
AGENCY OVERVIEW**227 Bismarck State College**

Date: 12/23/2014**Time:** 12:09:10**Statutory Authority**

North Dakota Century Code Chapter 15-10-01.

Agency Description

As a community college, the purpose of Bismarck State College is to provide an educational environment of the highest caliber at a reasonable cost; to maintain a warm and wholesome social atmosphere; to provide opportunities for advanced knowledge, improved skills, high ideals and ethical standards; and to make learning an enjoyable, rewarding experience. Students may 1) earn college credits for transfer to a four-year institution; 2) complete training in a career-technical program; 3) keep job skills current through workforce training or take non-credit courses in subjects of personal interest. The college also recognizes the importance of promoting research, public service, economic development, and cultural awareness. The service areas include the immediate, contiguous geographical region for most programs, and statewide, regional or nationwide areas for select, unique programs.

Agency Mission Statement

Bismarck State College, an innovative community college, offers high quality education, workforce training, and enrichment programs reaching local and global communities.

Agency Performance Measures

NDUS has published annual accountability measures reports, 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, which served as the basis for the Board's previous strategic plan, the report has evolved from a written annual report to an online report. A wrap-up report is being compiled in anticipation of the launch of the Board's 2015-2020 strategic plan. Future reporting on the new strategic plan and accountability is expected to not only be online but also in a contemporary, interactive format. The information may include information on graduation and retention rates, enrollment, peer comparisons, financial aid and tuition, degrees awarded and composite financial index information for the 11 campuses, although final measures have not yet been determined.

Major Accomplishments

1. Launched a new online program in Water and Waste Water treatment, designed for entry-level employment in water treatment plants, city and rural utilities, power plants, process and other industrial facilities.
2. Precision Agriculture was expanded in the ag curriculum with the help of a \$150,000 grant from Cenex Harvest States.
3. Partnered with Communications Workers of American (CWA) to provide continuing online education and training to its members across the US, Canada and Puerto Rico.
4. Developed a student success class (First Year Experience) to help students make a smooth transition to college and enable them to reach their goals.
5. Nursing degree program graduates achieved 100 percent pass rate on their entry into practice licensure exams (NCLEX).
6. Recognized numerous students for receiving awards from regional and national organizations and competitions.
7. Recognized student athletes and coaches for various regional and national championships and honors.
8. Awarded a US Department of Labor job training grant (TREND) totaling \$14.6 million in consortium with WSC and three ND tribal colleges (Fort Berthold, Turtle Mountain and Sitting Bull).
9. Recipient of the 2013 Bismarck Mandan Chamber of Commerce Golden Eagle Award in recognition of BSC's support of the military.
10. BSC students and employees launched The Myx, an online radio station found at bscmix.com.
11. Implemented a one card system (Mystic Card) for dining and other campus activities.
12. Recognized several employees for being named to "40 under 40" by the Bismarck Tribune's Business Watch magazine.
13. Completed major addition to the Student Union to enhance the dining experience and offer more choices to students, employees and visitors.
14. Continuing Education Training and Innovation division was honored for excellence in management practices by the Learning Resources Network (LERN).
15. Hosted the Kennedy Symposium - headlined by Clint Hill, former secret service agent assigned to Mrs. Kennedy.

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Date: 12/23/2014**Time:** 12:09:10**Future Critical Issues****Energy Development Impact**

Perhaps the most significant future critical issue is the impact the energy development taking place in the western part of the state has had and continues to have on BSC.

1. Enrollment decline – Comparing the 2009-11 biennium to the 2011-13 biennium for completed credit hours indicates a decline of 5.1% in actual credit hours. The strong local economy and the continuing development of our energy resources provides high paying job opportunities for students who can delay their educational experience while earning a very good wage especially in the oil patch. We know that typically community college enrollments are negatively impacted by a strong local economy. We believe the significant energy development currently occurring and its corresponding impact on direct and indirect workforce opportunities is impacting our enrollment and consequently our tuition collections. Our estimate of how the new funding formula will impact the level of state support to BSC is approximately \$1.2 million. BSC had an early understanding of this possibility and thus have planned our resource allocation decisions appropriately. The result has been that we have been prudent with the state funding provide BSC last legislative session and have placed some strategic initiatives on hold.
2. Lack of affordable housing – Housing in Bismarck-Mandan has been impacted by people moving from the Williston/Dickinson area as well as people moving in from out-of-state and commuting to the oil patch. As a result, students are having difficulty finding affordable housing as BSC's on-campus housing is limited. Our campus housing applications for the Fall of 2014 have filled all of our beds and we have been maintaining a housing waiting list that has exceeded 200 students at times. We are in discussions with the Bismarck State College Foundation has agreed to build and own additional apartment style housing on campus. This project commenced August 2014.
3. Increased employee turnover – Our local economy has been strong for some time. The result has been a strong demand for workers and higher compensation levels. Our budgets have not been able to keep pace with these increases, as evidenced by high staff turnover rates, inability to attract qualified candidates for vacant positions and needing to negotiate higher starting salary offers to candidates. Turnover rates for calendar year 2013 were 13.7% for staff and 4.7% for faculty. Replacement of staff and faculty is difficult when applications for open positions are minimal, leaving our pool of available candidates extremely weak. As a result, several critical areas remain understaffed, affecting our ability to provide top service to our students and community. BSC believes knowledgeable employees are the single greatest resource and recruiting and retaining quality staff and faculty in this strong economy is a critical issue.
4. Safety and security concerns – As the city and campus grow in diversity, safety and security issues also grow. Currently our budget can accommodate only a minimal security function and we are having difficulty retaining qualified staff in that area due to competitive salary issues.

