
AGENCY OVERVIEW**241 Minot State University****Date:** 12/07/2012**Time:** 13:47:38

Statutory Authority

ND Constitution Article VIII, Section 6; North Dakota Century Code Chapters 15-10 and 15-13.

Agency Description

Minot State University is a regional, public institution located in the northwest region of North Dakota, serving students from Minot, the region, state, nation, and other countries. Undergraduate and graduate courses and programs are offered on campus and at a distance, through face-to-face, online, and alternative modes of delivery. Non-credit and professional training and experiences are offered to students and community members.

Agency Mission Statement

Committed to high academic standards and professional support for students, the university is dedicated to student success, engaged and life-long learning, advancement of knowledge, effective student service, and development of students of character. These commitments are grounded in effective and motivated teaching and learning, scholarship, and service. General studies and a variety of programs are offered in the arts and sciences, business, and education and health sciences. A wide range of student support services is provided to on-campus and off-campus students.

The university values critical and creative thinking, vitality of communities and cultures, stewardship of place, and the multicultural and global environment. The university honors and supports the dignity and rights of diverse individuals, freedom of expression, academic freedom, ethical and moral behavior, integrity, fairness, and honesty.

Minot State University is first and foremost dedicated to the success of all students: their growth and development as educated citizens, their confidence, and their life-long devotion to the common good and the welfare of others.

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 2012 annual accountability measures report will be completed December 2012 and will be the most current information available to the 2013 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.

The North Dakota University System's Financial Review of MiSU for FY09 shows that the university is in a sound financial position. The ratios indicate that the reserves are good, liquidity is strong, and debt remains at a manageable level.

Major Accomplishments

1. Built dikes to protect the campus from the Souris River flood of 2011. This effort was successful, containing flood waters at the southern border of the campus. With a protected facility, Minot State was able to serve as the northern base of operations for Red Cross, National Guard, DOT, FEMA, and many other rescue/aid organizations.
2. Reduced budgets successfully to live within the diminished student enrollment (tuition) after the flood. While fiscal challenges remain, MiSU did not look to others to solve this particular problem. It is important to note that, while flood protection efforts were successful, many campus infrastructure systems did sustain damage (roads, storm sewers, sidewalks, curb and gutter, utility tunnels, parking lots, etc). FEMA will only reimburse a portion of the restoration costs, meaning Minot State will eventually seek additional state support.
3. Expanded support services to students through a federal TRIO grant and a new center for student-veterans. Both services are located in the administration/student center complex and serve to increase student retention and completion rates.

AGENCY OVERVIEW**241 Minot State University****Date:** 12/07/2012**Time:** 13:47:38

Future Critical Issues

Most critical issues facing Minot State University can be traced to the Souris River flood of 2011 and the long-term economic impact of oil exploration and extraction in western North Dakota. Affordable and available housing continues to be a major challenge for students, faculty, and staff. Oil companies buy up blocks of homes, apartments, and hotel rooms at prices that the average citizen cannot match. The 2011 flood destroyed essentially all affordable student housing to the south and west of campus. MiSU residence halls and apartments are at capacity this year, and students will have to be turned away. The institution also struggles to recruit and retain qualified employees. Petroleum companies, including related service businesses, offer salaries and wages that exceed what MiSU can pay. For those employees who do come to Minot State, our compensation is often not sufficient for people to find acceptable housing. With the continuing shortage of affordable housing, many potential employees and students opt to go somewhere else. The basic forces of supply and demand are working against Minot State, leaving many people without adequate housing options.

In addition to the economic challenges above, the 2011 flood also negatively impacted student enrollment. Without places to live, and with myriad personal challenges to face, many county residents (flood victims) were unable to register for classes. As a result, student enrollment was down approximately 7.0 percent over the prior year. This drop in enrollment continues to create tuition collection shortfalls for the campus. Minot State reduced budgets by 3.0 percent for FY13, and will likely have to reduce budgets by another 3.0 percent for FY14. The University has invested in marketing and recruiting efforts, but experience suggests that enrollment recovery may take up to three years.

