
AGENCY OVERVIEW**242 Valley City State University****Date:** 01/13/2011**Time:** 11:05:59

Statutory Authority

ND Consitution, Article VIII, Section 6.

Agency Description

Valley City State University, operating as a postsecondary educational institution within the North Dakota University System, serves the citizens of North Dakota and the surrounding area by offering a broad and diverse population of students an opportunity to challenge their individual learning capabilities.

Agency Mission Statement

Valley City State University prepares people for life through visionary leadership and exemplary practices in teaching, learning, and service.

Vision Statement: Valley City State University is nationally acclaimed for attracting and retaining talented individuals who advance quality learning opportunities and economic growth through technology and innovation.

Agency Performance Measures

The North Dakota University System publishes an annual accountability measures report each December, in response to the "flexibility with accountability" expectations of SB 2003 passed by the 2001 Legislative Assembly. Organized according to the five cornerstones of the Roundtable Report, these annual reports provide a useful framework for focusing the assets of the University System on the high-priority needs of the state. The 2010 annual accountability measures report is scheduled for completion in December 2010, and will be the most current information available to the 2011 Legislative Assembly. This annual document serves as a primary tool for reporting on the agreed-upon North Dakota University System accountability measures and as a vehicle through which the system demonstrates its commitment to enhancing the economic and social vitality of North Dakota.

Major Accomplishments

1. Increased enrollment 6.3 percent increase over the fall of 2008 and had the highest headcount in nine years
2. Received a second congressionally-directed grant of \$750,000 to increase STEM Education and training for K-12 teachers.
3. Selected by the Bush Foundation to participate with NDSU and MSUM in a \$5.6 million consortium to improve teacher training and further strengthen teacher education in the region over the next 10 years.
4. Awarded funding through the North Dakota Department of Health to establish the Prairie Waters Education and Research Center (PWERC). This five-year, \$732,000 grant will help establish the PWERC and allow the center to serve as a statewide resource for water education, research, and management.
5. Graduated the largest class of Master's students to date (39 students).
6. Named a Best College in the 2010 edition of America's Best Colleges by USNews and World Report for the 12th year in a row--the highest ranked college in 2010 in North Dakota or Minnesota in this category.
7. Met and exceeded fundraising goals to establish new men's and women's track and field programs. A new coach has been hired, and the programs officially began August 2010.
8. Repaired structural damage to W.E. Osmon Fieldhouse.
9. Developed new study abroad opportunities in China and Honduras for students.
10. Completed a new, five-year strategic plan for the university--VCSU 2015.

Future Critical Issues

There are both challenges and opportunities for Valley City State University. The University's two main challenges for the next biennium include recruitment and retention of students and maintaining functional, attractive and safe facilities.

REQUEST SUMMARY

242 Valley City State University

Bill#: HB1003

Date: 01/13/2011

Biennium: 2011-2013

Time: 11:05:59

Description	Expenditures 2007-2009 Biennium	Present Budget 2009-2011	Budget Request Change	Requested Budget 2011-2013 Biennium	Optional Budget Request
By Major Program					
Valley City State University	16,539,853	37,869,958	(8,042,836)	29,827,122	1,858,567
Total Major Program	16,539,853	37,869,958	(8,042,836)	29,827,122	1,858,567
By Line Item					
Operating Expenses	13,667,137	16,362,413	2,220,390	18,582,803	0
Capital Assets	2,872,716	1,258,416	9,985,903	11,244,319	1,858,567
Capital Assets Carryover	0	444,208	(444,208)	0	0
Capital Projects non-state funded	0	18,500,000	(18,500,000)	0	0
Deferred Maintenance	0	1,304,921	(1,304,921)	0	0
Total Line Items	16,539,853	37,869,958	(8,042,836)	29,827,122	1,858,567
By Funding Source					
General Fund	14,434,182	19,275,629	10,551,493	29,827,122	1,858,567
Federal Funds					
Special Funds	2,105,671	18,594,329	(18,594,329)	0	0
Total Funding Source	16,539,853	37,869,958	(8,042,836)	29,827,122	1,858,567
Total FTE	78.15	90.37	1.00	94.88	0.00

