

South Dakota Public Universities

Delivering a Career- and Job-Ready Workforce



Our Challenge: Planning Ahead as South Dakota Emerges from the Economic Downturn

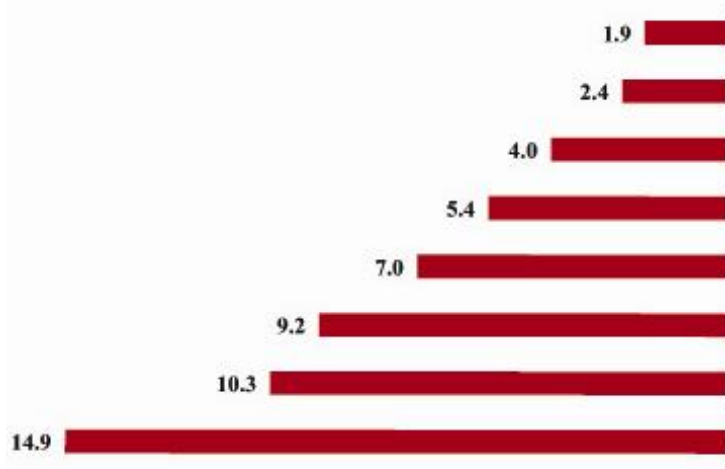
Higher education and workforce development go hand in hand. Our priorities are to:

- **Enroll and graduate more citizens.**
 - Armed with education and skills, they will help build SD's economy.
- **Attract new residents to South Dakota.**
 - With an aging demographic, it is essential to attract more young people to SD as our future workforce.
- **Leverage university-based research and development.**
 - Research initiatives contribute significantly to SD's economic growth.
- **Grow graduate programs.**
 - Improve SD's low ranking of citizens with graduate or professional degrees, who will become our future workforce.

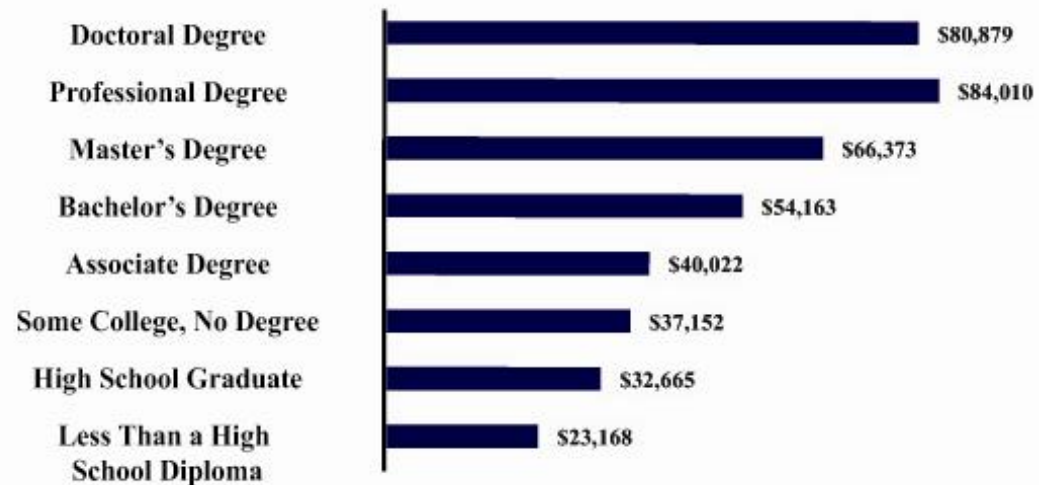
Higher Education Pays Personal Dividends

Increasing levels of education pay off
in higher earnings and
lower unemployment rates.

Unemployment Rates 2010



Median Annual Earnings in 2010



Source: U.S. Bureau of Labor Statistics,
Current Population Survey

SD Wages by Hiring Preference Levels

| Hiring Preference | 2009 Average Salary |
|---|---------------------|
| Postsecondary education at less than the Associate degree level | \$29,625 |
| Associate degree | \$41,278 |
| Bachelor's degree | \$45,289 |
| Bachelor's degree and work experience | \$80,272 |
| Master's degree | \$54,543 |
| Doctoral degree | \$64,586 |
| First professional degree | \$121,345 |

Source: SD Department of Labor & Regulation

Higher Education Also Serves the Public Good

- **A more highly educated population:**

- Attracts and retains high-tech business and industry
- Lowers unemployment rates
- Lowers health costs
- Improves voter participation and civic engagement
- Results in better education for children
- Raises aggregate earnings and income potential