Finally, the oil boom has negatively impacted the construction climate in Ward County (among other areas). Whereas construction prices in Minot were at 80-85.0 percent of the national average, current engineering publications indicate that prices in Minot are now closer to 130.0 percent of national averages. This trend continues, and appears to be getting worse over time. Construction estimates received more than a few months ago are no longer accurate. Any planning for the cost and financing of a project is subject to constant revision.

REQUEST SUMMARY

241 Minot State University

Bill#: SB2003

Date: 12/07/2012

Biennium: 2013-2015

Time: 13:47:38

Description	Expenditures 2009-2011 Biennium	Present Budget 2011-2013	Budget Request Change	Requested Budget 2013-2015 Biennium	Optional Budget Request
By Major Program					
Minot State University	48,869,833	72,562,663	(18,166,873)	54,395,790	0
Total Major Program	48,869,833	72,562,663	(18,166,873)	54,395,790	0
By Line Item					
Operating Expenses	34,935,119	37,838,974	2,033,506	39,872,480	0
Capital Assets	921,082	5,749,620	(3,028,095)	2,721,525	0
Capital Assets Carryover	4,284,970	3,910,722	(3,910,722)	0	0
Capital Projects non-state funded	2,979,989	15,534,668	(3,732,883)	11,801,785	0
Capital Projects Carryover	638,497	9,528,679	(9,528,679)	0	0
Deferred Maintenance	110,176	0	0	0	0
Capital Assets Federal Stimulus Funds	5,000,000	0	0	0	0
Total Line Items	48,869,833	72,562,663	(18,166,873)	54,395,790	0
By Funding Source					
General Fund	40,251,347	47,499,316	(4,905,311)	42,594,005	0
Federal Funds	5,000,000	0	0	0	0
Special Funds	3,618,486	25,063,347	(13,261,562)	11,801,785	0
Total Funding Source	48,869,833	72,562,663	(18,166,873)	54,395,790	0
Total FTE	187.83	201.76	3.00	204.76	0.00

REQUEST DETAIL241 Minot State University
Biennium: 2013-2015

Bill#: SB2003

Date: 12/07/2012

Time: 13:47:38

Description	Expenditures 2009-2011 Biennium	Present Budget 2011-2013	Budget Request Change	Requested Budget 2013-2015 Biennium	Optional Budget Request
Operating Expenses					
Operating Fees and Services	34,935,119	37,838,974	2,033,506	39,872,480	0
Total	34,935,119	37,838,974	2,033,506	39,872,480	0
Operating Expenses					
General Fund	34,935,119	37,838,974	2,033,506	39,872,480	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	34,935,119	37,838,974	2,033,506	39,872,480	0
Capital Assets					
Land and Buildings	641,161	4,850,000	(3,028,095)	1,821,905	0
Other Capital Payments	0	0	0	0	0
Extraordinary Repairs	279,921	899,620	0	899,620	0
Total	921,082	5,749,620	(3,028,095)	2,721,525	0
Capital Assets					
General Fund	921,082	5,749,620	(3,028,095)	2,721,525	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	921,082	5,749,620	(3,028,095)	2,721,525	0
Capital Assets Carryover					
Land and Buildings	3,999,358	3,108,838	(3,108,838)	0	0
Extraordinary Repairs	285,612	801,884	(801,884)	0	0
Total	4,284,970	3,910,722	(3,910,722)	0	0
Capital Assets Carryover					
General Fund	4,284,970	3,910,722	(3,910,722)	0	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	4,284,970	3,910,722	(3,910,722)	0	0
Capital Projects non-state funded					
Land and Buildings	2,979,989	15,534,668	(3,732,883)	11,801,785	0
Total	2,979,989	15,534,668	(3,732,883)	11,801,785	0
Capital Projects non-state funded					
General Fund	0	0	0	0	0