REQUEST DETAIL242 Valley City State University
Biennium: 2011-2013

Bill#: HB1003

Date: 01/13/2011

Time: 11:05:59

Description	Expenditures 2007-2009 Biennium	Present Budget 2009-2011	Budget Request Change	Requested Budget 2011-2013 Biennium	Optional Budget Request
Operating Expenses					
Operating Fees and Services	13,667,137	16,362,413	2,220,390	18,582,803	0
Total	13,667,137	16,362,413	2,220,390	18,582,803	0
Operating Expenses					
General Fund	13,667,137	16,362,413	2,220,390	18,582,803	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	13,667,137	16,362,413	2,220,390	18,582,803	0
Capital Assets					
Land and Buildings	2,105,671	1,000,000	9,836,000	10,836,000	1,575,000
Other Capital Payments	0	0	0	0	283,567
Extraordinary Repairs	767,045	258,416	149,903	408,319	0
Total	2,872,716	1,258,416	9,985,903	11,244,319	1,858,567
Capital Assets					
General Fund	767,045	1,258,416	9,985,903	11,244,319	1,858,567
Federal Funds	0	0	0	0	0
Special Funds	2,105,671	0	0	0	0
Total	2,872,716	1,258,416	9,985,903	11,244,319	1,858,567
Capital Assets Carryover					
Land and Buildings	0	94,329	(94,329)	0	0
Extraordinary Repairs	0	349,879	(349,879)	0	0
Total	0	444,208	(444,208)	0	0
Capital Assets Carryover					
General Fund	0	349,879	(349,879)	0	0
Federal Funds	0	0	0	0	0
Special Funds	0	94,329	(94,329)	0	0
Total	0	444,208	(444,208)	0	0
Capital Projects non-state funded					
Land and Buildings	0	18,500,000	(18,500,000)	0	0
Total	0	18,500,000	(18,500,000)	0	0
Capital Projects non-state funded					
General Fund	0	0	0	0	0

REQUEST DETAIL

242 Valley City State University

Bill#: HB1003

Date: 01/13/2011

Time: 11:05:59

Biennium: 2011-2013

Description	Expenditures 2007-2009 Biennium	Present Budget 2009-2011	Budget Request Change	Requested Budget 2011-2013 Biennium	Optional Budget Request
Federal Funds	0	0	0	0	0
Special Funds	0	18,500,000	(18,500,000)	0	0
Total	0	18,500,000	(18,500,000)	0	0
Deferred Maintenance					
Extraordinary Repairs	0	1,304,921	(1,304,921)	0	0
Total	0	1,304,921	(1,304,921)	0	0
Deferred Maintenance					
General Fund	0	1,304,921	(1,304,921)	0	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	0	1,304,921	(1,304,921)	0	0
Funding Sources					
General Fund	14,434,182	19,275,629	10,551,493	29,827,122	1,858,567
Federal Funds	0	0	0	0	0
Special Funds	2,105,671	18,594,329	(18,594,329)	0	0
Total Funding Sources	16,539,853	37,869,958	(8,042,836)	29,827,122	1,858,567

CHANGE PACKAGE SUMMARY

242 Valley City State University

Bill#: HB1003

Date: 01/13/2011

Biennium: 2011-2013

Time: 11:05:59

Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds
Base Budget Changes						
One Time Budget Changes						
A-B 1 Major Capital Projects		0.50	10,836,000	0	0	10,836,000
A-E 2 Remove One time Funding for Def Mnt		0.00	(1,304,921)	0	0	(1,304,921)
A-E 3 Remove Capital Projects		0.00	(1,000,000)	0	(18,500,000)	(19,500,000)
Total One Time Budget Changes		0.50	8,531,079	0	(18,500,000)	(9,968,921)
Ongoing Budget Changes						
A-A 1 Parity		0.00	1,599,937	0	0	1,599,937
A-A 12 2009-11 Adjusted FTE		90.37	0	0	0	0
A-A 2 Equity		0.00	250,000	0	0	250,000
A-A 3 College Affordability		0.00	238,984	0	0	238,984
A-A 4 Base Plus Incr for Extraord Repairs		0.00	408,319	0	0	408,319
A-A 5 Student Mental Health Services		0.50	60,290	0	0	60,290
A-A 7 Employee Retire Contrib Increase		0.00	71,179	0	0	71,179
A-F 1 Remove Capital Assets Carryover		0.00	(349,879)	0	(94,329)	(444,208)
A-F 2 Remove Base Funding for Extraord Repairs		0.00	(258,416)	0	0	(258,416)
Base Payroll Change		(90.37)	0	0	0	0
Total Ongoing Budget Changes		0.50	2,020,414	0	(94,329)	1,926,085
Total Base Budget Changes		1.00	10,551,493	0	(18,594,329)	(8,042,836)
Optional Budget Changes						
One Time Optional Changes						
A-D 1 Special Assessments	1	0.00	283,567	0	0	283,567
A-D 3 Small to Medium Size Capital Projects	2	0.00	1,575,000	0	0	1,575,000
Total One Time Optional Changes		0.00	1,858,567	0	0	1,858,567
Total Optional Budget Changes		0.00	1,858,567	0	0	1,858,567