- **Who benefits?**

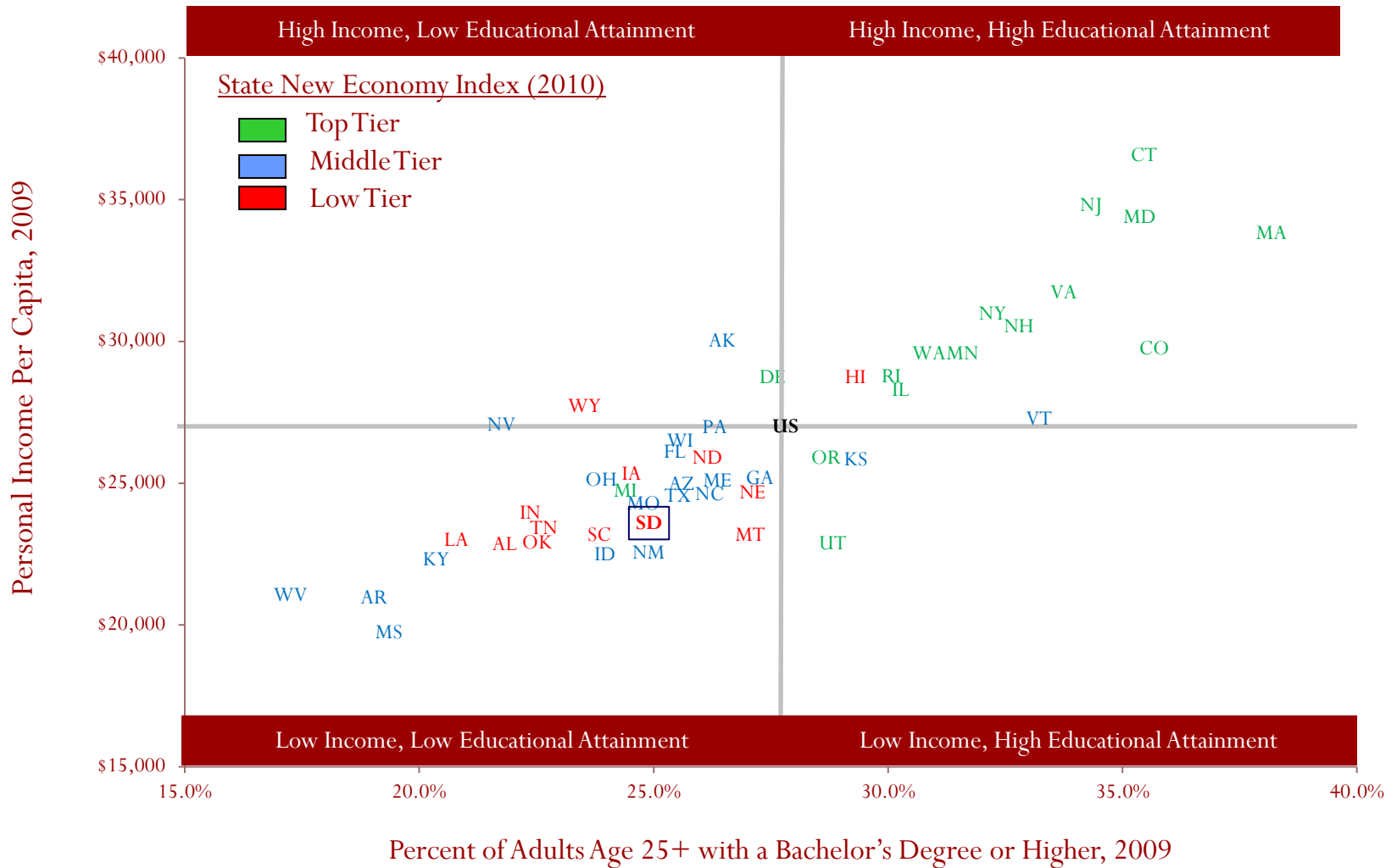
- Local Communities
- Our State
- The Nation



Photo Credit: Chad Coppess / SD Tourism

Source: The College Board, "Education Pays 2010"

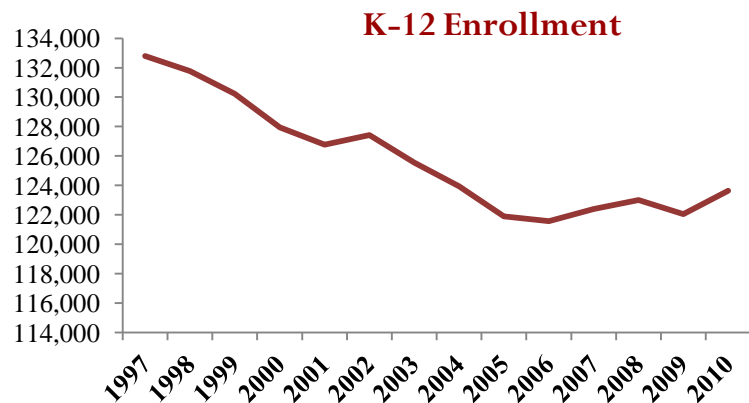
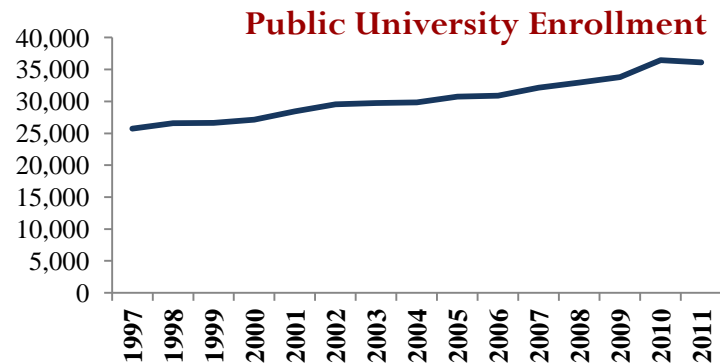
There's a Strong Relationship Between a State's Educational Attainment, Personal Income, and Economic Strength



Sources: 2009 American Community Survey (U.S. Census Bureau);
2010 State New Economy Index (ITIF)

As a State, We Are Making Progress to Enroll More Students. . .