REQUEST DETAIL241 Minot State University
Biennium: 2013-2015

Bill#: SB2003

Date: 12/07/2012

Time: 13:47:38

Description	Expenditures 2009-2011 Biennium	Present Budget 2011-2013	Budget Request Change	Requested Budget 2013-2015 Biennium	Optional Budget Request
Federal Funds	0	0	0	0	0
Special Funds	2,979,989	15,534,668	(3,732,883)	11,801,785	0
Total	2,979,989	15,534,668	(3,732,883)	11,801,785	0
Capital Projects Carryover					
Land and Buildings	638,497	9,528,679	(9,528,679)	0	0
Total	638,497	9,528,679	(9,528,679)	0	0
Capital Projects Carryover					
General Fund	0	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	638,497	9,528,679	(9,528,679)	0	0
Total	638,497	9,528,679	(9,528,679)	0	0
Deferred Maintenance					
Extraordinary Repairs	110,176	0	0	0	0
Total	110,176	0	0	0	0
Deferred Maintenance					
General Fund	110,176	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	110,176	0	0	0	0
Capital Assets Federal Stimulus Funds					
Land and Buildings	5,000,000	0	0	0	0
Total	5,000,000	0	0	0	0
Capital Assets Federal Stimulus Funds					
General Fund	0	0	0	0	0
Federal Funds	5,000,000	0	0	0	0
Special Funds	0	0	0	0	0
Total	5,000,000	0	0	0	0
Funding Sources					
General Fund	40,251,347	47,499,316	(4,905,311)	42,594,005	0
Federal Funds	5,000,000	0	0	0	0
Special Funds	3,618,486	25,063,347	(13,261,562)	11,801,785	0

REQUEST DETAIL

241 Minot State University

Biennium: 2013-2015

Bill#: SB2003

Date: 12/07/2012

Time: 13:47:38

Description	Expenditures 2009-2011 Biennium	Present Budget 2011-2013	Budget Request Change	Requested Budget 2013-2015 Biennium	Optional Budget Request
Total Funding Sources	48,869,833	72,562,663	(18,166,873)	54,395,790	0

CHANGE PACKAGE SUMMARY

241 Minot State University
Biennium: 2013-2015

Bill#: SB2003

Date: 12/07/2012

Time: 13:47:38

Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds
Base Budget Changes						
One Time Budget Changes						
A-B 1 Major Capital Projects		0.00	1,821,905	0	11,801,785	13,623,690
A-E 2 Remove Capital Projects		0.00	(4,850,000)	0	(15,534,668)	(20,384,668)
Total One Time Budget Changes		0.00	(3,028,095)	0	(3,732,883)	(6,760,978)
Ongoing Budget Changes						
A-A 1 Cost to Continue		0.00	1,089,122	0	0	1,089,122
A-A 2 Inflationary Increases		0.00	398,415	0	0	398,415
A-A 20 2011-13 Adjusted FTE		201.76	0	0	0	0
A-A 3 Base Plus Incr for Extraord Repairs		0.00	899,620	0	0	899,620
A-A 5 Security and Emergency Preparedness		3.00	545,969	0	0	545,969
A-F 1 Remove Capital Assets Carryover		0.00	(3,910,722)	0	(9,528,679)	(13,439,401)
A-F 2 Remove Base Funding Extraord Repairs		0.00	(899,620)	0	0	(899,620)
Base Payroll Change		(201.76)	0	0	0	0
Total Ongoing Budget Changes		3.00	(1,877,216)	0	(9,528,679)	(11,405,895)
Total Base Budget Changes		3.00	(4,905,311)	0	(13,261,562)	(18,166,873)

BUDGET CHANGES NARRATIVE

241 Minot State University

Bill#: SB2003

Date: 12/07/2012

Time: 13:47:38

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

Cost to Continue

The **\$1,089,122** cost to continue adjustment includes the following:

- **\$605,623** - Continuation of 12-13 legislatively funded salary increase @ 3%
- **\$483,499** – Continuation of 11-13 retirement increases, including **\$74,498** for underfunded increases in 11-13, due to calculation error

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

Inflationary Increases

The **\$398,415** inflationary increase adjustment includes the following:

- **\$232,075** - Operating inflation (excluding utilities) of 2.9% for FY14 and 2.4% for FY15, based on projections from Economy.Co
- **\$166,340** - Projected utility cost increases & buildings coming online in 13-15, based on recent actual and projected cost increases.

