



Minot State
UNIVERSITY

63rd Legislative Assembly

SENATE APPROPRIATIONS

COMMITTEE HEARING

January 14, 2013

3:00 – 3:45 P.M.

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Minot State UNIVERSITY

Our Place. Our Legacy. Our Vision.





Presentation to SENATE APPROPRIATIONS COMMITTEE

January 14, 2013 • 3:00 – 3:45 P.M.

Minot State University • President David Fuller

THANK YOU FOR YOUR SUPPORT. We appreciate your commitment to higher education, our university and:

- Ongoing salary support to recruit and retain high quality professors and staff.
- Support for safety and security measures on our campus.
- Commitment to students' learning and their success as life-long learners and contributing members of our society.



Key Points

Institutional Overview

Brief review of MSU presentation to Senate Appropriations Committee March 2011

Special reports on the 2011 Mouse River Flood and oil impact in our community

Assessment of Enrollment Trends

Financial Impact

Request for budget restoration

Testimony in response to Chm. Holmberg's directives

FY13 – 15 Executive Budget

MINOT STATE UNIVERSITY

Statutory Authority and Description

STATUTORY AUTHORITY

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

AGENCY DESCRIPTION

Minot State University (MiSU) is a comprehensive public university whose purpose is to foster the intellectual, personal and social development of its students, and to promote the public good through excellence in teaching, research, scholarly activity and public service. The university offers a wide array of undergraduate programs in the liberal arts and the professions. Graduate education includes masters programs in communication disorders, criminal justice, education, management, mathematics, music, science and special education. One education specialist degree is offered in school psychology.

STRATEGIC PLANNING VISION

The University will achieve a national reputation as an institution of place and engagement dedicated to high-quality student learning within an inclusive community, to student growth, character, and success, to diversity and multiculturalism, to valuing and supporting faculty and staff, and to a life-long commitment to the common good.

Section A
Minot State
University
Overview



Minot State University Overview

Abbreviated Institutional Mission

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.

- Founded in 1913, celebrating our Centennial in 2013
- Faculty: 175 regular, benefitted; 87 temporary
- Staff: 239 regular, benefitted; 206 temporary
- Budget: \$58,829,848 (FY13) (*Appendix 1*)
- Fall 2012: 3560 (2279 full-time; 1281 part-time)
- ACT composite: 22.3; national composite: 21.1
- Fall 2012 new transfer students: 295
- Fall 2012 first-year freshmen: 398 (352 full-time — 46 part-time)
- Degrees: 64 undergraduate, 10 graduate, 1 specialist
- Total number of degrees conferred May 2012: 748

Engagement in Pathways to Student Success

Minot State University's institutional mission and vision demonstrate an unwavering support of student success.

Progress to align with NDUS Pathways to Student Success Program:

- Established a range of approved admission scores from 170 – 190.
- Arranged for remedial courses to be moved to Dakota College at Bottineau.
- Continuing analysis of enrollment and recruitment needs.
- Implemented required waiver budget adjustments.
- Received authority from SHBE to grandfather current nonresident students to allow for continuation of resident tuition rates through 2017.
- Preparing for administration of new tuition charges.
- Making plans to discontinue an existing tuition plateau model and institute a cost neutral, per-credit tuition model.
- Working in concert with K-12 to address college readiness and objectives.



Section B

Institutional

Progress:

2006 – 2011



Institutional Progress: 2006 – 2011



Academic Programs and Partnerships

- Energy Economics and Finance degree
- Athletic Training degree
- Early Childhood Education degree
- Severson Entrepreneurship Academy
- Program partnerships with UND, NDSU, DCB, BSC, DSU, WSC

Improved Support for Faculty and Staff

- Five-year compensation task force: raised all salaries above 85% market floor; significant progress in reaching 100% market
- Vision 2013 awards reward outstanding faculty and staff performance
- Created a new faculty sabbatical program; improved promotion awards
- Maintain monthly recognitions of outstanding achievements

Expanded International and Global Education and Partnerships

- Developed a new International Education Program and study abroad opportunities
- Improved campus diversity
- Partnerships with:
 - ♦ Turtle Mountain Community College
 - ♦ Fort Berthold Community College
 - ♦ United Tribes Technical College
 - ♦ Telemark University College (Norway)
 - ♦ Aalborg University (Denmark)
 - ♦ Institutions in Canada, China, S. Korea, Turkey, Sweden, Vietnam
- Developed partnership with English as a Second Language Institute on campus

Increased Admissions Standards

- Two-year study led to revised admission standards
 - ♦ increased admission standards
 - ♦ created a provisional admittance and support initiative
 - ♦ created support mechanisms to improve student success, retention and graduation
- Innovative Passport Program instituted in collaboration with Dakota College at Bottineau

Priorities for Student Success

- Acquired Title III federal grant to develop innovative Center for Engaged Teaching and Learning to facilitate:
 - ♦ tutoring
 - ♦ mentoring
 - ♦ professional development
 - ♦ service learning
 - ♦ learning community program
- Obtained first-time Title IV federal grant to establish new Student Support Services Center for at-risk students
- Developed a new Veterans Support Center
- Reviewed and restructured academic advising, hired new advising director
- Completed the Foundation of Excellence Program for First-Year Students
- Created new retention initiatives including:
 - ♦ CSI evaluation
 - ♦ early alert program
 - ♦ graduation rate analysis
 - ♦ Noel Levitz consultation
 - ♦ Hobson's consultation
 - ♦ new mandatory orientation program for students

Athletics

- Application and acceptance to NCAA Division II and membership in NSIC
- Installed new:
 - ♦ athletic field
 - ♦ stadium stands
 - ♦ indoor track
- Added women's soccer and men's wrestling teams

Institutional Improvements

- Identified 10 aspiration peers and set performance indicators for institutional improvement
- Identified five year increases in key strategic enrollment areas including:
 - ♦ transfers
 - ♦ Canadian
 - ♦ international
 - ♦ out-of-state
 - ♦ online

- ♦ off-campus
- ♦ select ND counties
- Reviewed tuition structure and restructured Grow North Dakota initiative for improved recruitment
- Attained record setting enrollments in key areas
- Attained significant increases in retention rates, graduation rates and academic assessment scores

Campus Infrastructure

- Completed Swain Hall renovation
- Converted to geothermal in six major buildings on campus
- Renovated Student Center
- Opened new Student Wellness Center
- Installed new athletic field
- Renovated main Dining Hall
- Completed Campus Master Plan and Landscaping Plan
- New monument sign and directional signage

Minot State University 2011 Presentation to Legislature

- Minot State University's performance indicators were positive:
 - ♦ demographic data revealed growth and performance improvements
- MiSU operated in a stable fiscal climate:
 - ♦ leveraged the state's annual investment of \$17 million into a \$50 million enterprise, with a regional economic impact of approximately \$150 million.
 - ♦ operated with a net annual surplus, and an accumulated reserve balance equal to 10% of total institutional expenditures.
- MiSU progressively addressed challenges and succeeded in unique efforts to improve student success:
 - ♦ Retention
 - ♦ Graduation rate

Section C

2011 vs. 2013

- Flood Report
- Flood Timeline



2011 vs. 2013

Today

Our institution is much different from March 2011. Minot State University has undergone a dramatic and significant change in the two years since our testimony to your committee.

- The significant impact of the 2011 Mouse River Flood occurred only a few months after our testimony in 2011.
- Many short- and long-term challenges of the flood continue to affect operations.
- Post-flood conditions and an oil-impacted economy continue to plague efforts to recover from the affects of declining enrollment, loss of tuition and revenue and the personal toll on our faculty, staff and students.

A full MiSU flood report and timeline follow.





Minot State UNIVERSITY

Mouse River Flood Fight—2011



Construction crews work tirelessly to complete the "Beaver Dam."



President Fuller speaks to students, faculty and staff during the difficult days of the flood.



National Guardsmen patrol the dike along the south perimeter of campus on University Avenue.



MSU's "Beaver Dam" accentuates the delicate contrast between safety and harm from the flood waters.



The MSU Dome prepares for the needed refuge for over 200 evacuees.



Hundreds of Red Cross volunteers from around the nation responded to the community's needs.

History of Flood

- May 31, the Corps of Engineers predicts Mouse River at Minot Broadway Bridge could hit 1,556—one foot over the levee system's safe capacity.
- Mandatory evacuations were enforced for nine zones in the Minot river valley area, forcing more than 11,000 residents out of their homes.
- June 20, penetration maps show new crest predictions of 1563' would infiltrate the south edge of MSU's campus and threaten several buildings.
- The crest of 1,561.72 feet, four feet higher than the previous record set in 1881, was reached at 11 p.m. on June 26.

Faculty/staff impact

- May 31, 4:30 p.m., MSU closed campus, including all classes (campus, online, MAFB and Bismarck). Only essential personnel were required to report for work.
- June 1 MSU Emergency Assistance Hotline was established to assist faculty/staff needs.
- All employees not impacted by city evacuation orders were asked to report at 8 a.m. June 1, to receive instructions as to how they could assist during the emergency.
- On-campus summer classes adjusted to online or hybrid model to accommodate students' class schedules and personal lives
- Summer school resumes June 3
- 116 MSU faculty and staff lost houses or suffered damage and approximately 500 rental units, traditionally leased by MSU students, were devastated.

Campus Adjustments:

- MSU Dome becomes a Red Cross shelter for evacuees, housing as many as 300 evacuees and serving 2400 meals per day.
- FEMA and SBA established offices on the first floor of the Administration Building at Minot State University.
- SBA sets up center on campus.
- Residence halls remained open to accommodate:
 - Red Cross volunteers
 - FEMA workers
 - National Guardsmen
 - SBA employees
 - Faculty and staff
 - ND Emergency workers
 - Highway patrol
 - Contractors
 - Students
 - Utility workers

Measures taken

- MSU built a five block 12 ft. dike to protect its facilities and ultimately withstand seven ft. of water at its edge.
- Dike and campus protection required 24-hour security; little damage was sustained on campus or to buildings.
- Extensive sewage backup required extra pumps (14) and 24-hour surveillance.
- MSU invited a UND delegation to advise on flood recovery.
 - 13-member UND group consisted of current or retired employees who were active in UND's recovery from the devastating 1997 Red River Flood.
 - UND advised MSU to prepare for a 10% enrollment drop, based on their experience.
 - They cautioned rebuilding student enrollment would be a three to five year endeavor.
 - MSU enrollment decline, to date, is 6.5%.
- Rob Anderson hired as MSU's ombudsman to assist employees and students with resolving issues arising from the Mouse River flood.
- Approximately 3,000 MSU students were contacted as part of a telephone campaign designed to assess student needs for the fall semester and attempt to stem enrollment fallout.
 - Telephone surveys showed 809 students request on campus housing; MSU has only 661 beds.
 - Mandatory freshman housing requirement is relaxed for 2011-12 school year to ease housing shortage in residence halls.
- Many faculty experience difficulty in returning to MSU, or moving to Minot as result of insufficient housing options.
- Decision is made to explore temporary housing for students and faculty.
 - MSU purchases 8-plex efficiency apartments for faculty housing.
 - MSU purchases 10 temporary housing units to accommodate 100 students.





MSU timeline

- May 4-11, 2011:** ■ News from Canada reported substantial releases from reservoirs and rainstorms, which impacted Lake Darling northwest of Minot.
- May 21:** ■ The release gates at Lake Darling Dam were opened to 6,000 cubic feet per second, surpassing earlier highs of 5,000 cfs. Minot starts to prepare the dikes.
- May 31:** ■ The Corps of Engineers predicted Mouse River at Minot Broadway Bridge could hit 1,556—one foot over the levee system’s safe capacity.
- Minot State University employees living in the valley and threatened by flood waters were allowed to leave work to defend against the flood or prepare to evacuate. Other employees could also leave work to assist with sandbagging or evacuation efforts.
- Minot State University remained open.
- May 31 :** ■ MSU closed campus, including all classes (campus, online, MAFB and Bismarck). Only essential personnel
4:30 p.m. were required to report for work.
- June 1:** ■ All employees not impacted by city evacuation orders were asked to report at 8 a.m. to receive instructions as to how they could assist during this emergency.
- MSU employees and students needing assistance were advised to call the MSU Emergency Assistance Hotline.
- Mandatory evacuations were enforced for nine zones in the Minot river valley area, forcing more than 11,000 residents out of their homes.
- Flows from Lake Darling were flowing at 10,000 cfs.
- The city’s goal was to fill 30,000 sandbags.
- June 2:** ■ Evacuees began entering the American Red Cross shelters at the Minot Auditorium and the Minot State University Dome.
- June 3:** ■ Campus reopened. Summer school classes resumed June 6.
- June 19:** ■ Minot Mayor Curt Zimbelman and Burlington Mayor Jerome Gruenberg advised people in the flood evacuation zones to be prepared to move possessions and evacuate within the next few days.
- The National Weather Service projected flows at Sherwood for 15,000 to 16,000 cfs in the next days.
- Contractors raised the Broadway Bridge dike in Minot.
- June 20:** ■ Heavy rain falls from Saskatchewan made flooding a certainty.
- Officials announced that Minot’s water level was predicted to reach 1,551.1 feet.
- Penetration maps showed the new level would infiltrate the south edge of MSU’s campus and damage several buildings.
- MSU rapidly began building a dike to protect its facilities.
- June 21:** ■ New numbers predicted the Souris River would crest in Minot at 1,563 feet above sea level.
- June 22:** ■ Minot sirens sounded to alert evacuation-zone residents to leave immediately because flood waters had overcome the dikes.
- Officials expected the Souris River to crest at 1,562.5 on June 26 as Lake Darling releases were significantly increased.

