



Tuition and Fee Process

Annually, the institutions submit requests for fee increases for the upcoming fiscal year. These requests are forwarded to the Board of Regents at the March/April meeting in conjunction with the recommended tuition increases for the next fiscal year. The information includes mandatory fees, program fees for high cost disciplines, room and board, and miscellaneous fees. This allows for the total cost to be presented.

Board of Regents [Policy 5:5](#) dictates that the Consumer Price Index (CPI) calculated by the Bureau of Finance and Management will be used as the inflationary measure to gauge the annual inflation on the cost of higher education. The CPI shall be used as a guide to limit the total annual fee calculation. The increased cost of salary policy and benefit costs will be used as a guide to establish the annual adjustment to tuition, mandatory and program fees.

The tuition and fee structure is based upon the following tuition, required fees, and program fees:

Tuition – student classifications:

- Undergraduate or Graduate
- Resident or Non-resident

- Tuition Allocations

The tuition rates include components to support specific initiatives and priorities established by the Board. These components are part of the base on-campus tuition rates.

Salary Competitiveness: This component supports the Board’s goal to bring the salaries of faculty and exempt staff closer to the regional market.

Institutional M&R: The maintenance and repair dollars are retained locally to address pressing M&R needs of academic facilities at each campus and can only be expended on Board approved projects.

Critical M&R Bond: The funds are committed to the retirement of the critical deferred maintenance bond approved by the Legislature during the 2007 legislative session.

Technology Component: This component is dedicated Regents’ Technology Plan, campus technology IT needs and technology investment goals, and for the ERP systems like the finance and student systems.

- General Activity Fee (GAF) – supports student functions related to co-curricular activities, operations of the student union building, cultural events, homecoming, student government, student newspapers, athletics, intramural activities, fine arts, and debt on student unions.

Program Fees – Fees charged on certain high cost disciplines to support incremental costs of salary enhancement and other operating costs for the benefit of the students enrolled in that particular discipline.

The Board approves each fee on an individual basis. Other fees that will be approved include room, board, delivery fees, vehicle registration, and system fees. Since the academic year begins with the summer session, the tuition and fee rates approved at the March or April Board meeting become effective at the start of the summer term.

Tuition and Fee Cost Increase Drivers

Cost Drivers

There are a number of funding issues that must be considered when looking at the annual cost increase of tuition and fees: state salary policy, health insurance premium increase, inflationary increases to maintain the purchasing power of the institutions, Consumer Price Index (CPI) for “meals away from home” to reflect the market for food service costs, and the Board’s 2% Maintenance & Repair (M&R) commitment.

- **Salary Policy and Benefits** - The state only provides additional revenues to pay for salary policy and benefit cost increases for employees paid with general fund dollars. All other fund sources (tuition, university support fees, general activity fee, salary competitiveness fee, salary enhancement fees, room, and board) must be increased to cover salary policy for employees paid with these fund sources.
- **Inflation – Consumer Price Index** – The Board agreed to use the annual CPI as the guide for inflationary increases. This index is used for inflationary increases to the university support fee, general activity fee, program fees, vehicle registration, and residence hall rates. Beginning in FY06, the Board approved the guidelines of applying the “meals away from home” CPI, used by the food service industry, in determining the rate increase requests for food service and room and board. A significant portion of the additional revenues generated by the inflation increase will be used to fund salary policy and benefit cost increases for staff paid with these fund sources.
- **Exceptions to CPI** – Any increases that are not inflationary in nature must be documented and justified. The Board approves increases beyond the CPI based on the merits of the proposal. The student leadership and student body must usually support increases to the General Activity Fee beyond the CPI. Cost increases within programs, contractual obligations, capital improvements (residence hall remodel), and documented cost increases beyond the normal inflation (libraries, technology) are some justifiable reasons for increases beyond the CPI.

State and Student Funding

Another factor that must be considered when looking at tuition and fee rates is the level of state support. The greater the level of state support (taxpayer support), the greater the ability to

provide the citizens of the state a lower cost public education. Annually, the Board of Regents compares the level of state funding provided per capita and per \$1,000 of personal income for South Dakota and the seven surrounding states – Wyoming, North Dakota, Nebraska, Iowa, Minnesota, Idaho, and Montana. Those surrounding states support higher education at a far greater degree than South Dakota. If South Dakota wants to compete and provide a quality education, the students must pick up a bigger share of the cost.

