

Chairman Monson, Members of the committee: For the record, I am Al LaFave, President of Valley City State University.

THANK YOU for your service and the opportunity for us to visit with you about the successes of VCSU this past biennium and our aspirations for the future.

We are extremely GRATEFUL for your support

I would also like to express my thanks to:

- State Board of Higher Education members, Chair Hacker, Chancellor Hagerott and the NDUS system office staff
- Mayor Dave Carlsrud, Superintendent Josh Johnson, Jennifer Feist, Director of development for the Valley City – Barnes County development corporation, Bill Carblom, Barnes County Commission Chair
- VCSU student leadership and senate
- President’s Cabinet Leadership Team and Faculty and Staff from VCSU
- VCSU alumni



We All Row!

Our success is
a team effort.

- Student-centered environment
- High-quality, high-impact experience
- Dedicated faculty and staff
- Supportive alumni and community
- Innovative, can-do attitude
- Need for continued investment in people and infrastructure

- We adapted to COVID with testing stations and kept the university open during this health crisis.

**Serving North Dakota
since 1890**

Past, present and future

- 65 undergraduate programs
- 13:1 faculty-to-student ratio
- Ranked "Best Colleges" for 23 consecutive years by U.S. News
- Ranked "Most Beautiful Campus in North Dakota" by BuzzFeed
- 21% growth in headcount in 10 years
- National Register of Historic Places
- Capital campaign underway

- Thank you for the opportunity to share the story of Valley City State University.
- In our presentation today I will be discussing the past present and future of Valley City State including academic and athletic success, new academic initiatives and programs, high impact practices, recognitions and accreditations, university finances, and future plans.
- Founded in 1890 as a normal school, VCSU remains true to its heritage and has an outstanding reputation for producing some of the finest K-12 educators in the region.
- VCSU enhances the learning experience by providing full-time students with access to their own laptop, advanced multimedia technology, high-speed wireless networking, and classrooms equipped with the latest educational technology. A student-faculty ratio of 13:1 gives students one-to-one access to faculty in ways that are impossible at other universities.
- The 55-acre campus is bordered on the south by a forested hillside and on the north by the Sheyenne River. Campus architecture features a graceful blend of historic and modern buildings. The central campus is listed on the National Register of Historic

Places as a Historic District, and in May 2017, BuzzFeed named VCSU's campus the most beautiful college campus in North Dakota.

- Thank you for your service to the citizens of North Dakota. We do not take that support for granted, and we are very cognizant of the complex decisions you must make. We are grateful for your support, and we focus our efforts on being good stewards of the resources you entrust to us.



Introductory Remarks

Key Takeaways

- We support the NDUS needs based budget request
- We support the new funding formula and budget appropriations
- Construction ongoing and taking shape for the Center for the Arts
- No capital requests for this session
- Met and exceeded challenges during the health crisis
- Stayed open all year

- We support the NDUS needs based budget request. We support the new funding formula, recommended by the interim higher-education committee.
- Construction continues on schedule for the new Center for the Arts, scheduled to open in January 2022
- We are making no capital requests for this session; however, we do have capital needs and will be covering those campaigns later in this presentation.
- The COVID 19 pandemic caused us to go into a temporary remote leaning mode. This move was very easy for VCSU. We have been a leader in this arena for years. Our faculty are very skilled in this technology.



**Academic
Success**

Education Programs

- 130 years of service to the state
- Training teachers who are serving all over North Dakota, the U.S. and abroad
- Multigenerational teachers making an impact such as the Lentz family
- Elementary Education majors created “Viking Time” (for virtual caring and support)

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Academic Success
North Dakota Teachers

"Survey data from North Dakota schools found that 97.8% either 'agree' or 'tend to agree' that VCSU first-year teachers effectively teach the subject matter in his/her licensure area."

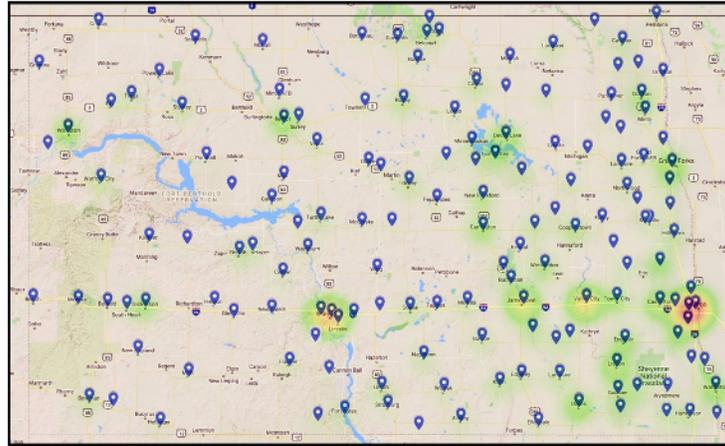
- Dr. Alan Olson, VCSU Ed. Professor



Survey data from North Dakota schools confirms that our graduates are career ready.

Preparing Teachers for North Dakota

1,438 VCSU alumni teachers and administrators at 336 schools
in 157 North Dakota communities



As this slide powerfully indicates:

- Our founding mission in 1890 was to prepare teachers for North Dakota, and although we've broadened our academic horizons, we've never lost sight of that original goal. VCSU remains at the forefront of teacher preparation programs.
- 1,438 VCSU alumni serve as licensed teachers and administrators in 336 schools and educational units serving 157 communities throughout ND.
- This is a significant point of pride for VCSU and we pledge to continue to meet the important need for teachers in the state, especially in some of the critical need areas such as math, science, and music education.



