

**SOUTH DAKOTA BOARD OF REGENTS  
PLANNING SESSION  
AUGUST 8-10, 2017**

**SUBJECT: Efficiency Strategies in Regental System**

On March 27, 2017, Dr. Rush received a letter from the Joint Committee on Appropriations emphasizing the need for the Regental system to demonstrate that it continues to serve as a good steward of taxpayer and student dollars. The impetus for the letter is to encourage the system to explore opportunities to maximize efficiencies that focuses on the following objectives:

1. Reducing complexity across the system and within individual campuses;
2. Providing effective and efficient delivery of instructional and administrative services;
3. Strategic planning, mission alignment, and structural review of lagging universities and major programs (e.g. USD Law School).

The committee ask that the Board and the Institutions demonstrate a commitment to student success, affordability and performance while being financially responsible to the students and taxpayers of South Dakota, by providing a preliminary assessment of opportunities to maximize results through efficiencies at their July 26 meeting in Aberdeen. Board of Regents staff developed a response to the query by developing a list of recent activities, initiatives and policy revisions underway to address the three objectives denoted above. The purpose of this item is to outline the various activities discussed with the Joint Appropriations committee. At the conclusion of the committee discussion, members inquired about future initiatives that are intended to address the broader issue of efficiencies in addition to a timeline for the system during the next three to five years. The Board members should be prepared to discuss those areas where they would like to target efficiencies.

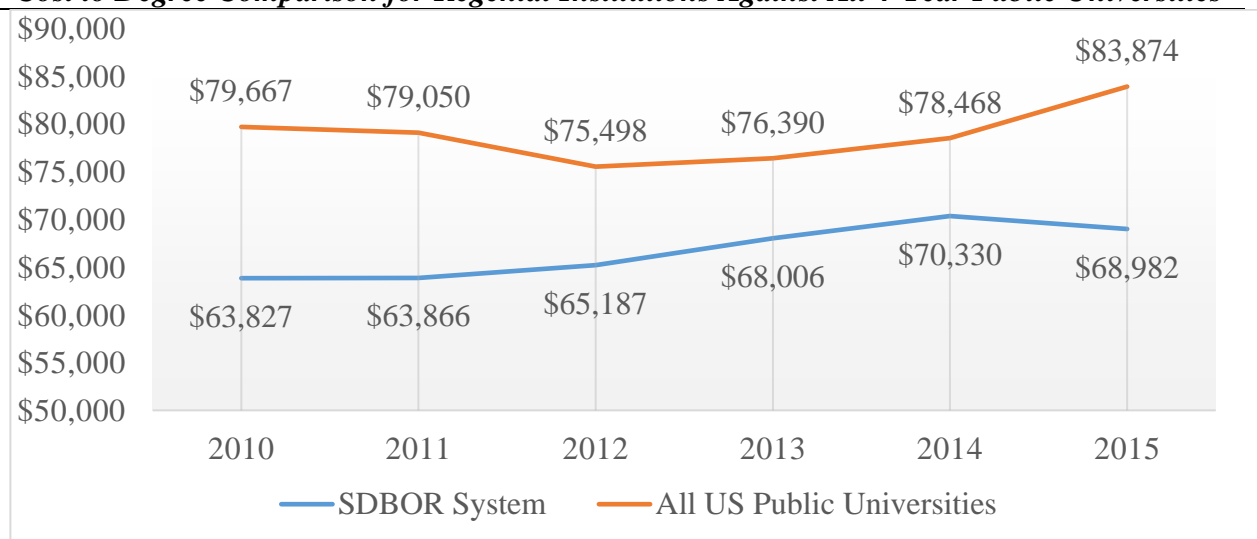
**Sustained Affordability**

One of the four primary goals outlined in the Board of Regent [Strategic Plan](#) adopted at the October 2014 meeting is to maintain affordability for the students served in the State of South Dakota. To accomplish this task, the Board works aggressively to operate an efficient system that implements policies and strategies to maintain the cost-to-degree for the state at a consistent level. Additionally, the Board annually evaluates a number of factors including Cost Per FTE and Cost to Degree production in relation to the rest of the country and within the region. Data for each of these metrics in relation to other 4-year institutions in the region and across the country are outlined in this initial section below.

