

2015 SENATE EDUCATION

SB 2264

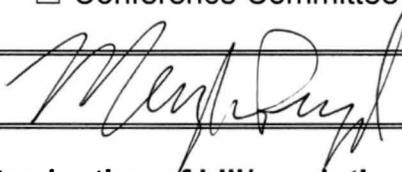
2015 SENATE STANDING COMMITTEE MINUTES

Education Committee
Missouri River Room, State Capitol

SB 2264
1/26/2015
Job # 22511 (46:12)

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

INITIAL HEARING

To provide for a transfer to Dakota college at Bottineau for capital projects

Minutes:

2 Attachments

Vice Chairman Rust called the committee to order at 10:45am with **Chairman Flakoll** excused for the day.

David O'Connell, District 6 Senator

O'Connell: There was a bill in conference committee last session for an amount of money for dorms and student centers. It passed the Senate and was one vote short in the House. The Governor says that he will support the bill as long as the funding is not taken from the SIIF fund. The Bank of North Dakota had a \$114 million profit, so I talked to the president and he claims that there is already \$140 million requested out of the profits already. I found out that there was turn back money with the University system, so this is where the money is coming from. It is money that has been appropriated.

When you become an oil-producing county, you lose money for schools. Bakken is 27 days to drill a hole whereas it takes about 7 days to drill in Bottineau, so they move three times a month compared to Bakken.

The dorms are horrible. They were built in 1962. I believe they are bunking four in some of the rooms now. That is old barracks style. There haven't been any improvements for quite a while. In the House, it seems like whenever we put a bill in, they cut it back about 10%.

Senator Davison: I wasn't here last session so would you clarify for me? Was the bill that didn't pass part of the Higher Education bill or was there a separate bill?

Senator O'Connell: It was put on conference committee. Therefore you need 2 votes from the majority party and one from the minority in both chambers. Being that you couldn't get one last vote out of the House, it would fail regardless.

Senator Schaible: Why isn't this on the priority list on higher Ed's budget?

Senator O'Connell: In most cases for dorms and student centers, they are paid with student fees. Bottineau and the smaller 2-year schools don't have enough income for this project. It hasn't been a practice to take these kinds of funds out of the general fund.

(8:30) **Ken Grosz**, Dean of Bottineau College (*see attachment #1*)

Grosz: My intent today is to demonstrate the extreme need we have to update and modernize our residence halls. We don't have the financial wherewithal to bond. If we wanted to get to that position, the fees that we would have to charge students for the rooms would be exorbitant. This is truly an urging need for this college when you consider how much time and how many students spend in a residence hall. Students have higher expectations for up to date facilities. It has and will have a larger impact for our ability to attract students.

Vice Chairman Rust: What is the current enrollment for your college?

Grosz: 753 headcount enrollment for the fall semester. That excludes about 158 students taking classes from us at Minot and Valley City State. We are teaching remedial courses on those campuses. Those are face to face courses where we hire faculty located in that area.

Senator Schaible: What did you mean what you said that buildings are locally supported?

Grosz: Generally on larger campuses there are overages for updates or renovation. We do not have the financial wherewithal to do that. Occupancy rate in the residency halls has been up and down. The average revenue we've been able to achieve has allowed us to do the small updates such as painting but enough for the major updates that must be done.

Senator Schaible: Is there an avenue or process for an interest buy down loan? Would that generate enough revenue to do something like that?

Grosz: Typically that is how residence halls are built. We don't have the financial base for the bond companies to work with us.

Senator Schaible: Would an interest buy down loan work?

Grosz: I don't know, but is something worth checking out.

Senator Marcellais: How much are the fees for the dorms?

Grosz: It is \$3,000 for room and board for the year

Senator Davison: What is the FTE count?

Grosz: 518.

Senator Davison: How many rooms do you have available right now for students?

Grosz: There are 275 beds.

Senator Davison: Have you thought about doing one dorm at a time?

Grosz: No. We were looking to do one big project with all the residence halls.

Senator Davison: You mentioned that you your dorms have a poor plan layout. Would it be less expensive just to tear the buildings down and start over?

Grosz: That has been suggested. We assume that would be more expensive.

