

Discussion Summary & Recommendations
Meeting at Kathryn, North Dakota
April 5, 2006

**Private Sector Members of
Roundtable on Higher Education**

May 16, 2006

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Executive Summary

A majority of the private sector members on the Roundtable on Higher Education (See Attachment-A) gathered at the Corporate Adventures training center in Kathryn, North Dakota, on April 5, 2006. Also attending were Senator Ray Holmberg, Chair of the Roundtable on Higher Education and Eddie Dunn on behalf of Dr. Robert Potts, Chancellor of the North Dakota University System.

The meeting was called and organized by Thomas Shorma, C.E.O. President of WCCO Belting, Inc. in Wahpeton. This was done at the request of several other private sector members of the Roundtable who had desired an opportunity to spend more time discussing issues currently affecting Higher Education in North Dakota, from the perspective of the private sector.

Those private sector members in attendance developed a list of Roundtable “Micro” initiatives that they believe have impacted the “Macro” North Dakota economy the most. Also developed was a list of the Roundtable “Micro” initiatives that the private sector members believe have impacted the North Dakota economy the least. At the conclusion of the meeting, it was agreed the information generated would be summarized and provided to the Chair of the Roundtable on Higher Education and to the State Board of Higher Education to use as input, from the private sector’s perspective, regarding future decisions that need to be made in our state relating to higher education.

One particular area stood out above all others during the discussions of things that the private sector believes needs to be changed or improved upon:

Higher Education institutions are not sharing in the wealth of an improved economy as originally agreed upon by and with the Roundtable.

The private sector was **adamant and unanimous** in its position that the Roundtable and the State have not lived up to the original agreement with campus leadership to provide additional funding and/or equity to those institutions IF the campus leadership agreed to embrace and respond to the changes recommended by the Roundtable on Higher Education.

Things we are doing well!¹

Two specific areas of performance that were clearly identified as “exceptional” by the entire private sector group included:

1. The role of the private sector in guiding the Higher Education Roundtable;
2. The successful increase of research dollars generated by the various campuses.

Role of the private sector in guiding the Roundtable. The private sector spoke openly about how it wishes to continue to be involved in providing input to higher education through the Roundtable on Higher Education. It believes that its guiding influence on the Roundtable and the mixed representation of the entire membership has created an atmosphere of cooperation and support that has not existed in the state prior to the formation of the Roundtable. Due to the many positive changes that have occurred in higher education as a result of input from the Roundtable, it is now well documented how this format for initiating change has quickly become the template for other states to follow.

Increased research. It was expressed by several private sector members that North Dakota should do everything possible to set aside more state funds and/or provide campus leadership even greater incentive to continue the research expansion initiative as the return on investment for our state is tremendous. The research dollars have a very positive economic effect on our economy. If providing even greater state funds would further encourage this same level of investment by the private sector into doing research at our institutions, then it would be foolish not to do much more of it!

It was cautioned that there must be a balance between the funding for research and funding for the core functions of the colleges and universities, particularly if both items are included within the recommended funding level referred to later in this report. For example, concern was expressed regarding the need for programs that meet the needs of business and industry, as well as the need for high-quality education to produce a world-class workforce. A major portion of additional funding is needed to help the colleges and universities remain viable and competitive with other states.

Consequently, one suggestion offered was if there are major increases in research funding, this funding be viewed in the same manner as the Centers of Excellence funding, i.e. as economic development investment. The central point expressed was, funding for research is critical, but so is funding for support of the core functions, to ensure that the colleges and universities are preparing high-quality, highly skilled graduates.

Other successful areas. Other areas of our Higher Education that were also recognized as very successful by the private sector membership (and deemed worthy of expanded support and/or consideration) include:

¹A weighted list of all issues discussed as developed by the private sector membership at the April 5, 2006 meeting is included in Attachment-B.

1. The Centers of Excellence concept
2. The excellent workforce training program
3. The Roundtables influence on Higher Education (i.e., the Roundtable goal and cornerstones have become the basis for the NDUS vision, mission, strategic plan, accountability measures and board policy changes and, in turn, have resulted in significant improvements in responsiveness and overall performance)
4. An improved labor pool supporting our major industries

Additional areas of success identified by the group include:

1. The improved retention of North Dakota Higher Education graduates
2. The increased presidential flexibility and control over campus operations
3. The internship program
4. Improved access to University System leadership
5. How the Roundtable has promoted a positive image of North Dakota within and outside the state
6. The success of the loan forgiveness program
7. The strong ND Senate support for the Roundtable

Things we are doing not so well!