**Academic
Success**

Student Highlights

- VCSU fisheries and wildlife students helped relocate mussel bed in major research project
- VCSU computer science and software engineering student Shane Hitch became 1 of 8 interns at NASA and played a key role as a security expert

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- VCSU student Shane Hitch became 1 of 8 interns at NASA and played a key role as a cybersecurity expert



New Initiatives

Rural School Partner Benefit Program

- Partnership between regional school districts and VCSU to assist rural North Dakota schools attract and retain their teacher workforce
- Waivers for teachers pursuing a Masters
- Discussions began in 2018 and finalized in 2019
- VCSU reduces rates for district teachers pursuing graduate credits for dual-credit certification or master's programs
- Districts provide field experiences and student-teacher placements and assessments for VCSU preservice teachers
- Districts assist with teacher preparation through participation in panel discussions, mock interviews and guest speaker presentations on campus
- First two programs started in Lisbon High School and Valley City High School in 2018, added Central Cass, Kindred, Elgin/New Leipzig in 2019

- It is a partnership between regional school districts and VCSU to assist rural North Dakota schools attract and retain their teacher workforce
- We offer waivers for teachers pursuing a Masters by providing 50% of the tuition
- Discussions on this program began in 2018 and finalized in 2019
- VCSU reduces rates for district teachers pursuing graduate credits for dual-credit certification or master's programs
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New Initiatives

Indians into STEM
(INSTEM) Partnership

- New initiative to provide hands on, highly engaging activities that help encourage Native Americans to pursue college education
- Plan to develop vision, project outcomes, assessment measures in spring 2021
- Forming stakeholder steering committee
- Continue Middle School STEM Academy at VCSU in summer 2021 as transition to INSTEM project

- The intent of this project is to provide the hands on, highly engaging activities, that can be used to help encourage Native Americans to pursue college education and particularly in STEM disciplines, where they are under-represented
- This initiative, just underway this year, is the Indians in STEM partnership
- Initial and developmental conversations between Lisa Lone Flight with the Mandan, Hidatsu and Arikira nation and Dr. Jamie Wirth (Director of the VCSU Great Plains STEM Education Center) have occurred
- The plan is to develop the vision, project outcomes and assessment measures by spring 2021 and form a stakeholder steering committee
- This project is a natural continuation for VCSU of the Middle School STEM Academy held on our campus each summer



New Academic Programs

Digital Design Program

- Provides students with a well-rounded digital design experience
- Students gain skills in visual communication, creative problem-solving, and an understanding of the theories of visual communication
- Students can pursue graphic design, digital imaging, photography and illustration, web design, and time-based art.

The digital design program provides students with a well-rounded digital design experience as they engage in real-world design opportunities. Students gain an understanding of the theories of visual communication, principles of design, and creative problem-solving in preparation for professional positions.



New Academic Programs

Sound Production Program

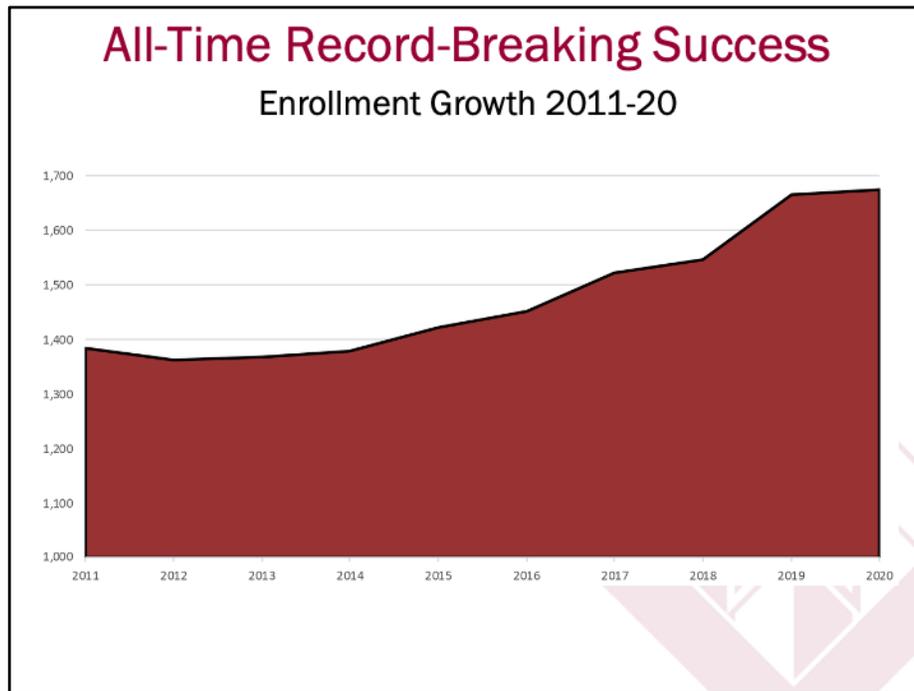
- Expecting growth once Center for the Arts is complete
- Draws a creative and highly capable student population into the area
- Value-added skill for Music Teacher Preparation Program

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National Recognition



- Valley City State University is ranked fourth among Midwest public regional colleges in the 2021 U.S. News & World Report Best Colleges rankings. VCSU has now been named a U.S. News “Best College” for 23 consecutive years, and the university has been ranked as one of the top Midwest public regional colleges each year since 2010.

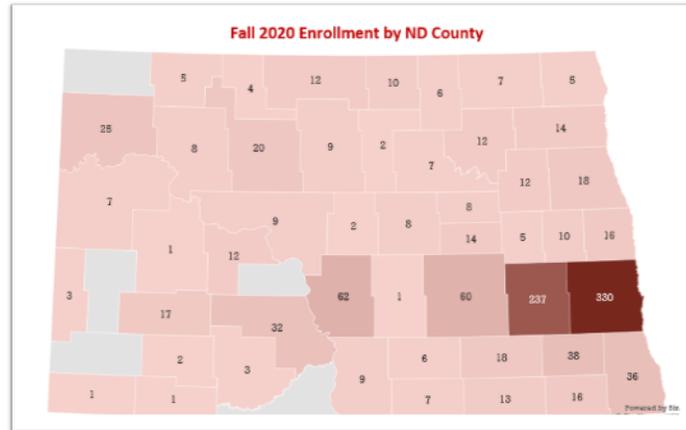


Continued enrollment growth demonstrates the commitment to and success in recruiting

