

Investing in North Dakota's Future

A Summary of the 2011 NDUS Legislative Agenda

The commitment to investment in education is a determining factor in our future as a state. Higher education is a driving force in attaining a strong economy, individual opportunity and quality of life.

As I meet with members of the business community; legislators; students and parents; University System staff, faculty and administration, one overarching theme emerges: North Dakota needs a strong, high-quality University System.

Responsible state investments will enable the University System to meet our goals of maintaining affordability and accessibility. Strategic investments also will result in continued high-quality academic programs, an enhanced research enterprise and expanded workforce training.

The past support of higher education provided by North Dakotans is evidenced by the strength of our economy and our quality of life. In partnership, we must continue this important work on behalf of our future as a state.

**– William G. Goetz, Chancellor
North Dakota University System**



For more information

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An Investment that Benefits All North Dakotans

Envision a North Dakota where higher education is accessible and affordable for traditional-age students as well as those who return to continue their education. A North Dakota where facilities and technologies draw students to our campuses and enhance the academic experience. A North Dakota where academic program offerings evolve to meet student demands and workforce needs. A North Dakota where the efficient use of resources and collaboration among our campuses are generating even greater opportunities for growth.

Imagine a North Dakota where our university system is empowered to be even more successful and an even greater contributor to our state's economy.

By making additional strategic investments in the North Dakota University System, our state will realize tremendous benefits. From small towns to urban centers, west to east, North Dakota's future is interwoven with its university system.

ACCESS. INNOVATION. EXCELLENCE. This is our commitment to North Dakota.

Building on Our Dual Mission

The Roundtable on Higher Education charged the NDUS with a two-pronged mission:

1. Enhancing the quality of education in North Dakota
2. Enhancing the economy of our state

Enhancing the Quality of Education

North Dakota University System students meet or exceed the national average on most national exams. Employers of North Dakota University System graduates are "very satisfied" with the skills and knowledge they rated as "very important" in satisfaction surveys. Our graduates also exceed the first-time licensure pass rates for most professions.

In today's world, strong math and science skills are essential to so many professions. According to a July 2009 study by the Delta Cost Project, North Dakota is one of two states that produce the highest proportion of STEM – science, technology, engineering and math – graduates.



Enhancing our State's Economy

North Dakota University System institutions provide the intellectual capital that helps fuel our state's economic growth. For example, the NDUS generates about \$2.50 for every \$1 of state investment, resulting in increased sales, revenue and employment.

In Fall 2010, the NDUS enrolled about 21,000 non-resident students. These students each spent about \$9,000 while in North Dakota – totaling about \$189 million – in addition to tuition and fees.

Other economic growth statistics include:

- More than 1,500 businesses and 11,000 employees were served through workforce training in 2009 with a 98 percent satisfaction rate.
- More than \$186 million was brought into the state by research in Fiscal Year 2009. Businesses and communities also benefit as innovation produces new businesses and new products.
- In Fiscal Year 2009, the NDUS injected \$980 million into local economies, much of it from non-tax sources such as grants, contracts, donations, etc. With an added \$327 million in student spending, the direct economic impact is estimated at more than \$1.3 billion. When turned over in the economy, the estimated NDUS total annual economic impact was \$3.7 billion.
- According to the 2009 Centers of Excellence annual report, the program has had an estimated \$329.4 million total economic impact on North Dakota's economy. The Centers of Excellence program has resulted in the creation of 2,060 jobs, partnerships with 135 companies and 17 new or expanded businesses.



Building a Brighter Economic Future

Our state's future prosperity depends, in large part, on the quality, competency and educational attainment of our residents. In North Dakota and around the nation, there is a clear link between one's educational level and income.

These benefits are realized by the entire state, which profits from a more versatile, qualified workforce for attracting and retaining business. Additional individual income creates additional state revenue. Ultimately, it is the knowledge, skills and abilities of University System graduates that drive our state's economy.

Building Quality of Place

Education creates an environment of discovery and growth, which strengthens the society that provides it.

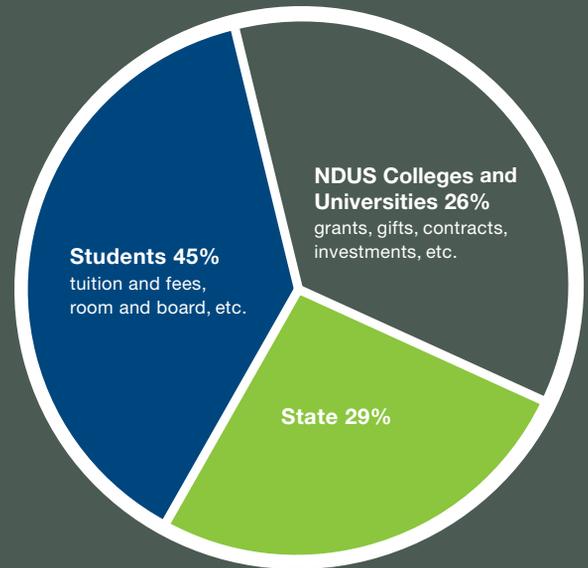
- Increased educational levels result in lower crime rates, less reliance on governmental assistance, increased voter interest, increased charitable giving, greater community service and volunteerism. Another benefit is greater focus on personal health, which results in reduced health care costs.
- Our colleges and universities provide exposure to and enhanced appreciation for cultural diversity as well as more cultural and artistic opportunities.