BUDGET CHANGES NARRATIVE

242 Valley City State University

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Change Group: A	Change Type: A	Change No: 1	Priority: 1
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Parity

The long-term finance plan includes targeted state/student shares for each of the campuses. The student share of parity costs would be funded through tuition rate increases, except as noted in change code AA3. The requested parity increase, totaling \$1,599,937, includes the state share of the following increased costs for 2011-13 (from campus parity tab):

- \$249,622 - Continuation of 10-11 legislatively funded salary increase @ 5%
- \$718,294 - 11-13 salary increase of an average 4.5% per year.
- \$385,951 - 11-13 estimated health insurance increase of 10% per year or \$173.39 per month. Total projected premium of \$999.05 per month per employee.
- \$134,603 - Operating inflation (excluding utilities) of 2.1% for FY12 and 2.0% for FY13, based on projections from Economy.Com
- \$84,278 - Projected utility cost increases, based on recent actual and projected cost increases. Assumptions include a 5% increase in the price of coal each year; a contingency for use of heating oil in case of a coal boiler breakdown; a 10% increase in the price of natural gas each year; a 5% increase in the price of electricity each year; a 6% increase in the fee for water/sewer/solid waste removal; a 13.5% decrease in telephone costs due to the lower maintenance costs of a new system and; a 29% decrease in energy savings debt payments.
- \$27,189 - Utilities for new facilities coming on-line in 11-13. VCSU's Prairie Waters Education and Research Center began operations in FY 2011 in property leased from the City of Kathryn. Utilities have been estimated for the biennium and the increase over the one year cost for the 09-11 biennium have been included.

Change Group: A	Change Type: A	Change No: 2	Priority: 2
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Equity

The NDUS budget request includes a \$15 million increase for equity, distributed among the 11 NDUScampuses and SMHS, to address peer differentials. VCSU's portion of the request is \$250,000. **The LTF Plan requires a minimum of 15% of the total new funding be allocated to equity, after full funding of the state share of salaries and benefit cost increases in parity. The distribution of the equity request is based on a change to the LTFP, approved by the SBHE in January 2010--the average of the weighted percentage distance from peers and dollar distance from peer--with a minimum amount of equity funding to all campuses funded at less than 110% of their peer benchmark. The revised plan states that the minimum equity funding allocation will be a minimum of \$100,000 or 10% of total biennial equity funding, whichever is greater. For the 2011-13 budget request, 10% of the equity request is \$1.5 million, and 6 campuses (WSC, NDSCS, MaSU, MiSU, VCSU and DCB) will share in the minimum request of \$250,000 each.**

VCSU will use a portion of the equity dollars to address equity and market salary issues.

With an increase in enrollment and more emphasis being placed on retention issues and on international and adult learners, the VCSU Learning Center will require an increase in funding. We are currently staffing with a ½ time position plus tutors. As we consolidate services and build services to support our general education program, this position will likely become full time. We anticipate that certain general education courses will require use of the Learning Center and coaches will form partnerships with the director in identifying tutors and study table assistance. At the same time, we will likely need to hire lecturers in English to cover additional composition needs.

Change Group: A	Change Type: A	Change No: 3	Priority: 3
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College Affordability

BUDGET CHANGES NARRATIVE

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Funding was provided during the current 2009-11 biennium to address student affordability, by freezing tuition at the two-year campuses and limiting tuition increases to no more than 4% at all other NDUS campuses. The SBHE went a step further and limited tuition increases to no more than 3.5% at the four-year campuses for each year of the 09-11 biennium. If the 2011-13 request is funded, the two-year campuses would continue to freeze tuition, and tuition increases would be limited to no more than 4% at the four-year campuses for an additional 2 years. If done consistently over a period of years, this would ensure two-year campus tuition rates remain affordable for those students least able to afford a college education, and will also help to begin to re-balance the state/student shares consistent with the Long-Term Finance Plan. Funding would cover 100% of the student share of parity cost increases at the two-year campuses, and would also cover a portion of the student share of parity costs at the four-year campuses.

At VCSU, \$208,478 of additional state funding would limit tuition increases to no more than 4% for the 2011-13 biennium, and replace the need for an estimated tuition increase of 5.7% per year to fund the student share of parity. In addition, \$30,506 would be needed to also fund a portion of the student share of retirement contribution increases included in budget change code AA7. Total affordability request is \$238,984.