**Cost Comparisons**

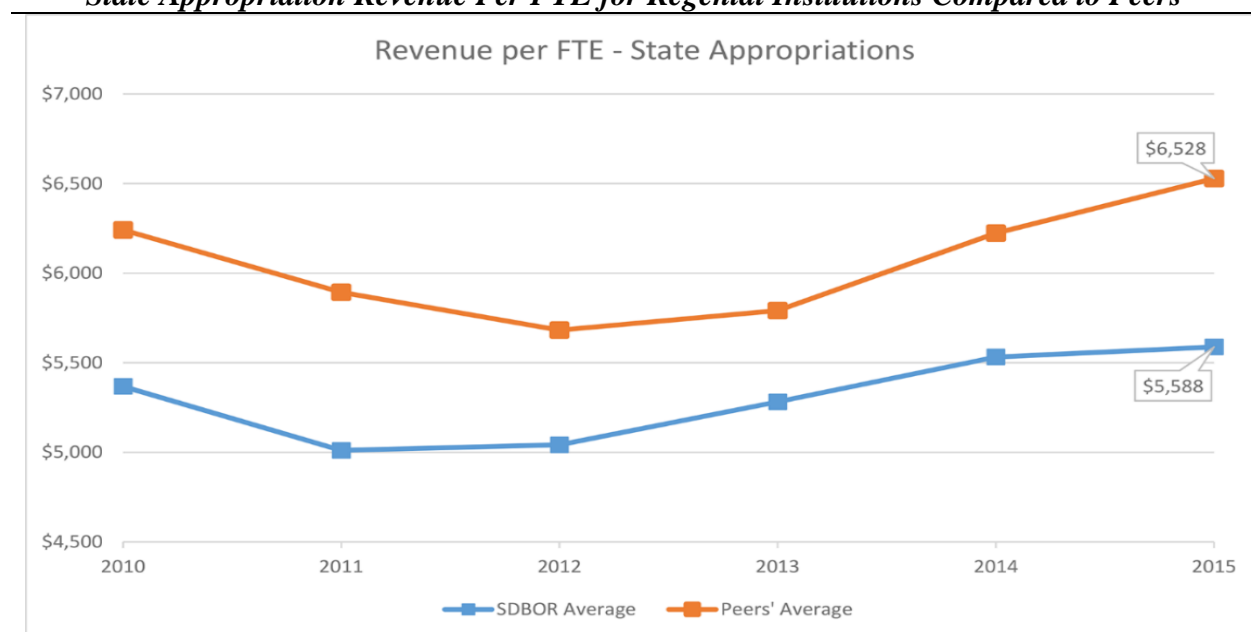
The Board of Regents draws from available data from the National Center for Educational Statistics to compared both Cost of Degree and FTE Expenditures. The most recent data related to average Cost to Degree is for the 2015-16 graduates within the system and across the country. Specifically, the data depicted in Figure 1 reflects a measure of spending on direct educational costs per degree (in contrast to cost per student enrolled). Education and related expenses (for all students) are divided by all degrees awarded in the same year. Over the past five years our expenditure per degree has grown by almost \$5,000 (8%) to the current rate of \$68,982. However, as you can see from the data depicted for all other four-year public institutions in the country, there is a considerable gap of approximately \$15,000 in the average cost to degree. The average cost to degree for other 4-year institutions in the country has increased dramatically during the most recent year of available data at a level of more than \$5,000.

**Figure 1**  
**Cost to Degree Comparison for Regental Institutions Against All 4-Year Public Universities**



The National Center for Educational Statistics also tracks the Average Revenue per FTE drawn from State Appropriations. When comparing the Regental system against established institutional peers, the average state appropriation for the most recent year available was \$5,588 and as you can see from Figure 2, just six years ago this figure was under \$5,500 and decreased considerably during the recession by approximately \$500 per student. As this number has increased over the past six years to put us on pace with what was available per FTE in 2010, the Regental system is funded roughly \$1,000 per FTE<sup>1</sup>—lower than comparable peer institutions around the country and the region.