1. **On-Campus Tuition** – Tuition is increased annually to cover the cost of the state salary policy and benefit cost increase for faculty and staff paid with tuition revenues. For every 1% increase in salaries, tuition must increase by approximately 1%. For example, a 3% salary policy for tuition-funded employees costs about \$1.0M and requires a 3% tuition increase. The increased cost of health insurance and other benefit costs must also be covered. Significant cost increases for benefits have required an additional 1% increase in tuition rates. A 3% salary policy and benefit cost increase will require approximately a 4% tuition increase.
2. **Off-Campus Tuition** – All courses offered off campus, including those at the University Centers and electronically delivered courses, are charged an off-campus tuition rate. The off-campus tuition rate includes a HEFF component of 11.5%. All off-campus tuition rates are charged per credit hour. Salary policy and all operating expense increases for the self-support operations must be covered with the self-support revenues.
3. **General Activity Fee** - The GAF supports student functions related to the co-curricular activities and operations of the student union buildings, including student organizations, cultural events, homecoming, student government, student newspapers, athletics, intramural activities, fine arts, and debt on student unions. Per Board policy, committees composed of a majority of student representatives are to recommend changes in the GAF to the presidents.
4. The guide for increases to the following fees and rates is the CPI and salary policy. Increases outside inflation, such as upgrades to facilities or additional services, require fee increases beyond the CPI.
5. **Program Fees** – The guide for increases to these rates is the CPI and salary policy. Program Fees, with the exception of the Lab Fee, may be used for salary enhancement, to purchase instructional equipment and to pay other operating costs for the benefit of the students enrolled in the discipline. The Lab Fees are limited to support operational costs for teaching labs. Increases beyond the CPI or new special discipline fees must be documented and justified.
6. **Residence Hall Rates** - The residence hall rates are charged on a per semester basis to fund the ongoing operations of the residence halls, including major repairs, renovations and debt service. The guide for increases to these rates is the CPI. The Board requires an annual two percent investment in auxiliary facilities maintenance and repair. Improvements to the halls that require additional rents must be justified and documented.
7. **Food Service Plans** - Food Service rates are charged on a per semester basis to cover the costs of administering the food service plans on the university campus. All of the universities use a contracted vendor for food service. There are numerous food service

plans available to students. The guide for increases to these rates is the CPI for “Meals Away From Home.” Contracts require annual increases to fund salary increases for employees. Increases outside inflation, such as utility increases, upgrades to facilities or contractual obligations may require fee increases beyond the CPI.

8. **Vehicle Registration** - Vehicle registration fees are assessed to all students and faculty that choose to park on the university properties. The guide for increases to these rates is the CPI then rounded to the nearest dollar. Increases beyond the CPI must be documented and justified.
9. **System Fees** – The revenues from the transcript and the application fee are retained on-campus for postage and handling costs. These fees are increased periodically to keep up with costs.
10. **Miscellaneous Fees** – The Challenge by Exam (College Level Examination Program), International Student Fee, and Testing Fees fall into this category. These fees are increased by CPI or are increased periodically to keep up with costs.
11. **Delivery Fees** – Delivery fees are used in conjunction with off-campus programs. Universities may assess a program delivery fee to support the incremental costs of additional equipment, support staff, space or facilities, student services, business services or library and related services for all courses in a program offered in an off-campus location. The delivery fee is the difference between the off-campus tuition rate and the on-campus tuition and the GAF. The rate is adjusted annually based on the difference between these rates.

The [annual tuition and fee schedule](#) can be found on the Board of Regents’ website.

Tuition Reduction Programs

Board Policy 5:5 outlines the tuition reduction programs available to students. Categories are both Board approved and legislatively approved items.

