South Dakota Board of Regents

Fiscal Year 2020 Budget Hearing
Joint Appropriations Committee
January 28-29, 2019
Stewardship of Public Higher Education
in South Dakota
Mission Statement

• The South Dakota Board of Regents’ mission is to provide an excellent, efficient, accessible, equitable, and affordable public university and special schools system that improves South Dakota’s overall educational attainment and research productivity,

• while enriching the intellectual, economic, civic, social, and cultural life of the state, its residents, and its communities.
Organizational Structure

Board of Regents (SDBOR)

Executive Director

SDBOR Staff

University & Special School Presidents/Superintendents

Faculty and Staff of:
Black Hills State University
Dakota State University
Northern State University
South Dakota School of Mines & Technology
South Dakota State University
University of South Dakota
South Dakota School for the Blind & Visually Impaired
South Dakota School for the Deaf
Looking Ahead

• Improve student financial aid support
  • Develop and secure funding for needs-based program such as Dakota’s Promise

• Tailor academic programs to workforce development and business/industry needs:
  • Certificates
  • Minors
  • Degrees

• Foster educational environments that reflect a broad array of perspectives, which support debate, argument, dissent, and affirmation of differing and diverse opinions, viewpoints, and beliefs.
65 Percent by 2025

- Goal is based on projections that roughly 65 percent of all jobs in South Dakota will require some level of postsecondary education by 2020.
  - Data from Georgetown University Public Policy Institute’s Center on Education and the Workforce.
- 65% goal was adopted by Board of Regents, Department of Education, and the South Dakota Workforce Development Council.
Higher Education in South Dakota
Higher Education in South Dakota

- Attracts and generates income
- Draws new and expanded business
- Enhances individual wealth
Attracts and Generates Income

- $270 million in federal money in FY18
  - Compares to $211 million from state’s General Fund

Source: SDBOR Fact Book 2019
2016 Study: Economic Impact of the South Dakota Public University System

- $2.66 billion in annual economic impact generated by South Dakota public universities.
  - From state’s investment of $197 million (FY16)

- $162 million in sales and property tax.

- 5,628 full-time jobs at SD public universities.

- 21,950 jobs created in support of SD public universities.
Draws New and Expanded Business

- New Industries & High Paying Jobs
- Educated Workforce
- Supports Strong Families
- Business Expertise
- Research Partnerships
Enhances Individual Wealth


Strengthening South Dakota: Economic, Social, and Human Capital

Higher state revenue

Less welfare

Better health and retirement

Less crime

More charitable giving

Increased voter participation and civic engagement


Board of Regents’ Goals

• Student Success
  ▪ Increase degree production
Programs Fostering On-Time Completion

- Reduce credit-hour graduation requirement from 128 to 120
- ‘15-to-Finish’ or ‘Finish in Four’ models
- Exploratory Studies $\rightarrow$ reduce ‘catalog wandering’
- Co-requisite remediation models
- Redesign general education and transfer framework
Dual Credit Enrollments

HSDC Enrollments by Semester Type

Source: BOR Fact Book FY19
Improving System Completion

19% Increase in Total Graduates Since FY11

Source: BOR Fact Book FY19
Projected Growth in High School Graduates 2019-2032

Iowa: 4%, Minnesota: 1%, Montana: 9%, North Dakota: 59%, Nebraska: 4%, Wyoming: 13%, South Dakota: 17%

Estimated
SD HS Grads 2019: 8,522
SD HS Grads 2032: 10,000

Math Pathways Project

Failure to pass College Algebra is one of the top barriers to student completion.

• Eliminate College Algebra as the default general education math course.

• Create a new general education course in Quantitative Literacy for majors that do not require Algebra or Calculus.

