



North Dakota Legislative Council

Prepared for the Higher Education Committee
LC# 25.9055.01000
August 2023

DUTIES OF THE HIGHER EDUCATION COMMITTEE - BACKGROUND MEMORANDUM

The Higher Education Committee has been assigned the following responsibilities for the 2023-24 interim:

- Study funding for dual-credit courses pursuant to Section 43 of House Bill No. 1003 (2023).
- Receive an annual comprehensive report from the State Board of Higher Education (SBHE) pursuant to North Dakota Century Code Section 6-09-53 regarding grants awarded from the economic diversification research fund.
- Receive a report from SBHE by September 1 of each even-numbered year pursuant to Section 15-10-38.1 regarding the skilled workforce student loan repayment program.
- Receive a report from SBHE by September 1 of each even-numbered year pursuant to Section 15-10-38.2 regarding the skilled workforce scholarship program.
- Receive annual reports from SBHE pursuant to Section 15-10-59 regarding North Dakota scholarships, academic scholarships, and career and technical education (CTE) scholarships.
- Receive a report from the State Commissioner of Higher Education pursuant to Section 15-10-66 on SBHE policies regarding communications between board members and board member access to current and historic board information.
- Receive an annual report from the State Commissioner of Higher Education pursuant to Section 15-10-71 regarding trends in higher education.
- Receive a biennial program report from SBHE by September 1 of each even-numbered year pursuant to Section 15-10-75 regarding awards under the workforce education innovation program.
- Receive a biennial report from the University of North Dakota (UND) School of Medicine and Health Sciences (SMHS) Advisory Council pursuant to Section 15-52-04 regarding the strategic plan, programs, and facilities of the school.
- Receive a report from SBHE pursuant to Section 15-54.1-02 regarding the use of funding in the University System capital building fund, the source of matching funds, and each institutions' 5-year plan for capital construction spending.
- Receive reports from any tribally controlled community college receiving a grant under Chapter 15-70 detailing grant expenditures and recipient demographics.
- Receive a report from the National Guard before June 1, 2024, pursuant to Section 37-07.2-01.1 on the award of out-of-state post-secondary tuition grants to qualifying members of the National Guard.
- Receive a report from SBHE pursuant to Section 38 of House Bill No. 1003 regarding the transfer of appropriation authority from the operations line items to the capital assets line items within subdivisions 2 through 14 of Section 1 of House Bill No. 1003.

STUDY OF FUNDING FOR DUAL-CREDIT COURSES

The Legislative Assembly approved Section 43 of House Bill No. 1003 (2023) to provide for a study of funding for dual-credit courses. The study is to include a review of all funding sources relating to dual-credit courses in the state, including tuition and fees, the higher education funding formula, elementary and secondary education integrated formula payments, institution scholarships, state scholarships, and the Bank of North Dakota. The study also must include a review of funding for dual-credit courses in other states.

A dual-credit course is a 1-semester college course taken through a 2- or 4-year institution of higher education for which the student earns one-half unit of high school credit. North Dakota's dual-credit program allows students in grades 10 through 12 to take college courses and receive college credit, which also may be used to meet high school graduation requirements. Tuition, fees, books, and other costs are the student's responsibility. Classes are taught by approved instructors, either face-to-face in the classroom, online, through the Center for Distance Education, or through an Interactive Video Network. The Higher Learning Commission requires teachers of dual-credit courses to have a master's degree or higher in the discipline or subfield in which they will be teaching. If the individual holds a master's degree or higher in a discipline or subfield other than that in which they will be teaching, a minimum of 18 graduate credit hours must be completed in the academic field in which they will be teaching.

Higher Education Funding Formula

The Legislative Assembly, through Senate Bill No. 2200 (2013), adopted a new higher education funding method beginning with the 2013-15 biennium based on an adjusted student credit-hour calculation. The calculation involves multiplying a base amount per student credit-hour by an adjusted student credit-hour calculation for each institution. The resulting equalized base budget is then adjusted for inflation to determine total funding for an institution.