Board Approved Programs

- ◆ **Persons 65 Years of Age or Older (SC)**: The tuition for resident students sixty-five (65) years of age or older during the calendar year enrolled shall be one-fourth (1/4) of the cost of resident tuition.
- ◆ **Graduate Fellows and Assistants: (GA)** Resident graduate assistants and graduate student fellows shall be assessed 53% of the resident graduate tuition rate for all on-campus courses, nonresidents shall be assessed 63%. (Policy 5:17).
- ◆ **Reserve Officer Training Corps Cadets (ROTC)**: South Dakota residents who are junior and senior students and who are contracted senior Reserve Officer Training Corps (ROTC) cadets shall be charged fifty-percent (50%) of the undergraduate resident tuition rate established by the Board of Regents for not more than four semesters.

- ◆ North Dakota Residents Attending Northern State University (NSUND): First-time freshmen and new transfer students from North Dakota enrolled beginning with the summer 2004 term at Northern State University shall be assessed the resident tuition rate. This reduced rate is available only at the undergraduate level.
- ◆ Western Regional Graduate Program (WRG): The Master's and Ph.D. degree programs in materials engineering and science, offered by South Dakota School of Mines and Technology, are part of the Western Regional Graduate Program allowing students from WICHE compact states to attend the program at the resident tuition rate.
- ◆ Wyoming Residents Attending Black Hills State University (WY): First-time freshmen and new transfer students from Wyoming enrolled beginning with the summer 2013 term at Black Hills State University shall be assessed the resident tuition rate. This reduced rate is available only at the undergraduate level.
- ◆ Iowa Residents Attending Dakota State University, Northern State University, South Dakota State University, and the University of South Dakota (IAIS): First-time freshmen and new transfer students from Iowa enrolled at DSU, NSU, SDSU or USD beginning with the summer 2016 term shall be assessed the resident tuition rate. This reduced rate is available only at the undergraduate level.
- ◆ Children of Alumni (CA): First-time freshmen and new transfer students that attend the same university where their parent or legal guardian received a degree provided, the student meets eligibility criteria established by the home institution. Effective summer 2015, eligible students shall be assessed the resident tuition rate. This reduced rate is available only at the undergraduate level.

Legislatively Approved Programs

- ◆ Child of Deceased Veteran (SDCL § 13-55-6) (CDV): Free education for children of residents who died during service in armed forces. Any person under the age of twenty-five years, a resident of this state, who is a child of a deceased parent, mother or father, who was a veteran as defined in § 33-17-2 is entitled to free tuition to pursue any course of study in any state educational institution under the control and management of the Board of Regents.
- ◆ Dependents of National Guardsmen Disabled or Deceased in Line of Duty (SDCL § 13-55-10) (DDD): South Dakota residents under the age of 25 years whose father, mother, or spouse died or sustained a total permanent disability resulting from duty as a South Dakota National Guard member, while on state active duty or any authorized training duty, shall be entitled to tuition without cost and be entitled to attend any course or courses of study.
- ◆ Employees of the State of South Dakota (SDCL § 3-20-1) (SDE): Employees of the state who meet eligibility requirements and are admitted to the university may be eligible for a fifty-percent (50%) tuition reduction for undergraduate and graduate courses up to a maximum of six credit hours per semester.
- ◆ Survivors of Fire Fighters, Certified Law Enforcement Officers and Emergency Medical Technicians (SDCL § 13-55-22) (SFP): If a firefighter or certified law enforcement officer or an emergency medical technician dies as a direct result of injuries received in performance

of official duties, the survivor, upon being duly accepted for enrollment into any state-supported university of higher education or state-supported technical or vocational school, shall be allowed to obtain a bachelor's degree or vocational degree for so long as the survivor is eligible, free of any tuition. However, the bachelor's degree or vocational degree shall be earned within a thirty-six month or eight semester period or its equivalent.

