

NDUS Funding Formula Study Ad Hoc Committee Meeting Minutes

March 22, 2024

The State Board of Higher Education Funding Formula Study Ad Hoc Committee met via Teams on March 22, 2024, at 10:30 a.m. CT.

SBHE Funding Formula Study Ad Hoc Committee members

- ☒ Mr. Kevin Black, Co-Chair
- ☒ Mr. Tim Mihalick, Co-Chair
- ☒ Ms. Rebecca Collins, BSC
- ☒ Mr. Les Wietstock, DSU
- ☒ Mr. Bruce Bollinger, NDSU
- ☒ Ms. Karla Mongeon-Stewart, UND

Institution Presidents/Representatives

DCB Dean Carmen Simone, **DSU** President Easton, **LRSC** Ms. Joann Kitchens, **MaSU** President Van Horn, Ms. Amber Hill, **MiSU** President Shirley, Ms. Krista Lambrecht, **NDSCS** President Flanigan, Mr. Keith Johnson, **NDSU** Ms. Karin Hegstad, Ms. Cynthia Rott **UND** Ms. Sara Abentroth **VCSU** Ms. Erica Buchholz,

System Office/CTS/Guests

NDUS Chancellor Hagerott, VC. David Krebsbach, VC. Jerry Rostad, VC. Lisa Johnson, Mr. Mark Gorenflo, Dr. Billie Jo Lorius, Ms. Jamie Wilke, Mr. Eric Jensen, Ms. Kristie Hetzler, Ms. Sharon Schwartzbauer, Ms. Mindy Sturn, Ms. Bethany Kadrmas, Ms. Caitlin Magilke, **AG** Ms. Meredith Larson

Call to Order

Co-chair Black called the meeting to order at 10:32 a.m. CT.

1. February 9, 2024, [meeting minutes](#)

Co-chair Mihalick moved, Ms. Karla Mongeon-Stewart seconded, to approve the February 9, 2024, meeting minutes, as presented.

Black, Mihalick, Bollinger, Collins, Mongeon-Stewart, and Wietstock voted yes.

Motion passed 6-0.

2. [Funding Formula Study Group](#)

- i. Co-chair Black reviewed the purpose of the Funding Formula Study Ad Hoc Committee's work. It's to ensure that the SBHE and the NDUS understand the workings of the funding formula and to identify possible adjustments to the Legislative Assembly, via the Budget and Finance Committee and the full Board.

Committee Business

3. Status Updates from VPs on previous tasking:
 - a. Identify the differences in funding between each institution and the history of the formula averaging calculations.
 - i. Ms. Rebecca Collins shared that the Funding Formula Work Group has discussed the averaging rate's development over time.
 - ii. In 2015, a one-time equalization brought all institutions up to the highest rate in their category. Mr. Alex Cronquist shared with Ms. Collins that there is no statutory language that specifies the averaging or equalization of rates.
 - iii. Chair Black shared that in his conversations with Mr. Cronquist, while in 2015 there was no language in the bill, there was some type of directive to initiate the averaging function.
 - iv. The impact of the averaging became apparent in the last legislative session because of the tuition freeze and the funding of the pay raises and benefits.
 - b. Develop potential solutions to create better equity/parity to establish the base and averaging function. (2025 Session Proposal)
 - i. The Funding Formula Work Group devised 3 potential solutions (which are not mutually exclusive):
 1. Replace the averaging with just using the top rate instead.
 2. Create 5 groups and separate NDSU and BSC.
 3. Remove averaging all together.
 - c. Revisit the weightings to ensure they accurately reflect the cost of delivering education.
 - i. Each institution had the option to go look at the weighted rates for various non-core programs.
 - ii. One potential proposal could be to move LRSC's Peace Officer Training (POT) program out of the engineering cluster.
 1. Ms. Joann Kitchens shared that the POT program cost was 8 times LRSC's engineering programs.
 2. Currently students are charged \$2500/semester to offset this increased cost.
 3. Ms. Kitchens stated that it was surprising that the POT program was under engineering and not CTE.
 - d. Explore opportunities for the formula to be more responsive and integrated with industry to drive better workforce outcomes.
 - i. Two identified categories were engineering and education.
 1. Engineering category includes engineering, energy, and computer science. Lightcast data shows that only 16% of engineering, 12% of energy, and 20% of computer science/cybersecurity positions are being filled by NDUS graduates.
 2. Only 40% of educational positions are being filled by NDUS graduates.
 - ii. A proposed solution is to put more money into those categories to help institutions deliver more graduates in these fields.
 1. Ms. Karla Mongeon-Stewart provided feedback that UND already has the capacity within existing programs. Unless funding is put towards scholarships to generate more enrolled students, institutions can't generate more graduates

- e. Other areas that were discussed were the CPI inflationary index and degree completion factor. Ms. Collins stated that adjusting the Funding Formula automatically for inflation has been proposed in the past and has not been received well by legislators. The degree completion factor has been difficult to measure for the 2-year college transfer students that go on to 4-year institutions without receiving a degree from the 2-year institution.
 - f. Ms. Collins shared that because of growing and moving from a factor of 1.5 to 1.4, according to the current funding formula, DSU will lose \$1.4 million. Because the law currently states that the only institutions that can keep their prior factor was based on the 2017-2019 reference, if that were to be removed from the law then DSU would not lose money because of growing.
4. Prioritization of Next Steps & Charges
- a. Chair Black asked the committee members if the work group came to a consensus on which direction to take based on the recommendations. Ms. Collins stated that the work group agreed that combining the first two suggestions on the rate averaging could be the best option. Removing the averaging all together could be a difficult push. Look at the category a high-cost program falls into and request adjusting the discipline cluster it falls into. Also look at adjusting the N.D.C.C. language related to the adjustment of the credit completion factors when an institution increases or decreases credit production.
 - b. Next steps will be for the VPs to tackle the costs and to set a deadline for when that will be completed. The committee will meet convene at that deadline.

Adjourn

Co-chair Black adjourned the meeting at 11:30 a.m. CT.

Approved May 3, 2024.