

**State College of Science
Budget 238
House Bill Nos. 1003, 1022**

	FTE Positions	General Fund	Other Funds	Total
1999-2001 legislative appropriation	229.90	\$25,603,806	\$25,065,836	\$50,669,642
1997-99 legislative appropriation	<u>218.40</u>	<u>21,522,033</u>	<u>14,284,558</u>	<u>35,806,591</u>
1999-2001 appropriation increase (decrease) to 1997-99 appropriation	11.50	\$4,081,773	\$10,781,278	\$14,863,051

NOTE: The 1999-2001 appropriation amounts include the following general fund allocations for the agency's share of the funding pools appropriated to the Office of Management and Budget (OMB) and the University System:

- \$9,874 of the \$1.4 million funding pool appropriated to OMB for assisting agencies in providing the \$35 per month minimum salary increases in July 1999 and July 2000.
- \$116,893 of the \$2,630,992 critical salary funding pool appropriated to the University System to provide market and equity salary increases, in addition to legislatively appropriated salary increases.
- \$520,917 of the \$4,290,128 equity and special needs funding pool appropriated to the University System to address equity funding issues and academic program needs.

Item Description

Work force training initiative - Section 8 of 1999 House Bill No. 1443 provides a general fund appropriation of \$875,000 for contracting with higher education institutions assigned primary responsibility for work force training programs.

1997-99 biennium carryover - Section 7 of 1999 House Bill No. 1003 provides that any unexpended general fund appropriations or excess income from the 1997-99 biennium can be expended during the 1999-2001 biennium as directed by the State Board of Higher Education for capital repairs and improvements, equipment, and other one-time expenditures.

Student enrollment - During the first year of the 1999-2001 biennium, FTE enrollment at the State College of Science was estimated to average 2,438 students.

Status/Result

The State College of Science received an allocation of \$163,253 for the first year of the biennium for work force training programs offered through the college's outreach and customized training department.

The State College of Science had \$182,150 of unexpended 1997-99 biennium appropriation authority available to be spent during the 1999-2001 biennium. The entire amount was used for the following capital improvements and repairs:

- \$22,061 for capital improvements and repairs at the Blikre Activity Center building.
- \$13,076 for capital improvements and repairs at the Bute Alumni Stadium.
- \$141,025 for steamline repairs and replacement.
- \$5,988 for sidewalk replacements.

Average FTE enrollment for the 1999-2000 school year was 2,139, 299 FTE students fewer than anticipated.

Tuition income - The State College of Science appropriation includes tuition and student fee collections of approximately \$8.8 million.

Performance contracting initiative - North Dakota Century Code Section 48-05-11 authorizes any state agency or institution to enter into a guaranteed energy savings, or performance, contract. A guaranteed energy savings contract is defined as a contract for energy conservation measures which provides that energy cost-savings are guaranteed to the extent necessary to make payments for the recommended energy conservation measures. This section provides that an energy savings contract must include a written guarantee by the qualified provider that the energy and operating cost-savings will meet or exceed the cost of the system over a 10-year period.

Retirement of president - The college's president has announced plans to retire as of June 30, 2000.

Electrical distribution, steamline, and roof projects - The 1999 Legislative Assembly provided a \$2 million general fund appropriation to the State College of Science for electrical distribution upgrades, steamline replacement, and roof replacements.

Due to lower than anticipated enrollment, tuition and fee income for the 1999-2001 biennium is anticipated to be approximately \$7.9 million, approximately \$1 million less than the appropriated amount.

The anticipated \$1 million revenue shortfall includes \$384,000 of estimated income added by the 1999 Legislative Assembly to allow the college to offer additional class sections in diesel technology, computer information systems, architectural drafting, and electrical technology. However, due to limited instructional space and other factors, the college does not plan to offer the additional class sections this biennium. Because no additional costs have been incurred relating to the additional class sections, the loss of the related \$384,000 of revenue does not impact the college.

However, the remaining estimated revenue shortfall of \$630,000 is related to an unanticipated decline in student enrollment. As a result, the college has taken the following steps to reduce expenditures:

- Vacant positions have not been filled whenever possible.
- The operating expenses budget was reduced by 10 percent for all departments.
- The equipment budget was reduced by 10 percent for all departments.

The State College of Science has entered into a contract with Energy Services Group, a Minnesota-based performance contracting company. The contract provides a guarantee by Energy Services Group regarding the projected savings over the term of the agreement. If the projected savings are not realized by the college, Energy Services Group will be required to pay the difference between the guaranteed amount and the actual amount each year. Any excess savings generated remain with the college. The project will result in approximately \$2 million in capital improvements for the college. The cost of the improvements will be financed over a 10-year period. Projected utility and operational savings over that period total approximately \$2.8 million.

At the April 2-3, 2000, State Board of Higher Education meeting, the board appointed Dr. Sharon Hart as president of the State College of Science for a three-year term beginning July 1, 2000.

The appropriation was allocated \$1 million for roof replacements and \$1 million for steamline projects. Roofs on 10 campus buildings have been or are scheduled to be replaced during the current biennium. Work on the college's steamlines has begun and is expected to be completed by October 31, 2000.