Vice Chairman Rust: It is my understanding that this 5 million dollars was appropriated last year for the performance pool but the dollars were not spent, so you want to roll those dollars to use it for the two purposes of dormitory and student center renovation projects?

Grosz: Correct.

Vice Chairman Rust: Why isn't this on the priority list?

Grosz: Those were facilities were built as self-funded facilities.

Senator Oban: Will there be efforts to make the remodels more energy efficient?

Grosz: Yes. Replacing all the windows will have a tremendous effect on the amount of coal we burn for energy efficiency. We also need a new air circulating system.

(26:35) **Senator O'Connell** was called back to the podium

Senator O'Connell: I looked at a loan through the Bank of North Dakota, but if the payback time starts shortening up, there is not enough revenue to do any maintenance.

Senator Schaible: This is rolling money from the last biennium within the University System. Looking at the Section 54-44 where that came from, I notice that that exemption was taken out of that as of July 31st, 2015. That money won't be available after July of that year.

Senator O'Connel: I will let the Chancellor answer that.

(31:10) **Larry C. Skogen**, Interim Chancellor (see attachment #2)

Senator Schaible: If the need is so great, why isn't it on the state board priority list?

Skogen: Auxiliary services such as student unions, wellness centers, dormitories have always have been paid by student fees. When going through the process of establishing the priority of the board, it would have been a real diversion from the policy.

Senator Schaible: So we're going to do this with roll over funds this time, but this will go to appropriation. They will deny it because it is a capital project. This would have had a better chance to survive if you put it on the priority list. Would you agree?

Skogen: I agree. The problem is opening that gate of paying for auxiliary services through the capital project request process.

Vice Chairman Rust: Do you have a "creative" way for us to do this as you state in your testimony? If it shouldn't come out of performance funding, where should it come from?

Skogen: You guys are in charge. If the legislature wanted to fund this through state funding, you are able to.

Vice Chairman Rust: Are there any bills in the hopper for doing this, much like last legislative session?

Skogen: not that I know of.

Senator Davison: Why wasn't the \$5 million in performance funding distributed?

Skogen: The performance funding model should be established so that institutions know what the targets relative to their performance are funding. One of the suggestions discussed is to develop a formula and then pay that money based on performance that has already occurred. Had we developed a performance funding model, we would have spent the money on behaviors that have already occurred instead of setting the environment for behaviors that you want to occur.

Senator Davison: The University System should solve these problems before they got to this point.

Senator Oban: Do you know of any time when we have done this for any other campus?

Skogen: No.

Senator Schaible: Going forward this avenue would not be available because the effective date. Is there a reason why that was taken out? There's a reason that they changed this for that reason. The part that is taken out after July 31st is "unexpended appropriations of the North Dakota University Systems are not subject to this section" and the section says that they can't use this money, so as of right now it is exempted. Are you aware of this change and do you know why this was done?

Skogen: I was not aware of this.

Vice Chairman Rust: If we pass this law, that money wouldn't be available?

Senator Schaible: It's appropriate up until July 31st, but there was a change made somewhere prior. There was a change made that after July 1st of 2015, that avenue wouldn't be accessible because the University System is no longer exempt from rolling that money over.

Vice Chairman Rust: Since this bill does not contain an emergency clause and does not take effect until August 1st, would that kick in?

Senator Schaible: If it was appropriated this year before the end of the session, it wouldn't be appropriated.

Vice Chairman Rust closed the hearing on SB 2264.

Senator Schaible: I would like to do some more research, especially regarding loans.

Vice Chairman Rust: I agree. We need to have further discussion.

Vice Chairman Rust ended discussion on SB 2264.

2015 SENATE STANDING COMMITTEE MINUTES

Education Committee
Missouri River Room, State Capitol

SB 2264
2/2/2015
Job # 22964 (2:57)

- Subcommittee
 Conference Committee

Committee Clerk Signature

Explanation or reason for introduction of bill/resolution:

COMMITTEE ACTION

Minutes:

No attachments

Senator Schaible: They obviously need dormitory work, but it should be in the University budget system. The state does not pay for dormitories, and this would be a bad precedent to start.

Senator Schaible motions a do not pass.
Senator Davison seconds the motion.