Grant Matching fatigue for 2 year schools

Bismarck State College participates in three important programs that require matching grant funds for a successful application. These programs are the Workforce Enhancement program through the Department of Commerce, the Challenge Grant program being administered by Lt. Governor Wrigley and staff, and the Career and Technical Education TrainND equipment grant program. The difficulty for the 2 year schools is that there is a limited pool of business and industry partners from which to seek matching fund contributions. We often find ourselves going back to the same companies repeatedly, increasing the risk of alienating strong funding partners due to the match requirements.

Developing External Funding Sources

BSC has learned and recognized how external fund support has enhanced the College's ability to serve our students, faculty and staff. Grant writing is a priority at BSC and has resulted in numerous private and federal grants that greatly expanded our external funding source base. In FY2009, BSC received \$2.2 million for NECE laboratories and \$1.8 million for the Energy Workforce Western ND Higher Ed Consortium from the Department of Energy. In FY2010, BSC received \$1.5 million from Department of Energy to incorporate smart grid technology into our energy programs. In FY2012, BSC was awarded a U.S. Department of Education Title III Strengthening Institutions grant to improve data collection, access, and use. In 2013 BSC received a \$14.6 million Department of Labor grant as the lead institution of five community and tribal colleges to create job training opportunities in the areas of oil/gas, transportation, welding, and building/construction. In addition, BSC has received

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several Workforce Enhancement Grants from the state to enhance programs, including lineworker, welding, process plant technology, emergency medical, electronics and auto collision. Maintaining our productive working relationships with the Governor's Office, ND Department of Commerce and Congressional delegation are extremely important. In addition, industry partnerships have been vital in securing federal and state funding by providing matching cash and in-kind donations. BSC also partnered with the Bismarck-Mandan community to enable construction of two outstanding facilities on BSC's campus: BSC Aquatic and Wellness Center (Bismarck Park District) and Career Academy (Bismarck Public School District). We also hope to break ground soon on additional student housing to be built and owned by the BSC Foundation. Our success with federal earmarked awards, workforce enhancement grants and Center of Excellence funding is a result of making a strong case for funding and demonstrating an ability to deliver on our commitment in meaningful ways.

Maintaining Competitive Tuition Rates

Another core trend is Bismarck's growth and potential to be a regional education hub. While we remain competitive in the Bismarck/Mandan higher education market, we are high when compared to a national and regional basis for two year schools. Our need for space while maintaining competitive salaries and staffing levels have all been contributing factors. We will clearly need to be effective and efficient in our financial management decisions. The affordability funding provided by the 2009 and 2011 legislative sessions allowed us to freeze tuition for four years, helping reduce the difference with regional and national rates. In the last two years BSC has increased tuition at nominal rates below what we were authorized by the SBHE. We are hopeful that the executive and legislative decisions to freeze tuition at our 2 year schools for the 2015-17 biennium does occur, but only if the tuition freeze recognizes the need for additional state support that would have otherwise been generated by the tuition increase. Tuition increases have the effect of restricting access to those with limited financial resources and we need to make certain that our students have every opportunity to benefit from an education at BSC.

Campus Initiatives Competing for Limited Funding

The BSC Executive Council is a decision-making team that prioritizes funding allocations, and there have always been many competing needs. We have been able to make strategic investments in energy education, allied health and general education program areas. However, prioritization is evident when you consider how we have had to deal with enrollment changes, facility needs, a tight labor market and community expectations that impact on resource allocation decisions. Our faculty and staff have performed with high efficiency for over a long period of time. We have operated and educated our students with insufficient space for many years. As an example, BSC's gross square footage per headcount student is 137, which is the lowest in the system along with NDSU. The average of the other 2-year campuses is 366, as noted in the NDUS Master Plan. We now face further struggles to prioritize initiatives and maintain services in a period of declining or flat enrollment. It is during these more uncertain times that obstacles become opportunities and efficiencies can be truly achieved as we strive to serve our students in more effective ways. We use institutional data to help guide our decision making. We believe that the initiatives clearly linked to our core mission that have financial and quality of service attributes are likely to rise to the top of the priority list. We are working through an internal program prioritization process this year that should help us identify opportunities for efficiencies and investment. Our intent is to use our program prioritization results to help develop our FY16 annual budget which will also reflect the results of the 2015 legislative session and the possible reduction in state funding due to our decline in completed credit hours. Making the right decision with limited financial resources is critical.