- A near-record number of students are being served by SD public universities, at the same time that K-12 enrollments have declined, then leveled.

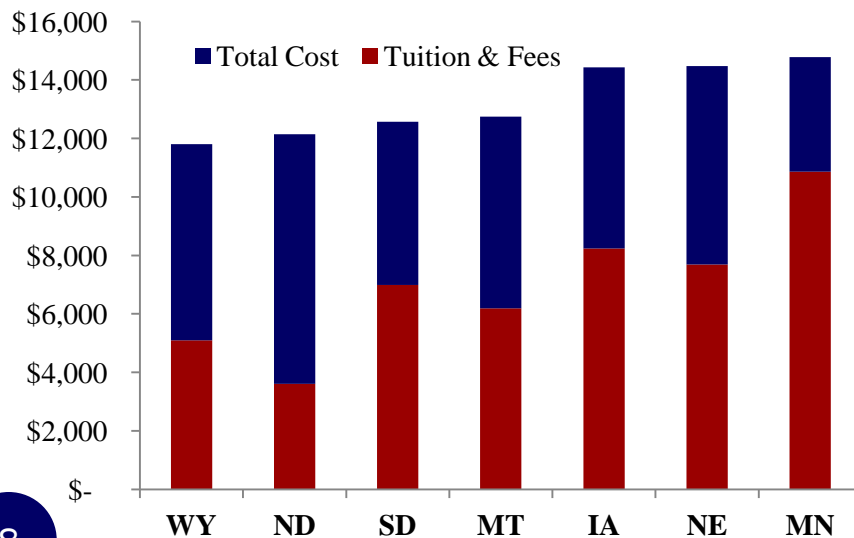


Sources: Board of Regents' Fact Book FY 2011;
South Dakota Department of Education

. . . but There is Much More to Do

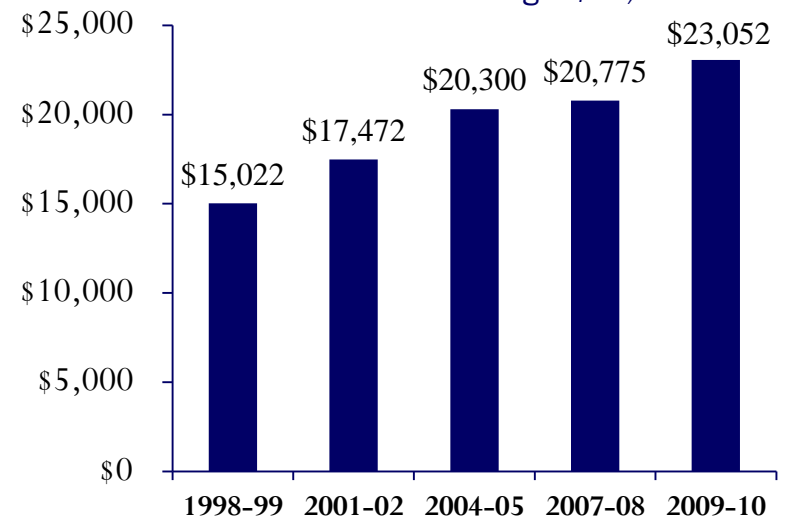
- Ensure higher education remains affordable for all citizens.
 - Carefully manage tuition and fee increases.
 - SD is only state without a state-funded needs-based financial aid program to increase low-income college participation.