One particular area stood out above all others during the discussion of things that the private sector believes we need to change or improve upon.

Higher Education institutions are not sharing in the wealth of an improved economy as originally agreed upon by and with the Roundtable.

The private sector was **adamant and unanimous** in its position that the Roundtable and the State have not lived up to the original agreement with campus leadership to provide additional funding and/or equity to those institutions – IF the campus leadership agreed to embrace and respond to the changes recommended by the Roundtable on Higher Education.

The private sector believes that it was agreed upon early in the roundtable process that IF the leadership of our higher education institutions would support the cornerstones and fundamental concepts of the Roundtable – become more entrepreneurial and accountable; take a more active role in improving economic conditions in our state; work more closely with the private sector including the expansion of private sector research dollars into our campuses; be more responsive in providing workforce training and, support the Governors vision of creating economic development centers of excellence – then these institutions would directly benefit accordingly with the reward of increased state funding.

Based on the private sectors review of a wide assortment of metrics used to measure higher educations performance and support of the Roundtable cornerstones, the performance of our institutions has been exceptional and it is indisputable!

It is the opinion of the private sector that: the increased income in our state (budget surplus), at least in part; the record state retention of higher education graduates; the vastly improved workforce training system, and; the economic impact of millions of new research dollars in our state, etc., are due to the changes made and the resulting direct contributions of our states higher education system.

Unfortunately, the private sector is fully aware of the decrease in the funding percentage to those same institutions. In other words, the private sector concluded that, although state income has gone up significantly since the Roundtable was formed, the portion of funding to our Higher Education institutions has not followed – it has gone down!

The private sector members on the Roundtable believe that this is a “breach” of faith and that the state is not living up to its end of the original Roundtable agreement. As such, the private sector supports the recommendation made at the June 15, 2004, full Roundtable meeting to move higher education funding back to the 21% level, at a minimum, of state general fund spending that existed when the Roundtable legislation and the agreement went into effect. It is only right that we do what we said we would do.

The private sector views this as an investment, and not a cost, to assure continued economic growth. This investment will in turn provide the resources necessary to support the other important education and social services needed throughout the state.

Other areas of high concern. Things that we are not doing well as expressed by the private sector membership include those listed below. Each of these areas was identified by multiple private sector members as things that need to be addressed by the higher education leadership and other stakeholders of higher education in North Dakota.

1. Concerns over the inter-campus rivalry between NDSU and UND and its impact on higher education in North Dakota.
2. The low graduation rates of college students
3. The weak honors program – inability to attract a significant number of exceptional students.
4. The feeling that our academic standards are too low
5. That our soft skill training must be further improved
6. Concerns over the duplication of state workforce training funding to multiple organizations – offering the same training

Inter-campus rivalry. The central point of this discussion was that healthy competition is desirable but rivalry that is destructive harms the entire higher education system and weakens statewide support. Concern was expressed that the current “unified system of higher education” is being put in jeopardy or could even be dismantled, taking the state back to the pre-1990s when it was a free-for-all, every campus for themselves, and the students, businesses, and taxpayers were not being well served. It was mentioned that the MGT consultant also made reference to this concern and to the potential ramifications if this issue is not resolved quickly and effectively.

Honors program. It was noted that there are honors programs in the state targeted at recruiting high achieving high school students. It was apparent, however, that the awareness of such programs is very low. It was suggested that additional honors programs focused on specific subject areas or disciplines may be needed.

Other areas of concern. The remaining areas expressed as a concern by the private sector and discussed at length by the entire membership group during our meeting are listed below. They should be considered areas that the private sector believes need significant improvement.