The adjusted student credit-hour amount for an institution is determined as follows:

1. Completed student credit-hours are determined for each institution. A completed credit-hour is one for which a student met all institutional requirements and obtained a passing grade.
2. A weighted completed student credit-hour calculation is determined by multiplying each institution's completed student credit-hours by an instructional program classification factor. The factor amount for each program classification is based upon historical costs of instruction in each program.
3. The weighted completed student credit-hour amount for each institution is then adjusted for a credit completion factor which is based on total credits completed at an institution. Institutions that have a lower credit-hour output receive a greater weighting factor.

The adjusted student credit-hours are then multiplied by a base per-credit amount which varies based on institution type. The following is a summary of the base rates for each institution:

Institutions	Biennial Base Rate Per Credit-Hour		
	2019-21	2021-23	2023-25
North Dakota State University, University of North Dakota	\$60.87	\$61.81	\$73.15
Dickinson State University, Mayville State University, Minot State University, Valley City State University	\$90.98	\$92.60	\$103.76
Bismarck State College, Dakota College at Bottineau, Lake Region State College, North Dakota State College of Science, Williston State College	\$97.06	\$98.84	\$110.38

For the 2023-25 biennium, the Legislative Assembly provided an appropriation of \$639.2 million from the general fund for the higher education funding formula.

Elementary and Secondary Education Integrated Formula Payments

In 2013 the Legislative Assembly approved the implementation of an integrated formula payment to provide school funding. The legislative appropriation for the state school aid program integrates property tax relief in the K-12 state school aid funding formula. The formula provides the state will determine an adequate base level of support necessary to educate students by applying an integrated payment rate to the weighted student units. For the 2023-25 biennium, the integrated payment rates provide \$10,646 during the 1st year of the biennium and \$11,072 during the 2nd year of the biennium. This base level of support will be provided through a combination of local tax sources, local revenue, and state integrated formula payments. The local funding requirement is set at 60 mills and a percentage of identified local in lieu of property tax sources and local revenues. Base level support not provided by local sources is provided by the state through the integrated formula payment. For the 2023-25 biennium, the Legislative Assembly provided an appropriation of \$2.3 billion, of which \$1.6 billion is from the general fund, \$157 million is from the foundation aid stabilization fund, \$510.9 million is from the state tuition fund, and \$14 million is from the strategic investment and improvements fund, for state school aid for integrated formula payments.

Dual-Credit Tuition Scholarship

The 2021 Legislative Assembly approved House Bill No. 1375, codified as Section 15-10-38.4, to establish the dual-credit tuition scholarship program. The 2021 Legislative Assembly also appropriated \$1.5 million from Bank of North Dakota profits to SBHE for the dual-credit tuition scholarships. Representatives of the North Dakota University

System reported to the 2021-22 interim Higher Education Committee that the program provides an incentive at the collegiate level for taking dual-credit courses in high school. Students enrolled at any postsecondary institution in North Dakota, including public, private, tribal, or proprietary institutions, may be eligible for the dual-credit tuition scholarship if the student completed a dual-credit course and graduated from high school. The 2023 Legislative Assembly continued the scholarship program with an appropriation of \$1.5 million from Bank profits.

Bank of North Dakota

The Bank of North Dakota provides low-income dual-credit assistance to eligible students, including 459 students enrolled in 798 classes in 2021. To be eligible, a student must be a current sophomore, junior, or senior in high school in the state, qualify for free or reduced price lunch, and submit an application to the Bank during the course enrollment process. Costs covered by the Bank under this program include the college application fee, tuition and fees, and books.

ECONOMIC DIVERSIFICATION RESEARCH FUND

The Legislative Assembly approved Section 16 of House Bill No. 1003 (2023) to provide for an economic diversification research fund. Section 10 of House Bill No. 1003 provides for a transfer of \$5.5 million from the strategic investment and improvements fund to the economic diversification research fund. The Bank of North Dakota may spend from the fund to provide grants to institutions under the control of SBHE for economic diversification research. The sum of \$5 million must be awarded to North Dakota State University and UND with equal amounts awarded to each institution. The remaining funding must be awarded to the other institutions under the control of SBHE, as determined by the board.

Section 6-09-53 provides for SBHE to provide an annual comprehensive report regarding grants awarded from the economic diversification research fund. The report must include information on how the research efforts by each institution align with the state's priorities, how the institutions collaborate when appropriate, and how the outcomes of the research meet established performance expectations. The State Board of Higher Education is required to develop reporting requirements for the institutions under the control of the board, including criteria for assessing performance outcomes related to grants awarded from the economic diversification research fund.