Deferred Maintenance

According to the recent NDUS Master Plan prepared by Paulien and Associates, BSC has a 6-year deferred maintenance cost of nearly \$30 million. In addition, BSC will have an outstanding special assessment balance of nearly \$1.4 million at the start of the new biennium. These are staggering numbers considering BSC's ongoing extraordinary repair funding has been a little more than \$400,000 per biennium. This budget will not even cover the special assessment installments due in 2015-17, much less pay for critical extraordinary repairs. If increased funding is not provided, BSC will need to utilize operating dollars to pay specials and the condition of our facilities will continue to deteriorate.

REQUEST SUMMARY

227 Bismarck State College
Biennium: 2015-2017

Bill#: HB1003

Date: 12/23/2014

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Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Budget Request
By Major Program					
Bismarck State College	34,914,555	62,464,286	(22,970,867)	39,493,419	1,902,800
Total Major Program	34,914,555	62,464,286	(22,970,867)	39,493,419	1,902,800
By Line Item					
Operating Expenses	27,628,314	32,953,654	2,773,076	35,726,730	961,000
Capital Assets	5,310,270	14,072,879	(10,906,190)	3,166,689	941,800
Capital Assets-Carryover	498,054	165,336	(165,336)	0	0
Capital Projects Non-State Funded	1,427,583	6,665,000	(6,065,000)	600,000	0
Capital Projects - Non-State Carryover	50,334	8,607,417	(8,607,417)	0	0
Total Line Items	34,914,555	62,464,286	(22,970,867)	39,493,419	1,902,800
By Funding Source					
General Fund	33,436,638	47,191,869	(8,298,450)	38,893,419	1,902,800
Federal Funds					
Special Funds	1,477,917	15,272,417	(14,672,417)	600,000	0
Total Funding Source	34,914,555	62,464,286	(22,970,867)	39,493,419	1,902,800
Total FTE	126.96	133.53	0.00	133.53	4.00

REQUEST DETAIL227 Bismarck State College
Biennium: 2015-2017

Bill#: HB1003

Date: 12/23/2014

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Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Budget Request
Operating Expenses					
Operating Fees and Services	27,628,314	32,953,654	2,773,076	35,726,730	961,000
Total	27,628,314	32,953,654	2,773,076	35,726,730	961,000
Operating Expenses					
General Fund	27,628,314	32,953,654	2,773,076	35,726,730	961,000
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	27,628,314	32,953,654	2,773,076	35,726,730	961,000
Capital Assets					
Land and Buildings	4,523,247	13,655,206	(12,080,206)	1,575,000	0
Other Capital Payments	257,994	267,672	(267,672)	0	491,800
Extraordinary Repairs	529,029	150,001	1,441,688	1,591,689	450,000
Total	5,310,270	14,072,879	(10,906,190)	3,166,689	941,800
Capital Assets					
General Fund	5,310,270	14,072,879	(10,906,190)	3,166,689	941,800
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	5,310,270	14,072,879	(10,906,190)	3,166,689	941,800
Capital Assets-Carryover					
Land and Buildings	498,054	144,285	(144,285)	0	0
Extraordinary Repairs	0	21,051	(21,051)	0	0
Total	498,054	165,336	(165,336)	0	0
Capital Assets-Carryover					
General Fund	498,054	165,336	(165,336)	0	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	498,054	165,336	(165,336)	0	0
Capital Projects Non-State Funded					
Land and Buildings	1,427,583	6,665,000	(6,065,000)	600,000	0
Total	1,427,583	6,665,000	(6,065,000)	600,000	0
Capital Projects Non-State Funded					
General Fund	0	0	0	0	0

REQUEST DETAIL

227 Bismarck State College
Biennium: 2015-2017

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Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Budget Request
Federal Funds	0	0	0	0	0
Special Funds	1,427,583	6,665,000	(6,065,000)	600,000	0
Total	1,427,583	6,665,000	(6,065,000)	600,000	0
Capital Projects - Non-State Carryover					
Land and Buildings	50,334	8,607,417	(8,607,417)	0	0
Total	50,334	8,607,417	(8,607,417)	0	0
Capital Projects - Non-State Carryover					
General Fund	0	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	50,334	8,607,417	(8,607,417)	0	0
Total	50,334	8,607,417	(8,607,417)	0	0
Funding Sources					
General Fund	33,436,638	47,191,869	(8,298,450)	38,893,419	1,902,800
Federal Funds	0	0	0	0	0
Special Funds	1,477,917	15,272,417	(14,672,417)	600,000	0
Total Funding Sources	34,914,555	62,464,286	(22,970,867)	39,493,419	1,902,800