IMPACT: 2011 Flood*

described in the 2011 Mouse River Flood Fight report

Measures taken to address the flood:

- Construction of a five block, 12-foot dike
- Saved three major buildings, utility tunnels and power plant from inundation
- Security provisions necessary
- UND visit and consultation
- Ombudsman hired
- Purchased additional emergency student and staff housing

Faculty and Staff Impact

- 116 faculty and staff displaced from homes

Student Impact

- Approximately 500 students displaced
- Numerous stories about the impact on students' lives

Campus Impact

- MiSU Dome housed Red Cross evacuees for several weeks
- Residence halls accommodated emergency workers including state and federal agencies' employees
- Administration Building hosted SBA and FEMA offices

Financial Impact: \$5.8M

- Emergency housing
- Fuel/equipment
- Cancelled classes
- Contract services
- Infrastructure repairs

* *This report has been presented to the SBHE, NDDOC, Minot City Council, Minot State University Board of Regents.*

IMPACT: Oil Industry

In response to a request from Chancellor Goetz, in March 2012 Minot State University submitted a report on the energy development impact on the university. Key findings included:

- Employee salaries not keeping pace with escalating cost of living
- Average apartment rent in Minot rose 73 percent Q3 2005 - Q1 2011
- Minot cost of living composite index 2007: 94.6; 2011: 104
Fargo's index comparator: 96.6 in 2007; 93.9 in 2011
- Intense competition for labor due to high hourly wages

IMPACT: Flood and Oil Impact on Minot State Campus and Community

MiSU's Staff Senate Legislative Subcommittee conducted research surveying all faculty and staff members in October 2012 (see Appendix 2 for full survey report). Notable concerns:

- Minot's 2012 housing index: 126.5
- Minot's cost of living composite index Q3 2012:107.2
- Lack of affordable housing; escalating rents, decreasing property values
- Child care weekly costs and shortage
- Inadequate wages
- High employee turnover
- Shortage of community services adds to difficulty recruiting and retaining candidates
- Competition with energy industry workers for limited resources worsened by flood



Section D
Assessment of
Enrollments



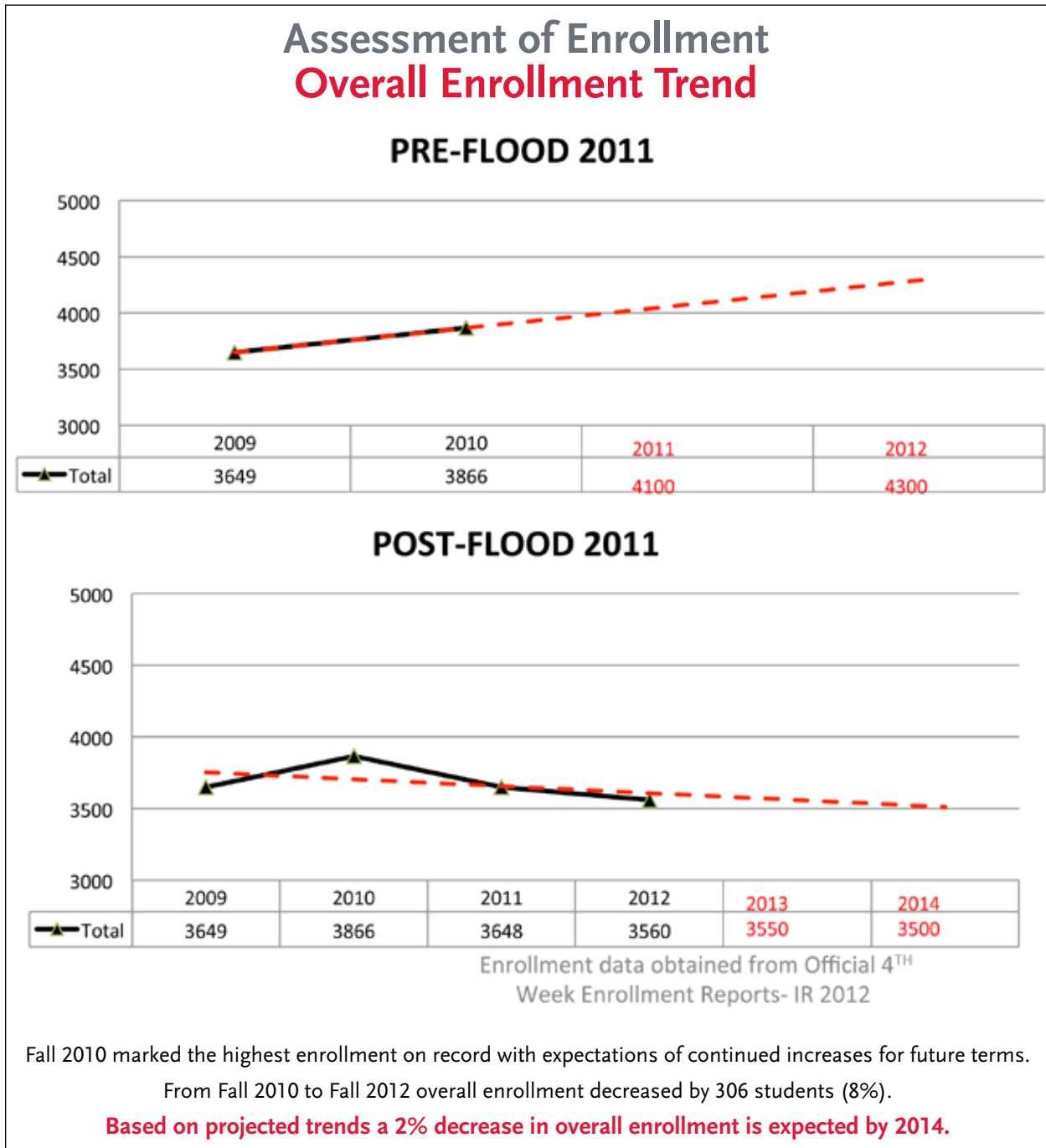
- Flood Impact

Assessment of Enrollments

Today

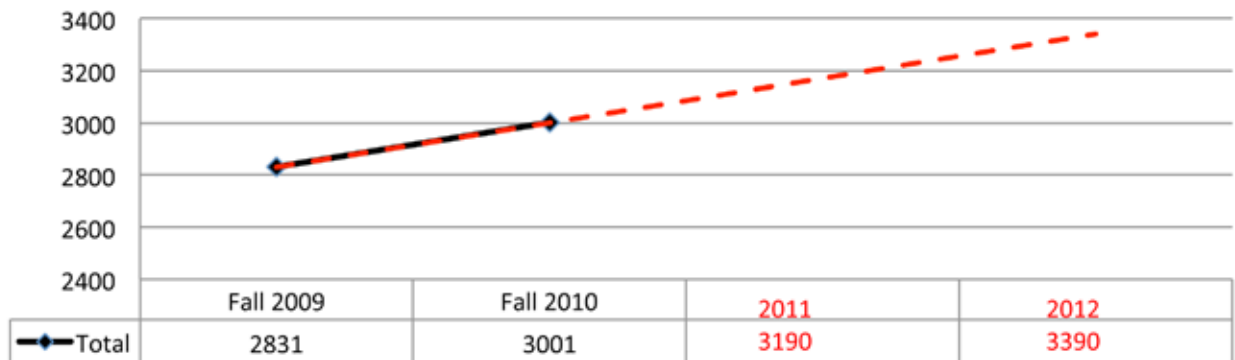
Prior to the flood, enrollment showed notable increase due to new recruitment, marketing and retention strategies. Retention and graduation rates also experienced increases during that same period.

The following graphs depict the pre- and post-flood data.

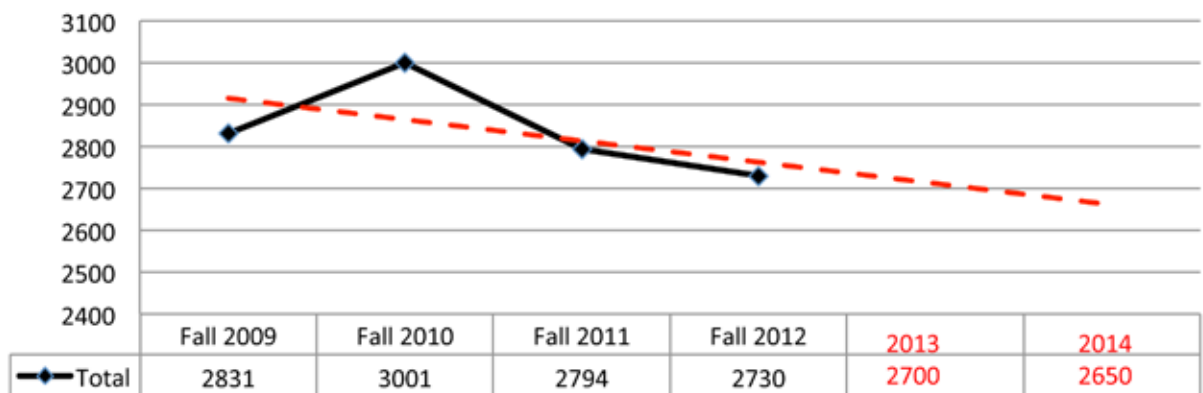


Assessment of Enrollment Full-time Equivalency (FTE) Projected Trend

PRE-FLOOD 2011



POST-FLOOD 2011

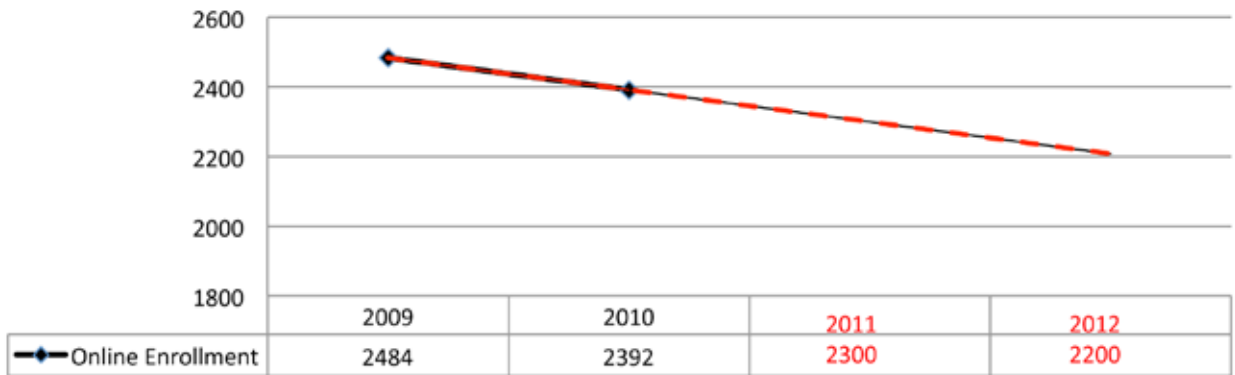


Enrollment data obtained from Official 4TH
Week Enrollment Reports- IR 2012

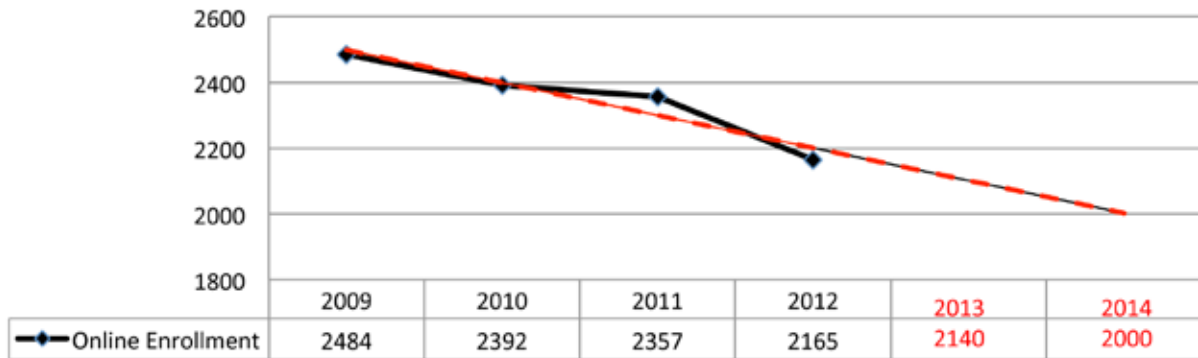
Based on projected trends a 3% decrease in FTE is expected by 2014.

Assessment of Enrollment Online Enrollment Projected Trend

PRE-FLOOD 2011



POST-FLOOD 2011



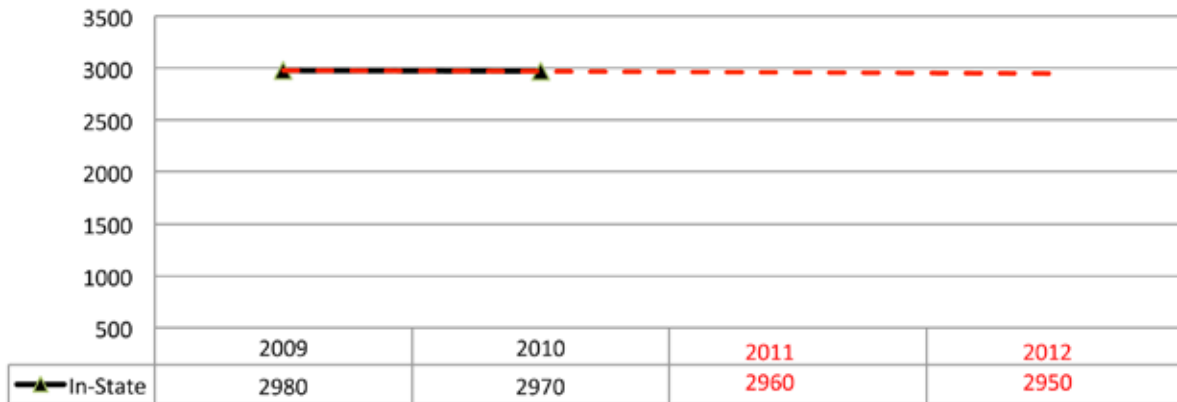
MSU Factbook data of Fall 2012
Official Enrollment Data-obtained from CEL
Fall 2012

Online enrollments declined by 227 students (10%) from 2011 – 2012.

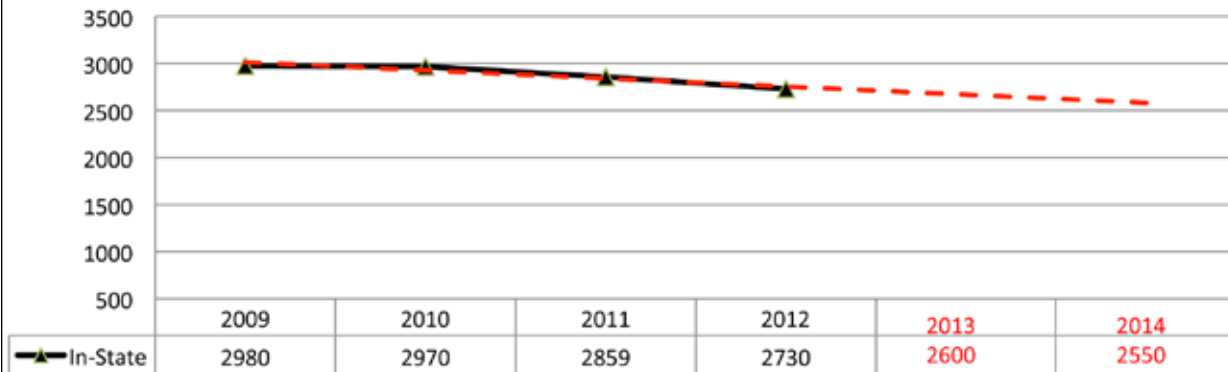
Based on projected trends a 7% decrease in online enrollment is expected by 2014.

