

SOUTH DAKOTA BOARD OF REGENTS

Budget and Finance

AGENDA ITEM: 6 – H

DATE: October 7-8, 2015

SUBJECT: Graduate Assistant Proposal

SDSU Proposal

South Dakota State University presented a proposal to the Council of Presidents in June of 2015 to set tuition at zero and to waive university support fees and program fees for graduate assistants. Under this proposal, the tuition and fee revenue loss for research graduate assistants that are funded with federal grants would be made up with increased tuition remission revenue (amount of tuition and other support waived in lieu of wages paid to students performing necessary work). The stipends paid to graduate teaching and administrative assistants would be reduced to offset the revenue loss. According to SDSU, the proposed changes would significantly enhance the ability of SDSU’s departments to compete for the very best graduate assistants. The proposed changes would simplify and make more transparent graduate assistantships. The changes also would align SDSU’s graduate assistantships more closely with the attributes and characteristics of the very competitive regional, national and global graduate assistantship market in which South Dakota State’s graduate programs must successfully compete to attract the very best graduate assistants.

SDBOR policy 5:22 requires graduate assistants receiving the minimum stipend set annually by the Board to pay one-third of the resident graduate tuition (\$73.10 per credit hour in FY16). In addition, graduate assistants are charged the resident or non-resident University Support Fee (USF) (\$93.80 or \$117.45 per credit hour in FY16), applicable course fees and the General Activity Fee (GAF) (\$33.90 per credit hour in FY16). The proposal is to amend SDBOR policy 5:22 so tuition is zero and there is a permanent waiver of the University Support Fee and of all applicable course fees for graduate assistants.

With University Managed Resources, each university retains tuition revenues less the proceeds from the 20 percent Higher Education Facilities Fund (HEFF) tax. Under South Dakota State’s decentralized budgeting, colleges/departments retain tuition, university support fee and course fee revenues earned by providing educational services to students. General Activity Fee

(Continued)

RECOMMENDED ACTION OF THE EXECUTIVE DIRECTOR

I move to approve the first reading of the changes to BOR policy 5:22 – Graduate Assistants and Fellows.

revenues are used to fund university-wide student services. Accordingly, revenues from tuition (less the proceeds from the .20 HEFF tax), university support fees and course fees paid by graduate assistants at SDSU are usually retained in total by the college/department where the assistant is appointed. In unusual cases, the revenues might be distributed 80 percent to the department providing the teaching service, if the service is not provided by the department where the assistant is a major. For example, revenues paid by a chemistry graduate research assistant for a course taken in mathematics and statistics would be allocated 80 percent to mathematics and statistics and 20 percent to chemistry/biochemistry, the home department of the research assistant.

Colleges/departments establish assistantship stipends to successfully compete in their respective discipline(s) graduate assistant market. Graduate assistant markets are shaped by supply-demand factors characteristic of each discipline's market. Supply-demand forces, for example, are quite different for the chemistry assistantship market compared to the English or journalism assistantship market. Thus, stipends for assistants reflect these dynamic market factors and the standards of those markets. Accordingly, SDSU colleges/departments must ensure the stipends offered prospective graduate assistants are: 1) competitive, and 2) reflect any non-standard market conditions unique to SDBOR policy and practices, such as the one-third (1/3rd) resident tuition, university support fees and course fees charged graduate assistants, to succeed in the competition for the very best graduate assistants.

Funds to pay teaching and administrative assistant stipends are typically institutional funds. Funds to pay research assistants are typically sponsored program funds (grants and contracts), SD Agricultural Experiment Station (AES) funds and institutional funds (i.e. the GIS Center for Excellence and the newer state assisted Ph.D. programs, including Electrical Engineering, Computational Science and Statistics and Pharmaceutical Sciences.)

This proposal will greatly simplify the flow of funds for graduate assistants and the institutions. Rather than collecting tuition and the various fees, and then disbursing them back to the departments, the institutions can simply allocate the appropriate amount of money to the departments to fund their graduate assistant positions. For grant funded positions, the revenues will be returned to the appropriate departments or allocated according to the institutional cost/budget model. Typically, the main source of income available to graduate assistants to pay their tuition and fee bill is their graduate assistantship stipend. They will no longer struggle with coming up with their tuition and fee bill at the start of the semester. Clearly the process is simplified. A market determined stipend flows to the graduate assistants. There is greater transparency. The General Activity Fee continues to be paid by graduate assistants.