• Move students needing remediation into corequisite courses – courses for credit with additional student support.
Board of Regents’ Goals

• Academic Quality and Performance
  ▪ Document that academic programs are of the highest quality.
Responsive Academic Programming

- Rigorous approval process for new programs
  - Initial Intent-to-Plan request
  - Formal program approval

Campus Review
(Faculty, Departments, Committees, Industry Representatives)

System Review
(Board Staff, System Provosts/Presidents, Consultants)

Board Review & Approval
New and Terminated Programs

<table>
<thead>
<tr>
<th>Last 3 Years</th>
<th>Added</th>
<th>Terminated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minors</td>
<td>32</td>
<td>8</td>
</tr>
<tr>
<td>Associate Degrees</td>
<td>12</td>
<td>8</td>
</tr>
<tr>
<td>Bachelor’s Degrees</td>
<td>22</td>
<td>22</td>
</tr>
<tr>
<td>Graduate Degrees</td>
<td>10</td>
<td>7</td>
</tr>
</tbody>
</table>

Examples of New Majors: Precision Agriculture, Data Science, Cyber Leadership & Intelligence, Biomedical Engineering
Board of Regents’ Goals

• **Research and Economic Development**
  - Increase annual research and contract expenditures
    - Advance knowledge
    - Enhance technology transfer and commercialization
    - Catalyze economic development
Filling the Workforce Pipeline

Preparing South Dakotans for tomorrow’s workforce

FY 2018
Degrees from SD Public Universities

<table>
<thead>
<tr>
<th>Field</th>
<th>Degrees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Graduate &amp; Prof.</td>
<td>1,733</td>
</tr>
<tr>
<td>Health Professions</td>
<td>1,088</td>
</tr>
<tr>
<td>STEM Disciplines</td>
<td>1,279</td>
</tr>
<tr>
<td>Education</td>
<td>567</td>
</tr>
<tr>
<td>Social Sciences</td>
<td>537</td>
</tr>
<tr>
<td>Business</td>
<td>581</td>
</tr>
<tr>
<td>Humanities</td>
<td>458</td>
</tr>
<tr>
<td>Agriculture</td>
<td>369</td>
</tr>
<tr>
<td>Arts/Communication</td>
<td>269</td>
</tr>
</tbody>
</table>

Source: BOR Fact Book 2018
Filling the Workforce Pipeline: STEM Graduates

Undergraduate STEM Degrees

FY13: 958
FY14: 1,030
FY15: 1,036
FY16: 1,086
FY17: 1,100
FY18: 1,279

33% increase in STEM degrees since FY13

Source: Regents’ Information Systems
### Undergraduate Degrees in High Demand Fields

<table>
<thead>
<tr>
<th>Field</th>
<th>FY18</th>
<th>FY13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Professions</td>
<td>300</td>
<td>200</td>
</tr>
<tr>
<td>Computer &amp; Information Systems</td>
<td>200</td>
<td>100</td>
</tr>
<tr>
<td>Accounting</td>
<td>200</td>
<td>100</td>
</tr>
<tr>
<td>Engineering</td>
<td>500</td>
<td>400</td>
</tr>
<tr>
<td>Nursing</td>
<td>600</td>
<td>500</td>
</tr>
<tr>
<td>Education &amp; Teaching</td>
<td>700</td>
<td>600</td>
</tr>
<tr>
<td>Business Management &amp; Related</td>
<td>600</td>
<td>500</td>
</tr>
<tr>
<td>Agriculture &amp; Related</td>
<td>300</td>
<td>200</td>
</tr>
</tbody>
</table>

62% of all bachelor degrees were awarded in these fields in FY18 (an increase of more than 9% since FY13)

Source: Regents’ Information Systems
Workforce Development: Where Do Graduates Go?

