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## AGENCY OVERVIEW

242 VALLEY CITY STATE UNIVERSITY

Date: 12/14/2006

Time: 14:35:09

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## STATUTORY AUTHORITY

North Dakota Constitution, Article VIII, Section 6

## AGENCY DESCRIPTION

Valley City State University (VCSU), 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

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 six 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 6<sup>th</sup> annual accountability measures report is scheduled for completion in December 2006, and will be the most current information available to the 2007 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

Continued to expand upon its focus on student centeredness and providing a technology-rich environment for teaching and learning. Continued to expand the network infrastructure including replacement of hardware and software. Continued faculty and staff development through significant grant and foundation support. Maintained an active and productive relationship in the economic and cultural renaissance in the Sheyenne Valley. Secured state and accreditation authority to offer the Master of Education degree. Began offering the M.Ed., including creation of the School of Education and Graduate Studies, headed by a Dean. Partnered with the Valley Development Group to attract Eagle Creek Software Services as a new enterprise in the community. Trained about 70 postgraduate individuals to qualify as Eagle Creek employees. Created undergraduate program to continue producing employees for Eagle Creek and other firms. Helped create more than 50 new high-paying jobs in the community. Secured \$1 million from the state Centers of Excellence program to create the Institute for Customized Business Solutions.

## **FUTURE CRITICAL ISSUES**

Adjustments for Costs to Continue include the following:

05-07 EXTRAORDINARY REPAIRS – 2005-07 extraordinary repairs. \$258,416

05-07 MAJ CAP PROJ - 2005-07 major capital projects \$250,000 for the replacement of bleachers at the W. E. Osmon Fieldhouse.

03-05 CARRYOVER - 2003-05 capital assets carryover \$83,929

**REQUEST SUMMARY**

Date: 12/14/2006

242 VALLEY CITY STATE UNIVERSITY

Bill#: HB1003

Time: 14:35:09

Biennium: 2007-2009

Description	Expenditures 2003-2005 Biennium	Present Budget 2005-2007	Budget Request Change	Requested Budget 2007-2009 Biennium	Optional Budget Request
<b>BY MAJOR PROGRAM</b>					
VALLEY CITY STATE UNIVERSITY	11,531,031	12,398,871	3,223,387	15,622,258	595,954
<b>TOTAL MAJOR PROGRAMS</b>	<b>11,531,031</b>	<b>12,398,871</b>	<b>3,223,387</b>	<b>15,622,258</b>	<b>595,954</b>
<b>BY LINE ITEM</b>					
OPERATING EXPENSES	11,304,672	11,806,526	1,177,070	12,983,596	0
CAPITAL ASSETS	181,405	508,416	-69,754	438,662	595,954
CAPITAL ASSETS-CARRYOVER	44,954	83,929	-83,929	0	0
CAPITAL ASSETS NON-STATE FUNDED	0	0	2,200,000	2,200,000	0
<b>TOTAL LINE ITEMS</b>	<b>11,531,031</b>	<b>12,398,871</b>	<b>3,223,387</b>	<b>15,622,258</b>	<b>595,954</b>
<b>BY FUNDING SOURCE</b>					
GENERAL FUND	11,531,031	12,398,871	1,023,387	13,422,258	595,954
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	0	0	2,200,000	2,200,000	0
<b>TOTAL FUNDING SOURCE</b>	<b>11,531,031</b>	<b>12,398,871</b>	<b>3,223,387</b>	<b>15,622,258</b>	<b>595,954</b>
<b>TOTAL FTE</b>	<b>92.12</b>	<b>90.57</b>	<b>-12.42</b>	<b>78.15</b>	<b>.00</b>