Undergraduate Resident—
FY11 Tuition & Fees as a Part of Total Cost



Average Student Loan Debt
South Dakota System

2010 National Average: \$24,000

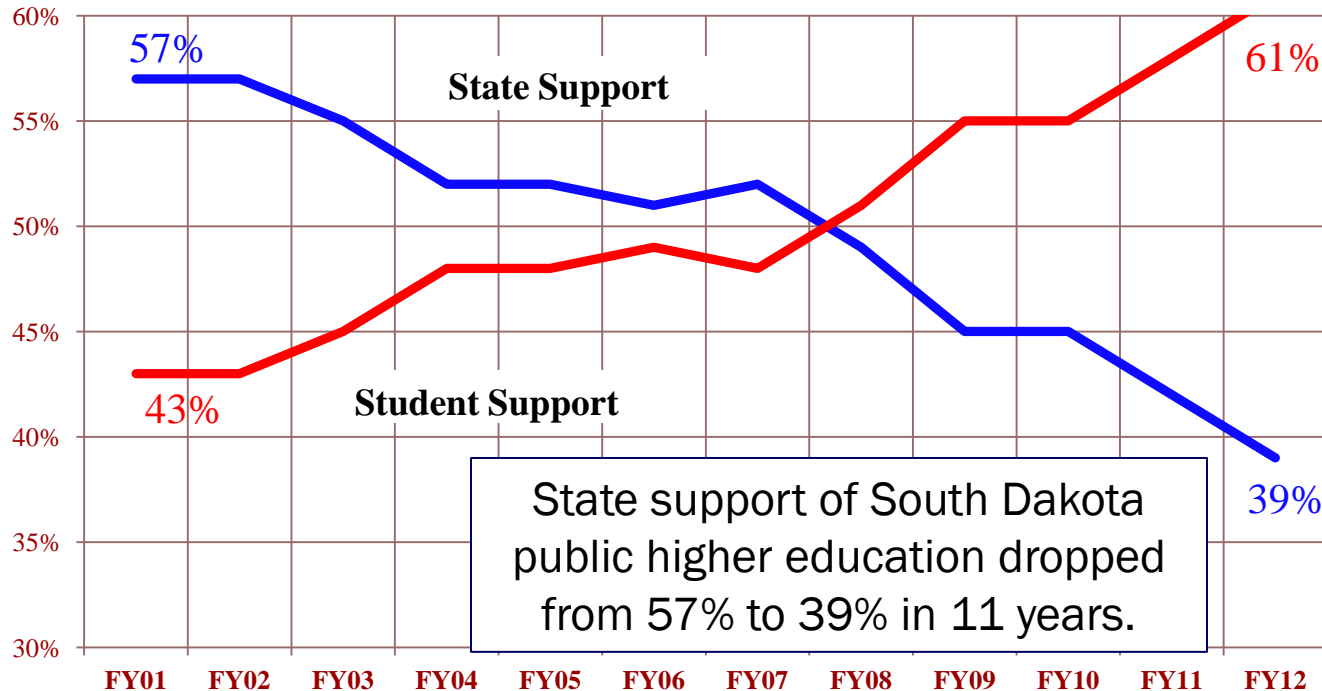


Source: Board of Regents' Fact Book FY 2011

Today's Reality:

Declining state support drives up tuition and fees

. . . and limits access to lower-income students



Why has this happened?

- 15.6% cut in general fund support over 3 years equals a \$27.8 million cut to higher education's budget.
- No new state dollars to address growth of 1,000+ full-time students equals a shortfall of \$2.4 million.
- \$18 million shortfall in state funding of utility costs.
- No inflationary dollars on base operating expenses equals a \$3 million loss in purchasing power since 1998.

Source: FY01-FY10 – Board of Regents' Fact Book;
FY11 – Board of Regents' fiscal office;
FY12 – Projected data

In the past decade, there's been a dramatic shift from state funding to student financing of a postsecondary education.

This is the situation we face today. How have we tackled this challenge of declining state support?

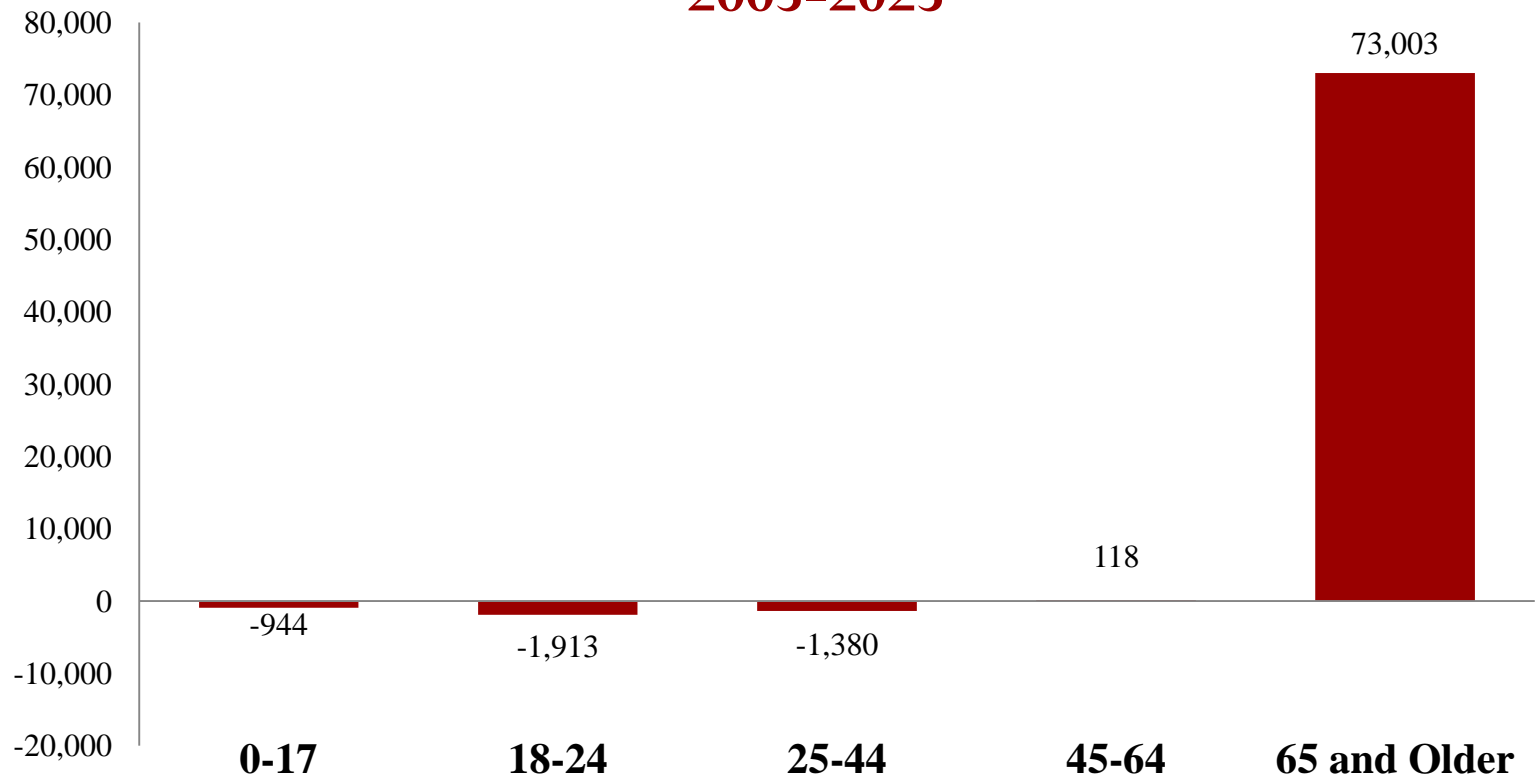
- Graduated More Students**
- Made Academic Programs More Productive**
- Adopted 'Shared Services' Business Model**
- Strengthened Research and Technology Transfer**