CHANGE PACKAGE SUMMARY227 Bismarck State College
Biennium: 2015-2017

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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	1,575,000	0	600,000	2,175,000
A-E 1 Remove 2013-15 Capital Projects		0.00	(12,902,672)	0	(6,665,000)	(19,567,672)
A-E 2 Remove Capital Projects Contingency Pool		0.00	(560,626)	0	0	(560,626)
A-E 3 Remove Deferred Maintenance Pool		0.00	(759,580)	0	0	(759,580)
Total One Time Budget Changes		0.00	(12,647,878)	0	(6,065,000)	(18,712,878)
Ongoing Budget Changes						
A-A 1 CTC, Operating Inflation and Utilities Increases		0.00	972,097	0	0	972,097
A-A 2 Governor's Funding Model Increase		0.00	2,100,979	0	0	2,100,979
A-A 20 2013-15 Adjusted FTE		133.53	0	0	0	0
A-A 6 Base Plus Incr for Extraordinary Repairs		0.00	1,591,689	0	0	1,591,689
A-F 1 Remove 2011-13 Capital Assets Carryover		0.00	(165,336)	0	(8,607,417)	(8,772,753)
A-F 2 Remove Base Funding Extraordinary Repairs		0.00	(150,001)	0	0	(150,001)
Base Payroll Change		(133.53)	0	0	0	0
Total Ongoing Budget Changes		0.00	4,349,428	0	(8,607,417)	(4,257,989)
Total Base Budget Changes		0.00	(8,298,450)	0	(14,672,417)	(22,970,867)
Optional Budget Changes						
One Time Optional Changes						
A-D 1 Campus Security One-time	2	0.00	700,000	0	0	700,000
A-D 5 Special Assessments	3	0.00	491,800	0	0	491,800
Total One Time Optional Changes		0.00	1,191,800	0	0	1,191,800
Ongoing Optional Changes						
A-C 1 Security and Emergency Preparedness	1	4.00	711,000	0	0	711,000
Total Ongoing Optional Changes		4.00	711,000	0	0	711,000
Total Optional Budget Changes		4.00	1,902,800	0	0	1,902,800

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Change Group: A	Change Type: A	Change No: 1	Priority:
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CTC, Operating Inflation and Utilities Increases

Includes the cost to continue the FY15 legislatively approved salary increases, estimated operating inflation, estimated utility rate/useage increases and estimated utilities for buildings coming online in the 2015-17 biennium:

- \$472,425 - Continuation of 14-15 legislatively funded salary increase @ 3%
- \$401,672 - Operating inflation (excluding utilities) of 2.4% for FY16 and 2.5% for FY17, based on projections from Economy.com
- \$98,000 - Projected utility cost increases & buildings coming online in 15-17, based on recent actual and projected cost increases. BSC's request is for the new 40,000 sf Communications and Creative Arts Center coming online June 2015. The 13-15 legislature provided state general fund dollars to construct this facility.

Change Group: A	Change Type: A	Change No: 2	Priority:
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Governor's Funding Model Increase

Based on the final 2013-15 appropriations, the campuses received the following "base funding per adjusted student credit hour (ASCH)" for 2013-15:

- Two-year campuses - BSC \$109.82, DCB \$110.87, LRSC \$110.36, NDSCS \$109.77 and WSC \$150.48 (WSC = \$121.50, excluding the \$2.5 million base adjustment added by the legislature, outside of the Governor's formula);
- Four-year campuses – DSU \$105.38, MaSU \$103.56, VCSU 103.84, MiSU \$113.97 (MiSU = \$107.60, excluding the \$2.5 million base adjustment added by the legislature, outside of the Governor's formula);
- UND/NDSU – UND \$71.25, NDSU \$70.75

The requested increase has been calculated, excluding the \$2.5 million base adjustments at WSC and MiSU. At a minimum, a net increase of \$35.96 million is needed, when 2013-15 base funding per ASCH is applied to updated 11-13 adjusted student credit hours for each campus, and an additional \$13.05 million is needed to bring funding to the highest in each tier. Per the funding model, campuses are to receive minimum funding of 96% of their current appropriation.

Increase request totals \$2,100,979 for BSC.