1. Access to Workforce Training in smaller communities
2. Financial equity to all institutions
3. Roundtable meetings structured to provide more private sector value
4. Additional flexible and responsive training programs
5. Mis-alignment between degree programs and market demand
6. Opportunities for the private sector to have greater insight and understanding of the financing of higher education in North Dakota.
7. Add more North Dakota HB1's – foreign visa's to our workforce
8. College admission standards are set too low
9. The definition for Centers of Excellence needs refining
10. Intern program awareness in the private sector is low
11. Awareness of the student loan forgiveness program is low
12. Support for the Roundtable among those in leadership positions in the ND House is low
13. Higher Education continues to offer wide duplication of degrees
14. Higher Education support of companies exporting products is inadequate

Centers of excellence. Although the centers of excellence program is viewed as being highly successful, the private sector believes the term “excellence” should only be applied to centers that have achieved a level of prominence within the north central region, the nation or internationally that is deserving of the “excellence” designation. Maintaining the integrity of the term is important. It IS NOT suggested that only those centers that already have achieved, or have the potential to achieve, the excellence designation should receive funding for centers. It IS suggested that investments be made to allow all areas of the state to benefit from this important concept. It is proposed that centers which may not achieve the necessary prominence to be designated “excellent,” but which are still important in enhancing the economy of the state (through the creation or expansion of businesses and employment in the private sector), be assigned a different designation – such as “centers of economic enhancement.”

Recommendations:

1. Fund the University System to at least 21% of the state general fund expenditures in accord with the original agreement and the understanding among the stakeholders of higher education.
2. The private sector will take on a stronger leadership role within the Roundtable to assure the perspectives of the private sector are being presented and considered. This report is the first step in taking on that responsibility. Possibilities for doing so include:
 - Add a private sector representative as a “tri-chair” to the Roundtable (along with the current co-chairs from the ND Senate and House) to assure private sector involvement in the development of meeting agendas and action plans.
 - Arrange for private sector members on the Roundtable to meet prior to the full Roundtable meetings to discuss and develop consensus on high priority needs and opportunities.
 - Arrange for at least one breakout session during each Roundtable meeting whereby the members can meet in separate groups (legislators, private sector, etc.) to discuss and develop comments and recommendations for consideration by the full Roundtable.
 - Become more involved in helping key audiences (such as the legislature, state and community leaders, student associations, and economic development organizations) better understand the purpose and potential of the Roundtable as a powerful mechanism for enhancing the economic and social vitality of the state and assuring high-quality and affordable education for students.
3. Continue and strengthen those strategies that have been determined to be especially effective in achieving the goal of the Roundtable, including:
 - Increase investments in research
 - Continue and possibly expand the centers of excellence concept (with suggested refinements described earlier in this report)
 - Increase emphasis on developing high-quality world-class graduates
 - Strengthen the workforce training system while avoiding duplicating funding to multiple organizations offering the same training
4. Make a special effort to obtain stronger support for the Roundtable in general, and the key principles in particular (See Attachment-C), on the part of those in leadership positions in the North Dakota House.
 - Increase awareness and understanding of the Roundtable and the resulting progress being made by providing a “state of the roundtable report” to a joint session of the legislature during legislative sessions – similar to the reports provided by the Judicial Branch
5. The full Roundtable should meet prior to the legislative session to review legislation being proposed relating to the University System and higher education.
6. Encourage the State Board of Higher Education to address the issue of inter-campus rivalry between NDSU and UND.
7. Consider adding the Roundtable to state statutes.

Responses of Private Sector Members of the Roundtable to the Draft Discussion Summary

	Private Sector Memb. & Others Invited	Attended April 5 mtg	Responded to Draft Rpt	Approved Draft Rpt
1	Greg Allen	No	Yes	Yes
2	Jennifer Feist	Yes	Yes	Yes
3	Bruce Furness	No	Yes	Yes
4	Don Hedger	Yes	Yes	Yes
5	Dennis Hill	Yes	Yes	Yes
6	Terry Hoff	Yes	Yes	Yes
7	Frank Keogh	No	Yes	Yes
8	Richard McKennett	No	Yes	Yes
9	Don Morton	Yes	Yes	Yes
10	Judith Paukert	No	Yes	Yes
11	Roger Reiersen	No	Yes	Yes
12	Jim Roers	Yes	Yes	Yes
13	Tom Shorma	Yes	Yes	Yes
14	Daryl Splichal	Yes	Yes	Yes
15	Paul Steffes	Yes	Yes	Yes
16	Delore Zimmerman	Yes	Yes	Yes
17	Carrie Zubke	No	Yes	Didn't feel qualified
	SUBTOTALS	9 7	17	16
18	Senator Holmberg	Yes	Yes	Yes
19	Eddie Dunn	Yes	Yes	Yes
20	President Vickers	No	Yes	Yes
	TOTALS	11 8	20	19