Federal regulations (OMB Uniform Guidance; effective 26 December, 2014) permit grant application budgets to include tuition remission for projects using graduate assistants. Tuition remission is equal to the difference between the total amount of tuition and fees that would be paid by a regular graduate student from that paid by a graduate student on assistantship. Tuition remission may be claimed for all monetary support which is provided to all graduate assistants

appointed by a university independent of the fund source of the assistantship stipend, i.e. tuition remission can only be claimed for all like-students. At SDSU, under current SDBOR Policy 5:22, the tuition remission line of all grant applications submitted is derived from the two thirds (2/3rds) of the resident tuition not paid by graduate assistants proposed to be funded if the grant is awarded. The tuition and fees that will be paid by the graduate assistants whose assistantship stipends are funded by the grant and the tuition remission line sum to the total of graduate student tuition and fees for graduate students proposed to be on assistantship funded by the successful grant. Conceptually, the purpose for the OMB Uniform Guidance is to fund that part of graduate assistants' education not paid for directly by graduate assistants (i.e. tuition remission). Under the proposed change, the tuition remission budget line would include one hundred percent (100%) of resident tuition, university support fees and course fees, where applicable, for graduate students proposed to be on assistantship if the grant application is successful. The total revenues received from a successful grant for tuition and fees would be unchanged if this proposal is approved. The distribution between that paid by the graduate assistants and that paid by the grant in the tuition remission line would be significantly changed, i.e. the tuition remission line would increase and the tuition and fees paid by graduate assistants would decrease. Graduate assistants would pay only GAF. Funded grants would pay tuition, USF and relevant course fees for graduate assistants through tuition remission.

Task Force

Because the proposal would impact research, academics and finance, a task force with members from each area was created to look at the proposal and its ramifications. The following were the members of the task force:

SDBOR – Monte Kramer, System VP of Finance and Administration, Chair
SDBOR – Paul Turman, System VP for Academic Affairs
SDBOR – Nathan Lukkes, Assistant VP for Research and Economic Development
DSU – Sara Hare, Director of Budget & Grants Administration
NSU – Veronica Paulson, VP of Finance and Administration
SDSM&T – Doug Wells, Dean of Graduate Education
SDSM&T - Jan Puszynski, VP of Research
SDSU – Kinchel Doerner, Dean of Graduate School
SDSU - Jackie Nelson, Assistant VP for Finance and Business, Grants Compliance
USD – Jim Moran, Provost and Vice President for Academic Affairs
USD - Sheila Gestring, VP of Finance and CFO
USD - Mary Berry, Interim VP of Research

The task force met on two different occasions with the first meeting being face-to-face and a final conference call. The committee reviewed the SDSU proposal and discussed the assumptions. One of the major assumptions is that the proposal would be revenue neutral. Everyone agreed that for research assistants any tuition and fee loss could be recouped through federal tuition remission billings back to the grants. For research assistants, the stipend levels

would not need to be decreased to break even. Because the stipends are paid by the grants, they will probably not be decreased. If the stipends were not decreased, and the tuition revenue could be recouped from a grant, the assistantship becomes more competitive without additional cost. The tuition remission revenue could be tapped to address things normally covered by the tuition revenue.

An actual example of how this proposal would work for a research graduate assistant from SDSU follows:

<u>Department</u>	<u>Current</u>	<u>Proposed</u>
Plant Science – AES – 12-Month GRA		
Stipend (cost)	(\$22,925.04)	(\$22,925.04)
Tuition Paid – 17 Hours (revenue)	\$1,192.55	\$0.00
USF Paid (revenue)	\$1,535.14	\$0.00
GAF Paid (revenue)	\$476.00	\$476.00
Program Fees Paid (revenue)	\$0.00	\$0.00
Tuition Remission (revenue)	<u>\$2,384.25</u>	<u>\$5,111.94</u>
Total Cost	(\$22,925.04)	(\$22,925.04)
Total Revenue	<u>\$5,587.94</u>	<u>\$5,587.94</u>
Net Cost	(\$17,337.10)	(\$17,337.10)

The committee debated whether or not there was a real or perceived benefit to graduate teaching assistants and administrative assistants that were normally paid less than graduate assistants and where the dollars could not be recouped from federal or other grants. There were concerns expressed that the proposal was not revenue neutral long-term for these assistants because most schools were not increasing their stipends by the rate of tuition and fee increases. Because the tuition and fee increase would be waived, the stipends would have to be reduced each year to keep up with tuition and fee increases in order to be revenue neutral. The concern was that if you did not maintain the stipend level there would be a point where you would no longer be competitive. The argument from SDSU was that the net to the student is decreasing under our current model as tuition and fee increases, unless the universities are increasing the stipends. Students are therefore losing value each year, creating the same net situation. In other words, if tuition continues to rise, under either proposal you will need to increase your stipend to remain competitive. Most schools noted that their stipends are not increasing that much each year and they still remain competitive. This was the biggest concern of the remaining schools.

An actual example of how the proposal would work for a graduate teaching assistant from SDSU follows:

<u>Department</u>	<u>Current</u>	<u>Proposed</u>
Plant Science – AES – 9-Month GTA		
Stipend (cost)	(\$9,824.70)	(\$5262.90)
Tuition Paid – 18 Hours (revenue)	\$1,262.70	\$0.00
USF Paid (revenue)	\$2,039.40	\$0.00
GAF Paid (revenue)	\$504.00	\$504.00
Program Fees Paid (revenue)	\$1,259.70	\$0.00
Tuition Remission (revenue)	<u>\$0.00</u>	<u>\$0.00</u>
Total Cost	(\$9,824.70)	(\$5,262.90)
Total Revenue	<u>\$5,065.80</u>	<u>\$504.00</u>
Net Cost	(\$4,758.90)	(\$4,758.90)

The issue of reducing the number of credit hours was also a concern. It was agreed that the waived credit hours will still be tracked and counted as enrollments. The credit hours waived would be the basis of collecting system revenues and potentially locally committed revenues. For example, the campuses would still be billed HEFF on the credit hours waived. They would also pay the \$1.64 per credit for the critical deferred maintenance bond, \$3.76 per credit for Science Lab fee bonds, and Central IT of \$5.45 per credit. The campuses have also committed to putting aside \$33.50 per credit for salary competitiveness, \$9.23 per credit for campus technology, and \$1.64 per credit for maintenance and repair. These commitments would need to come out of tuition remission or the stipends under the proposal.