Change Group: A	Change Type: A	Change No: 6	Priority:
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Base Plus Incr for Extraordinary Repairs

Currently, the campuses and Forest Service receive \$11,162,008 in base funding for extraordinary repairs, which is equivalent to an overall average of 12.7% 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 2015-17 NDUS budget request includes a total increase of \$32,860,444 to provide increased base funding for facilities and infrastructure repairs and maintenance, equivalent to 50% of OMB building and infrastructure formulas. The AA6 budget change code includes restoring the base amount removed in change code AF2, as well as the requested increase to reach 50% of OMB formula. BSC's portion of the request is \$1,591,689. Base funding currently received in 2013-15 is \$417,673, and the requested increase in base funding for extraordinary repairs for 2015-17 is \$1,174,016.

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

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left to the discretion of the institutions (with appropriate approvals by the SBHE where required). 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.

Building Exterior - \$800,000 which may include roofing repairs/replacement, exterior canopies and-or vestibuls and window replacement

Mechanical and Electrical - \$791,689 which may include HVAC control repair and-or replacement and wiring upgrades

Change Group: A	Change Type: A	Change No: 20	Priority:
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2013-15 Adjusted FTE

Per SB2003 (Section 36), "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 during the biennium beginning July 1, 2013, and ending June 30, 2015. The North Dakota university system shall report any adjustments to the office of management and budget before the submission of the 2015-17 biennium budget request." A report was run as of 4-30-2014 to determine the total estimated "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. BSC's total FTE declined by 4.61 FTE, primarily due to reduction in adjunct loads as a result in declining enrollment. However, since the general fund appropriation increased in 2013-15, the % of GF as a total of GF & Tuition Revenue increased by 3.5%, thus one reason for the increase in the number of GF supported FTE per the calculation. In addition, BSC did add several new positions utilizing the 2013-15 equalization payments. These positions wre added to improve services to students, to staff departments to remain compliant with ever-increasing rules and regulations, and to support the growth in our physical plant.

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

The capital project request for BSC includes the following:

Project description – Major Campus Infrastructure and Student Union LL Renovation

Requested funds - \$1,575,000 GF; \$600,000 OF

Project justification narrative is included in the Capital Assets subschedule.

Change Group: A	Change Type: C	Change No: 1	Priority: 1
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Security and Emergency Preparedness

Campus security (24x7 coverage) - Included in the 2013-15 biennial budget request were amounts to fund three eight-hour shifts to achieve 24x7 coverage at all campuses except UND and NDSU, who indicated they provided limited 24x7 coverage at the time. Three campuses (WSC, DSU and MiSU) received most of the funding that was requested for 24x7 coverage in 2013-15, but the remaining 6 campuses each received \$100,000 (substantially less than what was requested). The 2015-17

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budget request includes \$2,411,750 to achieve 24x7 coverage at the remaining campuses: [BSC (3Fte) - \$505,500; LRSC (3Fte) - \$405,500; NDSCS (1.5Fte) - \$252,750; MaSU (3Fte) - \$405,500; VCSU (3Fte) - \$505,500 and DCB (2Fte) - \$337,000].

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.

Emergency management – Item 8 of SBHE Policy 906 (Emergency Preparedness and Management; Continuity of Operations; Security) states, “The chancellor and institution presidents shall, subject to funding and staffing constraints, develop and implement plans under which the system and institutions substantially shall comply with these Policy 906 requirements by July 1, 2014.” The 2015-17 budget request includes a total of \$2,157,750 for a full-time emergency manager at all campuses (\$205,500 each), except DCB whose request is for a one-half time emergency manager (\$102,750).

These positions are needed to develop and implement the plan required under Policy 906 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. These plans are intended to provide the framework to address the immediate requirements for a major disaster or emergency in which normal operations are interrupted and special measures must be taken to: 1.) protect the lives of students, employees and the public; 2.) provide essential services and operations; 3.) manage immediate communications and information regarding emergency operations; 4.) manage university resources effectively in emergency operations; 5.) provide and analyze information to support decision-making. Emergency response is based on the Incident Command System (ICS), the management structure adopted throughout the United States and internationally, and a requirement of the State of ND and various US Department of Homeland Security Presidential Decision Directives and National Incident Management System (NIMS) guidance. The State of ND Division of Emergency Management (DEM) has indicated their interest in having a single point of contact and coordination within the NDUS for emergency response; however, no resources exist for this purpose.

Total security and emergency preparedness request for BSC is \$711,000, including 3.0 FTE to increase security coverage to 24/7 and 1.0 FTE for a emergency preparedness manager.

