

Minot State University

Federal Impact Study



Prepared by the Office of
U.S. Senator Kent Conrad



*Cover: A student conducts research in MSU's Cyril Moore Science Center
This page: Old Main*

An Open Letter from United States Senator Kent Conrad



Dear Friend:

North Dakota has a proud tradition of providing our young adults the opportunity to get a quality education at our public universities and colleges. Our state's higher education system is so good that neighboring states have taken to calling North Dakota the "brain belt," in an acknowledgement of the exceptional aptitude of our North Dakota graduates.

Our higher education system is something that all North Dakotans value – and not just for the excellent learning opportunities it offers. The campuses of our universities and colleges have become part of the fabric of our local communities, enriching the lives of all North Dakota families, whether they have a child enrolled or not. Our campuses provide good-paying jobs, they stimulate North Dakota's economy, and they are often the hosts of partnership efforts to address issues in our local communities and across our state.

But without federal support, our public education system would either shrink, or become so expensive that a college degree would be out of reach for a growing number of North Dakotans. This report, prepared by professional staff of the United States Senate, examines the impact of the federal budget on North Dakota's higher education system. Each campus report details the trends of federal investment in that institution, and focuses on examples of how federal investments in North Dakota's public colleges and universities have increased the quality of life for our North Dakota families.

It is important to examine the federal budget's impact on higher education in North Dakota. As our deficits widen and our national debt grows, there is increasing pressure to eliminate spending on domestic initiatives – including higher education. As a nation, we must decide what we value, and where we want our federal dollars invested.

I believe that you'll find this report eye-opening. It is clear that the federal budget has a crucial role in making higher education affordable to our families, drawing research to our North Dakota campuses, and keeping our colleges and universities vibrant centers for our local communities. Special thanks to MSU President David Fuller, Ron Dorn and Mark Anderson for their assistance in preparing this report.

Sincerely,

A handwritten signature in blue ink that reads "Kent Conrad". The signature is written in a cursive, flowing style.

KENT CONRAD
United States Senator

Findings

Institutions of higher education are vital to our society. Our colleges and universities prepare the workforce of tomorrow. They are on the cutting edge of research and development in biotechnology, agriculture production, health and medicine and other areas that will affect the well being of families. They also prepare the next generation of teachers. Our local community leaders often turn to institutions of higher education to act as catalysts for partnerships that can help solve problems and address challenges.

Our universities and colleges also serve North Dakota and our local communities as engines that drive economic activity and stimulate growth. As research grows, they are increasingly a source, both directly and indirectly, for better-paying jobs -- a trend that serves to increase the quality of life in North Dakota and in the communities that host our institutions of higher education.

Minot State University

Minot, ND

Founded in 1913

Undergraduate student body: 3,576

Mission

Minot State University advances knowledge, critical and creative thinking, and the vitality of community and cultures.



Federal Funding For Minot State University

The federal government has become an increasingly important partner in supporting the mission of higher education in North Dakota and across the country. Minot State University benefited from nearly \$9.2 million in federal programs for student aid, grants, contracts and other support in 2005, a total of 24 percent of its total budget. From 2001 to 2005, the University received \$38.1 million from federal programs, which was about 22 percent of its total budget.

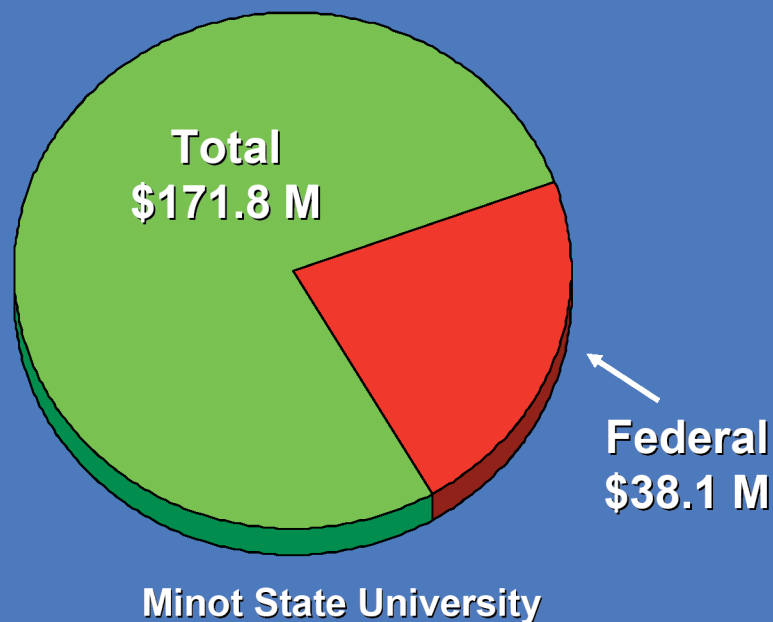


A lamppost outside Old Main

Making sure that North Dakota's colleges and universities are strong will help ensure we have the intellectual capital to address challenges facing our state, that we have a world-class workforce, and that our young people can envision a secure and prosperous future for themselves in North Dakota.

“From 2001 to 2005, the University received \$38.1 million from federal programs, which was about 22 percent of its total budget.”

Federal \$ as a Share of Total Budget (2001-2005)



Source: Minot State University business office

How Federal Funds Are Used

Student Aid

Many families and students recognize that continuing on with education after high school is important for financial security. But they are also concerned about the rising cost of higher education.