**Figure 2**  
**State Appropriation Revenue Per FTE for Regental Institutions Compared to Peers**

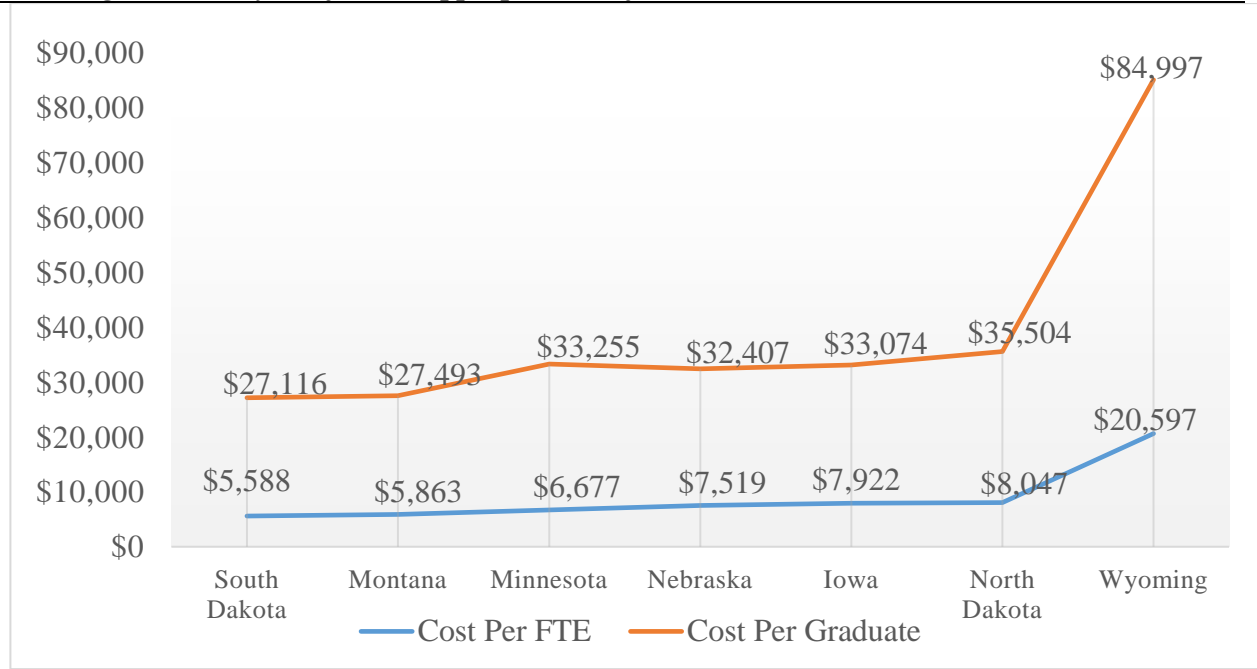


When comparing these two data points across with surrounding states, the same pattern continues to exist. South Dakota General Fund Expenditures per FTE are lower when compared to every state in the region including Montana, Minnesota, Nebraska, Iowa, North Dakota and Wyoming. It is important to note that per FTE and per Graduate spending are interrelated as the overall number of graduates in a given year are divided by the general fund expenditures provided to institutions in that state. As a result, the same pattern and gap exist when comparing the General Fund Expenditure per Graduate with South Dakota expending \$27,116 in general funds for each graduate produced in the Regental system compared to \$33,000 for the majority of surrounding states. It is relevant to point out that a state with just one public, four-year institution, the University of Wyoming, provides General Fund Expenditures at a rate of four times per FTE

<sup>1</sup> Additional Note: The full-time-equivalent (FTE) enrollment used below is the sum of the institutions' FTE undergraduate enrollment and FTE graduate enrollment (as calculated from or reported on the 12-month enrollment component), plus the estimated FTE of first-professional students. Undergraduate and graduate FTE are estimated using 12-month instructional activity (credit and/or contact hours).

(\$20,587 vs. \$5,588) and per Graduate (\$84,997 vs. \$27,116) compared to the level of base funding that was made available to the Regental system.