Change Group: A	Change Type: D	Change No: 1	Priority: 2
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Campus Security One-time

Total requested one-time funds for campus security is \$700,000. (Operating line - \$250,000; extraordinary repairs line - \$450,000). BSC is in the process of conducting lock-down drills to simulate an active-shooter on campus. As a result, several security gaps have been identified that could place students, visitors and employees at risk if an actual event were to take place. The following funding would help address some of those gaps:

- Shades for all interior doors with windows – Most classrooms, office doors and conference room doors have window sidelights. Even with the door locked and lights turned off, an armed intruder can see into the space. This funding would add quick-release shades to all doors that have windows - \$25,000 (operating)
- Convert security cameras to digital – BSC has undertaken a phasing system to convert analog cameras & behind the scenes system to digital to improve picture quality & maintenance costs. The analog cameras are old and failing regularly and are not able to provide clear visual of events that need follow-up. - \$225,000 (operating)

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- Card access system for all buildings. Currently only a few buildings have secure card access. This funding would standardized the system across campus and outfit all exterior doors with card access devices. This would improve access control to the facilities in a lockdown situation and also after hours. - \$225,000 (x-repair).
- Change door locks in all buildings – Most classroom and many office doors are not lockable from the inside. In an armed intruder situation, it's imperative to lock down each location that is occupied. This funding will allow us to change all necessary door locks so they lock quickly from the inside - \$225,000 (x-repair)

Change Group: A	Change Type: D	Change No: 5	Priority: 3
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Special Assessments

Campuses must currently fund special assessment payments from their extraordinary repairs funding for city improvements to adjacent property, further reducing the amount left for on-campus improvements. This one-time request, totaling **\$1,259,684**, is the estimated amount needed for the 15-17 installment payments. The amounts, by campus, are: **BSC-\$491,800; WSC-\$45,000; UND-\$68,815; NDSU-\$407,089; NDSCS-\$98,794; MaSU-\$74,876; VCSU-\$65,555; DCB-\$7,755.**

In the past 10-15 years, BSC has been hit with significant special assessments for road, sidewalk and infrastructure improvements around and adjacent to campus. Balance on 7/1/15 will be \$1,357,600. In the 15-17 biennium, the principal and interest installments (\$491,800) will exceed our current extra-ordinary repair appropriation base budget. Leaving no funding for extra-ordinary repairs.

Change Group: A	Change Type: E	Change No: 1	Priority:
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Remove 2013-15 Capital Projects

To remove \$19,300,000 funding authorized for capital projects for the 2013-15 biennium per SB2003-Section 2, (\$12,635,000 GF; \$6,665,000 OF). Additional other fund authority, authorized by the Budget Section, is adjusted in change code AF3. Campuses will report on the status of the individual projects to the appropriations committees of the sixty-third legislative assembly, as required. BSC's project is the Communications and Creative Arts Center. Other funds consist of dollars to be raised by the Foundation in support of the project.

Change Group: A	Change Type: E	Change No: 2	Priority:
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Remove Capital Projects Contingency Pool

To remove \$5,483,413 for the capital projects contingency pool per SB2003-Section 2.

SB2003-Section 24 provided the following legislative intent: "The capital projects contingency pool line item contained in subdivision 1 of section 1 of this Act includes funding that may be transferred to institutions for capital projects as provided under this section. The state board of higher education may transfer funds from the capital projects contingency pool to an institution if the lowest acceptable bid received for a capital project exceeds the legislative appropriation provided for this project. The board shall provide a prorated amount to institutions from the pool if the amount of funding required for eligible projects exceeds available funding. An institution may only receive funding from the pool for capital projects that receive a general fund appropriation and are authorized under this Act. For purposes of this section, the "legislative appropriation provided for a project" does not include funds appropriated from private donations and other local funds to enhance a project. During the 2013-14 interim, the state board of higher education shall provide periodic reports to the budget section regarding funds distributed from the capital projects contingency pool."

The pool funding is the result of a legislatively imposed five percent reduction (except at SMHS where Phase I was reduced by 2.5%) to each approved 13-15 state funded capital project. Ninety-five percent of the project was funded in each individual campus capital asset line item, with the remaining five percent pooled for SBHE

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allocation. The intent was to encourage a diligent effort in developing, reviewing and awarding capital projects to meet necessary programmatic needs while limiting total cost, to the greatest extent possible. After pooling the five percent, the legislature then reduced the total amount of the pool by \$1 million. Due to the \$1 million reduction, the amount in the pool is closer to 4.45% (2.17% SMHS) on a project-by-project basis.

The best case scenario would be for the SBHE to have all projects (design and related firm costs) in hand at the same time in order to fairly evaluate and distribute these pooled funds. However, that is not feasible. Smaller, less complex projects will move ahead more quickly than will some of the more complex projects. Holding up all projects for the last one is not reasonable as it will slow progress and may result in increased costs. Thus, each project will need to be considered on a case-by-case basis as ready.