NOTE: The ability to cap tuition rate increases, as outlined above, is contingent upon the following budget assumptions: 1.) parity costs are fully funded; 2.) campuses do not experience significant enrollment declines; and 3.) other budget components requested are funded (e.g. technology infrastructure and maintenance, etc.) so cost increases need not be absorbed within the current resource base.

Change Group: A	Change Type: A	Change No: 4	Priority: 4
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Base Plus Incr for Extraord Repairs

Currently, the campuses receive \$6,677,416 in base funding for extraordinary repairs, which is equivalent to an overall average of 9% of the OMB building and infrastructure formulas, ranging from 4.2% at LRSC to 14.2% at DCB. In the IBARS process, we are required to remove base funding for extraordinary repairs (see change code **AF2**). The 2011-13 NDUS budget request includes a total of \$4,441,130 to provide increased base funding for facilities and infrastructure repairs and maintenance, equivalent to 15% of OMB building and infrastructure formulas. The AA4 budget change code includes restoring the base amount removed in change code AF2, as well as the requested increase to reach 15% of OMB formula. VCSU's portion of the request is \$258,416 for base funding currently received in 2009-11, and \$149,903 for the increase in base funding for extraordinary repairs for 2011-13. Total = \$408,319

A prioritized listing of extraordinary repair projects is included in the extraordinary repairs subschedule (because of IBAR's requirement to do so), however these priorities can very easily change, due to unforeseen circumstances and emergencies. The priority listing is only a best estimate at this time. The actual use of these dollars will be left to the discretion of the institutions (with appropriate approvals by the SBHE where required for projects greater than \$250,000). All NDUS entities will be given the authority to allocate dollars to repair and replacement priorities for regular repair and replacement projects as determined by each entity.

Change Group: A	Change Type: A	Change No: 5	Priority: 5
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Student Mental Health Services

This request, totaling \$715,140 for the NDUS, would fund a plan to begin to address student mental health needs, based on the recommendation of the Student Mental Health Services Task Force. The #1 recommendation was that each campus should have a minimum of one full-time, licensed mental health counselor on staff. Based on the responses to a survey to determine current staffing levels at the campuses, the request includes funding for the following:

- VCSU currently has a half-time counselor, so the request would increase this position to full-time at a cost of \$60,290

Change Group: A	Change Type: A	Change No: 7	Priority: 6
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BUDGET CHANGES NARRATIVE

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Employee Retire Contrib Increase

Consistent with PERS proposal, this would increase Defined Benefit and Contribution retirement plan rates by 2% on 1/1/12 and 2% on 1/1/13, with 50% paid by employer and 50% by employee. VCSU's portion of the request is \$71,179. This is the state portion only, and \$30,506 is also included in the affordability request in budget change code AA3 for the student portion to limit tuition increases to 4% at the 4-year campuses.

Change Group: A	Change Type: A	Change No: 12	Priority: 7
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2009-11 Adjusted FTE

Per SB2003 (Section 20), "the state board of higher education is authorized to adjust full-time equivalent positions as needed, subject to the availability of funds, for institutions and entities under its control. The university system shall report any adjustments to the office of management and budget before the submission of the 2011-13 biennium budget request." A report was run as of 4-30-2010 to determine the total "appropriated fte" as of that date. Consistent with the methodology used in previous biennia, the current year's annual budgets were used to estimate the amount supported by general fund only, based on the percentage of budgeted general fund revenue to total appropriated revenue.

Change Group: A	Change Type: B	Change No: 1	Priority: 1
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Major Capital Projects

The VCSU Rhoades Science Center Addition and Renovation project is the SBHE's second priority of all major capital projects. Detailed information is included in the Capital Projects subschedule.

Change Group: A	Change Type: D	Change No: 1	Priority: 1
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Special Assessments

Funding to pay off outstanding special assessments totaling \$283,567 at VCSU, resulting in \$143,853 estimated savings in interest costs. Without this appropriation, VCSU will have to use the Extraordinary Repairs budget of \$258,416 (\$408,319 if change package AA4 is funded) on special assessments and have fewer funds for deferred maintenance. The streets around the VCSU campus were damaged in the Spring 2009 flood fight. The City is replacing the infrastructure under the streets at the same time the surfaces are replaced and or repaired.

Change Group: A	Change Type: D	Change No: 3	Priority: 2
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Small to Medium Size Capital Projects

In addition to the major capital projects that were prioritized by the SBHE for inclusion in the biennial budget requests (change code AB1), which typically include projects with individual costs of several million dollars, the Board also approved the inclusion of seven small to medium size capital projects for each campus. The cost range for the projects varied by campus as follows:

- Less than or equal to \$250,000 – BSC, LRSC, WSC, DSU, MaSU, VCSU, DCB
- Less than or equal to \$500,000 – MiSU and NDSCS
- Less than or equal to \$1 million – UND and NDSU

The details of these small to medium size capital projects are included in the Capital Projects subschedule.