Senator Oban: It is very clear there is a need for it, but this isn't the way to go about funding it. I hope we can find a way to help because the longer we wait, the more expensive it will be. However this is not the vehicle for it.

Chairman Flakoll: Perhaps we should have programs for low interest loans for our University System which are technically our own buildings. That is another way to save students money.

A vote was taken: Yes: 5, No: 1, Absent: 0

Senator Marcellais votes "no" but the motion carries 5:1

Senator Davison will carry the bill.

**2015 SENATE EDUCATION COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2264**

Senate Education Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Senator Schaible Seconded By Senator Davison

Senators	Yes	No	Senators	Yes	No
Chairman Flakoll	X		Senator Marcellais		X
Vice Chairman Rust	X		Senator Oban	X	
Senator Davison	X				
Senator Schaible	X				

Total (Yes) 5 No 1

Absent 0

Floor Assignment Senator Davison

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2264: Education Committee (Sen. Flakoll, Chairman) recommends **DO NOT PASS** (5 YEAS, 1 NAYS, 0 ABSENT AND NOT VOTING). SB 2264 was placed on the Eleventh order on the calendar.

2015 TESTIMONY

SB 2264



SENATE EDUCATION COMMITTEE
SENATOR TIM FLAKOLL,
CHAIRMAN



DAKOTA COLLEGE AT BOTTINEAU



JANUARY 26, 2015
MISSOURI RIVER ROOM
STATE CAPITOL

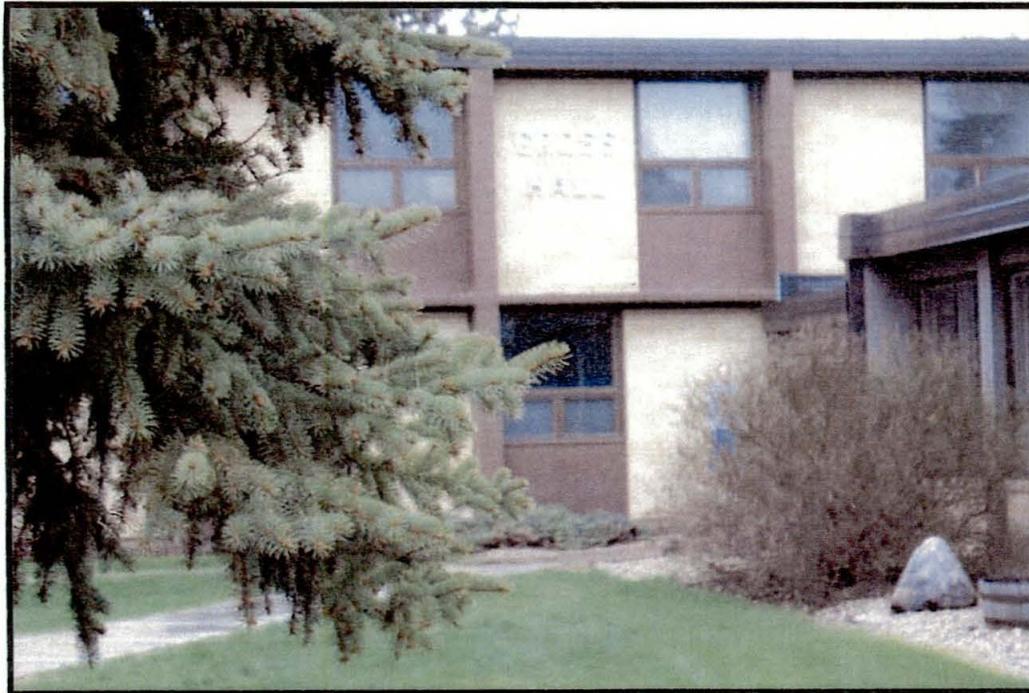


1/14

1/26/15 #1

RESIDENCE HALL RENOVATION

GROSS HALL REMODEL



This project involves the renovation of 39 resident rooms and 2 central restrooms. Renovations include new furniture, fixtures, ceiling tiles, carpeting, lighting, windows and doors.

The existing windows were installed in 1963. Their age requires extensive annual maintenance, and air infiltration creates discomfort within rooms. The present windows do not have thermal block or insulating glass.

Both floors of this housing unit have a central restroom facility. The remodeling of these restrooms will provide residents with more privacy and comfort.