Assessment of Enrollment In-State Enrollment Projected Trend

PRE-FLOOD 2011



POST-FLOOD

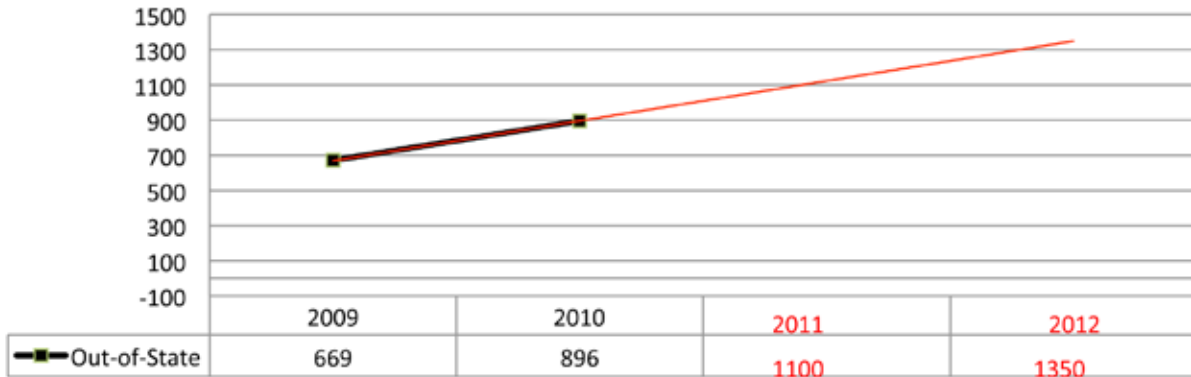


Enrollment data obtained from Official 4TH
Week Enrollment Reports- IR 2012

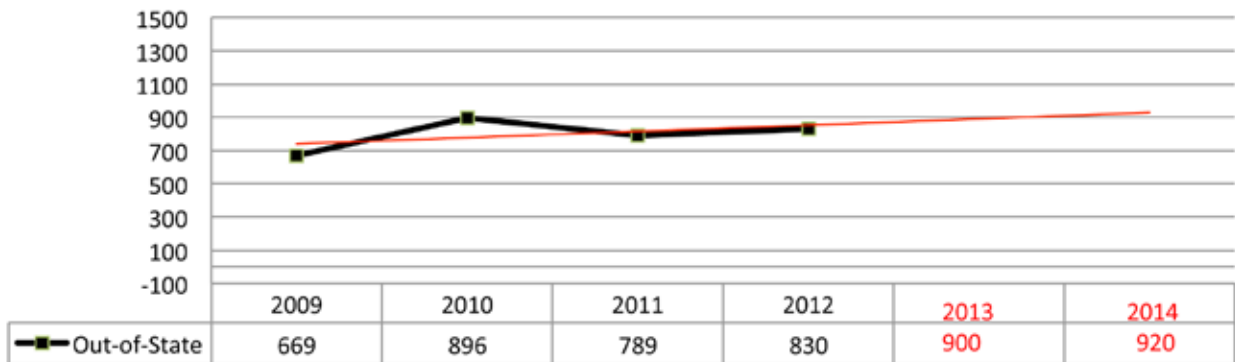
The number of In-State enrollments declined by 240 students (8%).
Based on projected trends a 7% decrease in in-state enrollment is expected.

Assessment of Enrollment Out-of-State Enrollment Projected Trend

PRE-FLOOD 2011



POST-FLOOD 2011



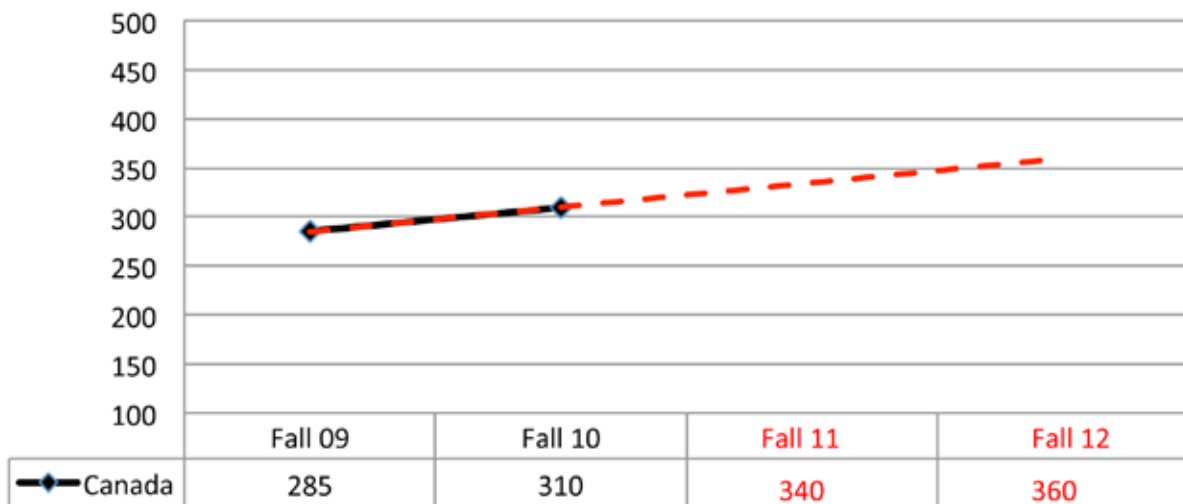
Enrollment data obtained from Official 4TH
Week Enrollment Reports- IR 2012

Out-of-State numbers declined by 66 students (7%) from 2010 – 2012.

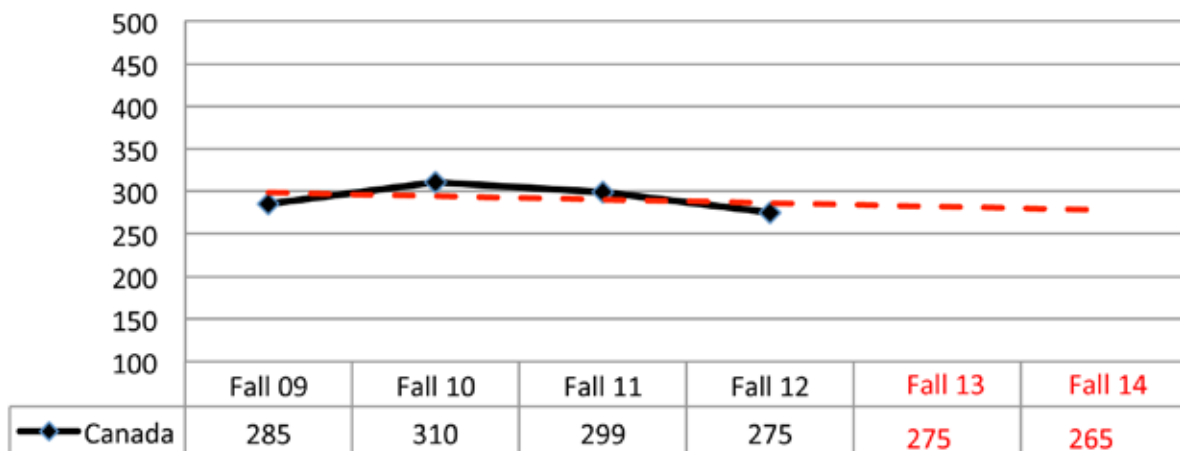
Based on projected trends a 11% increase in Out-of-State enrollments is expected by 2014.

Assessment of Enrollment Canadian Student Enrollment Trends

PRE-FLOOD



POST-FLOOD



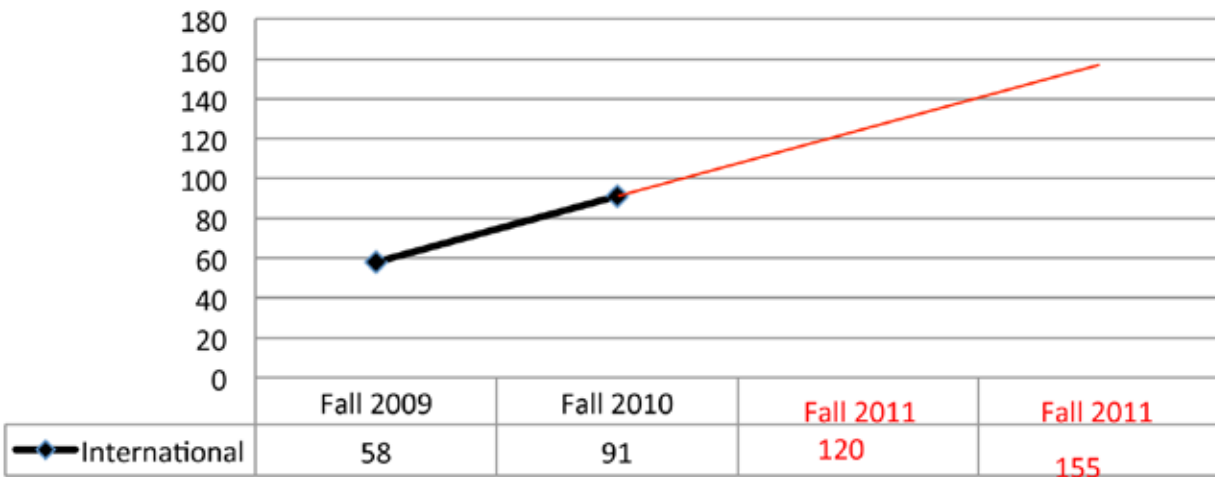
Enrollment data obtained from Official 4TH
Week Enrollment Reports- IR 2012

Canadian student enrollments declined by 35 students (11%) from 2010 – 2012.

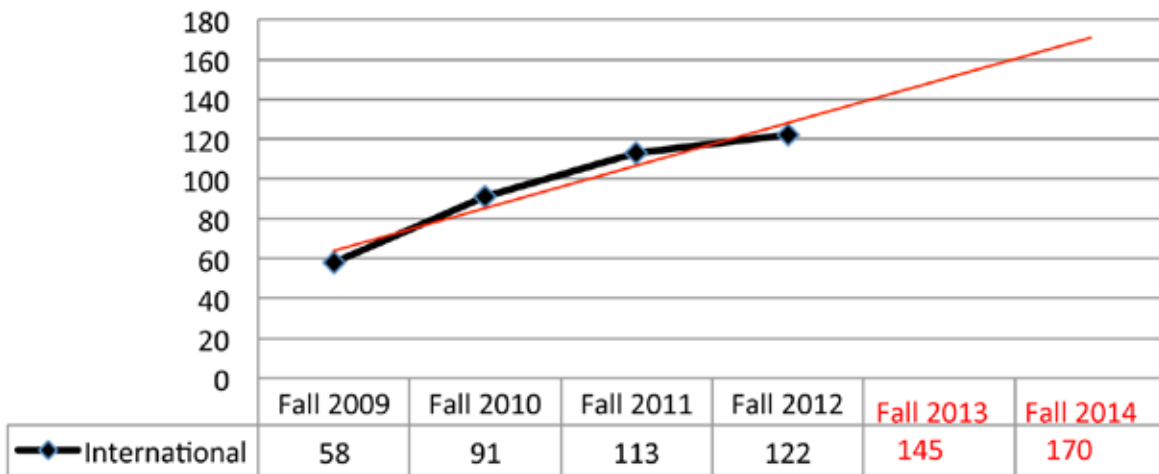
Based on projected trends a 4% decrease in Canadian student enrollment is expected by 2014.

Assessment of Enrollment International Student Enrollment Trends

PRE-FLOOD



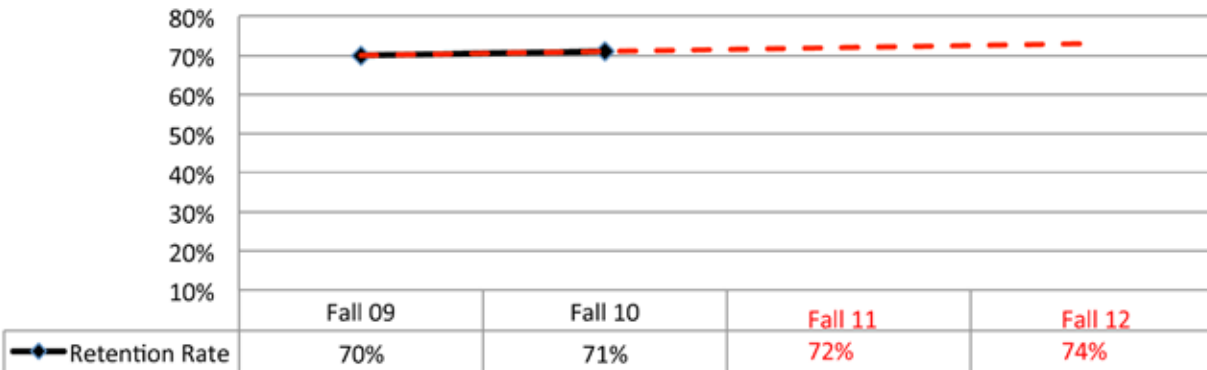
POST-FLOOD



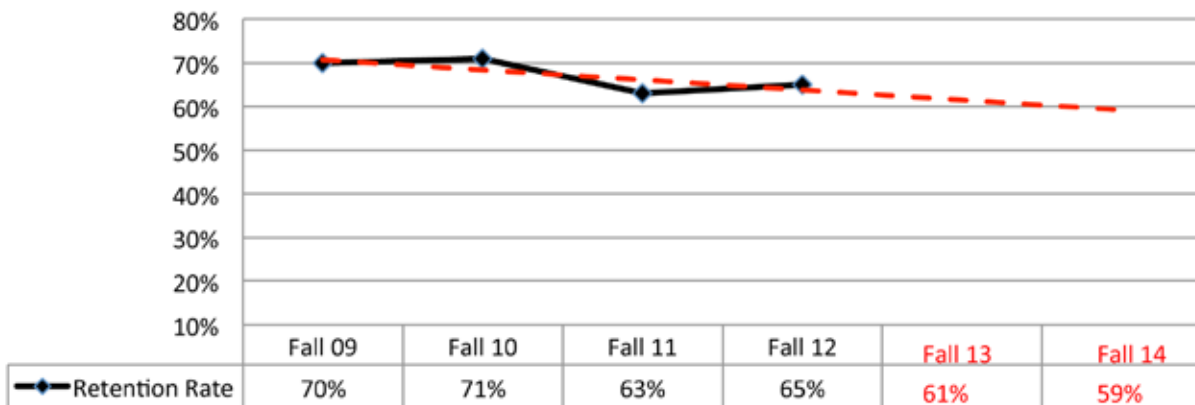
Enrollment data obtained from Official 4TH
Week Enrollment Reports- IR 2012

International student enrollments increased by 31 students (34%) from 2010 – 2012.
Based on projected trends a 39% increase in International student enrollments is expected by 2014.