Getting more students graduated...

| <i>Groups</i> | <i>2003-04</i> | <i>2005-06</i> | <i>2007-08</i> | <i>2009-10</i> | <i>2010-11</i> | <i>2011-12</i> | <i>Percentage</i> |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------------|
| Freshmen | 4,470 | 4,865 | 4,721 | 4,857 | 5,336 | 5,241 | +17% |
| Undergraduate Degree Graduates | 3,616 | 3,728 | 4,004 | 4,075 | 4,256 | n/a | +18% |
| Fall FTE Enrollment | 23,605 | 24,089 | 24,512 | 25,468 | 26,625 | 26,719 | + 13% |
| Total Graduates | 4,788 | 4,918 | 5,272 | 5,360 | 5,591 | n/a | + 17% |

... to stay and become our future labor force in South Dakota.

Projected Change in South Dakota Population by Age 2005-2025



Improving productivity of our academic programs

- Cut 44 low-enrolled degree programs.
- Cut 118 specializations.
- Cut 15 minors.
 - ✓ Goal is to achieve cost savings and free up resources for higher priorities.

Adopting a 'shared services' business model for greater efficiencies

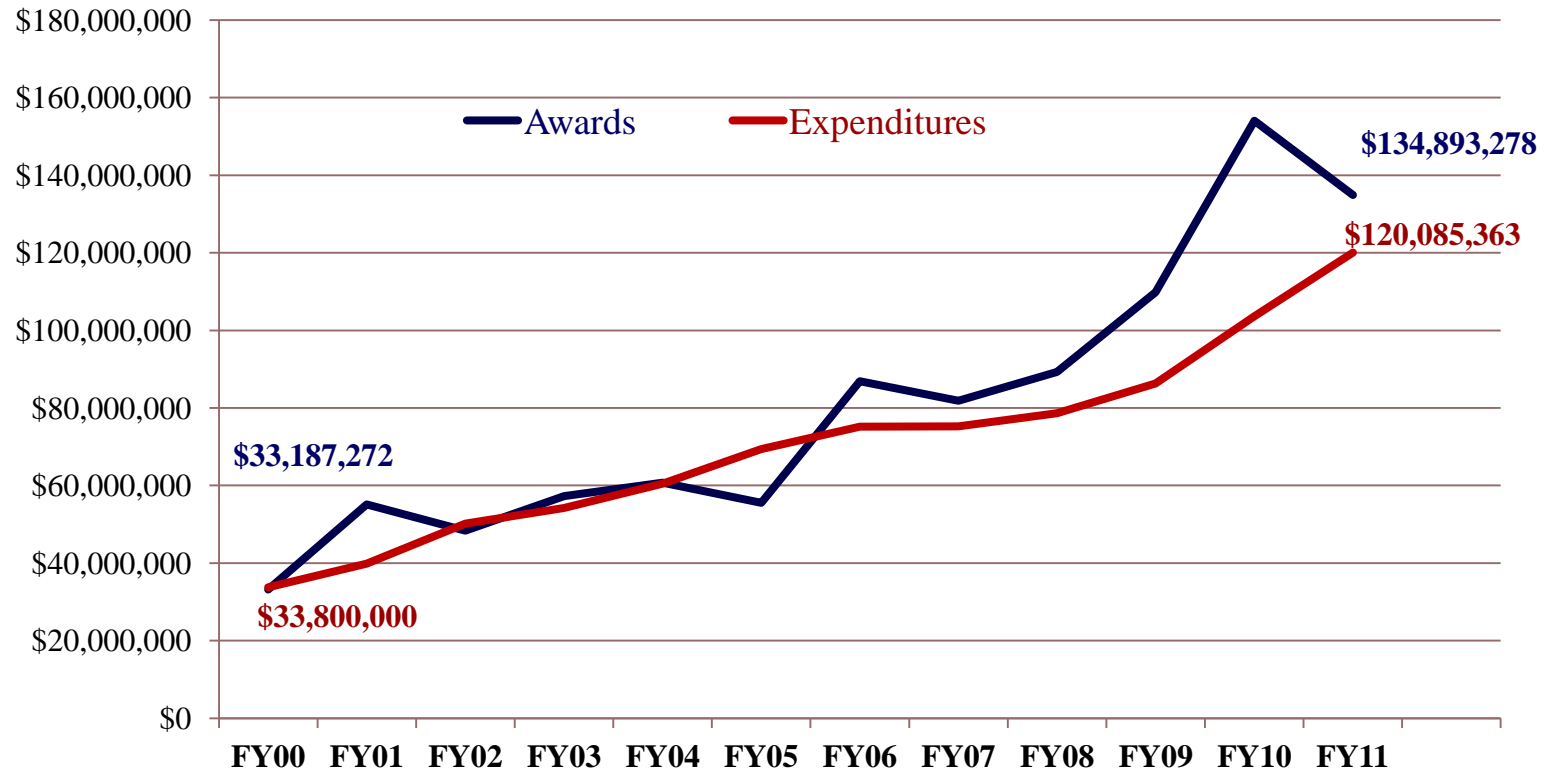
- **Shared procurement services, single centers for payroll and accounts payable**
 - System uses single expert buyer for purchases of technology, scientific supplies & equipment, and furnishings.
 - One center handles payroll processing for all six universities and two special schools.
 - One center processes all payments for the system.
- **Enrollment Services Center**
 - Handles application processing and financial aid verification for all six public universities.
- **Regents Information Systems**
 - Manages system-wide information technology infrastructure and software.
- **Electronic University Consortium**
 - Coordinates all distance learning activities for the system.