Graduate Assistant Numbers

To get some sense of the number of students and positions impacted, we generated a count of the number of students hired and the number of positions filled (some students hold more than one position) for all terms for AY15. Following are the numbers for each school:

Campus	Students	GRA's	GTA's	GAA's	GCA's
BHSU	23	19	1	11	
DSU	39	34	4	4	
NSU	36	36			
SDSM&T	202	222	112		
SDSU	714	627	303	54	
USD	470	241	131	172	15
Total	1,484	1,179	551	241	15

Task Force Outcomes

Because this proposal seemed to best fit graduate research assistants, the research universities have endorsed the proposal and are interested in moving forward with the new structure starting in summer 2016. The comprehensive schools did not feel the change was worthwhile given that many of their graduate assistant positions were not funded with federal

grants and they did not feel they could sustain the stipend levels with tuition and fee increases for non-research positions.

The necessary policy changes to support the proposal for SDSM&T, SDSU and USD are attached - BOR policy 5:22 – Graduate Assistants and Fellows. You will note that the minimum stipend has been removed from the policy. The minimum stipend was put into place when there was a shared tuition pool because it was believed this would control the number of assistantships based on campus resources. Because stipends may now be reduced by the tuition and fee waived, we do not feel a minimum stipend is appropriate, and under University Managed Resources this should be left to the campuses.

SOUTH DAKOTA BOARD OF REGENTS

Policy Manual

SUBJECT: Graduate Assistants and Fellows

NUMBER: 5:22

1. Graduate Assistant Special Tuition Rate for BHSU, DSU and NSU

A. To allow the universities to compete effectively when recruiting highly qualified prospective graduate students, the Board has adopted a special tuition rate for graduate assistants and graduate fellows for both state and self-support courses. The graduate assistants and graduate student fellows shall be assessed one-third (1/3) of the resident graduate tuition rate for all state-support courses plus the university support fee and the general activity fee. The self-support tuition rate for graduate assistants taking distance or Center courses will be reduced by 2/3 of the state-support resident graduate tuition rate.

They will be assessed

and one-third of the graduate self-support rate for distance courses, plus the university support fee and the average general activity fee.

A. Eligibility for the special tuition rate is limited to graduate assistants and fellows who are:

- ~~1) —~~ unconditionally admitted to a graduate degree program and are registered at the university for its required minimum number of credit hours; and,
- 2) ~~awarded an assistantship or fellowship at or above the minimum rate established annually by the Board. Students who have received a qualifying graduate assistantship or fellowship for the preceding fall and spring are automatically eligible for the special graduate assistant tuition rate for the following summer.~~

B. Graduate assistants and fellows who are eligible for the special tuition rate at one institution are eligible at other system institution(s).

C. All graduate assistants and fellows not meeting these eligibility requirements shall be charged the appropriate regular tuition rate established by the Board.

A. Graduate Assistant Rate for SDSM&T, SDSU, USD

Research universities often recapture waived tuition and other support, provided in lieu of wages to research assistants, through federal tuition remission. To accommodate that feature and to enhance the ability to compete for the very best graduates, the research universities shall waive state-support graduate tuition, the university support fee, and all program fees as part of the pay for the required graduate work. They shall also waive the graduate self-support tuition rate for distance and Center courses taken.

- A. Eligibility for the special tuition rate is limited to graduate assistants and fellows who are unconditionally admitted to a graduate degree program and are registered at the university for its required minimum number of credit hours; and,
- B. Graduate assistants and fellows who are eligible for the special tuition rate at one institution are eligible at other system institution(s).
- C. All graduate assistants and fellows not meeting these eligibility requirements shall be charged the appropriate regular tuition rate established by the Board.

2. Compensation

~~The Board annually establishes a minimum stipend to be paid to graduate assistants. Graduate assistants are expected to work a full semester to receive the full semester compensation. Graduate assistants are expected to work the full four-week session to receive the full four-week session compensation. The minimum compensation may be prorated accordingly if the graduate student does not work the full semester or four-week session (as applicable).~~

3. Non-Faculty Exempt Classification

Graduate assistants and graduate student fellows are considered staff members, but they are not employed in a permanent classification. Any grievance arising from this employment shall be brought under the non-faculty exempt procedures (Policy 4:8). The primary purposes of a graduate assistantship or graduate student fellowship are to provide students with professional experience and the necessary financial resources to attend a graduate program.

SOURCE: BOR, March 1993; June 1994; December 1995; October 2002; October 2004; December 2010; December 2015.