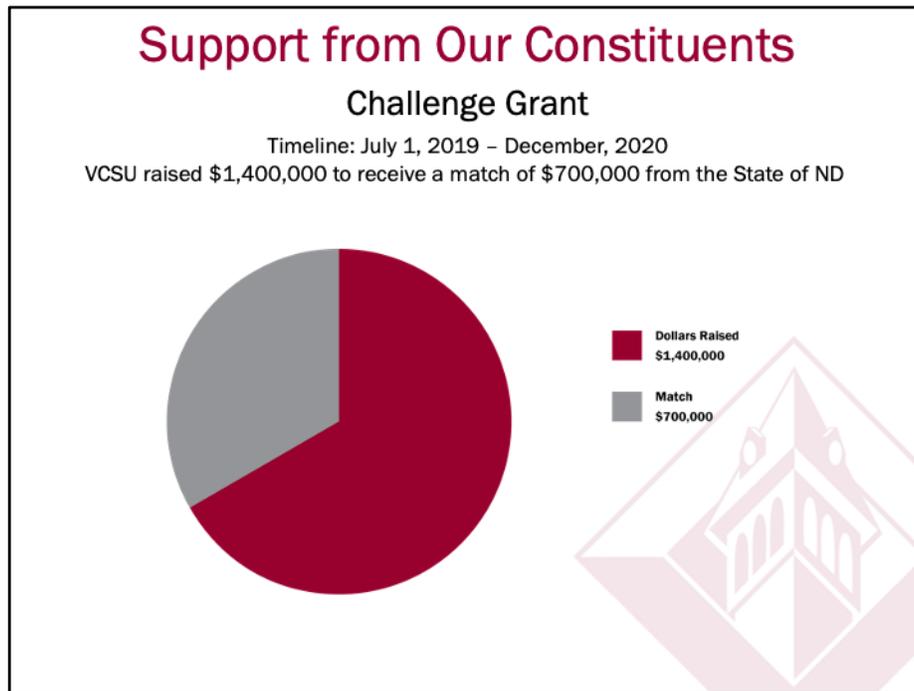
- Fall 2020 our headcount = 1,676 students (1541 undergraduates). North Dakota students comprise almost 70% of our student body.
- Not only have our enrollments increased each year, but the academic profile of our entering students has improved as well.
- In 2019, VCSU had the highest retention rate (73%) of all the 4-year regionals in ND.

North Dakota Success

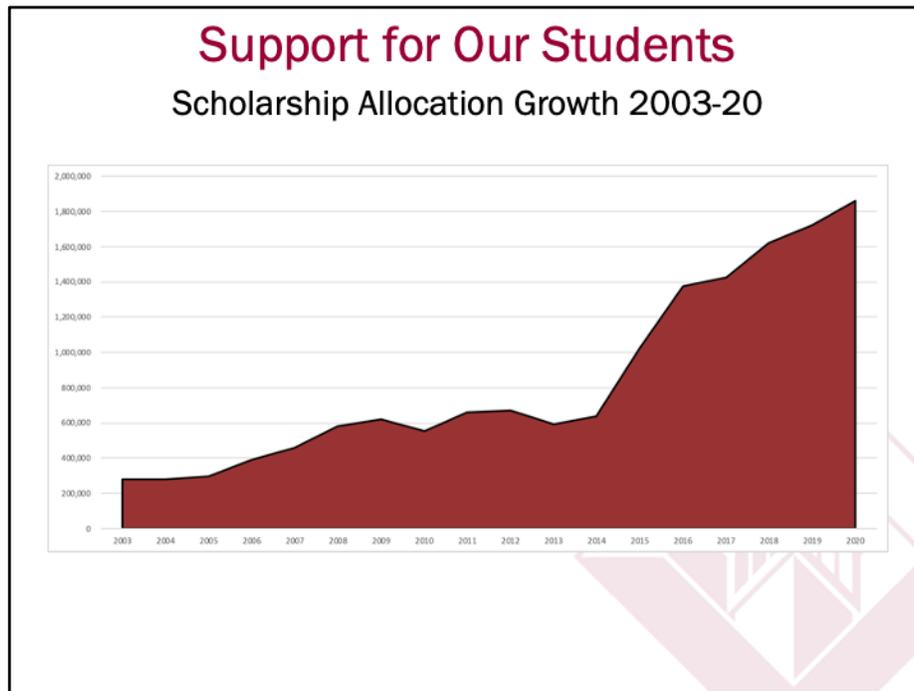
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- We are very appreciative of our donors and the state for making these challenge grant funds available....
- As we see this as one of the reasons we have been able to grow enrollments by helping make college more affordable.
- We are proud of our efforts and success in meeting the challenge grant and pleased to be able to help students with increased scholarship assistance.
- VCSU raised \$1,400,000 to receive a match of \$700,000 from the State of North Dakota during the latest Challenge Grant. The 1:2 match helped VCSU create 10 new scholarships and allocate a record \$1.86 million in student scholarships for the 2020-21 school year.
- VCSU's raised dollars for the challenge grant came from 41 unique donors through cash gifts, pledges and a life estate.



Through the Challenge Fund program and the support of our alumni and friends, we've been able to increase our student scholarship allocation significantly over the years.

In 2019 it was \$1,723,000

In 2020 it was \$1,860,000

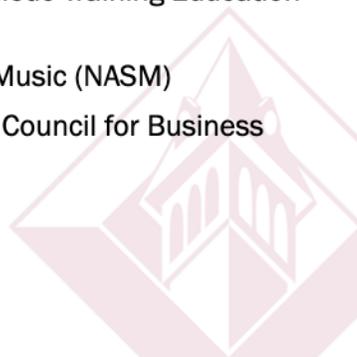
This chart illustrates and corroborates the positive effect of the Challenge Grant in providing increased financial support making the attainment of a degree more affordable.

We INVEST in our students through the increasing scholarship allocations

Accreditations

External validation

- Higher Learning Commission (HLC)
- Council for Accreditation of Educator Preparation (CAEP)
- American Association of School Librarians (AASL)
- Commission on Accreditation of Athletic Training Education (CAATE)
- National Association of Schools of Music (NASM)
- IACBE – International Accreditation Council for Business Education (in process)



Recognition from external accreditation organizations confirms the excellence of our institution and programs. We will continue to strive to meet the standards set forth by these various agencies to further measure and validate our success.

HLC – The Higher Learning Commission is a composite institutional accreditation that examines every aspect of the institution to ensure standards are met.

- Finances
 - Facilities/Physical Plant
 - Athletics
 - Student Affairs
 - Operations
- The other five accreditation bodies listed on this slide are programmatic/content area national accreditations which confirm our quality in these programs through extensive self-study processes, accepted national standards, and on-site review visits.



Sharing a handful of High-Impact success stories.....



High-Impact Practices

Faculty-Mentored Student Research

Matthew Lein, Software Engineer

- Did research for the Deep Underground Neutrino Experiment
- Published a computational physics paper
- Graduate BS Software Engineering
- Minors in Computer Science, Math, Physics
- Fergus Falls, Minn. native
- Now works at EPIC, the nation's largest healthcare software firm

- Matt could have done a few more majors during his time at VCSU!
- Did research for the Deep Underground Neutrino Experiment
- Published a computational physics paper
- Graduated with a BS degree in Software Engineering



High-Impact Practices

Music Production and Recording Studio

- Students can access the latest cutting edge recording equipment
- Professors available to help with creative projects outside of class
- Training future musicians, music production experts, and recording technicians

A recording engineering/production studio on campus provides VCSU students with hands-on opportunities to use professional equipment and software to record tracks, edit, mix, and master their own music.