Change Group: A	Change Type: A	Change No: 3	Priority: 3
------------------------	-----------------------	---------------------	--------------------

Base Plus Incr for Extraord Repairs

Currently, the campuses and Forest Service receive \$11,169,089 in base funding for extraordinary repairs, which is equivalent to an overall average of 14.7% of the OMB building and infrastructure formulas. In the IBARS process, we are required to remove base funding for extraordinary repairs (see change code **AF2**). The 2013-15 NDUS budget request includes a total increase of \$281,600 to provide increased base funding for facilities and infrastructure repairs and maintenance, equivalent to 15% of OMB building and infrastructure formulas. The AA3 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. **MiSU's portion of the request is \$899,620, or an amount equal to 2011-13 base funding.**

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: 4
------------------------	-----------------------	---------------------	--------------------

Security and Emergency Preparedness

This request is intended to assist the NDUS in meeting federal and state and/or gubernatorial directives and to protect the lives of students, employees and the public as it relates to emergency preparedness planning and campus security. To facilitate appropriate emergency preparedness planning on each campus, which must be tailored to each individual campus and local and regional law enforcement and emergency services, but coordinated systemwide, the budget request includes funding to support an efficient systemwide approach, where a small team of employees would provide both system and individual campus assistance. The 2013-15 request includes a total of \$555,000 (\$185,000 each) for 3.0 new FTE positions, one each at UND, NDSU and the NDUS office. These three employees, in addition to limited current campus resources, would serve the entire system. In addition, \$50,000 is included for a systemwide train-the-trainer approach for planning and readiness.

The NDUS currently has over 37,000 headcount students who attend class on campus; about 12,000 residential students living in campus housing; approximately 12,000 full and part-time headcount employees, necessitating adequate 24x7 full-time campus security at each NDUS institution to ensure a safe and secure environment in which to study, live and work. Campus security staff fulfill many critical roles, including: 1.) Building Security (building lock/unlock, access control, key control, central alarm and

BUDGET CHANGES NARRATIVE

241 Minot State University

Bill#: SB2003

Date: 12/07/2012

Time: 13:47:38

surveillance monitoring); 2.) Public Safety (fire prevention education, fire inspection, emergency medical services, sexual assault and theft prevention); 3.) Communications (call intake – 911, dispatching services); 4.) Crime Investigation; 5.) Special Security (crowd control, high profile speakers); 6.) Parking Regulation and Control; 7.) Response.

Several factors influence number of security staff: 1.) Student population; 2.) Age and gender profile; 3.) Location of institution; 4.) Number of buildings both on and off campus; 5.) Extent of on-campus housing; 6.) Days/times of classes; 7.) Campus size; 8.) Institutional and public expectations. Given the above need and variables, the budget request includes the following total number of security staff (some of which are currently funded through allocation of campus resources): LRSC, MaSU, VCSU, DCB - 3 @ 24x7; BSC, WSC, NDCS, DSU, MiSU - 6 @ 24x7. UND and NDSU currently provide limited 24x7 coverage, thus not additional campus security funding is requested for UND and NDSU. Given the amount of current campus resources dedicated to this effort and in consideration of three eight-hour shifts to achieve 24x7 coverage, the net 2013-15 state funding request for nine campuses (except UND and NDSU) is \$4,905,687, and 29.75 new FTE. **MiSU's portion is \$545,969 (3 FTE).**

Change Group: A	Change Type: A	Change No: 20	Priority: 1
------------------------	-----------------------	----------------------	--------------------

2011-13 Adjusted FTE

Per HB1003 (Section 13), "the state board of higher education may 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 2013-15 biennium budget request." A report was run as of 4-30-2012 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.

Significant changes in FTE occurred between FY11 and FY12, and between FY12 and FY13. In developing the budget for FY12, the NDUS mandated that all continuing education activity move from local funding to appropriated funding. This directive was designed to ensure that all system institutions account for instructional activity in a consistent manner. Accordingly, MiSU's continuing education employees moved from local funding to appropriated funding on July 1, 2011. The institution also allocated new appropriated funds (and reallocated some existing funds) to create a number of new positions in Nursing, Community Studies, Human Resources, Accounting, and Physical Plant.

Several months after the above changes were made, the Souris River flood of 2011 disrupted institutional operations. Virtually all of the affordable student housing south and west of the University was lost to flooding. The loss of affordable housing – and the general impact of the flood on Ward County – resulted in a 7% enrollment decline for FY12. Tuition collections fell short of projections, necessitating cuts to appropriated fund budgets. The institution pledged that budget cuts would be made without reductions in force. Accordingly, the following reductions were made in building the budget for FY13: the institution offered early retirement buyouts to faculty and officers, a number of vacant positions were eliminated, and several positions were moved to local funding.