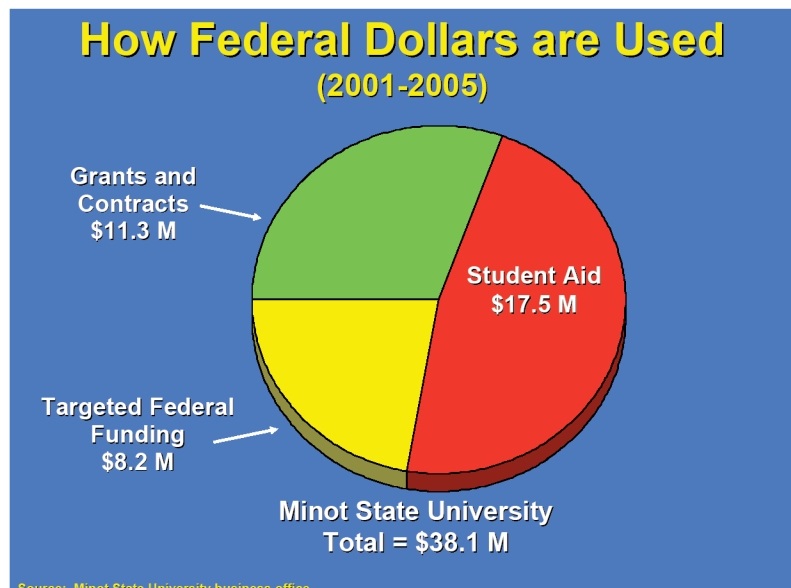
Tuition and fees at a four-year public college or university average \$5,491 in the current school year. That's up 7.1 percent from last year. The average tuition and fees at a two-year public college is \$2,191, or 5.4 percent above last year. Adding in the cost of room and board, the average cost of attending a four-year public college or university in the US has reached \$12,127. [College Board, *Trends in College Pricing 2005*]

Tuition and fees in North Dakota are below the national average at \$4,790, but those costs increased 10 percent over the previous school year. [College Board, *Trends in College Pricing 2005*]

Financial aid is increasingly important to make sure that qualified students have the opportunity to go to college and complete their programs of study. Today, 62 percent of full-time undergraduates receive student aid. [College Board, *Trends in College Pricing 2005*]

The burden on families has grown in recent years as the cost of higher education has gone up. On average, grants and tax credits from all sources currently cover 60 percent of tuition and fees, and 27 percent of the tuition, fees, and room and board for full-time undergraduates at 4-year public institutions. However, the net cost to students and their families has grown 17 percent since the 2001-2002 school year. [College Board, *Trends in College Pricing 2005*] Our entire state is affected when a higher education becomes unaffordable for too many students.

The federal government is the largest source of student aid. Pell grants are the foundation of the federal student aid program, although the maximum Pell grant currently covers only 33 percent of the cost of a four-year public institution, down from 42 percent in the 2001-2002 school year.



North Dakota students are projected to receive \$37 million in assistance through the federal Pell grant program in the 2005-2006 school year. Students at Minot State University benefited from \$3.5 million from federal student aid programs, the majority of which came from the Pell grants program, in 2004-2005.



MSU students studying

The federal government also provides support to students in ways that are not reflected in this report. Nearly half of student aid now comes through federal loan programs. Students in North Dakota took out \$174.1 million in loans through the Federal Family Education Loan (FFEL) program. [U.S. Department of Education] Many students and their families also take advantage of tax provisions such as interest deductibility and tax credits to reduce the cost of going to college. Nationwide, nine percent of all federal aid to undergraduate and graduate students was made through the federal tax code. [The College Board, *Trends in Student Aid 2005*]

Grants and Contracts

The federal government is also a major source of grants and contracts for basic research, product development, and other campus-based projects. More than half of all basic research in the United States is conducted at research universities. The federal government supports about 60 percent of research conducted at universities. [Association of American Universities, 2004]

Federal grant and contract support at Minot State University has increased from just under \$2.8 million in the 2001-2002 school year to nearly \$5.6 million in the 2004-2005 school year. The 2005 funding includes nearly \$2.2 million obtained directly by the North Dakota Congressional delegation for specific projects at Minot State.

Case Study: MSU Wages a War Against Meth

Rural America is facing a growing crisis due to a dramatic increase in the manufacture and abuse of methamphetamine. For the past five years, Minot State University has led the way in working with federal, state and local law enforcement officials to provide community awareness and education to prevent both the manufacture and use of methamphetamine. Armed with more than \$4 million in federal funds, the Rural Meth Education Project at Minot State University has developed effective presentation tools to assist law enforcement officials, teachers, parents, and other community leaders in fighting this destructive and addictive drug. In addition to community-based education, the program has recently focused on treatment providers by developing and completing a survey of licensed treatment providers within the state.

Fiscal Year 2002-2006 Commerce, Justice, State Appropriations bill

Conclusion: Federal Funds are Crucial to Our Universities and Colleges

The federal government supports our public higher education institutions in a variety of forms – such as research grants, program funding or tuition assistance for students. What is clear from this report, however, is that no matter what the form of the federal investment, the federal government is crucial to supporting our public universities and colleges.

In fact, the federal share of public support for our higher education institutions is one of the single greatest sources of funds for North Dakota’s public universities and colleges.

This is important because, as our federal deficits widen and the federal government becomes mired in deeper debt, there is increasing pressure to reduce federal spending for higher education. We must decide whether reducing federal spending for higher education is in the best interests of North Dakota, its local communities and its families.

Clearly, holding out the opportunity for an affordable, quality college education is something that we value. And North Dakota’s universities and colleges have become important centers for research in areas that provides great strides in the growth of our state’s economy.

Federal support for North Dakota’s higher education system has provided a great return on the investment, from the well-prepared graduates entering the job market from our schools, to the cutting-edge laboratories breaking new ground in commercial and scientific research. Federal investment in North Dakota’s public colleges and universities should continue, in order to maintain the trend of quality graduates, research and community leadership.

“The federal share of public support for our higher education institutions is one of the single greatest sources of funds for North Dakota’s public universities and colleges.”

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