31% from out-of-state remain in state

71% from SD remain in state

Top SD industries for graduates include:

- Health Care and Social Assistance (29%)
- Education (21%)
- Finance & Insurance (6%)
- Professional & Scientific Services (6%)
Research is Job Development

- FY18 job creation – Faculty research efforts (FTE): 655.9
- Research innovations – FY07-FY18
  - Invention disclosures – 625
  - Patent and intellectual property protections filed – 292
  - Patents/licenses issued – 184

Source: BOR system office
Governor Research Centers

A Snapshot of Success

- Centers funded: 17
- Funding leverage: 6:1
- Students trained: 1,149
- Innovations disclosed: 176
- Patent filings: 71
- Patents issued: 17
- License agreements: 25

Research Funding: $322,821,541
- Federal: $156,107,582
- Private: $96,980,153
- RCC: $21,625,239
- Other State: $48,108,567

Research Funding: $322,821,541
Governor Research Centers and Economic Development

- 22 start-up companies affiliated with research centers have:
  - Created 208 jobs in South Dakota
  - Received 31 federal small business research (SBIR) awards, totaling $8,129,759
  - Raised in excess of $23 million in private equity
Broader Impacts of the Governor Research Centers on University Research

Research Awards in Millions of Dollars

Baseline (FY05) $55.5M
FY18 $107.6M

Technology Transfer

- Disclosures:
  - FY18: 44
  - Baseline (FY07): 21

- Patent Filings:
  - FY18: 26
  - Baseline (FY07): 11

- Licenses:
  - FY18: 12
  - Baseline (FY07): 3
Research, Education and Economic Development Network (REED)

- REED is a public, private partnership
- Last year, BOR requested $3 million for north/south path upgrade of REED Network to 100G
  - Connects USD, SDSU, University Center-SF, NSU, and DSU
  - Critical for research and to be part of national 100G grid
  - No monies provided, but appropriators supported need

- Critical need required creative funding from six sources:
  - $500,000 – GOED
  - $500,000 – Great Plains Foundation
  - $500,000 – BOR Research and Development Innovation Grants Fund
  - $500,000 – USD, SDSU, and DSU
Upgrading REED Network to 100G

- 100G connections are now complete
  - BIT connection Pierre to Sioux Falls
  - Aberdeen to Kansas City Great Plains Network
  - Aberdeen to Omaha-Network Nebraska
  - DSU, SDSU, and USD/Sioux Falls

- Work still to be completed
  - USD to be connected soon
  - 100G links to Minnesota (University of Minnesota)
  - 100G from Minnesota (U of Minn.) to Fargo
Board of Regents’ Goals

• Affordability and Accountability
   Reduce tuition and fee ranking to regional average
   Create and capitalize on efficiencies
Focus on Efficiencies

A continued focus on efficiency and effectiveness

- Central electronic transcript processing center
- System-wide student management system
- Centralized management reports
- System-wide electronic library system, with improved functionality
- Continued focus on shared services:
  - Enterprise Resource Planning systems for students, human resources, finance & budget, learning management
  - Centralized: Payroll, Accounts Payable, Purchasing, International Employment Office, Export Controls
### FY17 Public Postsecondary Education
#### Educational Appropriations and Net Tuition Revenue Per FTE

<table>
<thead>
<tr>
<th>State</th>
<th>Total Funding per FTE</th>
<th>Funding Per FTE - State</th>
<th>Funding Per FTE - Tuition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iowa</td>
<td>$18,950</td>
<td>$7,835</td>
<td>$11,115</td>
</tr>
<tr>
<td>Minnesota</td>
<td>$17,133</td>
<td>$7,871</td>
<td>$9,262</td>
</tr>
<tr>
<td>Montana</td>
<td>$15,281</td>
<td>$6,543</td>
<td>$8,738</td>
</tr>
<tr>
<td>Nebraska</td>
<td>$18,242</td>
<td>$8,959</td>
<td>$9,283</td>
</tr>
<tr>
<td>North Dakota</td>
<td>$16,872</td>
<td>$9,235</td>
<td>$7,637</td>
</tr>
<tr>
<td>South Dakota</td>
<td>$14,404</td>
<td>$6,364</td>
<td>$8,040</td>
</tr>
<tr>
<td>Wyoming</td>
<td>$26,837</td>
<td>$21,649</td>
<td>$5,188</td>
</tr>
</tbody>
</table>

Source: SHEEO State Higher Education Finance (SHEF) Report, 2017
(Note: SHEF data adjusted for enrollment mix and cost of living, so numbers will differ from BOR Fact Book.)
State Support Impacts Affordability

- FY15 and FY17 tuition freezes, supported by the Governor and Legislature, improved affordability for South Dakota students.