Assessment of Enrollment Retention Rate Projected Trend PRE-FLOOD 2011



POST-FLOOD 2011



Enrollment data obtained from Official 4TH
Week Enrollment Reports- IR 2012

A steady increase in retention was evident prior to Fall 2011, with 71% in 2009;
but dropped to 65% in 2011.

Based on projected trends a 6% decrease in retention rate is expected by 2014.

Section E
Financial
Impact



Financial Impact

Appendix 3 includes charts for Expenses and Revenue.

Financial Impact

- FY12, actual tuition collections shortfall of \$2M.
- In response, campus implemented various one-time cost cutting measures including soft hiring freeze, equipment replacement freeze and operating budget reductions.
- MiSU also imposed base-budget cuts for FY13.
- FY13, shortfall of tuition collections projected to be \$1.85M.
- In response, campus extended the FY12 one-time cost-cutting measures of hiring and equipment replacement freezes.
- MiSU is also planning base-budget cuts for FY14.
- In addition to base-budget reductions, MiSU also reallocated nearly \$500,000 of base-budget for marketing and recruiting to restore student enrollment to 2010 (pre-flood) levels.
- Total combined base-budget impact from loss of tuition due to decreased student enrollment is \$3.35M.





Section F
Request for
Budget
Restoration



Request for Budget Restoration

We request a special base-budget appropriation to address the shortages resulting from the 2011 flood. The Chancellor and SBHE have been supportive of our plan to seek special appropriation assistance from the legislature.

This natural disaster—the highest flooding in Minot’s recorded history—has wreaked havoc in the lives of our faculty, staff and students and severely impacted our campus operations.

Minot State University is requesting special base-budget appropriations including \$3.35M for budget restoration, \$3.8M deficiency appropriation for emergency housing units, and \$28K for unreimbursed FEMA flood expenses.

Request for Budget Restoration (\$3.35M)

- **Rationale for budget restoration:**

These losses have caused us to:

- curtail our ability to move forward
- reduce our academic offerings
- eliminate faculty and staff positions
- significantly reduce operational costs
- reduce our reserves to a dangerously low level
- impact the general morale of a campus that had been doing exceptionally well prior to the flood

- **Request will support budget and strategic needs to pre-flood levels including for example:**

- Restoration of base-budgets to pre-flood levels
- Strategic addition of faculty in key growth areas
- Funds to support the development of innovative and collaborative programs
- Marketing and recruitment support
- Salary enhancements for full-time employees to address much higher cost of living

Special Request for Emergency Deficiency Appropriation — Flood Related Student and Faculty/Staff Housing (\$3.8M)

Minot State University is requesting an emergency deficiency appropriation of \$3,807,084. This emergency expenditure provided for student, faculty and staff housing that was not available anywhere in Minot.

- All student housing located south of the campus was lost due to the flood.
- More than 500 students were affected.
- Because of the critical lack of housing, emergency housing units were purchased and installed for students, faculty and staff.

Special Request for Deficiency Appropriation — Unreimbursed FEMA Flood Expenses (\$28K)

Minot State University is requesting a deficiency appropriation of \$27,965 for unreimbursed FEMA flood expenses.

- Differences between initial FEMA repair estimates and actual construction costs have resulted in a \$28K difference that was not included in the executive budget recommendation.
- With the escalation on construction prices in Western ND, we expect this phenomenon to continue throughout the remainder of the restoration effort (deficiency appropriation requests submitted during the 64th Legislative Session will also include similar adjustments).

Section G

Minot State
University is a
Sound
Investment



Minot State University is a Sound Investment

For 100 years, MiSU has remained responsible and effective, an excellent steward of public funds and steadfastly focused on student success. Despite enrollment and financial challenges, MiSU continues to make notable accomplishments in support of its student and community-based mission.

Community collaborations

- \$183.6M economic impact (2011)
- Scientific research and service
 - Mold and Fungicide Research
Dr. Mikhail Bobylev, associate professor of chemistry, initiated the mold project after the Mouse River flood waters receded. Students worked to elevate public awareness of the risks posed by molds in a post-flood environment. The team took samples from flooded homes back to the lab at MiSU to evaluate novel fungicides that might eventually mitigate the hazards of mold infestation.
- Fifty-year Minot Air Force Base (MAFB) partnership



Academic collaborations

- MiSU social work program on NDSU campus
 - In March 2012, MiSU began offering its social work program on the NDSU campus. The program continues to gain momentum and currently serves over 108 students.
- Partnerships with Bismarck State College
 - MiSU began its partnership with BSC in 1984 with a Criminal Justice degree and to offers six undergraduate degrees on the BSC campus.

Workforce development collaborations

- **Trinity Healthcare**

Trinity Healthcare, a regional provider of healthcare needs, has committed \$1M to MiSU's nursing department over a five-year period to increase the number of nursing faculty and nurse graduates to facilitate the need for more healthcare providers in Northwestern North Dakota.



- **EID Passport**

MiSU's Center for Extended Learning offers professional certification in Homeland Security through EID Passport, a local technology company specializing in security assurances with the United States Department of Defense.

Entrepreneurial studies

- **Severson Entrepreneurship Academy**

The Severson Entrepreneurship Academy was created as a result of a milestone gift from alumnus Clint Severson and his wife Conni Ahart. The curriculum focuses on knowledge and skills critical for understanding how to start, maintain, and analyze start-up businesses, with emphasis on managing on-line businesses. Students from all majors can participate.

- **Beaver Brew Café**

Known as a real-world learning lab to educators, the BBC is a student-run coffee shop, designed by students from the ground up, that teaches the inner workings of business and serves a great cup of coffee and mean caramel roll.



- **Energy Industry**

In response to industry needs, the College of Business launched the new Energy, Economics and Finance degree. Graduates from the program are working in the energy field providing the much-needed workforce.

Section H

FY13 – 15

Executive

Budget



FY13 – 15 Executive Budget



Base-budget Items

- Advocate for 4% (full parity)
- Governor's funding formula and equalization payment
- Security initiatives

FY13-15 One-Time Funding Request

- \$10M Systemwide Deferred Maintenance (one-time to SBHE); anticipate \$800 – 900K for MiSU
- Education Challenge fundraising match initiative: \$30 million: \$10 million for nine institutions; \$1 million for each institution for a match
- Physical Plant building move and relocation: \$1.8M

Section I
FY11 – 13
Statutory
Reporting



FY11 – 13 Statutory Reporting

The statutory reporting requirements of HB 1003 from the 62nd Legislative Assembly are in the appendix.

Selected highlights:

- Geothermal Heating/Cooling (*Appendix 4: Area B Map*)
- Fiber Network Upgrade
- Food Service Remodel (Sodexo)
- Old Main Classroom Remodel (Slaaten)
- Student Wellness Center

Appendix 1
FY13 Budget



Comparison of 2011-13 Appropriation and Estimated Spending

	2011-13 Adj Appropriation (1)	Actual Expenditures Through 11/30/12	Remaining Balance	Comments regarding remaining balance
Operations (All General Fund)	\$37,838,974	\$26,411,662	\$11,427,312	Balance will be drawn down for operating expenditures by 6/30/13
Capital Assets:				
Extraordinary repairs	\$899,620	\$668,770	\$230,850	
Major Capital Projects	18,884,555	5,462,651	13,421,904	
Total Capital Assets	19,784,175	6,131,421	13,652,754	
Capital Assets Funding Sources:				
General Fund	\$5,749,620	\$4,004,544	\$1,745,076	
Other Funds (Revenue bonds, local, private, federal funds)	14,034,555	2,126,877	11,907,678	
Total Funds	\$19,784,175	\$6,131,421	\$13,652,754	

(1) Excludes carryover, as that is reported on separately.

Minot State University
'09-'11 to '11-'13 Capital Carryover
2013 Legislative Session

	Funding Source	Approval	Original Authorization	CYOR Authorization	EXPENDITURES			Remaining Authority	Estimated Completion Dates
					Prior Expenses	'11-'13 Expenses	Total Expenses as of 11/30/12		
24151 - Capital Assets(ERDM) - Carryover									
Geothermal Heating & Cooling/Boiler Refurbishment	General fund	09-11 Biennium	2,500,000	2,432,529	67,471	2,432,529	2,500,000	0	9/18/2013
'09-'11 Extraordinary repairs	General fund	09-11 Biennium	596,870	316,949	279,921	32,130	312,051	284,819	6/30/2013
'09-'11 Deferred maintenance	General fund	09-11 Biennium	595,111	484,935	110,176	65,153	175,329	419,782	6/30/2013
Plant Building (from Swain Hall project)	General fund	09-11 Biennium	676,310	676,310	-	29,566	29,566	646,744	TBD
24153 - Capital Assets - Carryover - Off System									
Geothermal Heating & Cooling/Boiler Refurbishment	Federal funds	09-11 Biennium	2,000,000	2,000,000	488,392	1,233,436	1,721,828	278,172	9/18/2013
Wellness Center	Revenue bond	09-11 Biennium	12,770,000	9,528,679	3,241,321	8,426,763	11,668,084	1,101,916	6/30/2013
			19,138,291	15,439,402	4,187,281	12,219,577	16,406,858	2,731,433	

Expenses in '11-'13

'09-'11 Extraordinary	Amount
Interior finishes	20,525.00
Mechanical & electrical upgr.	11,605.00
	<u>32,130.00</u>
'09-'11 Deferred	Amount
Interior finishes	8,791.26
Mechanical & electrical upgr.	56,361.89
	<u>65,153.15</u>

Minot State University
Major Capital Projects for '11-'13 Biennium
2013 Legislative Session

	Funding Source	Approval	Original Authorization	EXPENDITURES			Remaining Authority	Estimated Completion Dates
				Prior Expenses	'11-'13 Expenses	Total Expenses as of 11/30/12		
24150 - Capital Assets (includes E.R.)								
Geothermal Heating & Cooling/Boiler Refurbishment	General fund	11-13 Biennium	4,850,000	-	3,335,774	3,335,774	1,514,226	9/18/2013
'11-'13 Extraordinary repairs	General fund	11-13 Biennium	899,620	-	668,770	668,770	230,850	6/30/2013
24152 - Capital Assets-Off System								
Food Services Remodel - Sodexo	Other funds	11-13 Biennium	1,500,000	87,311	1,286,229	1,373,540	126,460	8/12/2011
Landscape Plan - Phase II & Phase III	Other funds	11-13 Biennium	800,000	40,610	14,256	54,866	745,134	TBD
Old Main Classroom Remodel - Slaeten Center	Other funds	11-13 Biennium	750,000	96,425	468,697	565,122	184,878	9/14/2011
Geothermal Heating & Cooling/Boiler Refurbishment	Other funds	11-13 Biennium	6,884,555	86,515	-	86,515	6,798,040	9/18/2013
Plant Building	Other funds	11-13 Biennium	600,000	36,439	10,395	46,834	553,166	TBD
Resident Apartments - New construction	Other funds	11-13 Biennium	3,500,000	-	-	-	3,500,000	not to be constructed at this time
TOTAL LEGISLATIVELY APPROPRIATED:			19,784,175	347,299	5,784,122	6,131,421	13,652,754	

Appendix 2
MiSU Staff Senate
Survey Report





**Minot State
UNIVERSITY**

Staff Senate

Cost-of-Living Legislative Subcommittee

Report

**Economic Impact of the
Energy Industry and Flood of 2011
On Faculty and Staff**

December 2012

Executive Summary

The city of Minot has experienced unprecedented growth since 2008 due to the explosive energy industry. Then, the city suffered the historical 2011 Souris/Mouse River Flood. Demand for housing, commodities and services vastly exceeded the available support and created a significant increase in prices. At the same time, Minot residents are competing against energy-industry workers with large incomes for the limited resources.

As Minot State University employees, we are carrying the burden of increased cost-of-living expenses with no comparable increase in pay. Many MSU employees have left the North Dakota University System for higher paying jobs or taken second and even third jobs to make ends meet. The lack of affordable housing is the biggest factor affecting Minot's economy. Rent for some, doubled or even tripled for the same place over the last year. The cost of purchasing a home also increased due to the limited supply and inordinate demand. A standard city lot now costs between \$50,000 and \$60,000. In the last two and a half years, average rent increased more than \$350 per month, and the average cost of purchasing a home went up almost \$46,000 over the same period. The cost of goods and services is increasing as well, due to local businesses having to pay higher wages to attract and retain employees.

Therefore, Minot State University Staff Senate is recommending that faculty and staff be provided a cost-of-living stipend of \$500 per month to offset the increased expenses of the Minot economy. We ask that this offset be paid by the state to ensure the viability of Minot State University in recruiting and retaining the best qualified staff and faculty. From the cost-of-living data, it is evident that a 4 percent increase given to all NDUS employees would go much further for those in the eastern part of the state than it would for those living in western North Dakota.

Purpose

Thousands of North Dakotans experienced flooding in the spring and summer of 2011, but Minot experienced a historic flood. Pre-existing economic hardships in Minot were radically worsened by the flooding. The Minot State University Staff Senate's Cost-of-Living Legislative Subcommittee was established to undertake research on the impact of energy industries and the aftermath of the 2011 Souris/Mouse River Flood on Minot's cost of living.