✓ Goal is to achieve more efficiencies and avoid unnecessary duplication.

Strengthening research and technology transfer into new commercial ventures

- Invested additional resources in graduate education, university-based research, and Ph.D. programs.
- Grew research and technology development on all campuses.
 - ✓ Goal is to keep more students here to study, live, and work, and to move South Dakota's economy forward.

Record Levels of University Research Lead to a More Robust State Economy



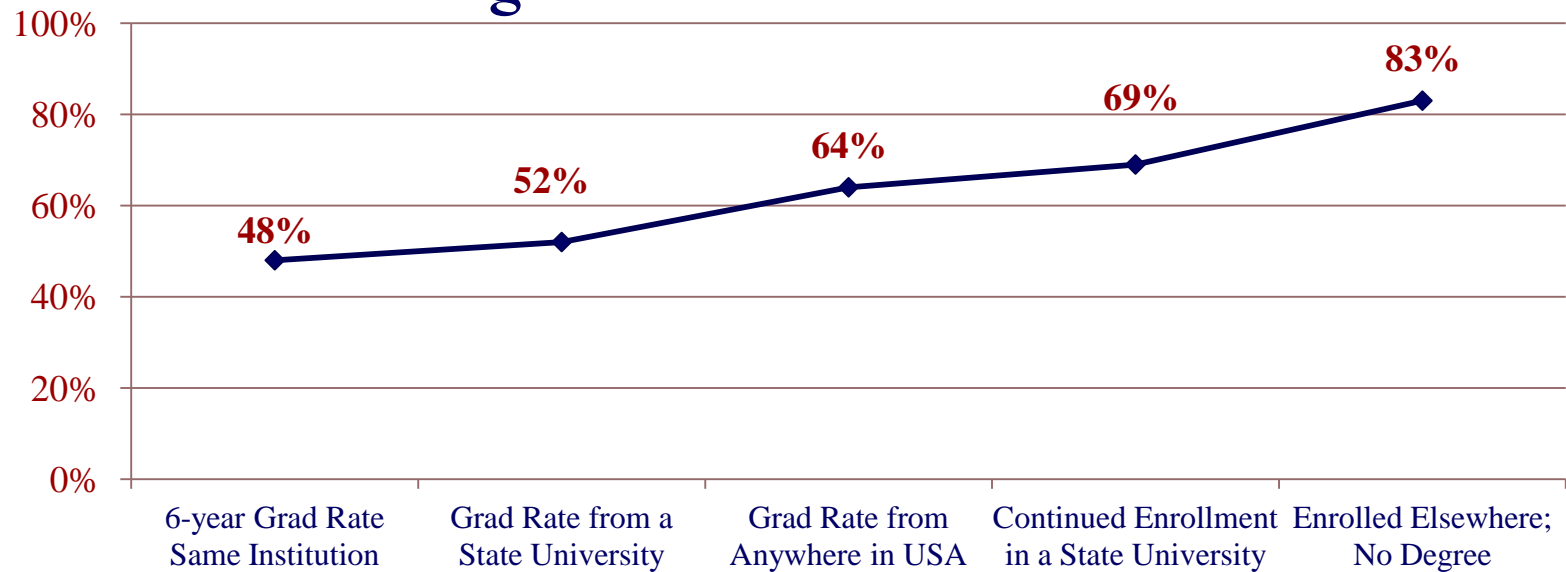
- 255% increase in research expenditures between FY00 and FY11.
- Total expenditures increased from \$33.8 million to \$120.1 million.