State support of South Dakota public higher education increased from 41% to 44% over the past five years.

Source: BOR Fact Book FY 2019
Measuring Our Progress
Ensuring Accountability and Transparency

• Board of Regents’ Fact Book
  • [www.sdbor.edu/mediapubs/factbook/index.htm](http://www.sdbor.edu/mediapubs/factbook/index.htm)

• BOR Interactive Dashboards
  • [www.sdbor.edu/dashboards](http://www.sdbor.edu/dashboards)

• BOR Strategic Plan – 17 System Metrics
  • [www.sdbor.edu/theboard/StrategicPlan](http://www.sdbor.edu/theboard/StrategicPlan)

• Presidential Evaluations

![South Dakota Board of Regents Fact Book 2019](Image)

![SDBOR Graduate Placement Dashboard](Image)
Student Affordability – #1 Priority

Thank you for supporting tuition freezes in FY15 & FY17!

<table>
<thead>
<tr>
<th></th>
<th>Tuition and Mandatory Fees</th>
<th>Dollar Change</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY13*</td>
<td>$7,675.62</td>
<td>-$45.43</td>
<td>-0.6%</td>
</tr>
<tr>
<td>FY14</td>
<td>$8,038.50</td>
<td>$362.88</td>
<td>4.7%</td>
</tr>
<tr>
<td>FY15</td>
<td>$8,038.50</td>
<td>$0.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>FY16</td>
<td>$8,475.00</td>
<td>$436.50</td>
<td>5.4%</td>
</tr>
<tr>
<td>FY17</td>
<td>$8,503.75</td>
<td>$28.75</td>
<td>0.3%</td>
</tr>
<tr>
<td>FY18</td>
<td>$8,811.25</td>
<td>$307.50</td>
<td>3.6%</td>
</tr>
<tr>
<td>FY19</td>
<td>$9,018.01</td>
<td>$206.76</td>
<td>2.3%</td>
</tr>
</tbody>
</table>

*Net change, including reduction from 128 to 120 credit hours
Affordability Measures Pay Off

+ $1,987  
  Reduction from 128 to 120 credits

+ $1,490  
  Two fewer courses/Exploratory Studies

+ $1,800  
  Three high school dual credit courses

Potential Savings of $5,277
South Dakota Advantage

• Non-resident students have many options for college.
  • South Dakota competes against resident rates in other states.

• SD Advantage will help grow our revenues with additional students enrolled.

• An FY18 program for Iowa students, with rates equivalent to resident tuition rates in Iowa, has been very successful.
  • Implemented at four schools.
South Dakota Advantage

• Dec. 2018: BOR approved equivalent of in-state, undergraduate tuition rates at public universities for new freshmen and new transfer students from:
  • Montana
  • North Dakota
  • Wyoming
  • Nebraska
  • Iowa
  • Colorado

• In FY19, there were 154 freshmen and new transfer students from these states.
• Minnesota not part of this; SD already has reciprocity agreement with that state.
South Dakota Opportunity Scholarship

• 2018-19 academic year: 4,062 recipients funded
• Total of 17,298 recipients over the program’s lifetime
Post-Secondary Scholarship

- Combined the Critical Teaching Needs Scholarship endowment and the Needs Based Scholarship endowment to create one endowment addressing the tuition needs of students.

- Scholarships available for Public, Private, and Technical institutions.