SKILLED WORKFORCE STUDENT LOAN REPAYMENT AND SCHOLARSHIP PROGRAMS

The 2019 Legislative Assembly enacted legislation to create the skilled workforce student loan repayment and scholarship programs. The programs were created to assist businesses in attracting and retaining talent in high-demand and emerging occupations. Known collectively as ND Career Builders, the workforce development programs have two components--scholarships for students enrolled in qualifying programs and student loan repayment for employees in the state who graduated from qualifying programs.

Section 15-10-38.1 provides for the skilled workforce student loan repayment program and requires SBHE to provide a biennial program report to the Legislative Management by September 1 of each even-numbered year. Section 15-10-38.2 provides for the skilled workforce scholarship program and requires SBHE to provide a biennial program report to the Legislative Management by September 1 of each even-numbered year.

NORTH DAKOTA CAREER AND TECHNICAL EDUCATION SCHOLARSHIPS AND ACADEMIC SCHOLARSHIPS

The 2009 Legislative Assembly enacted legislation to create the CTE and academic scholarship programs. The legislation established eligibility criteria for the scholarship programs in Chapter 15.1-21, and the criteria were subsequently adjusted by the Legislative Assembly in 2011, 2013, 2015, 2017, and 2021. The current eligibility requirements provide a student must be a resident of the state and meet the following program requirements for one of the programs as follows:

Career and Technical Education Scholarship	Academic Scholarship
Complete 4 units of English language arts	Complete 4 units of English language arts
Complete 3 units of mathematics, including 1 unit of Algebra II and 2 units of other mathematics	Complete 1 unit of Algebra II, 1 unit of mathematics for which Algebra II is a prerequisite, and 1 unit of any other mathematics
Complete 3 units of science	Complete 3 units of science
Complete 3 units of social studies	Complete 3 units of social studies
Complete 1 unit of physical education or .5 unit of physical education and .5 unit of health	Complete 1 unit of physical education or .5 unit of physical education and .5 unit of health

Career and Technical Education Scholarship	Academic Scholarship
Complete 2 units of a coordinated study plan as recommended by the Department of Career and Technical Education	Complete 2 units of the same foreign language, the same Native American language, American sign language, or CTE from a coordinated study plan approved by the Superintendent of Public Instruction
Complete 1 unit selected from foreign language, Native American language, American sign language, fine arts, or CTE	Complete 1 unit selected from foreign language, Native American language, American sign language, fine arts, or CTE
Complete 5 additional units, 2 of which must be in the area of CTE	Complete any 5 additional units
Obtain a cumulative grade point average of at least 3.0 on a 4.0 grading scale for all courses taken or only for courses taken that are required for the scholarship	Obtain a cumulative grade point average of at least 3.0 on a 4.0 grading scale for all courses taken or only for courses taken that are required for the scholarship
Obtain a grade of at least "C" in each unit or .5 unit required for the scholarship	Obtain a grade of at least "C" in each unit or .5 unit required for the scholarship
Receive a composite score of at least 24 on the ACT or a score of at least 5 on each of 3 WorkKeys assessments	Receive a composite score of at least 24 on the ACT
	Fulfill 1 unit required for the scholarship through an advanced placement course or fulfill .5 unit required for the scholarship through a dual-credit course

Any student who meets the requirements for a CTE scholarship or an academic scholarship is eligible to receive a scholarship of \$750 per semester, or \$500 per quarter, for each period the student is enrolled full time at a North Dakota higher education institution and maintains eligibility up to a maximum amount of \$6,000. Scholarships may be provided to students for up to 6 years following the student's graduation from high school. A student may continue to receive a scholarship if the student is enrolled in a graduate program and has not received the lifetime maximum amount of scholarship awards.

The 2023-25 biennium legislative appropriation provides \$17,216,749 from the general fund for the program, an increase of \$1,000,000 from the amount appropriated for the 2021-23 biennium. Section 15-10-59 requires SBHE to provide an annual report to the Legislative Management regarding the number of North Dakota scholarships, academic scholarships, and CTE scholarships awarded and demographic information pertaining to the recipients.