**REQUEST DETAIL**

242 VALLEY CITY STATE UNIVERSITY  
 Biennium: 2007-2009

Bill#: HB1003

Date: 12/14/2006

Time: 14:35:09

Description	Expenditures 2003-2005 Biennium	Present Budget 2005-2007	Budget Request Change	Requested Budget 2007-2009 Biennium	Optional Budget Request
<b>OPERATING EXPENSES</b>					
OPERATING FEES AND SERVICES	11,304,672	11,806,526	1,177,070	12,983,596	0
<b>TOTAL</b>	<b>11,304,672</b>	<b>11,806,526</b>	<b>1,177,070</b>	<b>12,983,596</b>	<b>0</b>
<b>OPERATING EXPENSES</b>					
GENERAL FUND	11,304,672	11,806,526	1,177,070	12,983,596	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	0	0	0	0	0
<b>TOTAL</b>	<b>11,304,672</b>	<b>11,806,526</b>	<b>1,177,070</b>	<b>12,983,596</b>	<b>0</b>
<b>CAPITAL ASSETS</b>					
LAND AND BUILDINGS	0	250,000	-250,000	0	0
EXTRAORDINARY REPAIRS	181,405	258,416	180,246	438,662	595,954
<b>TOTAL</b>	<b>181,405</b>	<b>508,416</b>	<b>-69,754</b>	<b>438,662</b>	<b>595,954</b>
<b>CAPITAL ASSETS</b>					
GENERAL FUND	181,405	508,416	-69,754	438,662	595,954
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	0	0	0	0	0
<b>TOTAL</b>	<b>181,405</b>	<b>508,416</b>	<b>-69,754</b>	<b>438,662</b>	<b>595,954</b>
<b>CAPITAL ASSETS-CARRYOVER</b>					
EXTRAORDINARY REPAIRS	44,954	83,929	-83,929	0	0
<b>TOTAL</b>	<b>44,954</b>	<b>83,929</b>	<b>-83,929</b>	<b>0</b>	<b>0</b>
<b>CAPITAL ASSETS-CARRYOVER</b>					
GENERAL FUND	44,954	83,929	-83,929	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	0	0	0	0	0
<b>TOTAL</b>	<b>44,954</b>	<b>83,929</b>	<b>-83,929</b>	<b>0</b>	<b>0</b>
<b>CAPITAL ASSETS NON-STATE FUNDED</b>					
LAND AND BUILDINGS	0	0	2,200,000	2,200,000	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>2,200,000</b>	<b>2,200,000</b>	<b>0</b>

**REQUEST DETAIL**

Date: 12/14/2006

242 VALLEY CITY STATE UNIVERSITY

Bill#: HB1003

Time: 14:35:09

Biennium: 2007-2009

Description	Expenditures 2003-2005 Biennium	Present Budget 2005-2007	Budget Request Change	Requested Budget 2007-2009 Biennium	Optional Budget Request
<b>CAPITAL ASSETS NON-STATE FUNDED</b>					
GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	0	0	2,200,000	2,200,000	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>2,200,000</b>	<b>2,200,000</b>	<b>0</b>
<b>FUNDING SOURCES</b>					
GENERAL FUND	11,531,031	12,398,871	1,023,387	13,422,258	595,954
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	0	0	2,200,000	2,200,000	0
<b>TOTAL FUNDING SOURCES</b>	<b>11,531,031</b>	<b>12,398,871</b>	<b>3,223,387</b>	<b>15,622,258</b>	<b>595,954</b>

**CHANGE PACKAGE SUMMARY**

242 VALLEY CITY STATE UNIVERSITY

Biennium: 2007-2009

Bill#: HB1003

Date: 12/14/2006

Time: 14:35:09

Description	FTE	General Fund	Federal Funds	Special Funds	Total Funds
<b>AGENCY BUDGET CHANGES</b>					
Cost To Continue	-12.42	-592,345	0	0	-592,345
1 PARITY	.00	1,137,501	0	0	1,137,501
2 EQUITY	.00	39,569	0	0	39,569
3 CAP ASSET BASE AND INCR	.00	438,662	0	0	438,662
4 2007-09 MAJ CAP PROJ	.00	0	0	2,200,000	2,200,000
<b>Agency Total</b>	<b>-12.42</b>	<b>1,023,387</b>	<b>0</b>	<b>2,200,000</b>	<b>3,223,387</b>
<b>OPTIONAL REQUEST</b>					
30 OPT DEF MNT INCR	.00	595,954	0	0	595,954
<b>Optional Total</b>	<b>.00</b>	<b>595,954</b>	<b>0</b>	<b>0</b>	<b>595,954</b>

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**BUDGET CHANGES NARRATIVE**

242 VALLEY CITY STATE UNIVERSITY

Date: 12/14/2006

Time: 14:35:09

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<b>Change Group: A</b>	<b>Change Type: A</b>	<b>Change No: 1</b>	<b>Priority: 1</b>
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PARITY - \$1,137,501

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Parity is defined as the amount needed to fund operating inflation, cost to continue FY07 legislatively funded salary increases, 2007-09 health and salary increases and utilities of buildings coming online during the 2007-09 biennium. The long-term finance plan includes targeted state/student shares for each of the campuses. Approximately 93% of the state's share of these costs is included in the request. The primary source of funds available to VCSU to cover the remaining costs would be tuition income. We would need to increase tuition an additional .8% to cover the unfunded state portion. Any internal reallocations will effect our ability to make progress on our goals as set forth in the campus strategic plan.

The total (state share) general fund portion of parity consists of the following: 2.4% per year operating inflation \$132,831, CTC FY07 legislatively funded salary increases \$129,695, 10% annual health insurance increases \$316,390, and 5% per year salary increases \$634,577. These parity components total \$1,213,493, however as previously noted, the budget request only includes approximately 93% of the state's share, or \$1,137,501. Operating inflation, totaling \$75,992 is not included in the budget request.