As one means to gather material for this report, the committee created an electronic survey for staff and faculty to share their experiences, concerns and anecdotal information. The survey invitation was sent mid-October to all faculty and staff by the MSU Public Information Office through the daily campus announcements. The survey administration yielded 155 responses.

Since the 2011 Souris/Mouse River Flood, almost every aspect of life of every Minot resident has been affected. Residents and visitors experience shortages in many areas from housing or hotel and motel rooms to contractors and construction workers to rebuild houses to goods of almost every type. Then, they pay higher prices for the available resources.

Minot residents and visitors also experience lack of services because employers cannot recruit and retain employees, which extend from law enforcement officers to restaurant workers. Various regional entities carried out steps to recruit and retain employees.¹ For example, Menards is flying workers in from its Wisconsin stores to man the Minot store; the story has received national media coverage.²

History

Minot's cost of living rose with increased energy-industry activity, but it skyrocketed after the 2011 Souris/Mouse River Flood. Since the arrival of energy-industry workers, housing shortages existed, but the flood made many situations dire. The housing shortage was worsened further by the loss of affordable housing for students and renters which traditionally existed close to Minot State University and in the river valley.

Energy-industry Impact

With the influx of people seeking high-paying oil, gas and wind-industry jobs to North Dakota came additional students, taxing our public school system. Because of this, additional property taxes will be needed in Minot to build new schools or add on to existing schools. Prior to the 2011 Souris/Mouse River Flood, the Minot Public School board approved an increase of 5 percent for additional teacher pay to help with the higher cost of living in our area. Minot experienced a 10 percent increase in the Cost-of-Living Index from 2010 to 2012. The third quarter 2012 composite index for Minot was 107.2 percent, while Fargo was 95.2 percent, Denver, Colo., was 105.1 percent, Minneapolis, Minn., was 110.8 percent and Pierre, S.D., was 101.9 percent. The cost of living for the community of Minot is close to, and in several cases, higher than communities significantly larger than Minot.

Minot Public Schools experienced an increase in enrollment of 250 new students for academic year 2012-13. New students are arriving weekly.

According to Mark Vollmer, Minot Public Schools superintendent, the loss from the Souris/Mouse River Flood amounts to nearly \$76 million. A proposed budget increase of 5 percent for the 2012-2013 school year will go toward paying off the bonds sold the previous year to help the district recover from the flood. The

¹ Examples of steps taken by regional employers to recruit and retain employees with sources listed.

² "Menards to fly workers into Minot to deal with shortage," Minot Daily News, Nov. 30, 2012.

proposed 5 percent budget increase amounts to a property tax increase of \$54.72 per every \$200,000 of value per home within the district. This proposed increase does not account for future growth or a continued increase in enrollment.³

Many people within Minot, and in particular, Minot State University employees, continue to struggle with housing costs. One quarter of MSU's employees were directly affected by the flood of 2011. Due to the lack of affordable housing, the North Dakota Housing Finance Agency commissioned a housing study that predicts the population in North Dakota to grow to 840,000 people by 2025, a 25 percent increase. Most of this growth is expected within western North Dakota, and it is predicted that 10 counties will grow by 50 percent in the next 13 years. The statewide demand for housing is expected to increase by 30 percent by 2025. There is significant development of single-family homes, multi-family homes, apartment buildings and hotels. Some of this development is loosening the strangle hold on housing, however, most of the units going up are not affordable for persons on fixed, low or moderate incomes. Almost 18 months after the flood, MSU employees continue to struggle to find or maintain affordable housing. The third quarter 2012 housing index was 126.5 percent⁴, an increase of 22 percent from 2010.

Minot State University, Dickinson State University and the Great Plains Energy Corridor held two symposia in 2011, and results were published in November 2011. "Growing with Energy: Economic and Infrastructure Impacts" was held at MSU in March 2011, and "Environmental and Workforce Impacts; Emergency Preparedness and Response" was held at DSU in September 2011. Published findings from the surveys during the symposia identified the top eight issues concerning symposia participants' communities were housing, 87 percent; roads and traffic, 84 percent; workforce, 49 percent; law enforcement and emergency response, 49 percent; infrastructure, 39 percent; lifestyle changes, 20 percent; environmental concerns, 13 percent; and schools, 10 percent.

Some responses to the surveys included:

- "Someone remodeled a garage and furnished it; it's renting for \$2,000 per month."
- "Increased rental fees are especially troublesome for those on fixed incomes. Some people are seeing rent increases every six months."
- "Retaining current employees and hiring new ones is a challenge because many businesses can't compete with oilfield workers."
- "There is a shortage of city/county workers, teachers and daycare employees."
- "Demand for law enforcement, emergency response, public health, social services, public works, and medical services are growing. Current employees are working longer hours and feeling the stress of doing so."
- "In Ward County, in the first six months of 2011, there were 1,000 more calls than last year for the same period."
- "Surface land owners and others who are not profiting from the boom are experiencing increased costs and a poorer quality of life."
- "People expressed concerns about increased school populations, lack of school funding, aging school infrastructure, the number of teachers nearing retirement, and a shortage of housing for teachers."⁵

³ "School Board Budget Public Hearing," KXNews, Updated: Oct. 11, 2012, 5:19 p.m., <http://www.kxnet.com/story/19739882/school-board-budget-public-hearing?clienttype=pr>.

⁴ "Housing Study Forecasts 25 Percent N.D. Growth," MinotDailyNews.com, September 25, 2012, <http://www.minotdailynews.com/page/content.detail.id/569282/Housing-study-forecasts-25-percent-nd-growth>.

⁵ "Energy Impacts in North Dakota 2011," published in November 2011, Minot State University, Dickinson State University, and Great Plains Energy Corridor.

Flood

On June 22, 2011, Minot sirens sounded to alert evacuation-zone residents to leave immediately because flood waters had overcome the dikes. Mandatory evacuations were enforced for nine zones in the Minot river-valley area, forcing more than 11,000 residents out of their homes. The crest of 1,561.72 feet, four feet higher than the previous record set in 1881, was reached June 26 at 11 p.m. The flood of June 2011 caused more than 4,100 properties in the region to be damaged, with more than 3,000 of those experiencing between 6 and 12 feet of water in their homes. Estimated damages to residential structures alone is more than \$480 million, with loss to commercial, public and farm structures estimated at over \$210 million.⁶ Flood waters began to recede July 16. One hundred sixteen Minot State University faculty and staff lost houses or suffered damage, and approximately 500 rental units, traditionally leased by MSU students were devastated.

MSU's 12-foot dike protected the university's facilities by withstanding seven feet of water at its edge. Dike and campus protection required 24-hour security. Although the MSU campus was not inundated with flood water, there were extensive flood-related expenses related to infrastructure damage. The MSU campus experienced extensive sewage backup and water damage that required extra pumps to be installed and the surveillance of those pumps on a 24-hour basis. The total cost to build and patrol the dike, pump water from the dry side of the dike to the wet side of the dike, and removal of the dike was \$416,000, with only \$215,000 of the total amount reimbursed.

The MSU Dome became a Red Cross shelter for evacuees, housing as many as 300 evacuees and serving 2,400 meals per day. The Federal Emergency Management Agency (FEMA) and Small Business Administration (SBA) established offices on the first floor of MSU's Administration Building. Residence halls remained open to accommodate Red Cross volunteers, North Dakota emergency workers, FEMA workers, highway patrol, National Guardsmen, contractors, SBA employees, utility workers and MSU students, faculty and staff. MSU incurred \$1.3 million of expenses in long-term restoration work to campus infrastructure systems which included repairs to: sidewalks, curbs and gutters, parking lots, access roads, storm sewers, sanitary sewers, and water-damaged utility tunnels.

Minot State scrambled to find affordable emergency housing options for students, staff and faculty who were now displaced by the flood. The university purchased 10 temporary housing units to accommodate 100 students and an eight-plex efficiency apartment complex for faculty housing. MSU spent a total of \$3.8 million for these two housing projects, including \$97,000 to relocate the water line beneath the lot where the eight-plex efficiency apartments were placed. The MSU Development Foundation also built a 32-unit apartment complex to provide affordable student housing with rates of \$900 for a two-bedroom unit and \$1,500 for a four-bedroom unit.

The total costs incurred by MSU on emergency protection, long-term restoration work, and emergency housing are \$5.3 million. These are significant costs for this small university but could have been significantly higher had the administration not taken these steps to protect and rebuild the campus and to assist students, staff and faculty with a dire housing situation. If not for these drastic measures, our enrollment would have suffered much more than it did.

Economic Impact

⁶ Minot Recovery Information - <http://www.minotrecoveryinfo.com/progress/>

Expenses

Minot's cost of living measured at 107.2 percent, or more than 7 percent higher than the national average in the third quarter of 2012, according to the Cost-of-Living Index, published by the American Chamber of Commerce Researchers' Association (ACCRA).⁷ A majority (83.9 percent) of faculty and staff respondents to MSU's Cost-of-Living survey indicated that they had to adjust their spending due directly to the cost of living in the Minot area. Another 43.2 percent had to postpone a major expenditure, while 37.4 percent indicated they have increased their debt due to the recent rise in the cost-of-living in the Minot area.

The ACCRA Cost-of-Living Index measures living-cost differences among urban areas in the United States. The index, widely used by economists, researchers and corporations to measure relative cost of living, compares the price of goods and services among areas that participate in the council's surveys.

Housing

The lack of affordable housing is the biggest factor affecting Minot's cost of living. Property taxes, rent and land prices are increasing. A standard city lot costs from \$50,000 to \$60,000 and is out of reach for many Minot State University employees.

As far as student housing, residence halls are full, Beaver Suites apartments, built by the MSU Development Foundation, are full with a waiting list and Beaver Lodges, MSU Olympic-style housing, are full.

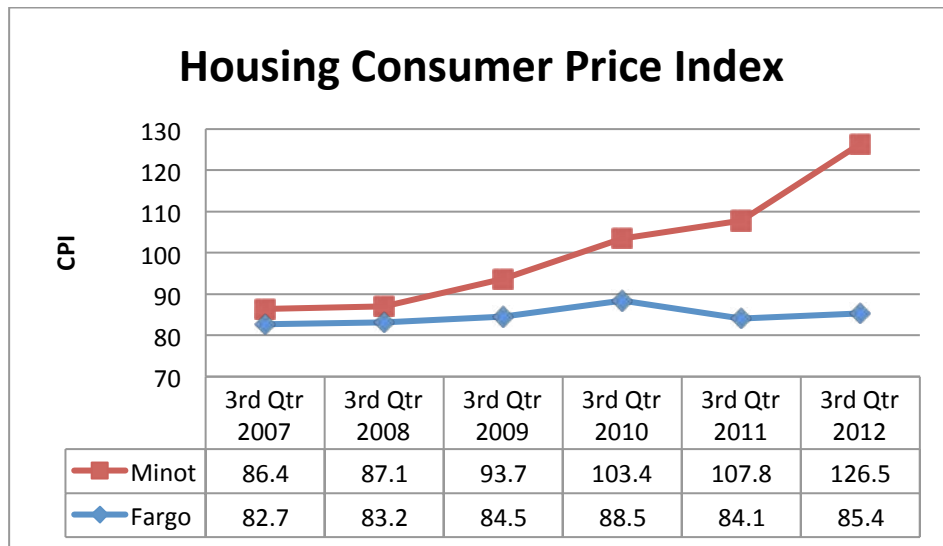
A majority (89.5 percent) of respondents who rent indicated they have experienced an increase in rent in the last 12 months. The average monthly rent reported by respondents for 2011 was \$750.00 and has increased in 2012 to an average of \$1,045.00 per month. Most recent ACCRA data indicates median rent prices at \$1,300 per month, while Fargo is at \$739. Rises in rental costs were evident before 2011, with 86.2 percent of faculty and staff respondents indicating that their rent had increased in the past 24 months. The average monthly rent in 2010, as reported by respondents was \$672.00 month.

Anecdotal support

- I have written in this box and erased multiple times. I feel like I am whining. We are so blessed - love my job, love my home, but it scares me that I may not be able to afford either one much longer.
- When we received our annual raises on July 1 this year, I received 3% while my housing costs alone had gone up 30% over the previous year.

⁷ "Cost of living 7% higher than national average," Minot Area Chamber of Commerce's Communicator, December 2012.

- With the rising cost of rent my 22-year-old son has had to move back in with us as he is unable to live on his own even with a roommate(s).
- We were renting a house on the edge of the flood zone; there was some basement damage, which we paid to clean up out-of-pocket so we could get back in more quickly than on the rental company's schedule. They raised the rent twice over three months (we were on a month-to-month lease) and then sold the house. Because our property was livable after the flood, we weren't eligible for FEMA housing. We couldn't afford the rent around town and the housing prices were prohibitive to buy a house. Instead, we've been living in the upstairs of a flooded house that is being remodeled since early 2012 that belongs to a family member. As that house nears completion, we are again searching for a reasonably priced house to purchase as first-time homeowners.
- When we moved here in 2010, I was renting a home for \$1,300 a month. Rent for the house went to \$2,000 a month after the 2011 flood. I had to downsize to a two-bedroom apartment as a result. I have my wife, myself and two boys living in a small apartment. I am considering leaving Minot State in the near future if things do not improve.
- See additional anecdotal support in Appendix A



Property Taxes

Over four years, Minot's property taxes have increased 23 percent while Fargo's have remained stable. The main reason for the increase is related to the increase in property values. Although this property value increase is a good thing for the net worth of a family, it will have no impact on the day-to-day spendable income. As property taxes continue to rise, some people may be forced from their homes. A majority (80.5 percent) of faculty and staff respondents to the MSU cost-of-living survey indicated they had noticed an increase in their property taxes.



Anecdotal support

- Our property taxes decreased because of the flood (we had to tear our house down), but we expect them to increase considerably.
- The oil industry is ruining our previously pristine state. I'm thinking about leaving (especially if they don't do something about property taxes!!!!)
- See additional anecdotal support in Appendix A

Groceries

In the cost-of-living survey, faculty and staff were asked to indicate if they had adjusted their budget in the last 24 months due to changes in their cost of living, and if so, they were asked to indicate which areas were affected. Groceries comprised 81.3 percent of survey respondents' budget adjustments. Entertainment and recreational spending were indicated as being adjusted by 75.5 percent of the respondents, and 73.5 percent of respondents have adjusted their spending on household and personal items due to the Minot area's higher cost-of living in the past 24 months.