High-Impact Practices

Substitute Teacher Program

- Started at West Fargo Schools in 2014
- Introduced to Valley City and Fargo Public Schools in 2020
- VCSU elementary education students spend eight Fridays as substitute co-teachers
- Upon completion, students are encouraged to substitute teach through North Dakota
- Develops new pool of substitute teachers
- Gives staff time for professional development

"This has been a great learning experience for the students. It also allows our faculty to see what is being done in schools for management, curriculum, and more."
- Angela Saxlund, VCSU Ed. Professor

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One of our faculty members, **Angela** Saxlund, a VCSU Education professor, reinforces our subbing program



High-Impact Practices

New in 2020: Emergency Substitute Teacher Program

- Partnership with local schools
- Demonstrates adaptability and innovation during the health crisis
- Covid-19 created a need for substitute teachers
- 32 students involved
- School district assists with their substitute teaching license



In 2020, we developed a new Emergency Substitute Teacher Program to address needs during the health crisis

- Partnership with local schools
- Demonstrates adaptability and innovation during the health crisis
- Covid-19 created a need for substitute teachers
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Direct experience in a work setting related to their academic interests provides students a means to develop their skills and explore career opportunities. Internships are available to both on-campus and online/distance students; at VCSU, 87 percent of student interns serve North Dakota employers.

VCSU students do well in their internship experience; follow-up surveys show that 97 percent of the students would be recommended for full-time employment by their internship supervisor.

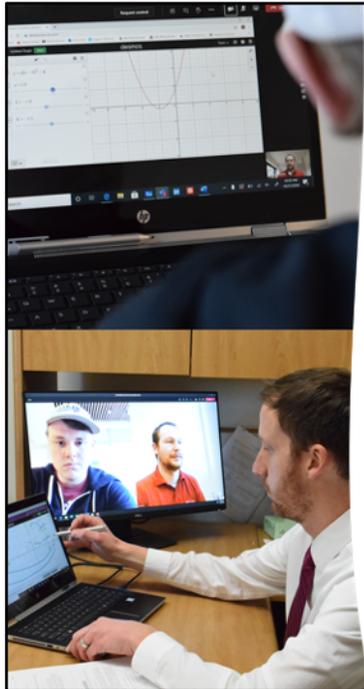


High Achievers

Three Year Graduates

- Students who excel in their coursework finish a full year early
- Many of these high achievers become difference makers in their communities

- In May at our spring 2020 commencement ceremony, we recognized 17 students who completed graduation requirements in less than 4 years; 11 more who accomplished this same feat were recognized at winter 2020 commencement in December.
- These highly motivated students typically bring credits with them from high school, and with the help of faculty advisors, they're able to chart an accelerated path to completion of their VCSU degrees.
- We are proud to be able to support and assist these high achieving students by faculty and academic advisors helping plan an accelerated path to completion of their VCSU degree....
- Not only does this reduce the amount of student cost/debt, but it gets them out into the WORKFORCE a year earlier, saving significantly on tuition, room & board and other expenses and contributing to the overall economic growth of our state.



Technology Success

- Implemented mobile device management (MDM) software, which vastly improves our cybersecurity posture
- Deployed Wi-Fi 6 for improved bandwidth on campus for media streaming, academic apps, and online classes
- Every classroom now has upgraded video cameras and mics for instant online classroom communication

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Immersive Campus Experience

Students become involved

Angeline Gannon

- Hometown: Bismarck
- Graduate of Bismarck High School
- Student Senate President
- Dual-sport athlete in Cross Country/Track & Field
- Studying History Education
- Plans to work as high school teacher and administrator

Now I would like to invite Angeline Gannon to the podium to talk about her experience at VCSU.

Mr. Chairman, Members of the Committee, honored Guests:

For the record, my name is Angeline Gannon. I am a student at Valley City State University. My hometown is Bismarck ND. I am majoring in History education and minoring Political Science. I am the Student Senate President, run long distance on the University's Cross Country and Track teams, I hold 2 on campus jobs including being a resident assistant and am involved in the Student Athletic Advisory Committee, New Student Orientation, History club and several other organizations. My senior year of high school, I toured Valley City just to please my dad since he is an alumnus but had no intentions of going somewhere small and so close to home. As soon as I met my tour guide my whole attitude changed, the tour guide was passionate about VCSU and sold me on the reasons she loves it. When looking for a college I had a checklist of things I wanted, I wanted both the community and the school to have immense pride, a university where I am not just a number in a lecture hall, but a real person, and somewhere that felt like Home. VCSU has easily checked off all 3.

VCSU is a high delivery institution where the ultimate goal is student Success. Every

single faculty and staff member will go the extra mile to give students additional help when they need it. Both have helped me reach success, academically and personally. Academically the professors continue to push me to higher classes and achieve commendable grades. Personal growth has been assisted by many people all over campus. The guidance my advisors began giving me as a freshman, is giving me the confidence to speak to you all today. One specific moment when I knew that VCSU believed in me was my sophomore year (2019). It was my first semester as Student Senate President, I was taking difficult classes, and I had a 40-hour education practicum. All of this was on top of all my clubs and organizations. I felt I was being stretched too thin when I had a meeting with a professor. That professor could tell I was struggling and asked if there was anything he could do to help. When I replied I was unsure and explained my stress, he gave me a pep talk, telling me how much he believed I could accomplish and how well I was handling the semester. The talk was exactly what I needed in that moment. This is just one example of the ways that VCSU has helped me. Not only does VCSU believe in me, but the university has also taught me to be a leader. I've been involved in student senate since my freshman year. It was during that year, I came with as the Previous Student Senate president and others presented reasoning for funding of a new fine arts building. As current President I had the opportunity to serve on the building committee, provide input into the design and content, and even was able to speak at the groundbreaking ceremony. An opportunity I will never forget. This new building is transformational to VCSU. It is likely that every student at VCSU will take a class or go to a program in the new center. We are very thankful for your investment in VCSU's future. VCSU has already given me a large and still growing toolbox to be a successful teacher and potential administrator. The toolbox includes content knowledge and professional skills like, applying for a job, writing a resume, having job interview, skills for positive relationships with colleges and superiors. I urge your full consideration of our funding request.