- ◆ Certain Elementary and Secondary Teachers and Vocational Instructors (SDCL § 13-55-24) (TC): Certain elementary and secondary school teachers and vocational instructors may pursue any undergraduate or graduate course on campus upon payment of fifty-percent (50%) of tuition and 100% of required fees.
- ◆ Veterans and Others Who Performed War Service (SDCL § 13-55-2 through 13-55-4) (QV): Veterans and others who performed active war service may pursue any undergraduate course or courses without payment of charges for tuition for each month of qualified service or major fraction thereof a month in academic time. No eligible person shall be entitled to less than one nor more than four academic years of free tuition. Note: Many veterans will be coded as National Guard (NG), so the actual number of veterans qualifying will be understated.
- ◆ Dependents of Prisoner of War or Missing in Action (SDCL §13-55-9.2) (DPM): Any dependent of a prisoner of war or a person missing in action, upon his being duly accepted for enrollment into any state-supported institution of higher education or state-supported technical or vocational school, shall be entitled to eight semesters or twelve quarters, free of tuition and mandatory fees other than subsistence expenses, for either full or part-time study, for so long as he is eligible.
- ◆ Visually Impaired Persons (SDCL §§ 13-55-11 through 13-55-13) (VH): Residents of South Dakota who are visually impaired and are eligible for admission may pursue any course of study without payment of tuition and fees that other students are required to pay directly to the university until they have received two hundred twenty-five (225) semester hours of credit or its equivalent.
- ◆ National Guard Members (SDCL § 33-6-5) (NG): All National Guard students are entitled to a benefit of fifty-percent (50%) of the in-state resident tuition to be paid or otherwise credited by the Board of Regents. As of FY13, the Army's regulatory policy no longer allowed federal tuition assistance to be applied toward fees. Because this change would have meant a loss of \$1,800 to a full-time National Guard member, the Board staff worked diligently to find a solution. The Army agreed that the Board could apply the fifty-percent (50%) reduced-tuition benefit to fees, allowing the full tuition to be paid with federal tuition assistance. The Board still only provides a benefit equivalent to fifty-percent (50%) of the tuition, but it is applied to GAF, allowing the student to be eligible for more tuition assistance.
- ◆ Resident Tuition for Rehabilitation Services Clients: All non-residents who are receiving tuition support from the South Dakota Division of Rehabilitation Services are entitled to pay tuition at resident rates.

Regional Tuition and Fee Survey

Every fall the Board office conducts a [survey](#) of the public institutions in the surrounding states. States participating are Idaho, Montana, North Dakota, Minnesota, Iowa, Nebraska, and Wyoming. The survey compares mandatory tuition and fee costs and total costs using the following parameters:

1. **Tuition and Fees** – This represents tuition and any mandatory fees for 30 credit hours per year for undergraduate and 24 credit hours for graduate. These data are collected for undergraduates and graduates for residents and non-residents. The non-resident rates do not reflect any reciprocity agreements that might exist between states or situations where states or institutions allow non-residents to enroll as residents. The tuition and fee costs do not include any special discipline fee or program costs.
2. **Total Cost** – This number is a combination of the tuition and fee costs plus the cost of room and board. Room is based on a double occupancy room, and board is based on a plan that provides 15 meals per week or one that is reasonably close to that.

The survey provides comparisons between similar institutions based on Carnegie Classification as well as state level comparisons. State level comparisons were done using a state average.

The survey provides valuable insight into where South Dakota stands in comparison to other states. The focus of this summary is on the average cost data by state. The summary also compares the percentage increases to tuition and fees for each state over the last six years.

University Managed Resources

The Board of Regents approved the University Managed Resources (UMR) funding model starting in FY11 where the universities would keep the state-support tuition and fee revenues which they generate. Tuition, system fees, and salary competitiveness fees are remitted to a system pool. The tuition and system fees revenue amounts generated by each campus, minus the twenty percent HEFF, are returned to each campus. Each university receives one hundred percent of the salary competitiveness fee revenue generated by that university.

UMR allows the university to be entrepreneurial by managing enrollments. The revenue gains would be realized in the current year rather than in the next fiscal year. UMR eliminated the realignment of tuition funds based on the annual changes in enrollments and the need to keep the system tuition pool whole when offering reduced tuition to certain students (i.e. Adjacent State, Child of Alum, and North Dakota Resident). The biggest potential negative for all institutions is the risk of enrollment decline. Revenue losses from enrollment decline would be in the year of growth rather than a year in arrears (requires quicker budget response such as cuts or freezes). Under the previous allocation model of funding, a one year lag in enrollments was used for adjustments.

The Board continues to maintain a five percent reserve in the system tuition pool to address system initiatives or priorities as determined by the Board. [BOR Policy 5:19](#) outlines the policy for the allocation of general fund appropriations and university tuition.