ATTACHMENT-A-2

Private Sector Members of the Roundtable on Higher Education

May 5, 2006

Name	Title	Organization	Address
Allen, Greg	Administrative Manager	Cavandish Farms	PO Box 1980, Jamestown ND 58402-1980, w-252.5222
Feist, Jennifer	Executive Director	Valley City Barnes Co Devel Corp	PO Box 724, Valley City ND 58072-0724, w-845.1891
Furness, Bruce	Mayor	City of Fargo	200 3rd St N, Fargo ND 58102-4809, w-241.1310
Hedger, Don	CEO	Killdeer Mountain Manufacturing	PO Box 450, Killdeer ND 58640-0450, w-764.5651
Hill, Dennis	Executive VP/General Manager	ND Assoc of Rural Electric Coop	PO Box 727, Mandan ND 58554-0727, w-667.6413
Hoff, Terry	President	Trinity Health	PO Box 5020, Minot ND 58702-5020, w-857.5114
Keogh, Frank	President/CEO	American State Bank & Trust	PO Box 1446, Williston ND 58802-1446, w-774.4100
McKennett, Richard	Attorney at Law	McKennett Stenehjem Reiersen Forsberg & Hermanson	314 1st Ave E, Williston ND 58802-1366, w-577.6771
Morton, Don	Site Leader for Fargo Campus	Microsoft	1 Lone Tree Rd, Fargo ND 58104-3911, w-281.6995
Paukert, Judi	Community Relations Manager	Xcel Energy	1206 5th Ave S, Grand Forks ND 58201-4370, w-795.5213
Reiersen, Roger	President	Flint Communications Inc	PO Box 2012, Fargo ND 58107-2012, w-237.4850
Roers, Jim	President	Roers Construction and Develop Inc	4445 2nd Ave SW, Fargo ND 58103-0906, w-282.6413
Shorma, Tom	CEO/President	WCCO Belting Inc	PO Box 1205, Wahpeton ND 58074-1205, w-642.8787
Splichal, Daryl	Treasurer	MDU Resources Group Inc	PO Box 5650, Bismarck ND 58506-5650, w-530.1019
Steffes, Paul	CEO	Steffes Corporation	3050 Hwy 22 North, Dickinson ND 58601-9413, w-483.5400 h-384.5400
Zimmerman, Delore	President	CEO Praxis	100 N 3rd St Ste 10, Grand Forks ND 58203-3716, w-775.3354
Zubke, Carrie	Director of Human Resources	American Bancor, Ltd.	46 1st St W, Dickinson ND 58601, w-483.3287 F-483-3214

ATTACHMENT-B

THINGS WE ARE DOING WELL	Votes/ Rank
Increased research dollars coming into the state	8
Role of private sector in guiding the Roundtable	8
Centers of excellence	7
Excellent workforce training program	5
Roundtable's influence on higher education	4
Improved labor pool supporting our major industries	4
Improved retention of North Dakota higher education graduates	1
Increased presidential flexibility and control over campus operations	1
Internship program	
Access to university staff	
Roundtable promoting positive image of North Dakota	
Loan forgiveness program	
ND Senate support for the Roundtable	

Explanation of votes/rank: Those items for which the private sector members in attendance at the April 5, 2006, meeting concurred were worthy of being mentioned were listed under one of two categories: (1) Things we are doing well and (2) things we are not doing so well. The group then voted on the items listed to identify the highest priority items.

THINGS WE ARE NOT DOING SO WELL	Votes/ Rank
Higher education institutions not sharing in the wealth of an improved economy as originally agreed upon by and with the Roundtable	8
Inter-campus Rivalry – NDSU & UND and impact on ND higher education	5
Low higher education graduation rates	4
Weak honors program	4
Academic standards are too low	3
Soft skills training	3
Duplicate funding of the same workforce training	3
Access to manufacturing training throughout the state	2
Financial equity for all NDUS institutions	2
Roundtable meetings structured to provide more private sector value	1
Additional flexible and responsive training programs	1
Mis-alignment between degree programs and market demand	1
Financial disclosure to private sector from universities (better understanding of funding)	1
Add more North Dakota HB1's foreign visas to our workforce	
Admissions standards are too low	
Definition for centers of excellence needs refining	
Internship program awareness	
Loan forgiveness program	

Lack of North Dakota House support for the Roundtable	
Duplication of degree programs	
Role in exporting	

Explanation of votes/rank: Those items for which the private sector members in attendance at the April 5, 2006, meeting concurred were worthy of being mentioned were listed under one of two categories: (1) Things we are doing well and (2) things we are not doing so well. The group then voted on the items listed to identify the highest priority items.