Athletics Success

- 2019 NSAA Commissioner's Cup Award
- Mackenzie Huber – two-sport athlete and athlete of the year in 2020.
- 10 of 14 teams were NAIA scholar-teams with a cumulative GPA of 3.00 or higher
- Travis Joseph – 2020 National Champion in high jump
- Coach McCulloch named President of NAIA Football Coaches Association

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Forward Together

The Campaign for Valley City State University

- \$25 million capital campaign for facility upgrades and scholarship enhancements
- First capital campaign in school history
- Phase I
 - \$18 million expansion of athletic facilities
 - \$1 million for scholarship enhancements
- Phase II
 - \$2 million renovation of McCarthy Hall
 - \$1 million renovation of Student Center
- Additional \$3 million in unrestricted gifts

Not asking for capital help but we are meeting the needs with facility enhancements through fundraising campaigns

We are supporting NDUS needs based budget



Update on Center for the Arts

- Center for the Arts is nearing completion, thank you for your support!
- Recent "topping beam" placement ceremony
- Students, faculty, staff, and community members all signed the beam
- This space will provide outstanding educational and performance opportunities for all students

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Academic Centers

- Prairie Waters Education and Research Center
- Don Mugan CTE Leadership Center
- Great Plains STEM Education Center

VCSU is proud to host three academic centers providing vital services for North Dakota:

- **PRAIRIE WATERS EDUCATION AND RESEARCH CENTER**
- Provides environmental education and research opportunities for students, teachers and professionals in ND....connecting K-12 students with water resources in classroom and field experiences...
- Water-sampling certification workshops for state employees
- Contract research for state agencies including the Department of Health and ND Game and Fish.
- **DON MUGAN CTE LEADERSHIP CENTER**
- Vehicle for recruitment, retention and succession of career and technical education teachers and administrators
- Peder Gjovik, pictured above, was named the Association for Career and Technical Education Teacher Educator of the year!
- **GREAT PLAINS STEM EDUCATION CENTER**
- Provides professional development programs for K-12 teachers and administrators providing high impact effective learning opportunities for students....
- Establishes connections with businesses and industries that recognize the need to prepare HS students to be career and college-ready with essential problem solving and communication skills.

Career and Technical Education (CTE)

- Works with Trade, Industry, and Allied Health professionals getting them certified to teach their respective occupations.
- Seeks to actively recruit, train and retain Trade, Industry and Allied Health Teachers in North Dakota.
- Recognized as one of the leading programs in the United States.
- 43 graduates over the last 5 years.

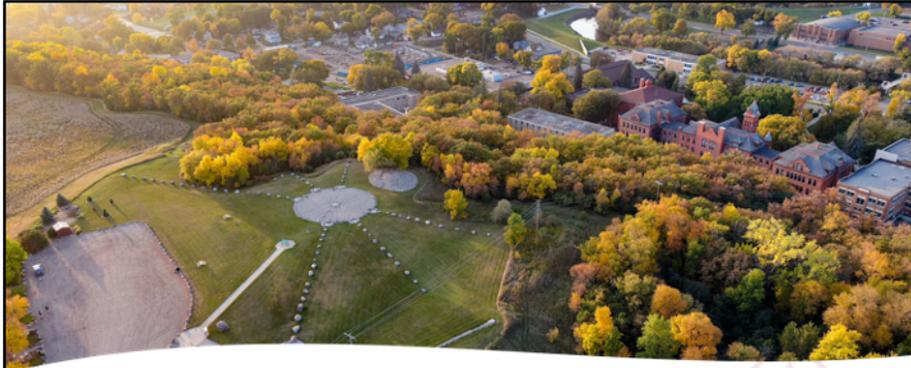


Career and Technical Education program at VCSU works with Trade, Industry, and Allied Health professionals getting them certified to teach their respective occupations. The program is in a partnership with North Dakota Department of Career and Technical Education to provide meaningful professional development and to actively recruit, train and retain Trade, Industry and Allied Health Teachers in North Dakota.



Importance of community collaboration is a significant factor in our success!

- Recent economic impact study by NDUS indicated VCSU contributed \$83 million to the Valley city community and region in fiscal year 2019.
- Gaukler Wellness Center is a wonderful example of a recent success story in the collaboration efforts among numerous community constituents, financial institutions, donors and the university to
 - Have a vision for a world class facility
 - Work together to realize the development and successful completion of this facility
 - This is a significant point of pride for the community and example of the university and community working together
- Just as the historic walk bridge connecting the university to the community is both a real and symbolic connection and demonstration of our strong town/gown relationship, we pledge to strengthen those bonds as we continue to move forward.



Community Collaboration

- Partnering with Valley City/Barnes County Economic Development Corporation to help efforts in job creation and workforce needs
- Partnership with Valley City on COVID-19 testing
- Rural school collaboration with neighboring towns
- Subbing program in the Valley City school district
- Partnership with the Dakota College of Nursing

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Tuition and Fees

Attainability and affordability

- Granted authority for a 4% increase but our Fall 2019 increase was 3%
- Meal plans only increased by 1.75% this year and 3% the year before
- Decreased student technology fee by 10% in 2019. No increase since then.
- Room rates were kept even for Fall 2020 to help students
- Valley City State University remains one of the most affordable colleges in North Dakota and the Midwest
- With the use of Open Educational Resources, VCSU students have saved more than \$1.5 million in textbook costs since Spring Semester 2016

Affordable tuition and fees helps address the rising student debt crisis.

Through the use of Open Educational Resources, VCSU students have saved more than \$1.5 million in textbook costs since Spring Semester 2016

In 2019, VCSU had the highest retention rate (73%) and the highest 6-year graduation rate (50%) of all the 4-year regionals in ND.