All outstanding projects, identified in the campus ADA plan, will be addressed.



RESIDENCE HALL RENOVATION CONTINUED...

MEAD HALL REMODEL



Both floors and wings of this housing unit have central restroom facilities. The remodeling of these restrooms will provide residents with more privacy and comfort.

All resident rooms would receive new furnishings, ceiling tile, carpeting, and doors and hardware.

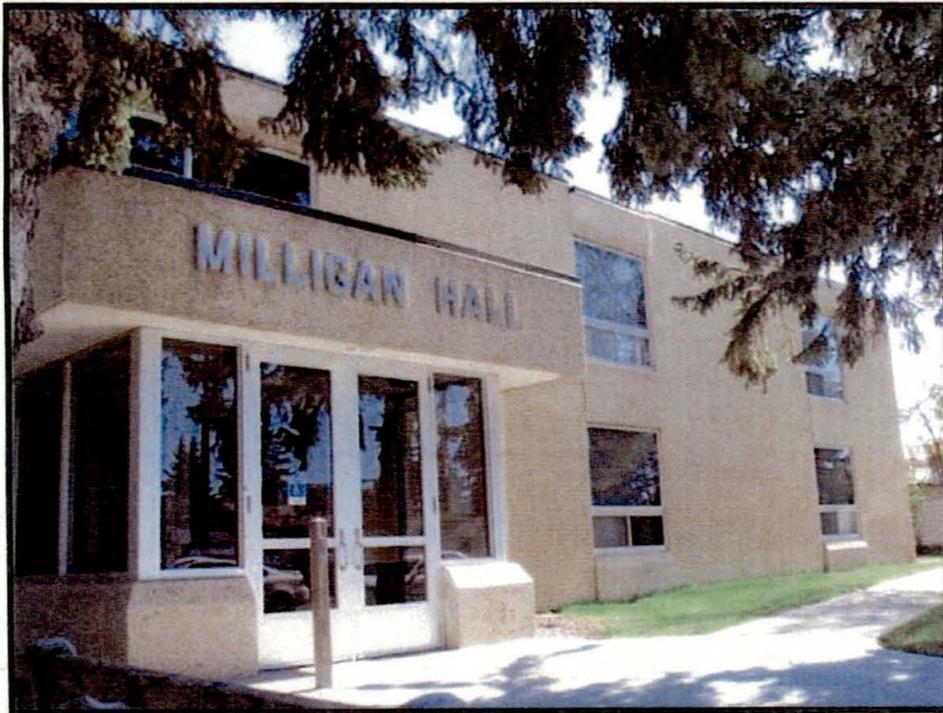
Mechanical and heating systems would be updated.

The update would include the installation of the remaining ADA projects.



RESIDENCE HALL RENOVATION CONTINUED...

MILLIGAN HALL REMODEL



This project would convert sixteen 600 sq. ft. single rooms into double suite units.

Mechanical and heating systems would be updated.