**Summary of Key Principles
Of the Roundtable on Higher Education
(Extracted from Roundtable Report of May 25, 2000)
March 23, 2006**

I. THE FUNDAMENTAL PRINCIPLE OF THE ROUNDTABLE (I.E., THE ESSENCE OF THE AGREEMENT AMONG THE STAKEHOLDERS) IS:

In addition to providing educational excellence, the colleges and universities are charged with being a primary engine for expanding the economy of North Dakota, and in turn, are to share accordingly in the benefits of that expansion.

II. Other Key Principles:

Other Key Principles, as stated in the Executive Summary and the Cornerstone sections of the Roundtable Report, are:

1. **An Engaged University System:** “Bold steps are needed to change the downward trajectory of the state.” And, “The University System must be a proactive participant in shaping the desired future.”
2. **New Relationship Based on Trust and Common Purpose:** “There must be relationship between the NDUS and the state which is based on trust and common purpose rather than suspicion and skirmishes over power.”
3. **Flexibility with Accountability:** “The basis for the new relationship is flexibility with accountability.”
4. **A Unified System:** “The University System is to function as a system, not as a collection of campuses.”
5. **Entrepreneurial:** “The System is to operate in a much more entrepreneurial manner” (with tolerance for risk-taking).
6. **All of North Dakota must Benefit:** “All of North Dakota must benefit, not just the urban areas.”
7. **Accessible and Responsive:** “The System is to be accessible and responsive to all citizens of the state, both individual and corporate.”
8. **Balanced and Affordable:** “Funding provided by the state and from the students must be properly balanced so student costs for postsecondary education remain affordable to all North Dakota citizens.”
9. **Grow Together:** “Old solutions – such as closing campuses and redirecting resources – are not adequate to the task. The state and the NDUS must grow together, not contribute to each other’s decline.”
10. **Limit Accountability Measures:** “Limit the freedom of other parties to expect accountability outside the domains established and agreed upon.”
11. **Make Changes to Unleash the Potential:** “Free up and unleash the potential of the NDUS – to change the budget-building, resource allocation, and audit practices to reflect the new compact between the state and the University System.”
12. **A New Funding Mechanism:** “Develop a funding mechanism structured around three primary budgetary components:”
 - a. *Base funding* used to sustain the academic capacity of each campus. The adequacy of the base funding for each institution is measured by comparison to other external benchmarks (i.e., peer institutions in other states);

- b. *Incentive funding* which creates incentives and/or rewards in furtherance of the State's and Roundtable's priorities.
- c. *Asset funding* which supports the maintenance of the physical assets of the State's University System.

III. GOAL OF ROUNDTABLE:

To enhance the economic vitality of North Dakota and the quality of life of its citizens through a high quality, more responsive, equitable, flexible, accessible, entrepreneurial, and accountable University System.

IV. CORNERSTONES:

The Roundtable concluded the University System for the 21st Century in North Dakota should be built upon six key cornerstones. Those key cornerstones are:

Cornerstone 1: Economic Development Connection – Direct connections and contributions of the University System to the economic growth and social vitality of North Dakota.

Cornerstone 2: Education Excellence – High quality education and skill development opportunities which prepare students to be personally and professionally successful, readily able to advance and change careers, be life-long learners, good citizens, leaders, and knowledgeable contributing members of an increasingly global and multi-cultural society.

Cornerstone 3: Flexible and Responsive System – A University System environment which is responsive to the needs of its various clients and is flexible, empowering, competitive, entrepreneurial, and rewarding.

Cornerstone 4: Accessible System – A University System that is proactively accessible to all areas of North Dakota and seeks students and customers from outside the state. It provides students, business, industry, communities, and citizens with access to educational programs, workforce training opportunities, and technology access and transfer – and does so with the same performance characteristics as described in the “Flexible and Responsive System” Cornerstone.

Cornerstone 5: Funding and Rewards – A system of funding, resource allocation, and rewards which assures quality and is linked to the expressed high priority needs and expectations of the University System – assures achievement of the expectations envisioned.

Cornerstone 6: Sustaining the Vision – A structure and process which assures the University System for the 21st century, as described by these cornerstones, remains connected, understood, relevant, and accountable to the present and future research, education, and public service needs of the state and its citizens – sustaining the vision.