An annual tuition increase of 6.4% would be needed to fund the remaining state share \$75,992 and to fund the student share \$520,068 of parity. However, if the 2007-09 budget request is funded at the level requested, the SBHE has indicated that tuition increases will be limited to no more than 5% per year in 2007-09. SBHE has indicated that tuition increases will be limited to no more than 5% per year in 2007-09. Limiting the tuition increase to 5% will cause a shortfall of \$127,405. VCSU has no other source of funding for this gap, nor for any new initiatives designed to fulfill the goals of the Roundtable and the university's strategic plan. Reallocation will be required to maintain institutional vitality even without this shortfall, and past reallocations have already cut operating budgets to the bone as well as impacting 11 faculty and staff positions. A shortfall of this magnitude will require riftng three more faculty positions or up five more staff positions, about three percent of the university's labor force. Faculty and staff are already wary of being caught in a RIF process. This is affecting morale, focus, effort, and quality of education. It also affects retention. We lost two outstanding professors this year to other institutions for salary increases of \$16,000 and \$23,000 per year.

<b>Change Group: A</b>	<b>Change Type: A</b>	<b>Change No: 2</b>	<b>Priority: 1</b>
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EQUITY - \$39,569

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The NDUS budget request includes a \$10 million increase for equity, distributed among the 11 NDUS campuses and Medical School. The recent MGT report confirms that all NDUS institutions are under funded, when compared to their peer institutions. The equity request will address all NDUS institutions' relative funding position compared to their peer institutions. However, the specific request of each campus was determined by considering both their dollar difference from their peer benchmark, as well as giving a greater weighting factor to those institutions that are further behind their peer benchmark. The equity request for Valley City State University is \$39,569, which will be used to support expansion of online offerings at the graduate and undergraduate level.

<b>Change Group:</b> A	<b>Change Type:</b> A	<b>Change No:</b> 3	<b>Priority:</b> 1
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CAP ASSET BASE AND INCR - \$438,662

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This provides an amount equal to the 2005-07 base funding \$258,416 for extraordinary repairs, plus a proportionate share \$180,246 of the \$4 million capital assets increase that is included by the NDUS in the base budget requests. The \$4 million increase is much lower than the total amount called for in the capital asset funding model (\$24.4 million), which is part of the NDUS long-term finance plan. The NDUS is currently funded at an average of 12.2% of the OMB building and infrastructure formulas (ranging from 5.8% to 20.6%), and outstanding deferred maintenance totals \$117.8 million for the NDUS.

A prioritized listing of extraordinary repair projects is included in the extraordinary repairs subschedule (because of OMB'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 \$100,000). All NDUS entities will be given the authority to allocate dollars to repair and replacement priorities for both deferred maintenance and regular repair and replacement projects as determined by each entity.

<b>Change Group:</b> A	<b>Change Type:</b> A	<b>Change No:</b> 4	<b>Priority:</b> 1
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2007-09 MAJ CAP PROJ - \$2,200,000

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All details of the major capital projects are included in the Capital Assets subschedule.

<b>Change Group:</b> A	<b>Change Type:</b> A	<b>Change No:</b> 100	<b>Priority:</b>
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OMB Deferred Maintenance Optional - \$357,573

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Executive Recommendation to fund \$357,573 for deferred maintenance optional request of \$595,954.

The outstanding deferred maintenance of the NDUS, based on recently updated campus master plans, totals \$117.8 million. A one-time infusion of \$10 million would be used to address this critically unfunded need. The campus's share of the \$10 million is \$595,954, based upon a proportionate share of total outstanding deferred maintenance of the NDUS. The priority listing is only a best estimate at this time, and can easily change, due to unforeseen circumstances and emergencies. The use of these dollars will be left to the discretion of the institution to fund most critical deferred maintenance needs (with appropriate approvals by the SBHE where required for projects greater than \$100,000). None of the one-time projects that are included in this request will result in significant long-term budget savings.

<b>Change Group: A</b>	<b>Change Type: A</b>	<b>Change No: 101</b>	<b>Priority:</b>
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OMB Steamline Replacement - \$2.2 million general fund dollars

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Executive Recommendation provides \$2.2 million as requested for the steamline replacement project.

<b>Change Group: O</b>	<b>Change Type: A</b>	<b>Change No: 30</b>	<b>Priority: 10</b>
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OPT DEF MNT INCR - \$595,954

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The outstanding deferred maintenance of the NDUS, based on recently updated campus master plans, totals \$117.8 million. A one-time infusion of \$10 million would be used to address this critically unfunded need. The campus's share of the \$10 million is \$595,954, based upon a proportionate share of total outstanding deferred maintenance of the NDUS. The priority listing is only a best estimate at this time, and can easily change, due to unforeseen circumstances and emergencies. The use of these dollars will be left to the discretion of the institution to fund most critical deferred maintenance needs (with appropriate approvals by the SBHE where required for projects greater than \$100,000). None of the one-time projects that are included in this request will result in significant long-term budget savings.