The SBHE approved the 13-15 capital projects contingency pool guidelines as follows:

- All projects must be designed and bid based on the reduced project amount (original project amount less 4.45%/2.17%).
- For fiscal year 2014, campuses (excluding the SMHS) may request an allocation from the capital projects contingency pool, up to a maximum of 4.45% of the legislative appropriation for that project, if the lowest acceptable bid (or CM maximum price) exceeds the legislative appropriation provided for the project. The SMHS may submit a request for an allocation from the capital projects contingency pool, up to a maximum of 2.17% of the legislative appropriation for that project, if the lowest acceptable bid (or CM maximum price) exceeds the legislative appropriation provided for the project.
- The NDUS Office will consider and review each individual project request as submitted, with the Chancellor making an allocation recommendation of between 0-4.45percent (2.17% at SOMHS) to the SBHE, who has the final allocation authority.
- At the end of fiscal year 2014, the allocation criteria will be re-evaluated based on remaining funds, and adjustments to the guidelines may be made, as necessary.

Amounts that have been allocated to the campuses through 6-30-14, totaling \$3,138,331, are being removed by the following campuses: (BSC-\$560,626; LRSC-\$251,433; WSC-\$607,551; NDSU-\$1,247,709; NDSCS-\$358,778; MaSU-\$95,559 and DCB-\$16,675). The unallocated balance as of 6-30-14, totaling \$2,345,082, is being removed by the NDUS Office.

BSC requested and received pool funding for the Communications and Creative Arts Center at the May 29, 2014 SBHE board meeting, based on the following need: New energy efficient boilers for Schafer Hall have been on BSC's deferred maintenance list for many years. By having one set of controls to monitor and maintain for both buildings, the campus saves on administrative and engineering fees and will incur efficiencies. Cost of the boilers is prorated to the project based on square footage of the building and cost of the work to bring the lines through JSC to the building is allocated in its entirety to the project. The heating lines will run from Schafer Hall through Jack Science Center (JSC) and enter the building through the connecting link; therefore the connecting link (bid as alternate #1) is vital to the success of the project. Additionally, fire rated windows and doors are required surrounding the connecting link because JSC is not sprinkled. The base bid includes heavy metal doors that do not hold up well in extreme weather conditions and require larger power units to run the handicap access door. Alternative #2 is for aluminum window/door assemblies which are lighter and require less maintenance.

Change Group: A	Change Type: E	Change No: 3	Priority:
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Remove Deferred Maintenance Pool

To remove \$10 million for the deferred maintenance pool, per SB2003-Section 2. SB2003-Section 21 provided the following legislative intent: "The deferred maintenance funding pool line item includes funding that must be used to address deferred maintenance and other infrastructure needs at institutions based on the university system

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master plan and space utilization study. However, the state board of higher education may distribute up to one-half of the funds in the pool to institutions prior to the completion of the master plan and space utilization study.”

The SBHE approved allocation of \$5 of the \$10 million on September 25, 2013. Given the facility master plan was not completed at the time, the initial \$5 million was distributed based on the following:

- statewide OMB extraordinary repairs formula, which addresses both buildings and infrastructure to bring campuses to a common (or close to common)percent position of the formula ;
- Each campus/entity should receive some minimum amount of funding—recommended \$75,000 minimum, except for the Forest Service a minimum of \$30,000;
- Make adjustments to recognize that some campuses have to use a portion of their extraordinary repair formula funding for the payment of city special assessments, on infrastructure not owned by the campus.

With the near completion of the System facility master plan, the SBHE approved the allocation of the remaining \$5 million on June 26, 2014, so the campuses could begin much needed projects. The allocation was based on the following:

- First allocate \$275,000 to VCSU to address a recently identified safety issue at VCSU in the recently retired Science Building. The \$275,000 includes costs for engineering services, relocation and demolition. It does not include other costs related to build a barrier for the hill or to replace asphalt. In April 2014, the SE wall on the main floor of the VCSU Science Building began to buckle, significantly reducing the structural integrity of that portion and the upper two levels of the building. Additionally, the roof on the SW corner has been significantly compromised and the ceiling in that area has failed. VCSU engaged a structural engineer to analyze the building. The engineer indicated that VCSU should transition remaining operations to another site immediately due to safety concerns. VCSU has and continues to move forward with the transition in a practicable and safe manner. The cost of \$275,000 does not include cost to build a retaining wall or a barrier for the hill and replace asphalt.
- Allocate remaining \$4,725,000 to the 11 institutions based on the average of: the actual deferred maintenance for facilities examined by consultants during the master plan visits (represents about 24% of the overall state appropriated GSF for Type I and II buildings)= +\$200 million; extrapolated deferred maintenance when applied to all appropriated buildings, based on above “sample” condition (“If the condition of these buildings represents similar condition in the rest of the buildings and identified needs to the heating plants and site infrastructure are added in..”)

The following allocations, totaling \$10 million, were provided to the campuses and Forest Service, and are being removed in this budget change code: BSC-\$759,580; LRSC-\$256,259; WSC-\$271,181; UND-\$2,667,599; NDSU-\$2,480,703; NDSCS-\$639,328; DSU-\$437,527; MaSU-\$408,233; MiSU-\$830,318; VCSU-\$937,339; DCB-\$281,933; Forest Service-\$30,000.