Change Group: A	Change Type: B	Change No: 1	Priority: 1
------------------------	-----------------------	---------------------	--------------------

Major Capital Projects

The following capital projects are requested for 2013-15 (All details of the major capital projects will be included in the Capital Assets subschedule):

- Plant Services Building \$1,823,690 requested in 2013-15 (\$1,821,905 GF; \$1,785 OF) In addition, \$676,310 GF carryover from the Swain Hall project will be used, for a total requested authorization of \$2.5 million.
- Renovation of Campus Athletic Facilities \$11.8 million (OF)

BUDGET CHANGES NARRATIVE

241 Minot State University

Bill#: SB2003

Date: 12/07/2012

Time: 13:47:38

Change Group: A	Change Type: E	Change No: 2	Priority: 1
------------------------	-----------------------	---------------------	--------------------

Remove Capital Projects

To remove funding for 2011-13 capital projects (\$4,850,000 GF; \$15,534,668 OF)

- Geothermal - \$4,850,000 GF and \$8,384,668 OF (net of \$499,887 expended in 09-11 per emergency clause)
- Landscape Plan \$800,000 OF
- Old Main Classroom Remodel \$750,000 OF
- Food Service Remodel \$1,500,000 OF
- Physical Plant Building \$600,000 OF
- New Resident Apartments \$3,500,000 RB

Change Group: A	Change Type: F	Change No: 1	Priority: 1
------------------------	-----------------------	---------------------	--------------------

Remove Capital Assets Carryover

To remove 2009-11 capital asset carryover for the following (\$3,910,723 GF; \$9,528,679 OF):

- Geothermal \$2,432,529 GF
- Swain (For Physical Plant Building) \$676,310 GF
- Wellness Center \$9,528,679 RB
- Extraordinary repairs \$316,949 GF
- Deferred Maintenance \$484,935 GF

Change Group: A	Change Type: F	Change No: 2	Priority: 2
------------------------	-----------------------	---------------------	--------------------

Remove Base Funding Extraord Repairs

To remove **\$899,620** base funding for extraordinary repairs. This base amount is being requested for 2013-15, and is reflected in **change code AA3**.

The status of this funding to-date is as follows:

- \$49,519 in the Misc Small Projects less than \$50K category
- \$486,492 in the Utilities and Infrastructure category to rebuild the fiber network across campus and to centralize data servers into one location

Change Group: R	Change Type: A	Change No: 1	Priority:
------------------------	-----------------------	---------------------	------------------

Remove Initial Funding Request

Removes the initial funding request for MiSU's portion (if any) of the following budget request items:

- Cost to Continue
- Inflationary Increases
- Increased Extraordinary Repairs
- State Priorities
- Security and Emergency Preparedness
- Student Mental Health
- Statewide Nursing Consortium

BUDGET CHANGES NARRATIVE

241 Minot State University

Bill#: SB2003

Date: 12/07/2012

Time: 13:47:38

- Healthcare Workforce Initiative

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

Formula Funding

The Executive Budget includes funding to move the higher education institutions to a cost-based, per completed student credit hour (SCH) funding model. After funding levels were equalized, an inflationary factor of 6.15% per year was added for:

- Cost to continue adjustments
 - Salary and retirement contributions
 - Maintaining extraordinary repair levels at 15% of the OMB formula
 - Medical School class size increases
- 4% annual salary increases
- Health insurance premium increase
- State share of increased retirement contributions
- Operating expense inflation
- Utility cost increases

A factor of 2.5% was added to the non-research institutions for the Student Mental Health and Campus Security initiatives. Additionally, factor of .08% was added to the research institutions to fund the Statewide Nursing Consortium.

The final per Adjusted SCH payment amounts recommended in the Executive Budget are as follows:

- Two-year Colleges - \$117.60
- Four-year Comprehensive Universities - \$110.80
- Research Institutions - \$72.70

MiSU's formula payment is \$4,725,919, and includes 3.00 FTE for security personnel.