Financials

Budget Comparison

Valley City State University

Comparison of 2019-21 Base Budget
to 2021-23 SBHE Request and SB2003

	2019-21 Base Level	Requested Adjustments	2021-23 SBHE Needs-Based Budget	Engrossed SB2003	Difference from 2019-21 Base Level	Difference from SBHE Needs-Based Budget
Campus Operations	\$ 48,176,928	\$ (355,531)	\$ 47,821,397	\$ 50,052,795	\$ 1,875,867	\$ 2,231,398
Capital Assets	\$ 455,823	\$ -	\$ 455,823	\$ 455,823	\$ -	\$ -
Plant Improvement Carryover						
Capital Projects - Non-State Funded						
Capital Projects - Non-State Carryover						
Operating Carryover						
Total Appropriation	\$ 48,632,751	\$ (355,531)	\$ 48,277,220	\$ 50,508,618	\$ 1,875,867	\$ 2,231,398
General Fund	\$ 22,658,933	\$ (355,531)	\$ 22,303,402	\$ 24,150,940	\$ 1,492,007	\$ 1,847,538
Special Funds	\$ 25,973,818	\$ 395,311	\$ 26,369,129	\$ 26,357,678	\$ 383,860	\$ (11,451)
Total Funding Sources	\$ 48,632,751	\$ 39,780	\$ 48,672,531	\$ 50,508,618	\$ 1,875,867	\$ 1,838,087

As the next eight slides will illustrate;

- VCSU continues to be excellent stewards of the funds we are grateful to have received.
- Wesley Wintch, VP for Business Affairs will share the details of the next eight slides to explain the important details of the financial health of VCSU and our stewardship of state resources.
- Good afternoon Chair Munson and Members of the committee. For the record, my name is Wesley Wintch. I am the Vice President for Business Affairs at Valley City State University. I will be going over the next 8 slides of the presentation to respond to this committee’s requests for information about VCSU. Information will include major components of our base level funding, budget changes in engrossed SB2003, support for the new funding formula and optional packages, FTE impact, federal funding for COVID, and any financial audit findings and subsequent action.
- The VCSU 19-21 Base level state funding is \$22,658,933, of which \$408,000 is set

aside for our 2:1 match for capital assets and an additional \$47,823 for equipment purchases on campus.

- Our requested adjustments would decrease our budget by \$355 thousand. This is made up of two parts. First, the existing funding formula reduces our state funding by \$860 thousand because our growth in completed credit hours has moved us to a new rate factor. And second, we are asking for an increase of \$504,867 to fund raises of 3% each year of the biennium for our employees. The net effect of these is a decrease of \$355 thousand.

- In our special fund authority, we request an increase of \$395 thousand to account for 3% raises in both years of the biennium for employees paid through these funds.

- The engrossed SB2003 would grant our employees a 2% raise for each year of the biennium and in total increase our state general fund to \$24,150,940, and also give adjustments to our special fund authority.

Financials

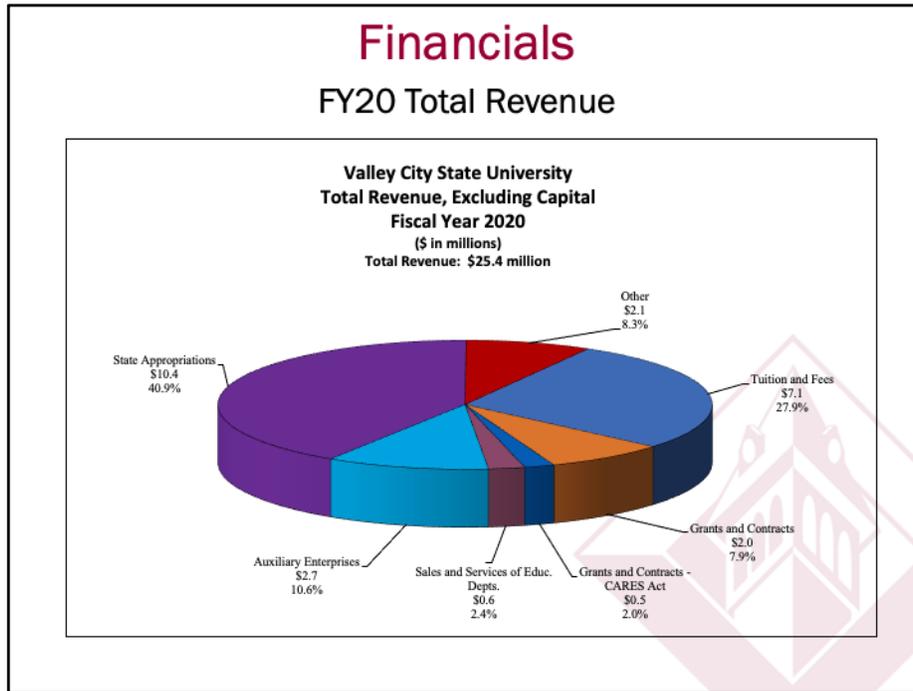
- We support new funding formula bill and NDUS optional requests
 - New Funding Formula Bill
 - Current Formula would cut our funding by \$860,398 because of our growth.
 - New Formula and 2% raise in SB2003 would restore base budget to \$24,150,940 - An increase of 1,492,007 from our 2020-21 base budget
 - NDUS optional requests of moving 3% raises paid by tuition increases and other funds - \$395,311 (2% would be \$263,540)
 - NDUS optional request of increase in per Credit rate of 2.5% - \$544,963

•We support the New Funding Formula bill. As noted previously, the existing funding formula would cut our general fund by \$860 thousand. For us, this feels like we are being penalized for growth. We have worked with the interim higher ed committee and NDUS to come up with a solution that addresses these concerns. The new formula in engrossed SB2003 would increase our base budget to \$23,738,684 – A positive difference of \$1,079,751 from the needs-based budget proposal.

•Additionally, we support the NDUS optional requests of rolling 3% raises paid by special funds into the general fund line, recognizing that this ultimately will need to match the general % raise passed by the legislature. We also support the NDUS optional request to increase the per credit rate in the formula by 2.5%.