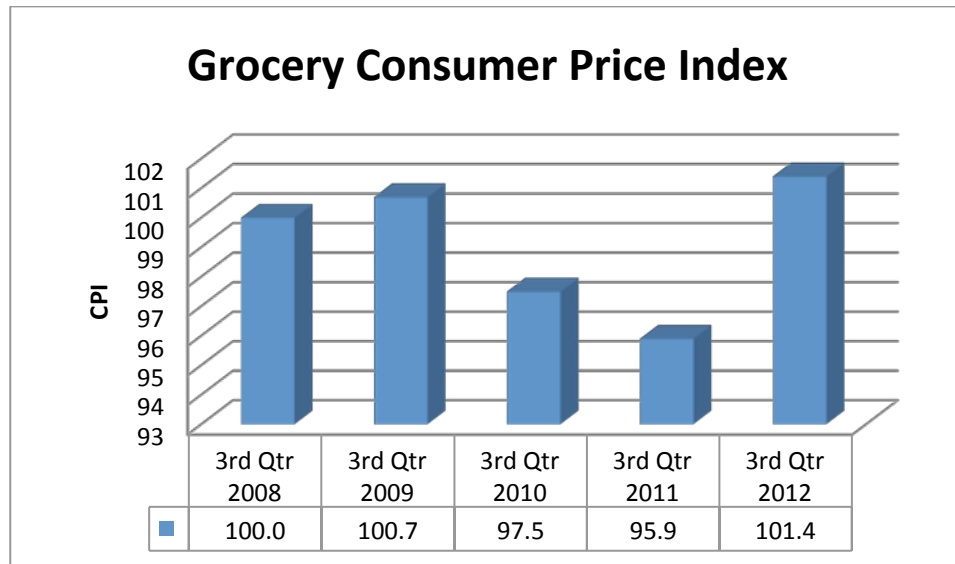
Groceries are the items everyone needs to survive, yet the cost is so high it's hard to decide what to buy. Many families are cutting coupons, searching sales bills to get the best deal and sticking to a meal plan to defray some of the cost.

There are so many variables driving the grocery cost so high. Here in Minot, we can relate our increase to the western North Dakota oil boom and the devastation of the 2011 flood.

The oil boom is bringing in much higher wages, and in turn the grocery stores have to increase their wages to keep quality workers. The stores need to recoup wage increases by increasing the cost of the food.

According to Les Pierson, Marketplace Foods assistant store manager, the rise we are seeing in the cost of groceries is from a number of factors. The increase in beef cost is due to the higher feed costs. In many areas, the hay and other greenery were diminished because of drought, which caused ranchers to pay higher prices for hay. The wheat, rye and durum harvests were also much smaller than normal due to the drought and again from the 2011 flood.

⁸ Ward County Department of Tax Equalization.



Anecdotal support

- My family and I moved back to the area from a big city, hoping to raise our children in our hometown. We lived and currently live on a very fixed budget, even though my spouse and I make, what would be considered, a comfortable amount of money. With the price of rent, the price of child care, and the cost of everyday items such as groceries, clothes, and gas, we are at a higher debt to income ratio living here in Minot than we were in Salt Lake City. We spend more on everyday items. Our family spends between \$1,200 and \$1,400 on groceries alone. We budget, use coupons, and try to buy what is on sale. We make a weekly menu and try to stay within our budget, however, the cost of food has risen, and it is causing our budgeting to be over each month. When I lived in Salt Lake, I could spend \$500 per month and have many fresh fruits and veggies, while I am restricted to buying many frozen items, due to prices.
- See additional anecdotal support in Appendix A

Child care

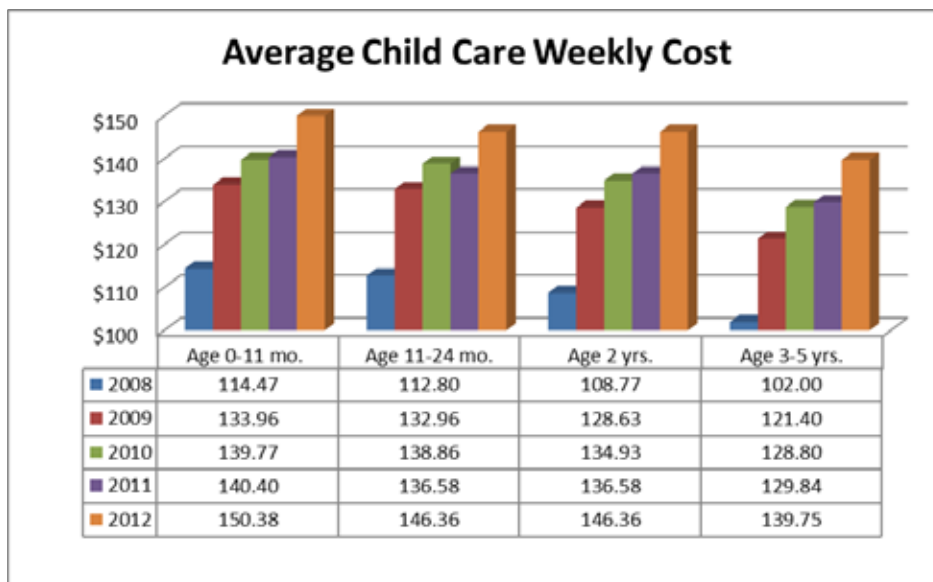
Minot's continuous efforts to ease a child care shortage suffered a major setback with the flood.

"The supply was really short before this happened, and it's even a worse situation now," said Kristi Asendorf, program supervisor in Minot with Child Care Resource & Referral, a project of Lutheran Social Services of North Dakota.

The flood forced more than 40 programs to evacuate, affecting more than 1,000 children. Many programs were unable to reopen because facilities were damaged.⁹

⁹ "Flooding worsens Minot child care shortage," Minot Daily News, Oct. 15, 2012.

The YWCA Early Learning Center closed in September 2012. Executive director Debra Kunkel said it was not an easy decision, but a child care facility is only financially stable with 60 children or more. The YWCA Early Learning Center recently relocated and only has room to be licensed for 44. Although a rate increase was considered, the board determined that the rate increase necessary to make the center cash flow positive would not be economically viable for most families.¹⁰



11

Anecdotal support

- Child care is another expense that I thought would be less expensive when I moved to North Dakota, but child care expenses are equal to that in a big city. I understand that there is a shortage, but I honestly cannot believe that I spend \$175/week for a two year old. Something has got to give or I will have to relocate. This is scary for me because I think, who can afford to live in Minot if my family cannot and we make decent money

Other (goods and services)

Minot businesses are faced with increased costs ranging from labor recruitment and retention to fuel and transportation. They have no choice but to ultimately pass these increases on to consumers. Likewise, these expenses as well as infrastructure expansion and increased service usage have weighed on the city and county leading to tax increases and utility rate hikes.

The ultimate result is a steadily increasing price for goods and services, both in pass-through costs and taxes. These items, ranging from health care, clothing, water bills and even haircuts, have a noticeable cumulative impact on personal budgets.

Anecdotal support

¹⁰ “YWCA Minot explores options to open a larger, self-sustaining child care facility in the future to continue its mission to provide affordable child care,” (<http://www.kxnet.com/story/19192686/ywca-closing-childcare>).

¹¹ “North Dakota Child Care Resource and Referral” Data and Publications 2008, 2009, 2010, 2011, 2012 <http://www.ndchildcare.org/data-pub/>

- We have cut back on cable TV and dropped our landline phone. We are also working on ways to cut the groceries bill. We have dropped full coverage on the cars and only carry liability.
- Before the flood and the oil boom we made enough to cover our expenditures, have a little fun, and put something in savings. Since the flood and oil boom, I have had to take a second job, and we have severely restricted our spending. Due to increased cost of food, rent, and other amenities we have not been able to put much in savings and no longer spend on recreational activities. Personal and health needs are now prioritized and sometimes we just have to go without.
- I have been struggling with a hard decision to decrease charitable giving, because of my own budget issues. In 32 years of working in Minot, I have always been able to donate to agencies in need. I am looking at donating time to these agencies instead of financial support. As an employee of Minot State, I am still going to give to our annual staff giving campaign through payroll deduction.
- See additional anecdotal support in Appendix A

Wages and Turnover

The salaries of Minot State University have been improving steadily over the past few years. In the case of faculty and many professional staff and administrative positions, the standard used for salary comparisons is the median salary paid for same and similar positions from all master's institutions in a 12-state region surrounding and including North Dakota. While our salary-to-market ratio has improved overall for many of these positions, we cannot disregard the fact that the other 11 states that surround us have been in a recession. Our statistical success is due in no small part to the fact that the median salaries around us have barely improved.

The salaries of other MSU employees, including maintenance, custodial, clerical support, and the like, use the median salaries within the state of North Dakota for salary comparisons. The lowest of the groups are paid at 92.4 percent of the median North Dakota wage with most of the groups paid at approximately 94 percent of the median wage.¹² The most recent comparison data available is from 2011 and also predates the Minot flood. The evidence indicates that the cost of living has risen sharply in recent years, though the wage data collection process has yet to indicate what is happening with wages.

In the previous biennium, the average wage increase was 3 percent for each year. The current proposal for the next biennium is 4 percent for each year. These percentages look good when compared to the national inflation rate with a range of .1 percent to 3 percent since 2008.¹³ Unfortunately, there is no measurement device for inflation in western North Dakota, where the cost-of-living data and anecdotal evidence indicates an inflation rate that has increased much more sharply than that of the nation. It is obvious from the cost-of-living data that the same 4 percent increase given to all NDUS employees would go much further for those in the eastern part of the state than it would for those living in western North Dakota.

¹² Minot State University Human Resource Office

¹³ Bureau of Labor Statistics COL Press releases for December 2008, 2009, 2010, 2011.

An average of 10.5 percent of benefited staff left North Dakota University System jobs per year since 2006. The higher rates at Dickinson State University (19.1 percent in 2011), Minot State University (18.4 percent in 2011) and WSC (16.0 percent in 2011) may reflect effects of competing with higher paying jobs in the energy industries.¹⁴

Staff Anecdotal support

- The MSU Staff Senate Cost-of-Living Legislative Subcommittee lost two members to oil-related jobs.
- Many Minot businesses are experiencing high employee turnover or employee shortages. Marketplace Foods is now hiring a lot of mid- to late-50-year olds. Chain-affiliated businesses, like Menards and Wal-Mart, are bringing in employees from other states, where stores are slow.
- My husband moved locations of employment in the same field because he can work 70+ hours a week (in regards to taking on another job) Q 3.
- See additional anecdotal support in Appendix A

Faculty Anecdotal support

- My husband and I moved back to North Dakota 12 years ago and we are employed with the state and county governments. We are both from ND and wanted our kids to grow with the same values and roots we had the privilege of experiencing. Those experiences are changing and the feelings about living in ND are changing. It shouldn't be a question whether or not state employees, living in the thick of ND's oil country, should get fair compensation for efforts that benefit the state of ND every day. The question should be "how fast can we make this happen?" As representatives and leaders of the state, the question should always be in the forefront of your mind "how do we take care of our own, so that we can take care of others?" It's not a matter of greed; it's a matter of acknowledgement and fair compensation.
- My salary is falling behind other local institutions which have given specific cost-of-living adjustments. Many local institutions are using a multiplier to adjust salaries based on local cost of living (Additional information in appendix under "Steps other entities have taken to recruit and retain employees in the region.")
- If it wasn't for my husband being in the military, we wouldn't be able to afford living in Minot. The job I have now is comparable to the one I left when we married and I made over \$400 more than what I make here.
- If the cost of living continues to increase, we will no longer be able to afford to live here and I will need to look elsewhere for work.

¹⁴ "Updated Faculty and Staff Regional and National Salary Comparison Information," Exhibit B: "Staff Turnover Statistics 2006 through 2011," page 3 of the report.

- See additional anecdotal support in Appendix A

Options

The following have been reviewed as viable options. Each of them has advantages and disadvantages that this subcommittee considered. The options considered are “Add on” (similar to the “Oil Patch Add On”), “cost-of-living stipend,” “permanent wage increase” and a “combination of cost-of-living stipend and wage increase.”

Add On

An Add On, similar to the Oil Patch Add On, was reviewed as an option, as it is considered temporary and can be easily adjusted to meet the budget and salary considerations. The subcommittee thinks that this would be a good approach to the wage differential, as it can be reviewed and adjusted according to local economics and needs on a regular basis. The problem is, however, by what means would this option be funded? We, the subcommittee, understand that the Oil Patch Add On is funded through vacancies within the affected departments and redistributed to the remaining employees. For Minot State University, this is not a viable option, as we are in the process of establishing \$1.85 million in cuts due to lower-than-expected enrollment, and expenses related to the 2011 flood. Part of the debt reduction is to not fill open positions and to eliminate others. Therefore, the university does not have excess funds to pay for this option. If funds would become available through the state, we could support this option.

Permanent Wage Increase

A permanent wage increase is a viable option. We would request a percentage increase above the annual adjustments that would satisfy the increase in expenses in the area. We feel that the increase would assist Minot State University employees. A wage increase would allow the university to be more competitive in today’s employment market. We would recommend additional increases, over and above the normally approved pay increases, over a two-year period to help offset increases in the cost of living in the Minot area. This could also be used as a retention tool to keep employees if they know that they will receive additional wage increases above the annual wage increase.

Cost-of-Living Stipend

This option is a consideration in that it can directly affect the wages for Minot State University employees in a direct manner. Cost-of-living stipends would be given to employees after review of the current economics of the area and adjusted for the cost of living. Expenses have increased considerably within the area and are expected to continue to increase. However, sometime in the future if the economics of the Minot area were to decrease, then the stipend could be reduced or eliminated if the situation warrants. This option would allow a direct correlation between wages and cost of living and can be adjusted accordingly. The disadvantage to supplementing income in this manner is that people become dependent on the stipend, and if it were to be eliminated, many people would be left in economic turmoil.

Combination of Cost-of-Living Stipend and Wage Increase

As stated above, both the cost-of-living stipend and the wage increase have advantages and disadvantages. If we combined the two, we could have a cost-of-living stipend that would assist the employee on an “as-needed” basis to provide an increase in overall income, while allowing the area economics to control the amount of the stipend. The wage increase would allow adjustment to income on a continuing basis and become part of their permanent wages. If the stipend were to be

eliminated in the future, then the effect of losing the stipend would not be as great. This option could be used for recruiting and retaining employees and allow the university flexibility in maintaining qualified and valued faculty and staff.