Source: Board of Regents' system office

Myths about Public Higher Ed in SD

- **Myth #1: Public universities' graduation rate is low.**

Drilling Further into Graduation Rates



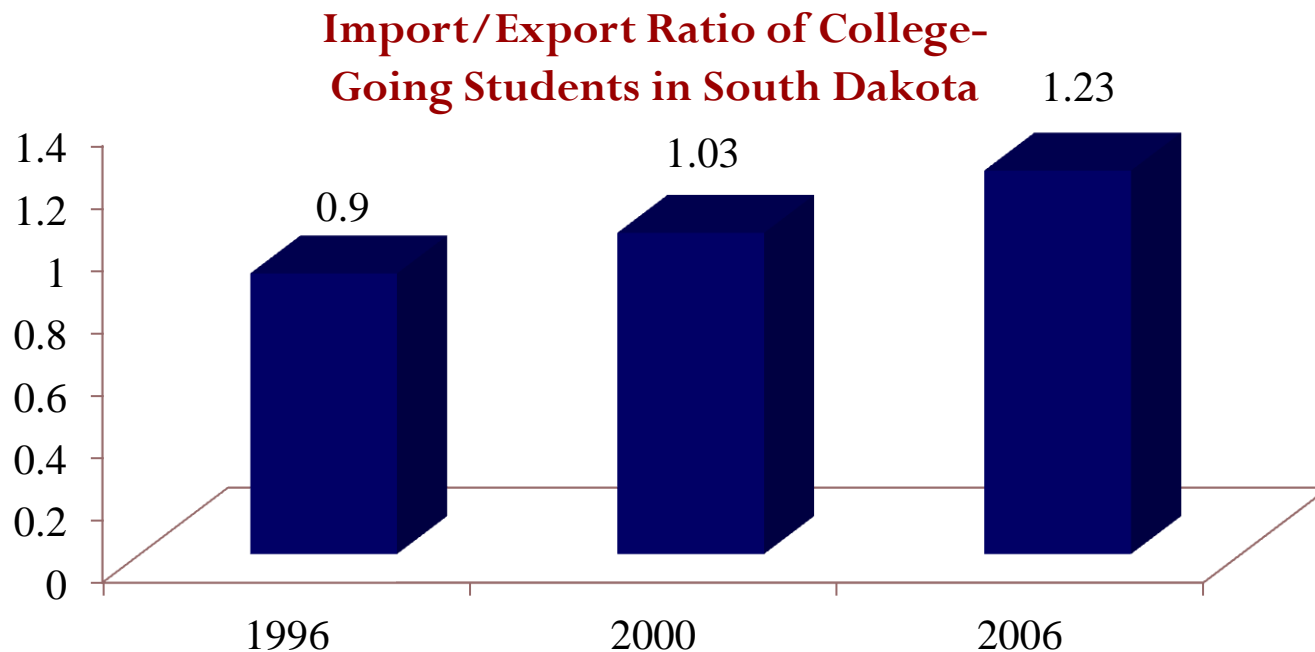
Sources: Board of Regents' Fact Book FY 2011;
National Student Clearinghouse

Myths about Public Higher Ed in SD

- **Myth #2: Closing a university campus saves the state money.**
 - If the goal is to retain students from the closed institution within South Dakota to finish their education, it will require moving the facility infrastructure and personnel needed to support those students to another campus.
 - **Rather than saving money, it increases costs.**
 - *Example: If the Legislature closed SDSMT and moved its students to SDSU, it would require at least \$131 million in new facilities to accommodate the added student population, along with ongoing operational costs for faculty, support staff, and student services that would be transferred to the new location.*

Myths about Public Higher Ed in SD

- **Myth # 3: South Dakota loses more students than it keeps.**
 - South Dakota is a net importer of college-going students.



Ratio is calculated as the number of first-time freshmen imported from other states, divided by the number attending college out of state.

>1 = import more than export, <1 = export more than import

Source: National Center for Education Statistics

Myths about Public Higher Ed in SD

- **Myth # 4: South Dakota's higher education system does not coordinate its work with the K-12 and technical education systems.**
 - General education courses transfer seamlessly from the four technical institutes to the six public universities.
 - 256 transfer agreements are in place between public universities and technical institutes to provide more options for degree completion.
 - The public universities and the state Education Department work together to strengthen teacher education programs.
 - The public university system is working directly with the state Education Department on the Common Core Standards initiative.
 - The public universities work with the Education Department and the state's high schools to offer dual credit and Advanced Placement programs.

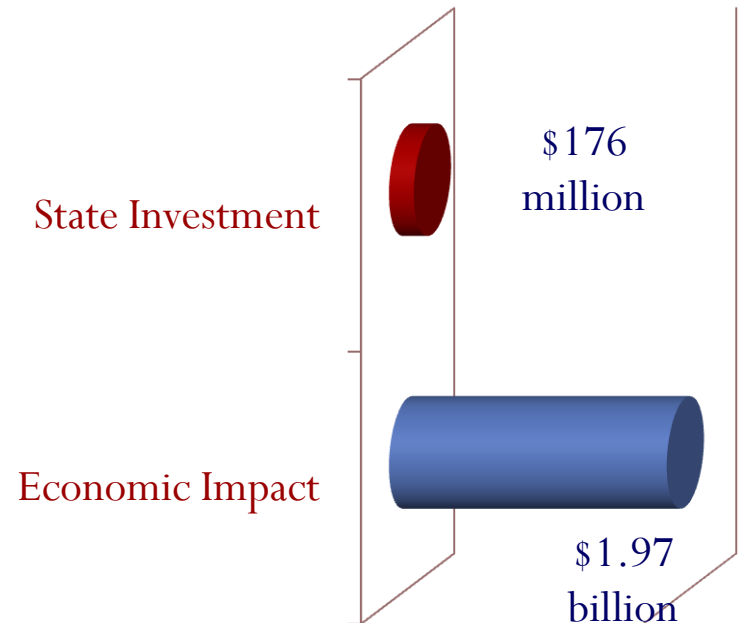
Facing Facts: Public Higher Education is an Economic Powerhouse

