bill continues the current 2005–07 appropriation bill format of two line items, operations and capital assets, for another two-year period through June 30, 2009. Vote: 45–1

HB 1032: This bill would permit continuation of carryover of unexpended funds from one biennium to the next. Vote: 33–13

Supplemental Workforce Training Funding Bill Heard

SB 2249, a bill to provide \$4 million to the State Board for Career and Technical Education, was heard in the House Education Committee Feb. 27. If approved, this funding would provide BSC, LRSC, NDSCS and WSC \$500,000 each for curriculum design and development related to workforce needs. An additional \$2.65 million for supplemental workforce training grants would be distributed to the four workforce training regions in the state.

Dale Knutson, director of the North Dakota Workforce Training System, told committee members that an investment in the workforce training system is an investment in the state’s human capital. He said increased state funding is needed to enhance the training system’s capabilities and expand its statewide service.

Also testifying in support of the bill were Dave Clark, BSC executive vice president; Harvey Link, NDSCS vice president for institutional advancement and government relations; Deannette Piesik, northwest quadrant workforce training director; Wayne Kutzer, CTE director; and Ron Ness, president of the North Dakota Petroleum Council. Written testimony was submitted by Ron Cizek, general manager of Imation, and Collette Gross, director of operations for JLG Industries.

The committee did not take action on the bill.

Automatic Deferred Compensation Enrollment Bill Heard

SB 2047, a bill that relates to automatic enrollment of employees in a NDPERS deferred compensation program, was heard in the House Government and Veterans Affairs Committee March 1.

Rita Lindgren, BSC human resources director, presented testimony opposing SB 2047 on behalf of the NDUS. The bill would require automatic enrollment of new state employees hired after Aug. 1, 2007, in a NDPERS deferred compensation plan with a \$25 monthly employee contribution, unless the employee elected to “opt-out” within 30 days.

“While the NDUS certainly understands the need and supports retirement planning and savings, we prefer an option that allows NDUS employees the greatest flexibility, both in terms of participating or not, and on investment options,” Lindgren said. “Mandating that NDUS employees participate in the PERS deferred comp plan limits University System employees’ options to participate in a number of other investment options they currently have through the NDUS, including TIAA-CREF, which may also be their primary retirement carrier.”

Both the NDUS Human Resource Council and the Administrative Affairs Council voted to oppose SB 2047. The committee did not immediately act on the bill.

Senate Appropriations Hears IT Bill

HB 1461, a bill that provides the SBHE authority to manage and regulate information technology planning and services for the institutions under their control, was heard in the Senate Appropriations Committee Feb. 26.

Laura Glatt, NDUS vice chancellor for administrative affairs, testified that the NDUS supports the bill.

“In many ways, this legislation is consistent with recent practice, which has grown out of a mutually productive and trustful relationship with the Information Technology Department and the Interim Information Technology Committee,” Glatt said.

“It is important to the success of a project, that a single entity, such as the State Board of Higher Education, have the responsibility and accountability for management and ownership of a project. However, it is equally important that the NDUS keep others involved in and informed of the status of major projects, both to ensure the most efficient and effective system for not only higher education, but for the State of North Dakota, and we know nobody likes surprises. The legislation continues to require this kind of ongoing collaboration,” she said.

The committee did not take action on the bill.

HB 1395: Tribal College Funding Bill Heard

HB 1395, a bill that would provide financial assistance to tribally controlled community colleges, was heard in the Senate Education Committee Feb. 28.

Michel Hillman, NDUS vice chancellor for academic and student affairs, testified that the SBHE supports the bill with some important caveats.

“The SBHE has established a set of priorities for the 2007 Legislative Session,” Hillman said. “The highest of those priorities is achieving sufficient base funding to support the core functions of the NDUS colleges and universities. The University System, in collaboration with the 17 private sector members of the Roundtable on Higher Education, have defined ‘sufficient funding’ as an additional \$63 million for the 2007–09 biennium. This means the SBHE is supportive of the funding to tribal colleges provided for in HB 1395 with the qualification that such funding is not to be included in the \$63 million in additional base funding requested in HB 1003, the appropriations bill for the University System.”

As introduced, HB 1395 included general funds outside of the NDUS funding included in HB 1003. Since introduction, HB 1395 Section 6 has been amended so that funding now comes out of the HB 1003 general funds.

The current version of HB 1395 would reduce the SBHE-requested and governor-recommended funding for the State Grant Program, which supports state students who have the most financial need. Hillman said the University System would like to work with the committee and other interested parties in developing a resolution to these concerns.

Bills Failed This Week

SCR 4027: Directs the Legislative Council to study the feasibility and desirability of BSC becoming a four-year baccalaureate degree-granting institution

HCR 3019: Provides more authority to the NDUS chancellor

Bills Passed This Week

HB 1052: Relates to the licensure of veterinarians

HB 1318: Relates to information technology responsibilities of the state auditor

HB 1454: Relates to an increase in the state minimum wage

SB 2127: Relates to renaming the Division of Independent Study the Center for Distance Education

On the Week 10 Agenda

SB 2260: Mon., March 5, 8 a.m. H-JUD: Provides authority for criminal history records checks

SB 2356: Mon., March 5, 9:30 a.m., H-APPEDU: Provides appropriation for extraordinary repairs

HB 1487: Mon., March 5, 10 a.m., S-EDU: Relates to student loan interest rates

SB 2245: Mon., March 5, 10 a.m., H-FINTAX: Provides an income tax credit for higher education costs

HB 1027: Tues., March 6, 8:30 a.m., S-APPR: Includes Centers of Excellence provisions and requirements

HB 1125: Tues., March 6, 9 a.m., S-EDU: Relates to a loan repayment program for veterinarians

HB 1003: Tue., March 6, 11 a.m., S-APPR: Relates to the NDUS appropriation bill

HB 1249: Tue., March 6, 11 a.m., S-EDU: Relates to loan forgiveness for teachers

HB 1091: Wed., March 7, 9 a.m., S-EDU: Relates to an individual income tax deduction for contributions to the North Dakota higher education savings plan

SB 2404: Wed., March 7, 9 a.m., H-EDU: Provides financial assistance to tribally controlled community colleges