



# **Higher education opportunities and challenges in oil-impacted communities**

*A white paper prepared by the North Dakota  
University System Office.  
Contact: Chancellor Bill Goetz at 701-328-2963 or  
william.goetz@ndus.edu*

## Higher education opportunities and challenges in oil-impacted communities – April 2012

North Dakota's economy outpaced all states in 2011 with the fastest growing personal income and number of job possibilities. But oil-boom opportunity doesn't come without challenges.

North Dakota's infrastructure in the major impacted region, specifically in housing, transportation and roads maintenance, general costs of living, police and emergency services, individual safety – AND EDUCATION – is near breaking points.

Thousands of workers have moved to 17 Western counties. Williston is the fastest growing small city in the United States. In a 365-day period ending in July 2011 it grew nearly 9 percent in small city population (10,000 to 50,000) to nearly 25,000 residents. Dickinson and Minot also rank in the top eight in fastest growing small cities. And recent flooding in Minot and Bismarck adds to limiting housing availability in all four cities.

The boom and its attached opportunities-challenges are likely a long-term fact of our lives. Secretary of the Interior Ken Salazar is now seeking new initiatives to expedite development of domestic energy resources. The review time for drilling permits could be reduced by two-thirds and the time required for the sale and processing of federal oil and gas leases will be reduced.

The Bakken Formation is a world-class reserve that is believed will be active for at least the next four decades. In 2008 it was estimated that it included between 3.0 to 4.3 billion barrels of undiscovered, technically recoverable oil. That estimate is expected to climb much higher as the United States Geological Survey updates its oil and gas assessments with significant new technology and geological drilling and production information that is now available. Oil production in the Bakken increased from 28 million barrels in 2008, to 50 million barrels in 2009 to approximately 86 million barrels in 2010.

All of this will present challenges on many levels. This white paper specifically addresses the impact on higher education in the four communities where educational challenges are greatest at Williston State College, Minot State University, Dickinson State University and Bismarck State College.

Most obvious are housing, employee salaries, employee turnover, safety and security, academic issues and availability, cost of living, transportation, and business and industry expectations. The colleges and universities reviewed in this white paper have unique budgeting implications and considerations as a result of the oil boom, flooding and other factors.



### HOUSING

The influx of oil-field workers dramatically impacts students, staff, faculty and those in administration. Williston is No. 1 in the state in housing shortage and rent inflation. Typical rents run from \$2,350 a month for a one-bedroom/one-bath unfurnished apartment to \$4,780 a month for a three-bedroom/two-bath furnished unit. The Convention and Visitors Bureau in Minot reports a 77 percent occupancy rate. A higher-than-normal monthly rate of \$1,200 in Minot was recently raised an additional \$250 and some students are openly talking about transferring to cheaper cost-of-living college-university communities. Current vacancy rate for an apartment in Dickinson is 0.5 percent and monthly rent has markedly increased with no sign of relief. Bismarck is also experiencing an extremely tight housing market with rapidly rising sales and rental peaks.

**CONSIDERATIONS:** Housing shortages and dramatically rising costs will continue to place serious pressures upon students and higher education employees. Ideas to consider could include:

- Salary increases beyond the standard.
- Specific housing supplements.
- State-built and student-worker occupied complexes.



### EMPLOYEE SALARIES

It is becoming more and more difficult to recruit, hire and retain because of the high number of non-educational jobs that offer higher salaries than are typically offered at North Dakota educational institutions. This is a uniform problem for all employment levels including basic maintenance, adjunct and full-time faculty, full- and part-time staff. City of Dickinson employees have received a 17 percent increase over two years. Workers at McDonald’s are starting at \$14 an hour with a \$300 signing bonus. Skyrocketing salaries in Williston have grown to an average annual wage of more than \$70,000 (\$81,000 in oil and gas).

**CONSIDERATIONS:** Employee salaries will continue to cause difficulty in finding and keeping quality educators-workers in a high employment/high salary competitive situation. Ideas to consider could include:

- Salary increases beyond the standard.
- More frequent salary increases.
- Salaries tied to community averages.