Recommendation

Based on the information presented in this proposal, the Cost-of-Living Legislative Subcommittee recommends the cost-of-living stipend, as the high cost of living due to the energy impact could level out over time. A stipend would address this issue on a temporary basis. We do not see the “Oil Patch Add-On” as a viable option, as other industries and entities utilizing this option are using unspent salary dollars to supplement current employee salaries. Minot State University does not have that option because of severe budget shortfalls resulting from the flood and accompanying enrollment declines.

APPENDIX A

Additional Documentation and Anecdotal Support

Steps other entities have taken to recruit and retain employees in the region

In May 2011, the North Dakota Department of Transportation implemented a bonus program. Transportation employees in the Minot, Williston and Dickinson districts began earning an extra \$484 a month. To ensure it can hire and retain employees, the North Dakota Department of Human Services began paying \$500 bonuses monthly to eligible employees in Williston in May 2012. It was investigating the need at its centers in Dickinson and Minot. Both the transportation and human services departments are funding the pay increases with budget money left unspent because of vacant positions and length of time positions remained open. Soaring housing costs and cost-of-living increases prompted the departments to offer the bonuses (Minot Daily News article “Bonus Pay” on April 21, 2012).

The United States Air Force increased the housing allowance available to airmen living off base in Minot by 40 percent. USAF did this because of Minot’s increased cost of living.

The Minot Housing Authority has also increased its clients’ housing allowances. Unfortunately, it is forced to help fewer people because of this.

The city of Williston added 40 positions to keep pace with the region’s increased need for services because of the oil boom. City commissioners also approved a 10 percent salary increase for staff (Sept. 15, 2012, Bismarck Tribune article “N.D. oil boom town adds city workers, bumps wages.”)

Because of budget shortfalls due to flood-related expenses and decreased enrollment revenue, MSU does not have this resource to fund bonuses.

On May 16, 2012, North Dakota Attorney General Wayne Stenehjem announced he is directing \$3 million from North Dakota’s share of a lawsuit to subsidize housing for law enforcement in the oil patch. In western North Dakota, law enforcement job candidates cannot afford housing.

On June 18, an MSU staff member, who lives in a rural area only 11 miles south of Minot, experienced the ramifications of a shortage in law enforcement officers, and luckily, a tragedy did not result. (July 18, 2012, Minot Daily News article “Couple voices concerns about emergency response times,” <http://www.minotdailynews.com/page/content.detail/id/567460/Couple-voices-concerns-about-emergency-response-times.html?nav=5010>).

Housing

- One individual’s rent was \$850 monthly before the flood, and it increased to \$1,000 after the flood, and this was a “reasonable” increase compared to many Minot landlords. Now, his rent is \$1,050, which is still “comparably reasonable.”
- People are paying more for rent than what homeowners are paying on their mortgages. One person was told to build new instead of buying a pre-existing home because of affordability.

- A retired MSU librarian and his wife sold their flooded house in Eastwood Park, the district with historic homes, to renovators. They are living in an apartment in an upper level of the home for a year and then plan to move to Minnesota to be near their children.
- I am a single person who has supported myself for six years. Now I can no longer afford a rental on my own and have been forced to make other living arrangements just to be able to have a roof over my head.
- Recently graduated from MSU and paying back student loans + the uncontrolled rental market in Minot causing rental prices to sky rocket out of control (receiving a letter from landlord every 6 months that the rent is going up \$100+ a month) and the increased cost of other expenses forced me and my wife to turn to my parents for help and move back to Velva and live in a house my parents bought so we can have affordable rent while trying to start our lives as a new couple. They are charging us \$370 a month which is the monthly payment on the house loan compared to the \$850+ a month we would have to pay in Minot.
- I wanted to purchase a house in the Minot area so I would not have to drive 70 miles one way every day. The cost of adequate housing in Minot has made that prohibitive. I did rent for one year, but when that doubled, I could not afford \$2,000 a month rent on \$2,038 a month take home pay. Driving back and forth takes a little over two hours a day which I could be using more productively as well as forcing me to prematurely replace my vehicle. I will probably be looking at doing something else than being an Instructor with a Master's Degree at an institution of higher learning in North Dakota. I think welfare pays better than working for a living as a college professor!!!!
- My 21-year-old child is unable to move out because of the cost of rent in our town. My child is living with us and attending MSU but very much would like to be on her own.
- I own my home, and purchased before the housing boom happened and have adjusted my spending accordingly, but I see lots of people that work at Minot State and elsewhere in town that cannot afford to live here anymore. I have had friends that were home appraisers that left due to the fact they could not stomach the over inflation of prices in Minot.
- My rent, and rent only - not "household expenses," is now OVER one of my paychecks for an Assistant Professor.
- We now have two monthly payments on our home due to the flood - mortgage and SBA loan - which is more than \$400 per month than we were paying before the flood.
- I am renting a small two-bedroom apartment with my daughter age 7 and my mom due to not being able to afford any place else. The apartment is old and not much room in it. My daughter and I share a bedroom. The rent is looking at going up again and not sure that my budget will be able to afford much higher rent. The area is just not that favorable to the low- middle-class people that are just trying to make ends meet and have something to show for their hard work. The town needs more housing for the low-middle class that they can afford and feel safe in. Thanks for your efforts in helping the people of Minot.
- I'm now living in a house half the size of our previous flood-destroyed house, for the same money.

- Since the cost of living has gone up, we were forced to move out of our apartment due to rent going up by \$400. We had to live with my in-laws, in Granville, for seven months to save up money for a down payment on a modular home that we now have in Prairie Bluffs. My boyfriend is unable to buy a new vehicle that he is in desperate need of due to the cost-of-living increase. To be honest with you the pay I make here is better than what I was making before here, but it is still a bit tight for us, especially with daycare costs.
- The rise in cost of living in the Minot area has resulted in rent for apartments to be extremely high. With my current salary, I am unable to rent on my own.
- Daughter's pre-flood rent was \$425 and is now \$695.
- With the flood and the rise in rent, it has caused some of my family members to come and live with me which increased my cost of living as well as theirs.
- I moved back home and no longer rent or look for a house to buy. I've adjusted all of my expenses and spending. I consistently look for higher paying jobs, and I am underpaid for my education. I also cannot pursue my master's as planned because I cannot afford my student loans in my current situation from my undergraduate degrees.
- We originally planned to purchase a home in Minot, but due to the rising housing costs, we settled for an apartment short term to attempt to save enough for a down payment in the future, or so we can take out a smaller home loan in the future. Also, we had a pet and had to give it to a family member to look after because most apartments do not allow large pets, even if you agree to pay a pet deposit.
- We lost our house to the 2011 flood. The house had been paid for. We are now living in a mobile home and our annual lot rent is over three times what our last property tax was.
- I currently live in a small, old 1.5-story home that has two bedrooms upstairs with laundry in the basement. My arthritic knees, hips, and back are impairing my ability to get up and down the stairs. When I turn 55 in just over a year, I would like to rent a place where everything is on one floor, and there are no stairs. Apartment rents are sky-high, and I don't know that I'd really be able to afford one anymore.
- I cannot afford to buy a home in Minot or in any of the surrounding areas because of the inflated values. Since I've recently moved here, I've had to depend on the kindness of friends to make ends meet. At the end of this school year, the home I am currently living in will be sold. I cannot afford to purchase it so I will be forced to find housing again.
- Because of the high rent, we have had our older children and nephews stay with us. We have tried to do the repairs to our home ourselves because of high contractor and material costs in our area.
- We have outgrown our house, and in the current market anything we can afford isn't an upgrade. We have considered building on, but finding a contractor that we can afford and haven't heard horror stories about is a huge leap of faith. It's hard to know who to trust, and to build up we'd need to take the roof off our home- can't start that and then have a contractor fail to show up.

Property Taxes

- The real estate tax is going to force me out of my home. I can't keep up with the change in my house payment every year.
- The last three years my taxes have increased as well as my motor vehicle insurance.
- I'm worried about property taxes increasing, especially as the value of my house increases.
- My property tax decreased because my home was flooded, I am sure it will be sky high come Feb 2013 when they reassess the property.

Groceries

- A MSU staff member spent \$400 monthly on groceries to feed her family of three in Utah two years ago. Now, she spends \$800 to \$900 monthly on groceries in Minot, and she tries to economize.
- Everything is so expensive--especially food. Can't afford to eat as healthy as we used to.
- Groceries are getting outrageous!

Other (clothing, utilities, travel, transportation, household items, medical care)

- I have put off going to the eye doctor because I can't afford new glasses. I need to purchase some new clothes and I have gone to a lot of generic brand food due to the increase in prices.
- We had to move 20 miles further from our work due to the flood, and are paying higher costs for repairs to both homes now, higher groceries and restaurant costs, higher gas prices. We have noticed a big difference even with two good jobs.
- The price of groceries has increased in the last three years we have lived in the Minot area. Also, the price of gas is higher in Minot compared to other parts of the state. The cost of building has increased drastically, as well.
- Because of the high cost of construction and materials as a result of the flood, I have chosen not to re-do my basement that was flooded and gutted. As well, since I am able to live on main floor of my house, I choose not to use services and materials needed by those who are trying to get back into their homes and restore some semblance of normalcy.
- the increasing prices have caused some adjustments in our budget for basic needs i.e., grocery, gas, utilities thus causing cutbacks on personal items or other things like clothing and other items that might not be considered essential.
- My husband is on disability. In the last two-three months we have been broke for a week before the next paycheck. That has never happened before. I have to plan our expenses very carefully. He has found a job but he can only earn \$700 a month. I am taking a part-time job to meet expenses.

- We have both recently reached retirement age and are both working part-time to ensure we can meet the financial needs on a current monthly basis. Each month it seems our monthly grocery and gas expenses increase. We have adjusted our routes to destination to avoid truck, tankers, and just a lot of additional car traffic.
- I moved to Minot to take my dream job. I have had to make major changes to my lifestyle, including cut backs in groceries, entertainment, and travel. After paying rent and bills I have about \$100 a month of savings. Not much to be able to put towards items that normal working professionals have (cars, homes, weddings, or the possibility of having children)
- Even though our household income is substantial (at least we think it is) we have noticed the higher cost of living and have often wondered how people are coping. We have seen a big difference in our flexible spendable income - something that many people in Minot do not have - but at least we have the flexible spendable income.

Staff Wages and Turnover

- A College of Business administrative assistant left MSU to work for an oil-related company in Tioga. "I wanted to share some news that pertains to our proposal. Yesterday (March 26, 2012), I gave my two-week notice and will be ending my employment at MSU as of April 6, 2012. I can be counted as a casualty of the oil fields as I will be working for an oil-related company in Tioga. Their offer was just too good to refuse," she informed the committee in an email message.
- The College of Education and Health Sciences' accreditation technology support coordinator left MSU Aug. 17 to become the data management specialist for Mid-Dakota Education Cooperative, which was funded by a grant from Hess Corporation, an oil company. He was offered a nine-month contract at a better salary than what he received at MSU for a 12-month contract.

Faculty Wages and Turnover

- I really enjoy my job and where I work. Not actively pursuing another career, I have looked at jobs available in our market. It is frustrating to experience the rising costs of living right now. Even more discouraging is to estimate my salary five years from now in this same position. At some point in time, I may be faced with a difficult decision to leave a job I love for a salary more appropriate for my experience and education level.
- Although I make what many consider "a good salary," it is difficult as a single person to cover expenses. I work a total of one full-time and THREE part-time jobs to cover expenses and save for investments.
- Can barely make ends meet in Minot on Asst. Prof salary.
- If not for my husband's job and his ability to work additional hours, there is no way we could be living in Minot. I teach for the university and make less than \$28,000/year. To supplement income I am also teaching elsewhere in the evenings. We want to make Minot our home, but the low pay on my end makes it difficult to save for the necessary down payment in this housing market.

- Salaries at MSU seem pretty far off the mark for the level of expertise and educational experience required.
- Thank goodness that my job offers a 100% paid family insurance plan, if not I do not know that my family would have health insurance. Also, I feel that the cost-of-living increase is not reflected in our percentage we receive in pay rate increases, I would like to see that changed.
- I do not feel that our annual wage increases are keeping up with the cost-of-living increases in the Minot area.
- The fear in my household is that costs will continue to rise. And that property we will want to sell in the near future will lose value.
- The repair of my home from the flood will cost over \$150,000, not including personal property lost due to the flood.