- Endowment funds = $5 million

- Scholarship funding available in FY19: $284,865

- FY18 Scholarship Funds distributed $287,967 for Critical Teaching Needs and Needs Based scholarship support.
  - Critical Teaching Needs
    - Public Universities: $66,650
    - Private Universities: $17,200
  - Needs Based
    - Public Universities: $123,073
    - Private Universities: $24,730
    - Technical Institutes: $42,778
    - Tribal Colleges: $13,536
Overview:
BOR FY20 Budget Priorities
Budget Priority: Salary Competitiveness

- Faculty salaries in South Dakota trend below regional market.
  - Estimated $11.7 million needed to reach median faculty salaries in the region (College and University Professional Association for Human Resources)
- Lower compensation levels impact turnover and faculty recruitment.
  - 149 faculty members, age 62 and above, currently eligible for full retirement.
  - Average time to fill faculty appointments = 121 days.
- Salary competitiveness request (for faculty members only) equals 1.5 percent, or $3.1 million, to supplement the state’s regular salary package.
In the Region: Need-Based Funding per Pell Recipient

- Wyoming: $2,620
- Minnesota: $2,109
- Colorado: $1,263
- North Dakota: $1,081
- Iowa: $863
- Nebraska: $562
- Montana: $27
- South Dakota: $17
Budget Priority: Dakota’s Promise

• SD stuck near bottom in need-based scholarship support: only $229,000 available to award

• Long-term strategy needed to support students most at risk

• Shared Responsibility framework factors in financial contributions, then funds remaining unmet need

Source: WICHE: States in the Drivers Seat
Funding New Facilities and Major Renovations

Summary of investment since 1997

• HEFF and other student funds = $765 million

• Grants and private fundraising by presidents and foundations = $460 million

• State funding = $80 million
Funding University Maintenance & Repair: Academic Facilities

• M&R investment goal is 2% of replacement values annually = $34.1 million per year.
• Higher Education Facilities Fund (HEFF) represents 11.5% of all tuition dollars collected.
  • $15.8 million allocated to M&R for FY20
• M&R fee of $3.34 per on-campus credit hour generates $1.9 million.
• General Funds M&R = $8,596,636
• Currently at 1.76% of replacement value.
Funding University Maintenance & Repair: Revenue Facilities

• Includes all student unions, wellness centers, and residence facilities.
• Board of Regents requires revenues cover 2% of M&R investment.
• No commitment of state dollars on these projects.
Board Action since Last Year on Maintenance and Repair

- Each new building now required to have funded M&R plan
- Capital dollars will be returned to campuses to fund new buildings or M&R
- Review replacement values with Office of Risk Management
- Revenues now considered part of the HEFF allocation formula
Overview:
BOR System Request &
Office of the Executive Director
FY20 System Budget Adjustments

- Utility funding
  - Decrease of $223,892
- South Dakota Opportunity Scholarship
  - Increase of $41,839
- Post-Secondary Scholarship
  - Increase of approximately $12,000; exact amount TBD
- General Fund M&R
  - Increase of $3,746,133
- Educational facility lease payment
  - Decrease of $4,873
- Federal and Other Fund authority
  - Increase of $2,997,030
- Research grants and contracts Federal and Other Fund authority
  - Increase of $1,350,000
Office of the Executive Director - Budget Detail

- Central Office
- Regents Library Consortium (RLC)
- Regents Information Systems (RIS)
- Enrollment Services Center (ESC)
- Maintenance & Repair (M&R)
- Scholarships
- Grants
Office of the Executive Director - Budgeted Fund Sources

General Fund Operating Budget
$27,251,813

- Central Office $4,571,494
- Enrollment Services Center $525,317
- RIS $3,758,400
- M&R $8,596,636
- Scholarships $7,362,814
- Grants $2,437,152

Other Fund Operating Budget
$49,485,286

- Central Office $3,510,098
- RIS $5,420,910
- Regents Library Consortium $797,199
- Scholarships $7,588,080
- RIS $3,758,400
- M&R $30,703,117
- Grants $2,437,152
Office of the Executive Director

• The Central Office provides system support in these areas:
  • Academic Affairs
  • Audit
  • Finance and Administration
  • General Counsel
  • Government Relations
  • Human Resources
  • Institutional Research
  • Student Preparation
  • System Projects

• Current vacancies
  • 2 General Funded vacancies
    • Vacancy savings used for payouts
  • 1 Other Funded vacancy
    • Funds will be redirected to institutional priorities

• FTE Utilization
  • FY18 Budgeted FTE – 29.5; FY17 Budgeted FTE – 29.5
  • FY18 Utilized FTE - 27.2; FY17 Utilized FTE – 27.2

• FY20 Budget Recommendation
  • Annual adjustment to Critical Deferred Maintenance lease payment of ($4,873)
The Regents Library Consortium (RLC), formerly known as South Dakota Library Network (SDLN), provides system-wide management of a hosted electronic library.