### EMPLOYEE TURNOVER

Williston State College experienced a 40-percent employee turnover in the past year. The reason most often identified in exit interviews was salary. Benefits are also cited, such as a lack of child care. The same reason – salary – was listed as a deciding factor for many of the 17.7 percent of employees who turned over at Dickinson State (some also mentioned day care). Applicant pools in the past would routinely include 20-30 qualified individuals. The number today is generally five or six. While the national turnover rate in January 2012 was only 3 percent, Bismarck State is experiencing nearly 10 percent.

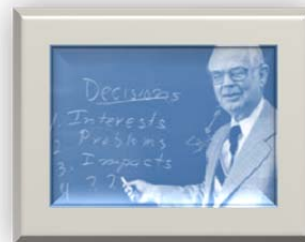
**CONSIDERATIONS:** Employee turnover could be reduced through consideration of housing and salaries supplements. It could also be less prevalent with an “available” individual employee benefit account that could be spent on cafeteria-specific items like child-care.



### SAFETY AND SECURITY

The sudden influx of people and vehicles has meant an increase in traffic fatalities, arrests for DUI, general crime, prostitution and drug trafficking. Jail bookings have increased 150 percent in Williston and police calls have gone up 250 percent. No longer can the colleges and universities addressed in this white paper rely only upon community policing. Private security, limited and pricey, has been utilized when available and affordable. Students increasingly express concern about safety and security and parents of prospective students are asking for reassurances. BSC’s law enforcement supervisor left to work for an oil company at more than double his \$65,000 compensation in Bismarck.

**CONSIDERATIONS:** Safety and security needs to be a priority for our college students and those educating them. A supplemental fund might be established to support on-campus security operations with staffing proportionate to size, need and actual crime data. More training in self-defense and safety courses/classes should be made possible.



### ACADEMIC ISSUES & AVAILABILITY

Full-time and adjunct faculty is becoming more difficult to identify and employ. It could cost upward of \$100,000 to hire a full-time faculty curriculum development professor in BSC’s new petroleum engineering technology program, which could

present internal equity problems with other market-driven program faculty salaries. Dramatic population growth (such as Williston), adds to specific demand for programs and degrees. The same can be said for all of the institutions in this white paper.

**CONSIDERATIONS:** Academic issues and availability are always curriculum considerations that will vary at institutions due to different sets of dynamics. The commonalities for the institutions in this white paper seem to center upon past discussion issues such as housing and salaries. Solution resolution could be as simple as a review of institutional resources, sharing of resources, or special modification in funding process for such fast-changing demands.



### **TRANSPORTATION**

The area served by these institutions is huge; Williston State claims 9,151 square miles. Minot is 126 miles away and Dickinson is 131 miles south. Truck traffic in the triangle and other area roads is destroying asphalt and other surfaces. In January, 5,000 drivers were processed at the Williston DMV. Airline availability of flights and parking pressures are great in Minot, Dickinson and Bismarck. Local transportation concerns also impact students and workers.

**CONSIDERATIONS:** Transportation has been an ongoing issue addressed by the legislature in terms of arterial roads between communities and the oil patch and within communities. This should continue. But deeper commitment will benefit the needs of students and higher education workers.



### **BUSINESS & INDUSTRY EXPECTATIONS**

Business and industry needs and expects well-trained workers in a spectrum of areas. The North

Dakota Petroleum Council has made it clear that oil and gas companies believe the university system can't currently provide all the needed training – without enhancements. Frequent requests are being made to address workforce and infrastructure needs through the addition of programs and courses.

**CONSIDERATIONS:** Business and industry expectations will continue to grow in direct proportion to energy industry growth. To meet expectations the legislature must be as flexible and aware of the state educational needs as it is of the state's other infrastructure needs and oil energy desires. To reach business and industry expectations, higher education is dependent upon legislative awareness and support.

## **Recommendations**



The legislative budgeting process needs to focus significant care and consideration on all university systems institutions with a special eye or attention to the specific urgent need requested for oil-impacted communities at Williston State College, Minot State University, Dickinson State University and Bismarck State College. Immediate detailed review of the special budgeting needs of higher education in oil-impacted communities, specifically at Williston State College, Minot State University, Dickinson State University and Bismarck State College is essential. The recommendation of task force members would include elected state representatives of those communities, presidents of those community colleges-universities and others as deemed necessary. Additionally, a budget proposal is identified in the 2013-15 budget for SBHE consideration.