Appendix 3

Enrollment Trends

Expenses and

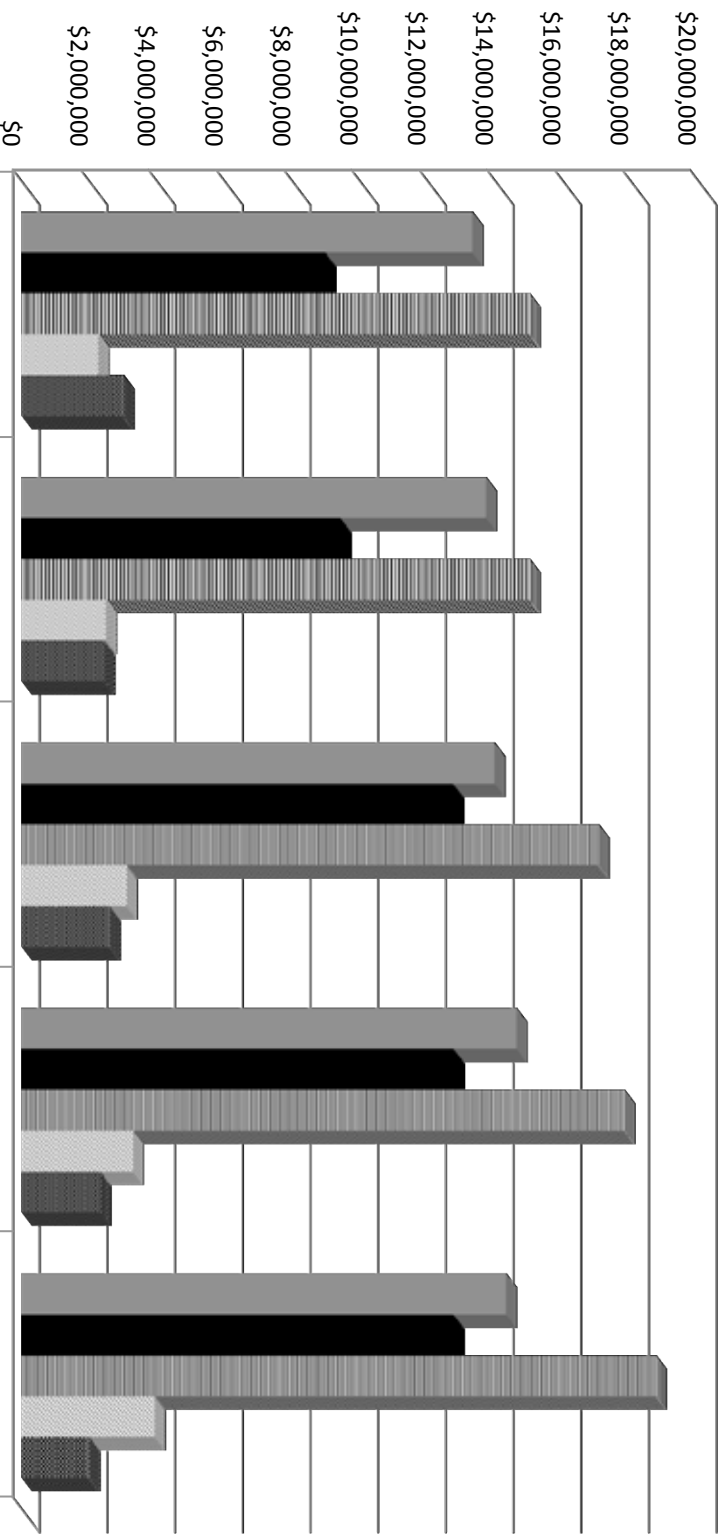
Revenue



charts

Financial Impacts

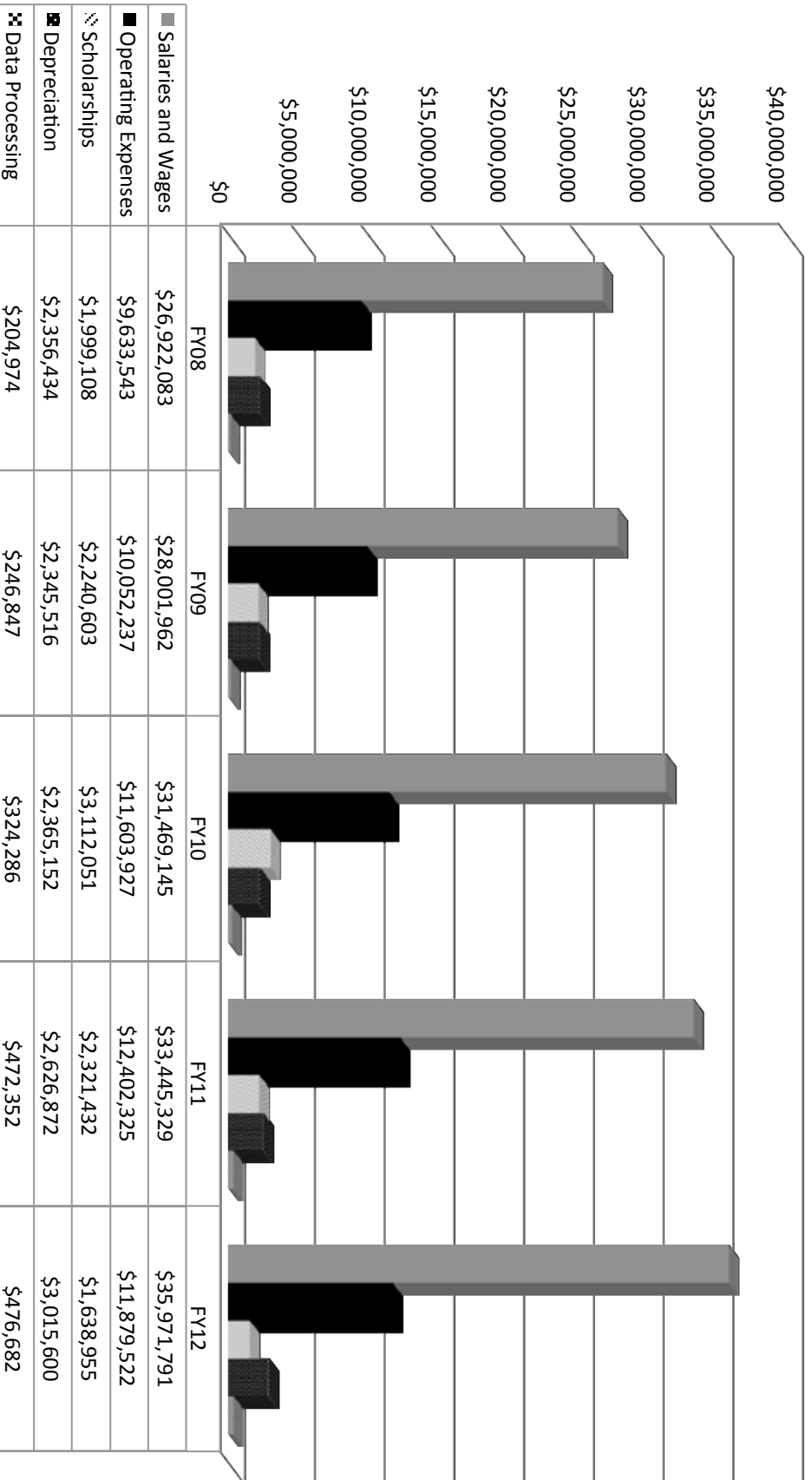
REVENUE



	FY08	FY09	FY10	FY11	FY12
■ Tuition and Fees	\$13,357,109	\$13,760,441	\$14,010,695	\$14,659,215	\$14,352,120
■ Grants and Contracts	\$9,011,727	\$9,461,929	\$12,788,953	\$12,808,722	\$12,802,484
■ State Appropriations	\$15,047,561	\$15,047,561	\$17,087,612	\$17,847,507	\$18,777,068
▨ Auxiliary Enterprises	\$2,305,196	\$2,535,009	\$3,147,506	\$3,321,354	\$3,975,179
▨ Gifts, Sales, Other	\$3,048,514	\$2,480,797	\$2,641,974	\$2,364,196	\$2,040,753

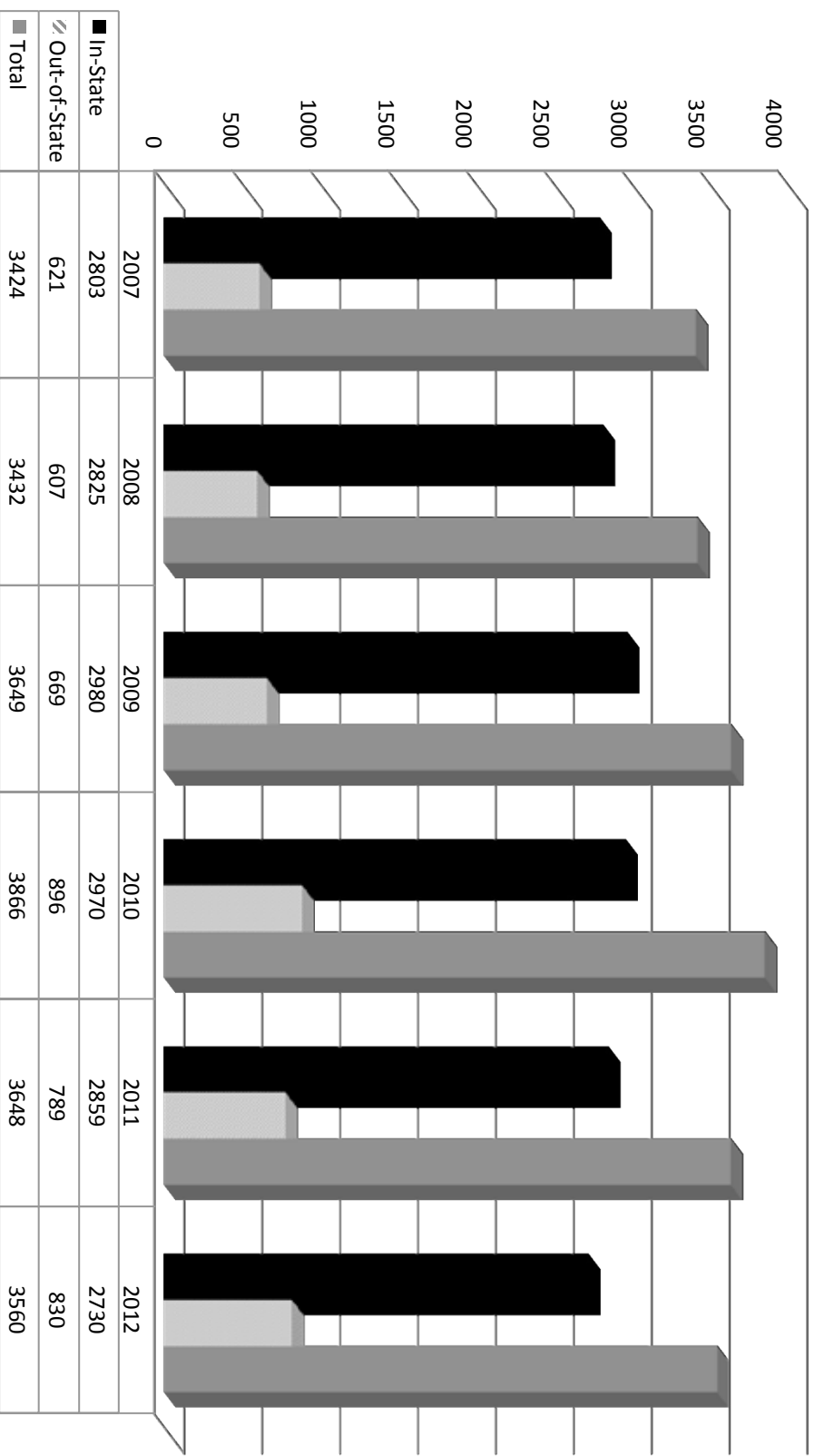
Financial Impact and Trends

EXPENSES



ASSESSMENT OF ENROLLMENT TRENDS

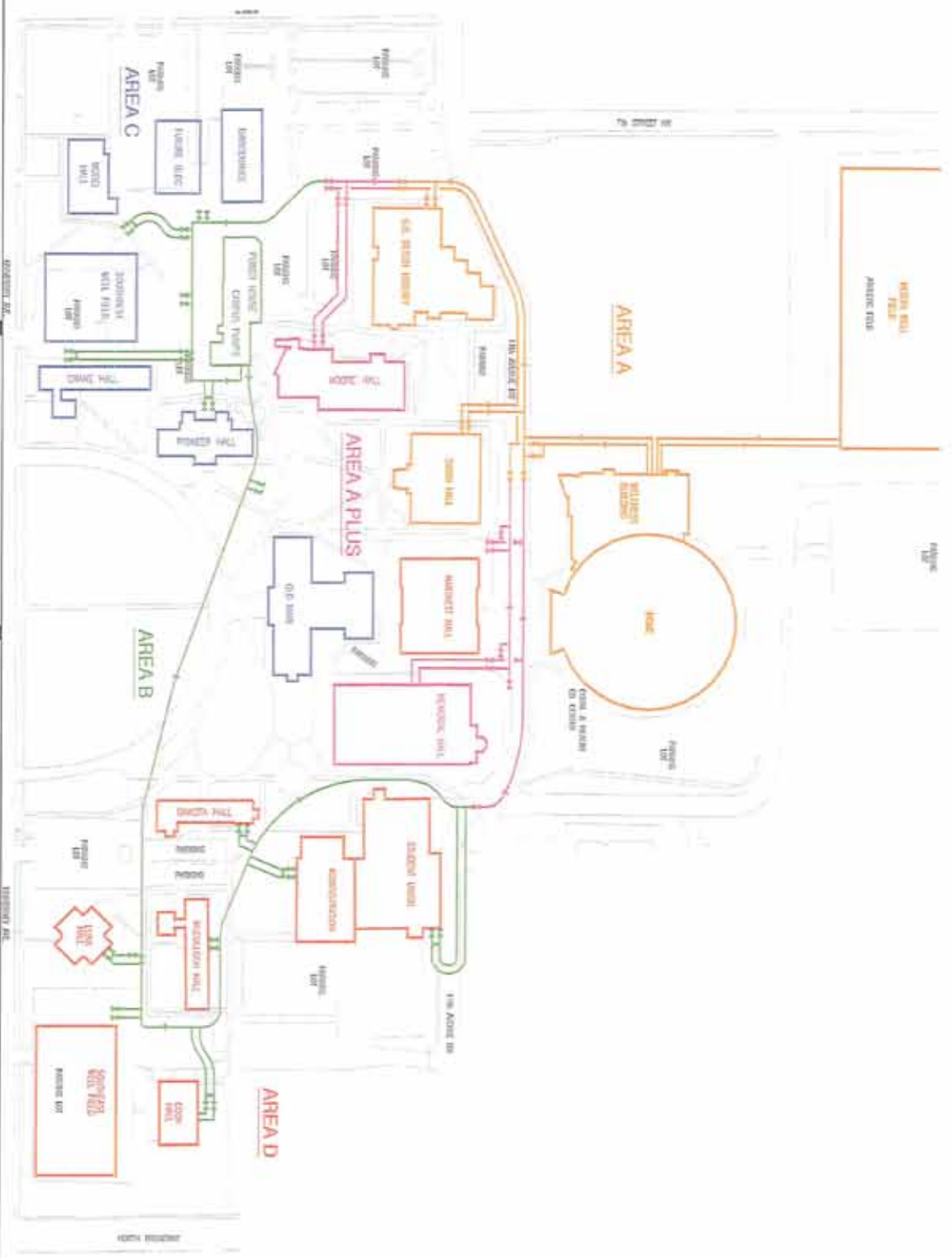
Overall Enrollments



Enrollment data obtained from Official 4TH
 Week Enrollment Reports- IR 2012

Appendix 4
MSU Geothermal
Heating/Cooling
Map





Minot State University
 CAMPUS PHASING DIAGRAM
 Minot, North Dakota



M1
 CAMPUS PHASING DIAGRAM
 MARCH 2012

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