The status of this funding to-date is:

Building Exterior - \$65,851

Mechanical/Electrical Upgrades - \$192,483

The remaining balance of \$501,246 will be spent on mechanical/electrical upgrades by fall 2014.

Change Group: A	Change Type: E	Change No: 5	Priority:
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Remove One-time Line Transfers

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To reverse one-time \$300,000 transfer from capital line to operating line (SB2003-Section 26) Adjustment needed to decrease operating and increase capital asset line

Change Group: A	Change Type: F	Change No: 1	Priority:
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Remove 2011-13 Capital Assets Carryover

To remove \$8,772,753 capital assets carryover from 2011-13.

OMB LINE ITEM	GF	OF	Total	Status
22751 - Plant Improvements Carryover:				
Extraordinary Repairs	21,051		21,051	Complete
Kuntz Building New Construction	1,881		1,881	Complete
NECE 4th Flr Renovation	142,404		142,404	Complete
Subtotal-Line 51 Carryover	165,336		165,336	
22753 - Capital Off System Carryover:				
NECE 4th Flr Renovation		987,729	987,729	Complete
Student Union Addition/ Renovation		7,619,688	7,619,688	50% Complete
Subtotal-Line 53 Carryover		8,607,417	8,607,417	
TOTAL Capital Carryover	165,336	8,607,417	8,772,753	

Change Group: A	Change Type: F	Change No: 2	Priority:
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Remove Base Funding Extraordinary Repairs

To remove \$417,673 base funding for extraordinary repairs. This base amount, plus an increase to the base, is being requested for 2015-17, and is reflected in change code AA6. The status of the funding to date is:

Mechanical & Electrical Upgrades - \$132,914

Paving & Area Lighting (Special Assessments) - \$132,547

Misc. Projects < \$50,000 - \$17,212

The remaining balance of \$135,000 will be spent on special assessment installments in February 2015.

Change Group: R	Change Type: A	Change No: 1	Priority:
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Remove Agency Base Changes not Funded

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Removes base budget changes entered by the agency that were not funded.

Change Group: R	Change Type: A	Change No: 2	Priority:
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SCH Production Adjustment

Adjusts statutory operations funding to reflect changes in adjusted student credit hour (ASCH) production to the 2011-13 levels.

Change Group: R	Change Type: A	Change No: 3	Priority:
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Inflationary Adjustment

Provides an inflationary adjustment to cover the State's share of the following cost increases:

- Costs to continue FY15 3% salary increases - \$354,319
- Utilities - \$73,500
- 2015-17 annual salary increases of 4% FY16 and 4% FY17 - \$1,588,181
- Health insurance premiums @ \$1,161.59 per month - \$794,699
- 1% Retirement contribution increase on 1/1/2016 - \$156,381

Change Group: R	Change Type: A	Change No: 4	Priority:
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24/7 Campus Security

Provides \$505,500 and 3.00 FTE for 24/7 security coverage.

Change Group: R	Change Type: A	Change No: 5	Priority:
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Base Extraordinary Repairs

Provides \$636,675 for base extraordinary repairs, including \$619,002 to increase funding to 20% of the OMB formula.

Change Group: R	Change Type: A	Change No: 6	Priority:
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Eliminate Internal Audit and IT Assessments

Reduces base funding by \$19,667 for the State's share of costs related to the centralized document imaging system being transferred to the Core Technology Services division in the NDUS System Office budget.

Reduces base funding by \$20,155 due to elimination of the State's share of campus assessments for the Internal Audit department. Full funding for the department has been provided in the NDUS System Office budget.

Change Group: R	Change Type: A	Change No: 7	Priority:
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Two-Year College Tuition Freeze

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Provides \$975,753 from the general fund in lieu of tuition increases to cover the student share of 2015-17 inflationary adjustments (cost to continue FY15 salary increases, utilities, 2015-17 salary increases and health insurance premiums increases)

Change Group: R	Change Type: A	Change No: 8	Priority:
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SCH Rate Rebalancing

Provides \$1,961,946 to increase final per SCH rate to \$132.58, which is the average of the top two institutions in the two-year college tier.

Change Group: R	Change Type: B	Change No: 1	Priority:
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Campus Security One-Time

Provides \$525,000 for security related equipment purchases and/or facility repairs to strengthen campus security. May include a variety of needs, such as windows, cameras, card access, door locks, or any other necessary one-time purchase/repair.

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

Pays off the institution's existing special assessments balance.

Change Group: R	Change Type: B	Change No: 3	Priority:
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Remove One-Time Changes not Funded

Removes one-time requests not included in the Executive Budget.