BOARD MEMBER ACCESS TO HISTORIC INFORMATION

The Legislative Assembly approved Senate Bill No. 2343 (2023) to require SBHE to establish a policy ensuring transparent communication between members of the board on all topics relating to the specific powers and duties of the board. Section 3 of Senate Bill No. 2343 provides the University System and SBHE may not deny a member of the governing body access to a record that is closed or confidential, as defined in Chapter 44-04, including a meeting record, whether written or recorded, unless otherwise prohibited by law. Section 15-10-66 requires the State Commissioner of Higher Education to report to the Legislative Management on SBHE policies regarding communications between board members and board member access to current and historic board information.

HIGHER EDUCATION TRENDS

Section 15-10-71 requires the State Commissioner of Higher Education to provide an annual report to the Legislative Management regarding trends in higher education, including state and regional student enrollment, University System institution reserves, state and regional tuition rates, state and regional student financial assistance, and the University System's response to the trends and changes, including new or expanded educational programs, closed programs, and future budget requests.

WORKFORCE EDUCATION INNOVATION PROGRAM

The Legislative Assembly approved House Bill No. 1241 (2023) to establish the workforce education innovation program to create or enhance educational programs that address the workforce needs of North Dakota business and industry.

Section 15-10-75 provides for the Legislative Management to receive a biennial program report from SBHE by September 1 of each even-numbered year regarding awards under the workforce education innovation program. The report must include information per educational institution regarding the number, amount, and type of awards; the name of each educational program created, enhanced, or promoted; the amount and percentage of funds used for leadership and coordination costs; and detailed expense reports, including the type of equipment and technology purchased and the number of instructors hired or trained.

House Bill No. 1241 (2023), as introduced, included an appropriation of \$24 million from the general fund for workforce education innovation grants; however, this appropriation was removed by the House prior to final passage of the bill. House Bill No. 1003 (2023), as approved by the House and Senate, included an appropriation of \$10 million from the general fund for workforce education grants; however, this funding was removed by the Conference Committee prior to final passage of the bill. Therefore, no funding was appropriated for this program for the 2023-25 biennium.

**UNIVERSITY OF NORTH DAKOTA SCHOOL OF MEDICINE
AND HEALTH SCIENCES ADVISORY COUNCIL**

Section 15-52-04 ([Appendix A](#)) provides the Legislative Management receive a biennial report from the UND School of Medicine and Health Sciences Advisory Council. The report is to provide recommendations regarding the strategic plan, programs, and facilities of the school. Recommendations for implementing strategies through the school must address the health care needs of the people of the state and provide information regarding the state's health care workforce needs. Additionally, recommendations of the advisory council may address the areas of medical education and training, recruitment and retention of health care professionals, factors influencing the practice environment of health care professionals, access to health care, patient safety, quality of health care, and financial challenges in the delivery of health care.

The School of Medicine and Health Sciences Advisory Council consists of 16 members, including a majority party member and minority party member from both the Senate and House of Representatives. Other members to the advisory council are selected by the Department of Health and Human Services, the State Board of Higher Education, the North Dakota Medical Association, the North Dakota Hospital Association, the Department of Veterans Affairs hospital in Fargo, the North Dakota Center for Nursing, the UND Center for Rural Health, and the Dean of the School of Medicine and Health Sciences.

CAPITAL BUILDING FUND PROGRAM

The Legislative Assembly established a capital building fund program for the 2019-21 biennium in Sections 29 and 30 of House Bill No. 1003 (2019), including one-time appropriations of \$17 million from Bank of North Dakota profits and \$2 million from the general fund which were to be matched by other institutional funds. The Legislative Assembly continued the capital building fund program for the 2021-23 biennium in Sections 6, 7, and 14 of Senate Bill No. 2003 (2021), including a transfer of \$19 million from the strategic investment and improvements fund to the University System capital building fund. The allocations by school remained the same as for the 2019-21 biennium and continuing appropriation authority was established to spend from the fund in Section 15-54.1-01. Section 15-54.1-02 provides for SBHE to report to the Legislative Management regarding the use of funding in the University System capital building fund, the source of matching funds, and each institutions' 5-year plan for capital construction spending.