Financials

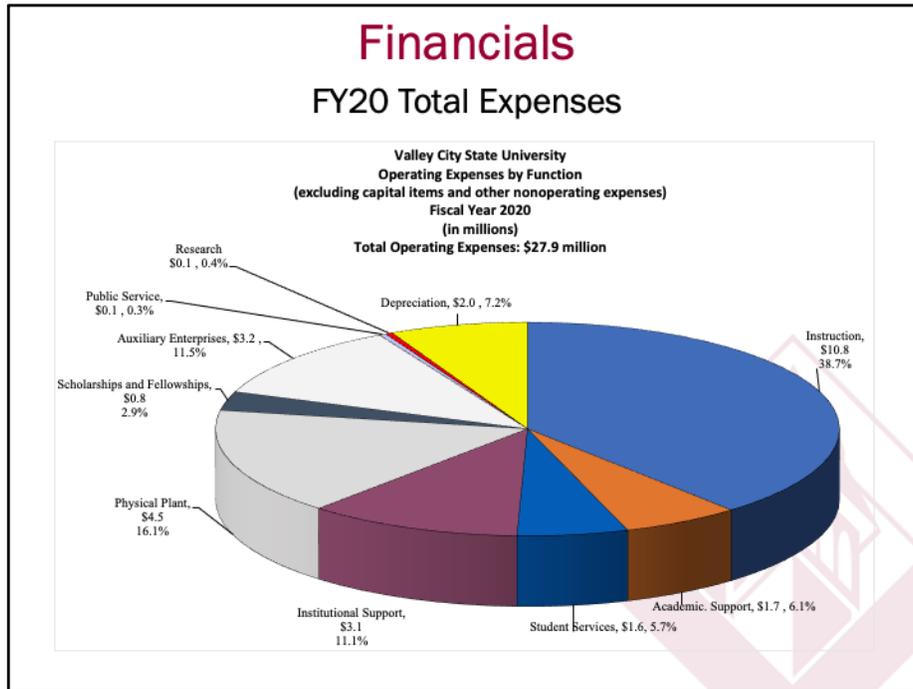
FY20 Total Revenue



The next two slides show our revenues and expenses for FY2018. 41% of our revenues came from the state, 28% from tuition, 10% from our auxiliary enterprises, and 21% from grants, gifts, and other activities.

Financials

FY20 Total Expenses



For our expenses, 45% goes directly to academic instruction, with another 32% going to student services and support. 16% is reinvested in our physical plant and deferred maintenance with depreciation expense of 2.0 million.

Financials

One Time Funding Requests

NONE

Deferred maintenance spending of over 400K last biennium.



As the President has mentioned earlier, we have no one-time funding requests this year. We have completed over \$400 thousand in deferred maintenance projects and have more planned for this summer and beyond. We will use the 2:1 match and deferred maintenance programs to accomplish these campus updates.

Financials

Financial Audit Recommendations

NONE



- VCSU has no financial audit findings in the last biennium.

Financials

Federal Funding for COVID-19

COVID Dollars through 2.28.21

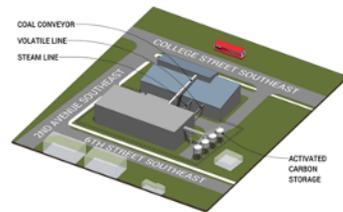
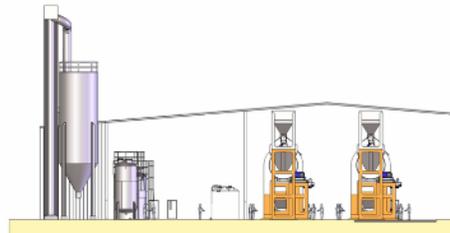
	Funded	Spent
COVID CARES and FIPSE Federal dollars	500,000	500,000
Coronavirus Relief Fund (CRF) through state Emergency Commission	740,353	437,445
Governor's Emergency Relief Funds (GEER)	85,096	85,096
NDUS/CTS Funds	7,430	7,430
CRRSAA	868,060	-
Total	2,200,939	1,029,971

- We have received authorization for over 2.2 million in federal dollars for COVID response.
- \$500,000 came from the CARES act and FIPSE. 100 percent of this money was given to students as direct grants or refunds for housing and board plans when they left campus in the middle of spring semester last year.
- We have received authorization for \$740K in CRF dollars through the emergency commission. These funds were used for PPE, paying for additional nurses to manage healthcare on campus, cleaning and sanitizing equipment, technology upgrades, and air filtration systems.
- We also received \$85,096 in GEER dollars which we used to update technology in our classrooms, allowing every classroom on campus to be used both in class and synchronously online for our students.
- There were also some funds to help purchase software through CTS and training for our faculty.

- In December, we were awarded an additional \$868 thousand, of which at least \$226 thousand must be directly distributed to students. We have a plan in place and these funds should be distributed in the next weeks.

Investment in Infrastructure

Activated Carbon Plant



- Construction and design team in place
- Favorable feasibility study is completed
- Currently working with financial managers for bond sales

Progress is still being made on the activated carbon plant. It has taken longer than we anticipated, but we are being true to our promise to walk forward carefully to ensure a successful venture.

Selection of the team has been completed:

- Architect - JLG
- Engineer – Obermiller Nelson Engineering
- Constuction Manager at Risk – Construction Engineers
- Sales and Distribution – Thatcher Chemicals
- 3rd Party Feasibility study – Barr Engineering
- Financial Management and Bond Sales - PFM
- 3rd party feasibility study has now been completed with a favorable recommendation for the project.

We are working with our financial management firm to complete final steps before the bond sale, which include organizing documents, and streamlining the feasibility study and business plan in a presentation to investors.

What this can do for our students in learning and research opportunities is highly impactful...and the plant will utilize ND lignite coal as feed stock, provide an

environmentally friendly solution to power needs and ultimately be revenue generating.

VALLEY CITY STATE UNIVERSITY – ACTIVATED CARBON RESEARCH AND PRODUCTION
PLANT
UPDATE FOR THE 2021 NORTH DAKOTA LEGISLATIVE ASSEMBLY

In 2015, legislative authorization and funding for a replacement steam plant at Valley City State University ensured a long-term, economical heating source for that institution. In addition, the installation of a new, coal fired steam boiler as part of the project provided the needed infrastructure for the development of new coal-based energy solutions while maintaining the primary function of steam production.

Prior to 2015, VCSU and UND discussed the potential of using a new coal-fired boiler for combustion of syn-gas derived from the digestion of lignite coal. Although the production of syn-gas was not new science, using it as a combustible fuel source required post-combustion emission control identical to that required for direct coal combustion. The new boiler being considered for VCSU would be the perfect size for both experimental and small-scale syn-gas production.

Prior to the 2017 legislative session, an initial business plan and feasibility study was undertaken by UND to determine if the new VCSU plant could successfully support an activated carbon production facility which would 1) provide a revenue stream through activated carbon sales and 2) serve as a platform for a variety of carbon product research derived from North Dakota carbon feed stocks that included lignite coal and agricultural biomass. The initial studies provided sufficient proof of concept that such a project was viable, and VCSU obtained authority to sell self-liquidating revenue bonds for construction of the carbon plant from the 2017 legislative assembly and governor.

Sale of revenue bonds was not guaranteed or underwritten as a general obligation of the state, and as a new venture project, required that a detailed engineering feasibility study and business plan would be required to attract investors. Completing both the study and plan would require a more detailed engineering study, which was obtained by retaining both engineering and construction services on a contingency basis. Selection of both services was explicit on the contingency that unless our efforts to sell revenue bonds with supportable interest rates was realized, no fees would be paid to the consultants.