Funding the Cost of Public Higher Education in North Dakota 2010 - 11

Building on Previous Investments

Students at our state colleges and universities are benefiting from the funding increase provided by the 2009 Legislative Assembly and the significant level of per capita state spending support. Over the past 28 years, however, general fund state support for higher education in North Dakota has increased 174 percent, compared to a 260 percent general fund spending increase for all state government services. At the same time, post-secondary enrollment at University System institutions has increased more than 53 percent.



Sources of Revenue:

- Roughly 45 percent of state higher education revenues are made up of student tuition, fees, room, board, etc.
- State general funds equal about 29 percent of total NDUS revenues.
- Funding from all other sources, such as grants, gifts, contracts and investments, makes up the remaining 26 percent of revenues.



Continuing to Build on Past Success

North Dakota has the second most productive university system in the nation, when comparing the educational attainment of the state's population based on funding per degree, according to a July 2009 study by the Delta Cost Project.

A lot has been accomplished, despite per-student state funding that trails national and regional averages. But many challenges exist, including deteriorating facilities, non-competitive salaries, increased student costs and the growing demands of responsiveness to workforce needs.

Clearly, we must continue to think, plan and act strategically. And, with additional prioritized state investments, the University System will continue to demonstrate that an investment in higher education is an investment in the future of our state.

Together, we will create an even stronger North Dakota.

Strategic Investment Opportunities

Guiding every key State Board of Higher Education decision is its 2009-13 strategic plan.

Access, affordability, commitment to student success, contributing to the state's continued economic viability and collaborating, as a system, to achieve a shared vision – all are hallmarks of the board's vision for higher education in our state.

Highlights of the 2011-13 budget request follow. This budget request focuses on effective and efficient use of resources in support of the board's strategic plan.

A More Affordable Education

In 2009, the North Dakota Legislative Assembly made significant progress toward addressing the affordability of higher education by funding the North Dakota Academic Scholarship and the North Dakota Career and Technical Education Scholarship. Funding in the 2011-13 budget request is dedicated to continuation of this important program and to meeting other increasing financial assistance needs, such as those of adult learners.

Another key component of the North Dakota University System budget request is funding to continue tuition freezes at the community colleges and limit tuition increases to 4 percent at the universities.

To put the importance of addressing affordability into context, consider the fact that more than 75 percent of North Dakota students apply for financial aid. While the majority receive some assistance, an increasingly larger portion of aid comes in the form of loans, rather than grants. This contributes to a typical four-year university student federally insured debt of \$15,000 to \$22,000 and a community college student debt of \$5,000 to \$8,000. Students also take on substantial amounts of non-federally insured debt.

Responsiveness to the Workforce

According to the North Dakota Department of Commerce, many industries in nearly all areas of the state are experiencing workforce or skill shortages, most notably those in energy-related occupations. Workforce shortages limit the ability of local development officials to attract new businesses, causing them to focus first on workforce recruitment.

The NDUS budget request includes an academic and technical program start-up fund that will allow campuses to respond more quickly to workforce needs and student demands.

Advancing Technology

Anticipating tomorrow's needs is an essential part of technology planning.

The flexible technological infrastructure enhancement funding included in the 2011-13 NDUS budget request will position the University System to adopt and implement future technologies to leverage efficiencies; to enhance student learning, both in and out of the classroom; to expand delivery methods, thus providing broader access



to high-quality academic programs; and to link to robust national research networks for the purpose of enhancing national grant and contract funding.

A modern, secure data center is needed to improve efficiencies and eliminate risks.

Faculty/Staff Salaries and Benefits

Recruiting and retaining talented faculty and staff members is a major challenge facing University System campuses, especially in light of the forthcoming retirement of baby boomers.

In 2009, regional average faculty salaries were 18 to 30 percent higher than NDUS average faculty salaries. Regional average staff salaries also were higher than NDUS averages. Employees who completed exit surveys cited low salaries as the most common reason for leaving the NDUS.

To address these concerns, the University System budget request includes 4.5 percent average annual salary increases, maintenance of employer-paid health insurance and funding to address retirement program needs.

University of North Dakota School of Medicine and Health Sciences

Keeping pace with the growing health care needs of North Dakota's population is one challenge shared by the state and the UND SOMHS. In response, the medical school's 2011-13 budget request includes funding to increase the number of physicians and allied health professionals trained at UND as well as the availability of residency positions. The budget also includes funding to sustain the rural medicine scholarship program, to offer a master's degree in public health jointly with North Dakota State University and to expand geriatric training.

One-Time Funding

A number of one-time funding priorities would help position the University System for the future. These one-time investments do not become part of base funding. 2011-13 initiatives include the payoff of special assessment balances, a technology pool to support systemwide infrastructure, enhancements in campus security and an emergency contingency pool to address urgent capital facilities and infrastructure needs.