- Public universities in South Dakota generate about **\$1.97 billion a year in long-run annual economic impact** to South Dakota.
- Public universities **directly support 5,326 jobs** in South Dakota.

Source:

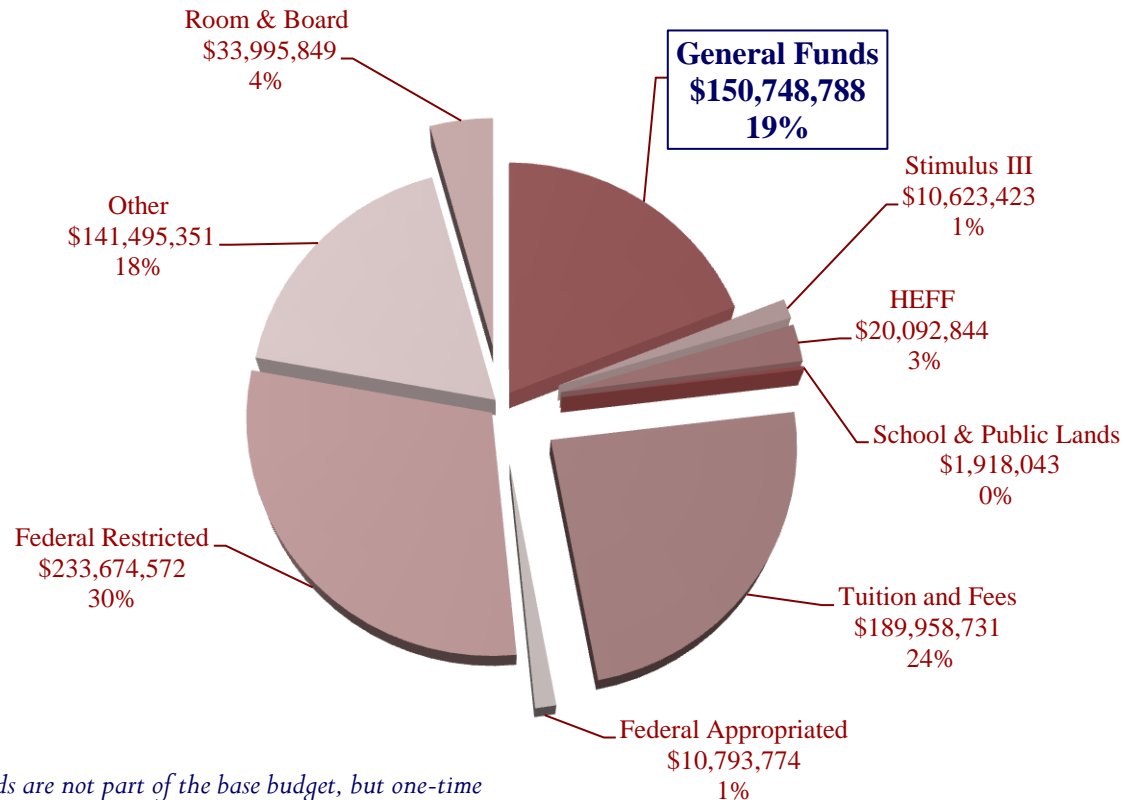
*USD Government Research Bureau
(2010 study based on FY09 data)*

Public Universities: Investment & Return Fiscal Year 2009



19% of Public Higher Education Budget Supported by State Tax Dollars

Board of Regents FY12 All Funds by Fund Source
\$793,301,375



Note: Stimulus III funds are not part of the base budget, but one-time monies that will be eliminated in FY13.

Source: Board of Regents' fiscal office

Salaries Top Budget Concerns for FY13

- **Top priority: salary policy for all state employees.**
 - No salary increases since July 2008.
 - Public universities must compete in a national market for their talent.
- **\$3.3 million to educate and train more physicians, nurses, and physician assistants.**
 - Critical need given state's aging population.
- **\$1.8 million to create Ph.D. degree program in physics.**
 - Support Sanford Underground Research Facility at Homestake.
 - South Dakota one of only two states without a doctoral-level academic program in physics.
- **\$10.6 million to replace federal stimulus dollars.**
 - Federal dollars were plugged into higher education's budget during the economic downturn.
 - Critical ongoing budget needs must be met.
- **\$363,524 to support E-Learning Center at NSU.**
 - New developmental courses to prepare students for college-level work in English and math.
- **\$3 million in one-time funding for initiatives important to South Dakota's economy.**
 - Student success initiatives to produce more college graduates.
 - Revolving account to support campus-based research initiatives and infrastructure.

For More Information. . .

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