The approach was successful, with ONE engineering consultants and Construction Engineers (both North Dakota firms) were retained for the project. In addition to

initial engineering design and construction cost estimates, the team was joined by Barr Engineering on a negotiated fee basis to develop a third-party feasibility study which would certify that the project could be built and produce activated carbon. UND research experiments being conducted at the same time as the feasibility study provided valuable information on activated carbon quality and potential market value to be used in the business plan along with operating costs developed by the core engineering and construction team.

By summer of 2019, progress on the feasibility study and business plan neared completion, with a report indicating the plant could be built for the authorized amount of \$22.5 million with a very conservative contingency of approximately 40%. This cost estimate included the minimum essentials of equipment and facility that could produce the activated carbon product, assuring investors a functional plant could be built and used as security for the bond sales.

VCSU had retained the services of a financial advisor with experience in start-ups that could best develop a prospectus needed for the sale of revenue bonds. Financial advisors indicated that having an agreement in hand to sell the activated carbon would be the best measure for insuring a successful sale. As with any risk venture, vendors were hesitant to enter into any agreement to sell the VCSU product at greater than rock-bottom prices which would provide only a break-even margin within the business plan cost structure. Because a sales agreement that shackles VCSU to a reduced margin would greatly restrict the amount of revenue that could be used for research and new product development, doing so would be more detrimental than selling bonds at a higher interest rate.

VCSU continues to move forward with plans to sell revenue bonds, and work continues with UND and Envergenx developing biomass and fossil fuel based feed stocks which, when processed using the VCSU carbon plant model, will produce activated carbons with a surface area (the measure of AC performance and value) approximately two times greater than available through lignite feed stocks, and twenty to thirty percent greater than current high performance carbons on the market. Note that although lignite has a smaller surface area than biomass feed stocks being considered, it nevertheless remains a valuable product albeit at a lower price point.

As we develop new high-performance carbons from North Dakota feed stocks, activated carbon demand continues to grow along with energy market opportunities that enlist the research potential of the carbon plant. The core equipment to be used at the VCSU plant is commonly referred to as a “multiple hearth furnace.” This refractory-lined reactor digests the feed stocks at relatively high temperatures in an oxygen free environment. This results in reduction of the lignite coals and biomass

and releases a hydrogen-rich gas that can be used as fuel or feedstock for other reactions. Note that no feedstock combustion takes place within this furnace, although natural gas is burned to provide the initial digestive heat for the reaction.

Although VCSU intends to use the synthetic gas to produce steam for the campus and as the activation media for the carbon production, the furnace has the capability to realize other synthesizing reactions that can provide added value to both fossil fuel and biomass through the gas-solid nexus occurring at high temperatures within the sealed environment. Because it will be the only multiple hearth furnace in this region, it provides research partners throughout the state with a platform that can demonstrate procedures that prove new clean energy concepts using North Dakota feed stocks for opportunities such as energy storage and hydrogen production.

VCSU intends that plant revenues be used for reducing its deferred maintenance liability, as well as investing in the plants teaching and research goals. Reasonable interest rates, coupled with a high-value product that results from both location (shipping costs are lower for users in this area) and the surface area quality of our feed stocks, will yield the greatest revenue over expense margin which will be reinvested in both the VCSU physical plant and North Dakota's energy future.

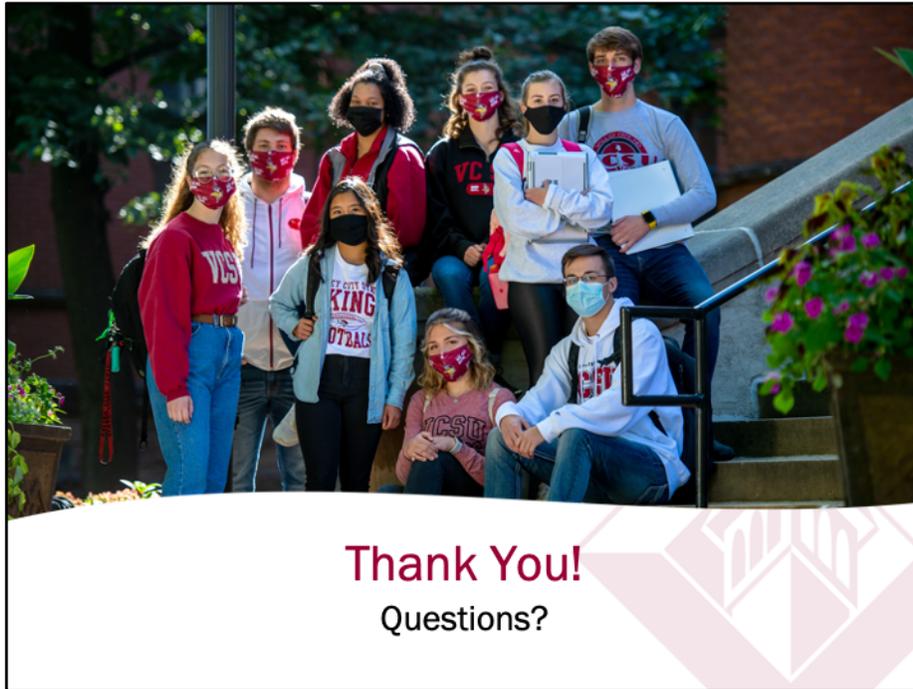


At VCSU, we deliver distinctive, learner centered experiences in an environment defined by quality and innovation.

We are supporting the NDUS needs based budget and the interim higher education recommendation for a new funding formula.

Moving forward – We pledge to

- Continue being responsive to the needs of the students, community and state.
- Continued emphasis on QUALITY – in and out of the classroom
- Continued emphasis on GROWTH – strategic planned and targeted growth
- Continued collaboration and development of partnerships that address important workforce development initiatives



THANK YOU! This capture the sentiments of our entire institution and community. Thank you for providing this opportunity for VCSU!

Our Record of success is evident.

- So - - to wrap up - - I'm so very EXCITED and HONORED to be a part of the future of Valley City State University and our significance to the community, state and region. I envision VCSU as a continued leader in innovation, quality and distinction and am confident we will continue to make a tremendous positive impact throughout the community, state and region!
- In order for us to continue our success, we support the NEEDS Based Budget and the need to sustain and retain our faculty and staff with raises.
- We ALL continue to ROW! Any questions?