50'S AND 60'S CONSTRUCTION



5/14



TRADITIONAL STYLE 60 YEARS AGO



6/14



COMMUNITY AREAS LACKING



7/14

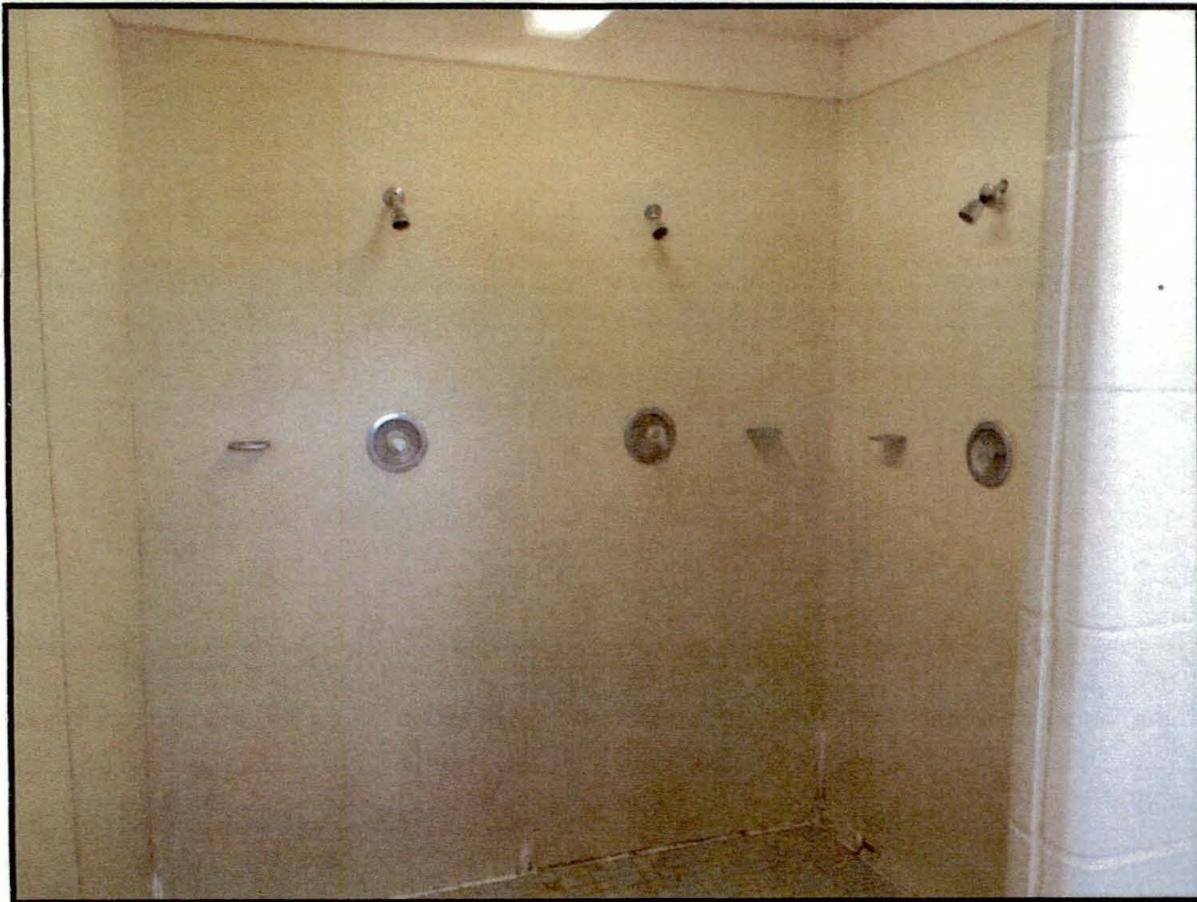


ACCESSIBILITY
LACKING

DOWNSTAIRS OR
UPSTAIRS



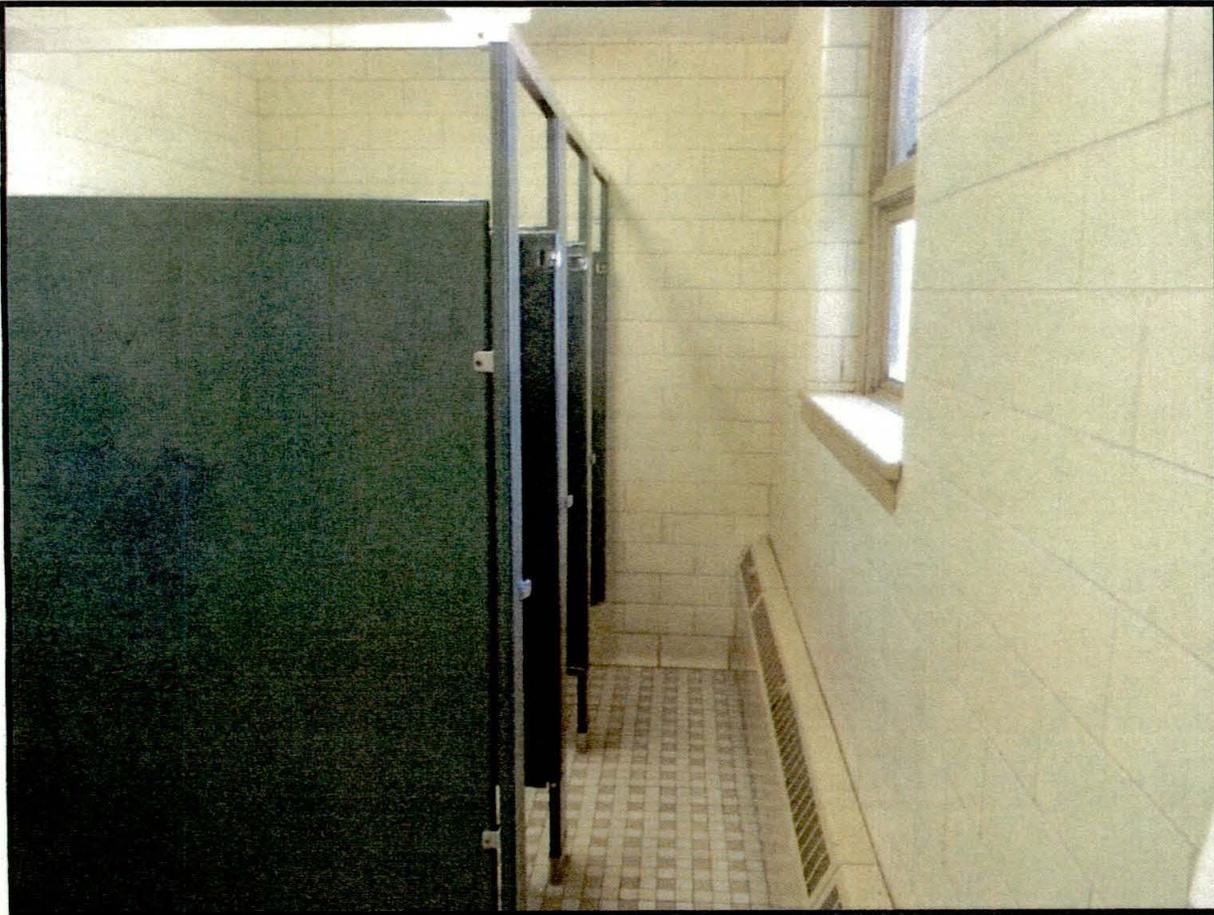
8/14



COMMUNAL SHOWERS



9/14



COMMUNAL BATHROOMS





WINDOW REPLACEMENT



11/14



CRUMBLING CONCRETE



12/14



SAFETY AND SECURITY



RESIDENCE HALL RENOVATION COST ESTIMATE

	Gross	Mead	Milligan	Totals
Furniture & Fixtures	\$897,654	\$662,422	\$712,813	\$2,272,889
Mechanical Construction	\$384,117	\$628,855	\$250,380	\$1,263,352
Electrical Construction	\$304,929	\$248,123	\$210,707	\$763,759
Totals	\$1,586,700	\$1,539,400	\$1,173,900	\$4,300,000



#2
1/26/15



THE NDUS *EDGE*

SB 2264

Senate Education Committee
January 26, 2015
Larry C. Skogen, Interim Chancellor
701.328.2974 | larry.skogen@ndus.edu

Rust

Good morning Chairman ~~Hakon~~ and members of the committee. I am Larry Skogen, Interim Chancellor of the ND University System. In testifying on SB 2264, I want to make two main points:

First, tomorrow in the House Education Committee hearing I will be testifying in support of HB 1261 that permits the roll-over of \$5M in performance funding and permits up to \$1M of that to be used for open educational resources. During the Interim Higher Education Funding Committee discussions over the past two years, there seemed to be a consensus that we need to have a very well developed performance funding formula that would incentivize the right behaviors on our institutions to help improve graduation rates. As well, there was real interest in open educational resources. So the funding targeted by this bill creates issues with those initiatives coming from the Interim Higher Education Funding Committee.

My second point is about the unique problem Dakota College at Bottineau has because of the size of its campus. Usually, student housing, student centers, and other auxiliary services are paid for by the students. We generally do this through revenue bonds that are paid off over a number of years. The funds for payments on those bonds are generated by fees paid by the students using those services. If you don't have a critical mass of students, it's nearly impossible to generate those funds to pay on those bonds. DCB has real issues and this bill would help solve those problems. I would encourage the legislature to help DCB and its students, but I am concerned about using the performance funding roll-over dollars to accomplish that.

Thank you for your time, and your consideration of a creative way to help DCB and its students.

1/1