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

Required Fees – Fees charged to all on-campus students:
- University Support Fee (USF) – supports instruction and the administrative service areas related to the institutional mission. Components of the USF:
  - **Campus Base Fee** – supports the instructional and administrative service areas related to the institutional mission, including such items as direct instruction, libraries, computer centers, museums, admissions, financial aid, and administrative offices.
  - **Salary Competitiveness Fee** – funding resource to support the Regents’ Salary Competitiveness Plan for faculty and non-faculty exempt positions.
  - **M&R Fee** – funding resource to address the pressing M&R needs of the academic facilities on each campus and debt retirement for the Series 2007 Critical M&R Bond and the Science Facilities 2008 bonds.
  - **Technology Fee** – funding source to address the 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. **State-Support 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. **Self-Support Tuition** – These rates are increased to cover costs of delivery and to make the increase commensurate with tuition and the university support fee (USF) increase for state-support students. Salary policy and all operating expense increases for the self-support operations must be covered with the self-support revenues.

3. **University Support Fee** - The USF, as defined in Board Policy 5:5, supports the instructional and administrative service areas related to the institutional mission, including such items as direct instruction, libraries, computer centers, museums, admissions, financial aid, and administrative offices. The fee is currently assessed on all state-support courses delivered on campus. The fee is increased by inflation to cover operating expense needs or adjustment to fund salary policy needs funded out of USF.

   The guide for increases to these rates is the CPI and salary policy. Any increase above these amounts will go towards increased costs in non-personnel expenses.

   a. **USF - Salary Competitiveness Fee (SCF)** – This is a component of the university support fee and is $32.60 per credit hour. At a minimum, the fee must be increased annually to cover salary and benefit cost increases similar to tuition. To maintain our average salary position relative to the surrounding states, an additional 1%-1.5% salary increase for faculty and administrative staff is needed (the surrounding states have been increasing salaries an average of 4%-4.5%).

   b. **USF - Maintenance and Repair (M&R) Fee** – The Maintenance and Repair Fee is also a component of the university support fee and is embedded in the USF rate. This component addresses the pressing M&R needs of the academic facilities at each campus.

   During the 2007 legislative session, the Legislature approved $8.6M in bonding authority for critical M&R projects. The 2008 Legislature approved $64M of science
facility renovations and new facilities. The state provided funding to debt service $32.5M and the balance will have to come from the M&R component.

A summary of the M&R components follows:

<table>
<thead>
<tr>
<th>M&amp;R Component</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>M&amp;R Base</td>
<td>$1.60</td>
</tr>
<tr>
<td>Critical Deferred Maintenance Bond</td>
<td>$1.12</td>
</tr>
<tr>
<td>Science Lab Facilities Bond</td>
<td>$3.66</td>
</tr>
<tr>
<td>Total M&amp;R Component</td>
<td>$6.38</td>
</tr>
</tbody>
</table>

c. **USF - Technology Fee** – This is a component of the university support fee. The fee amount is $14.68 per credit with $13.23 per credit hour retained by the institutions. The goal of this funding is to enhance the student connectivity, technology preparedness and learning skills and to train faculty to utilize technology to enhance teaching and learning. $1.45 per credit hour is deposited centrally to provide funding for the system’s information technology plan. The estimated revenue for the system and retained centrally is about $880,000.

<table>
<thead>
<tr>
<th>Technology Fee Component</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Campus Technology Investments - Base</td>
<td>$3.00</td>
</tr>
<tr>
<td>Campus Mobile Computing</td>
<td>$6.00</td>
</tr>
<tr>
<td>Student Information System (SIS)</td>
<td>$2.21</td>
</tr>
<tr>
<td>Computer Upgrade</td>
<td>$2.02</td>
</tr>
<tr>
<td>Total Technology Fee Component</td>
<td>$13.23</td>
</tr>
<tr>
<td>System Information Technology Plan</td>
<td>$1.45</td>
</tr>
<tr>
<td>Total Technology Fee</td>
<td>$14.68</td>
</tr>
</tbody>
</table>

4. **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.

The guide for increases to these 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 deposited into the system tuition pool and allocated back to the campus that generated the revenue, after HEFF contribution. One-half of the transcript fee is 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 self-support 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 self-support rates and the on-campus state-support tuition and SCF cost. 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**

- Cooperative Exchange and T&F Paid at USA Exchange Institution: Affiliation agreements and other agreements that provide for joint sponsorship of educational programming for which credit shall be awarded.
• **Graduate Assistant:** Graduate assistants receive a reduced tuition rate equal to 1/3 the resident graduate rate for all state-support courses (Policy 5:17).

• **North Dakota Residents Attending Northern State University:** First-time freshmen and new transfer students from North Dakota enrolled beginning with the summer 2004 term at Northern State University are assessed the resident tuition rate. This reduced rate is available only at the undergraduate level.

• **Persons 65 Years of Age or Older:** 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.

• **Reserve Officer Training Corps (ROTC) Cadets:** South Dakota residents who are junior and senior students and who are contracted senior ROTC cadets are charged 50 percent of the undergraduate resident tuition rate established by the Board of Regents for not more than four semesters.

• **Western Regional Graduate Program:** Students from WICHE compact states are able to attend the program at the resident tuition rate. The Master’s and Ph.D. degree programs participating in the Western Regional Graduate Program are approved by the Board on an individual basis. The approved programs include the Master’s and Ph.D. degree programs in materials engineering and science, paleontology and atmospheric sciences or Master’s in robotics and intelligent autonomous system offered by South Dakota School of Mines and Technology, integrative genomics from Black Hills State University, the Master’s in health informatics from Dakota State University, and the Master’s in chemistry - chemistry education specialization from South Dakota State University.

• **Wyoming Residents Attending Black Hills State University:** 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.

### Legislatively Approved Programs

- **Children and Spouses of National Guardsmen Disabled or Deceased in Line of Duty (SDCL § 13-55-10):** 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, are entitled to tuition without cost and be entitled to attend any course or courses of study.

- **Reciprocity Tuition Rate for Minnesota Residents (SDCL ch 13-53B):** Minnesota residents are charged the rate established in the tuition reciprocity agreement between the South Dakota Board of Regents and the Minnesota Higher Education Coordinating Board.
Employees of the State of South Dakota (SDCL ch. 3-20): Employees of the state who meet eligibility requirements and are admitted to the university may be eligible for a reduction in tuition equal to 50 percent of state-support tuition rate for undergraduate and graduate courses up to a maximum of six credit hours per semester.

Members of the South Dakota National Guard (SDCL ch. 33-6-5): Any member of the South Dakota National Guard who is a resident or non-resident of the state of South Dakota and who has met admission requirements is entitled to receive 50 percent tuition reduction for undergraduate courses if the eligibility requirements in SDCL § 33-6-7 are met.

Children of Residents Who Died During Service in Armed Forces (SDCL §§ 13-55-6 through 13-55-9): Certain children of South Dakota residents who died while in the service of the armed forces of the United States are entitled to free tuition and to any course or courses of study without the payment of any charges or costs therefore.

Survivors of Fire Fighters, Certified Law Enforcement Officers and Emergency Medical Technicians (SDCL § 13-55-22): 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 ch. 13-24): Certain elementary and secondary school teachers and vocational instructors may pursue any undergraduate or graduate course upon payment of 50 percent of tuition and 100 percent of required fees.

Veterans and Others Who Performed War Service (SDCL § 13-55-2): 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.

Visually Impaired Persons (SDCL §§ 13-55-11 through 13-55-13): 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.

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.