BUDGET CHANGES NARRATIVE

242 Valley City State University

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Change Group: A	Change Type: E	Change No: 2	Priority: 1
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Remove One time Funding for Def Mnt

A total of \$20 million was appropriated to the campuses and Forest Service for one-time deferred maintenance in the 2009-11 biennium (SB2003-Section 7). VCSU's portion of this was \$1,304,921. The use of this funding will be reported to the appropriations committees of the sixty-second legislative assembly, as required. The status of this funding to-date includes expenditures in the following categories: Building Exterior \$74,492, Structural Repairs \$512,740, Paving and Lighting \$5,178 and Small Projects \$48,830.

Change Group: A	Change Type: E	Change No: 3	Priority: 1
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Remove Capital Projects

To remove **\$16,000,000** funding authorized for capital projects for the 2009-11 biennium (\$1,000,000 GF and \$15,000,000 OF). Campuses will report on the status of the individual projects to the appropriations committees of the sixty-first legislative assembly, as required. VCSU received a \$1,000,000 appropriation to prepare a campus-wide master plan, a space study, and for repairs and maintenance. Approximately \$750,000 of the funds was used to repair a structural deficiency at the W.E. Osmon Fieldhouse. VCSU had requested and did receive legislative authority for a \$15,000,000 addition to the W. E. Osmon fieldhouse based on other funding. The other funding was not secured and this project was not completed.

Change Group: A	Change Type: E	Change No: 4	Priority: 1
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Remove Other One time Funding

Although VCSU received \$317,000 for flood related operating expenditures for 2009-11, there is no adjustment to remove the one-time funding, as the entire amount was used in 07-09, per the emergency clause (SB2003-Section 40). This appropriation was not included in Section 7 as one-time funding, but was identified by Legislative Council as such.

Change Group: A	Change Type: F	Change No: 1	Priority: 1
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Remove Capital Assets Carryover

To remove \$444,208 capital assets carryover from 2007-09.

Change Group: A	Change Type: F	Change No: 2	Priority: 1
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Remove Base Funding for Extraord Repairs

To remove \$258,416 base funding for extraordinary repairs. This base amount, plus an increase to the base, is being requested for 2011-13, and is reflected in change code AA4. The status of this funding to-date includes expenditures in the following categories: Mechanical/Electrical Upgrades \$30,000, Interior Finishes \$46,000, Small projects \$94,000 and special assessments \$8,000.

Change Group: R	Change Type: A	Change No: 1	Priority:
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Recommended Parity

- Approves 2009-11 second year salary increase
- Adjusts health insurance to actual costs

BUDGET CHANGES NARRATIVE

242 Valley City State University

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- Provides for 3% annual salary increases for the 2011-13 biennium
- Removes operating inflation increase, which is consistent with other state agency budgets
- Approves utility increases as requested for inflation and new buildings

Change Group: R	Change Type: A	Change No: 2	Priority:
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Equity

Allocates \$166,667 from the equity pool of \$10.0 million dollars.

Change Group: R	Change Type: A	Change No: 3	Priority:
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Affordability

Provides funding to freeze tuition at the two-year campuses and limit tuition increases to up to 2.5% per year at four-year campuses

Change Group: R	Change Type: A	Change No: 4	Priority:
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Retirement Contribution

Adjusts for the recommended 3% annual salary increase

Change Group: R	Change Type: A	Change No: 5	Priority:
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Higher Ed FTE

Per section 20 of 2009 Senate Bill 2003 the State Board of Higher Education is authorized to adjust full-time equivalent positions as needed, subject to the availability of funds, for institutions and entities under its control. FTE do not require approval in the executive budget.

Change Group: R	Change Type: B	Change No: 1	Priority:
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Capital Projects

1. The Executive Recommendations includes \$7,971,000 for the Rhoades Science Center addition and renovation.
2. The Lokken Field Turf project was approved by the State Board of Higher Education in November 2010 as an addition to the original 2011-13 request. Total cost is \$995,000. \$880,000 private funds and \$180,000 2009-11 general fund carryover.

Change Group: R	Change Type: B	Change No: 2	Priority:
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Special Assessments Payoff

Provides a one-time, general fund appropriation of \$4.3 million to pay off campus-wide special assessment balances for an estimated savings by paying early of \$2.4 million. VCSU's special assessment balance pay off is \$283,567.