The 2023 Legislative Assembly increased funding for the program by \$5 million to provide a total of \$24 million from the strategic investment and improvements fund (SIIF) as follows:

	Tier II		Tier III	
	SIIF	Institution Match (\$1 to \$1)	SIIF	Institution Match (\$2 to \$1)
Bismarck State College	\$638,540	\$638,540	\$500,000	\$1,000,000
Dakota College at Bottineau	159,096	159,096	500,000	1,000,000
Lake Region State College	266,062	266,062	500,000	1,000,000
North Dakota State College of Science	751,042	751,042	500,000	1,000,000
Williston State College	206,920	206,920	500,000	1,000,000
Dickinson State University	403,293	403,293	500,000	1,000,000
Mayville State University	360,044	360,044	500,000	1,000,000
Minot State University	859,202	859,202	500,000	1,000,000
Valley City State University	463,705	463,705	500,000	1,000,000
North Dakota State University	4,349,394	4,349,394	2,250,000	4,500,000
University of North Dakota	6,542,702	6,542,702	2,250,000	4,500,000
Total	\$15,000,000	\$15,000,000	\$9,000,000	\$18,000,000

GRANTS TO TRIBALLY CONTROLLED COMMUNITY COLLEGES

Chapter 15-70 ([Appendix B](#)) creates an assistance program for tribally controlled community colleges located in the state. Funding is to be distributed to the tribally controlled community colleges to defray the costs of education associated with the enrollment of nonbeneficiary students.

In order to qualify for a grant, a qualified institution must submit an application to SBHE that documents the enrollment status of each student for whom financial assistance is sought. If an application is approved, SBHE is to distribute an annual payment to the institution for each nonbeneficiary student enrolled at the institution. The amount of payment is to be equal to the per-student payment provided to institutions under the federal Tribally Controlled Colleges and Universities Assistance Act of 1978 or a prorated amount if funding is limited.

Each tribal college receiving a grant under Chapter 15-70 is to submit a report to the Legislative Management detailing the expenditures of the grant funds received by the institution. Additionally, each college is to submit a copy of the institution's latest audit report and documentation of the enrollment status of each student for whom financial assistance is requested. Any institution that fails to meet the reporting requirements is ineligible to receive future grants until the required information is submitted.

The table below details legislative appropriations for grants to tribally controlled community colleges.

	General Fund	Student Loan Trust Fund	Total
2011-13 biennium	\$1,000,000		\$1,000,000
2013-15 biennium	\$1,000,000		\$1,000,000
2015-17 biennium	\$467,250	\$500,000	\$967,250
2017-19 biennium	\$100,000	\$500,000	\$600,000
2019-21 biennium	\$1,000,000		\$1,000,000
2021-23 biennium	\$1,000,000		\$1,000,000
2023-25 biennium	\$1,400,000		\$1,400,000

NATIONAL GUARD TUITION GRANTS

Funding included in the tuition, recruiting, and retention line item in the Adjutant General's budget provides the resources required to offer up to 100 percent tuition reimbursement for qualified National Guard members and to provide a \$500 stipend to current members of the National Guard who provide a lead on a recruit that results in an enlistment. Prior to 2023, only members enrolled in a North Dakota institution of higher education were eligible for tuition reimbursement.

The Legislative Assembly approved Senate Bill No. 2094 (2023) to expand eligibility to provide for a member of the National Guard who enrolls in a higher education institution which is located outside of the state to receive a grant in an amount not to exceed 100 percent of the cost of tuition and fees for similar courses and credit hours at a University System institution. The Adjutant General is required to report to the Legislative Management regarding the tuition grant usage, including the number of grants awarded for enrollment at out-of-state institutions and grants awarded for online or remote coursework.

The table below details legislative appropriations for tuition, recruiting, and retention since the 2011-13 biennium.

	General Fund
2011-13 biennium	\$2,407,500
2013-15 biennium	\$2,517,500
2015-17 biennium	\$2,517,500
2017-19 biennium	\$2,617,500
2019-21 biennium	\$4,782,072
2021-23 biennium	\$3,042,235
2023-25 biennium	\$3,362,235

TRANSFER OF APPROPRIATION AUTHORITY

The Legislative Assembly approved Section 38 of House Bill No. 1003 (2023) to allow for the transfer of appropriation authority from the operations line item to the capital assets line item within subdivisions 2 through 14 of Section 1 of House Bill No. 1003. The State Board of Higher Education is required to report to the Legislative Management regarding any line item transfers made pursuant to the section.

ATTACH: 2