These services provide public universities, private universities, and technical institutes access to electronic materials and the ability to borrow materials from other libraries.

RLC’s Other Fund budget is supported by member dues.

FTE Utilization
- FY18 Budgeted FTE – 6.5; FY17 Budgeted FTE – 6.5
- FY18 Utilized FTE – 1.75; FY17 Utilized FTE – 1.75
- 5.0 FTE reduction in Other Funded FTE requested in FY20
Regents Information Systems (RIS)

- RIS provides support to the universities and Central Office for all shared software and hardware.
- A portion of the RIS general fund budget is allocated to bandwidth and REED payments to the Bureau of Information and Telecommunications; the remaining is used for personnel expenses.
- The RIS Other Fund budget is funded from university technology fees and is used for system software updates and licensing, maintenance, equipment, and personnel expenses.

Current Vacancies
- 1 General Funded Vacancy
  - Chief Network & Security Officer – recent retirement
- 1 Other Funded Vacancy
  - Security Officer – held opening due to restructuring of office
- General and Other Fund vacancy savings used to support additional staffing needs for the Student Banner Project.

FTE Utilization
- FY18 Budgeted FTE – 27.0; FY17 Budgeted FTE – 27.0
- FY18 Utilized FTE – 24.89; FY17 Utilized FTE – 24.89
Enrollment Services Center (ESC)

- Enrollment Services Center processes all student applications and financial aid verifications; provides other support work as requested by campuses.

- FTE Utilization
  - FY18 Budgeted FTE – 7.3
  - FY17 Budgeted FTE 7.3
  - FY18 Utilized FTE – 6.99
  - FY17 Utilized FTE – 6.99
Maintenance and Repair (M&R)

- M&R funds protect $1.7 billion worth of facilities and a significant infrastructure investment.
- FY20 budget recommendation - $3,746,133
- Funds 1.76 percent of replacement value.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Replacement Value</th>
<th>M&amp;R Allocated</th>
<th>% of Replacement Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY14</td>
<td>$1,193,278,983</td>
<td>$18,590,650</td>
<td>1.6%</td>
</tr>
<tr>
<td>FY15</td>
<td>$1,240,562,259</td>
<td>$20,068,760</td>
<td>1.6%</td>
</tr>
<tr>
<td>FY16</td>
<td>$1,295,827,545</td>
<td>$22,808,604</td>
<td>1.8%</td>
</tr>
<tr>
<td>FY17</td>
<td>$1,327,777,181</td>
<td>$26,543,348</td>
<td>2.0%</td>
</tr>
<tr>
<td>FY18</td>
<td>$1,383,744,066</td>
<td>$26,023,707</td>
<td>1.9%</td>
</tr>
<tr>
<td>FY19</td>
<td>$1,504,651,468</td>
<td>$26,491,071</td>
<td>1.76%</td>
</tr>
<tr>
<td>FY20</td>
<td>$1,706,480,618</td>
<td>$30,237,204*</td>
<td>1.76%</td>
</tr>
</tbody>
</table>

* With $3,746,133 increase included.
Scholarships and Grants

**Scholarships**
- South Dakota Opportunity Scholarship – General Funded
- Post-Secondary Scholarship - Endowment
- Veterinary Student Scholarship – General Funded
- Jump Start Scholarship – Private Funds
- Haines Scholarship – Private Funds
- Bjustad Scholarship – Private Funds
- Dakota Corps Scholarship – Private Funds

**Grants**
- Competitive Research Grants
- Research & Development Grants
- Research Park Grants

**FY20 Budget Recommendations**
- South Dakota Opportunity Scholarship – $41,839
- Post-Secondary Scholarship – TBD, estimated +$12,000