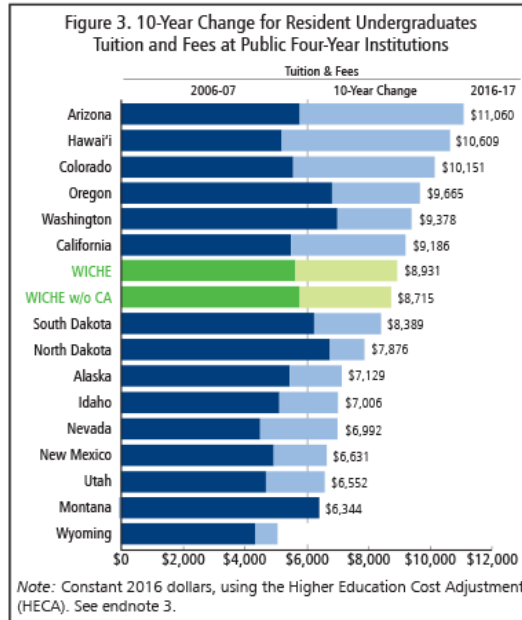
**Figure 3**  
**Regional Analysis of State Appropriations for Cost Per FTE and Cost Per Graduate**



These data are presented to reinforce the interrelationship between the tuition and fee expenditures incurred by students to cover their educational costs. While there tends to be a strong relationship with state spending per FTE and average tuition/fees at public institutions in a state, there are also a number of instances where high general fund appropriations do not offset the tuition/fee expenditures at expected levels.

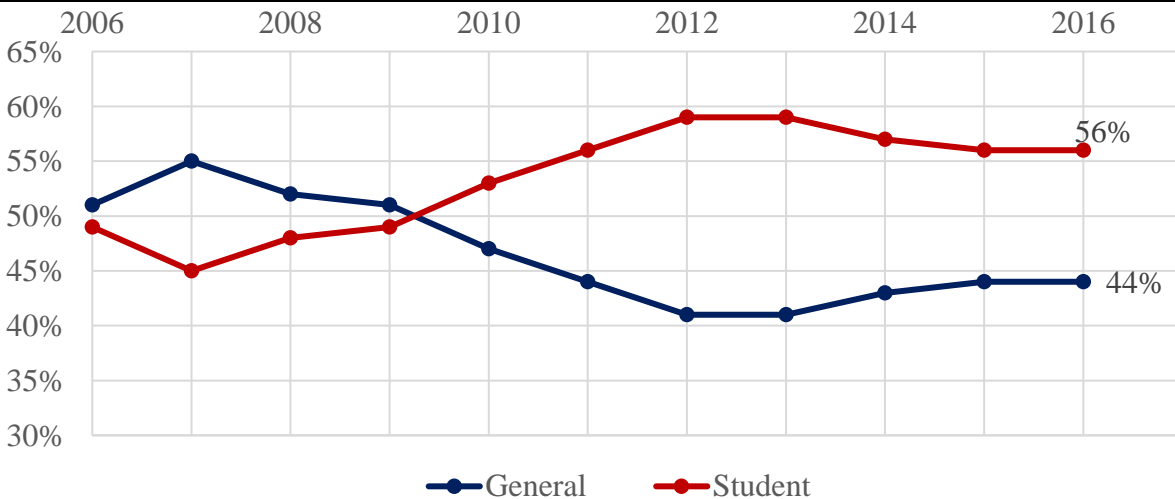
In 2017 the Western Interstate Commission for Higher Education (WICHE) released a report that compared a number of tuition/fee-related factors for the 15 states represented. Their analysis of the 10 year change for resident and undergraduate tuition and fees at public four-year institutions shows that South Dakota has been just under the average for these 15 states. The dark blue portion of the charts highlight where the Regental system tuition/fee rates were set in 2007, indicating a growth of roughly \$2,000 during this ten year time frame. Many of these 15 states have increased tuition and fees at a rate equal to or higher than what has been experienced in South Dakota. Two regional states, Montana and Wyoming, have maintained lower tuition rates during this timeframe. Additionally, they have experienced relatively low level tuition increases. Overall, the South Dakota tuition rate continues to be set at levels lower than at least six of the states involved with WICHE.

**Figure 4**  
**WICHE States 10-Year Change for Resident Undergraduate Tuition and Fee at Public 4-Year Institutions**



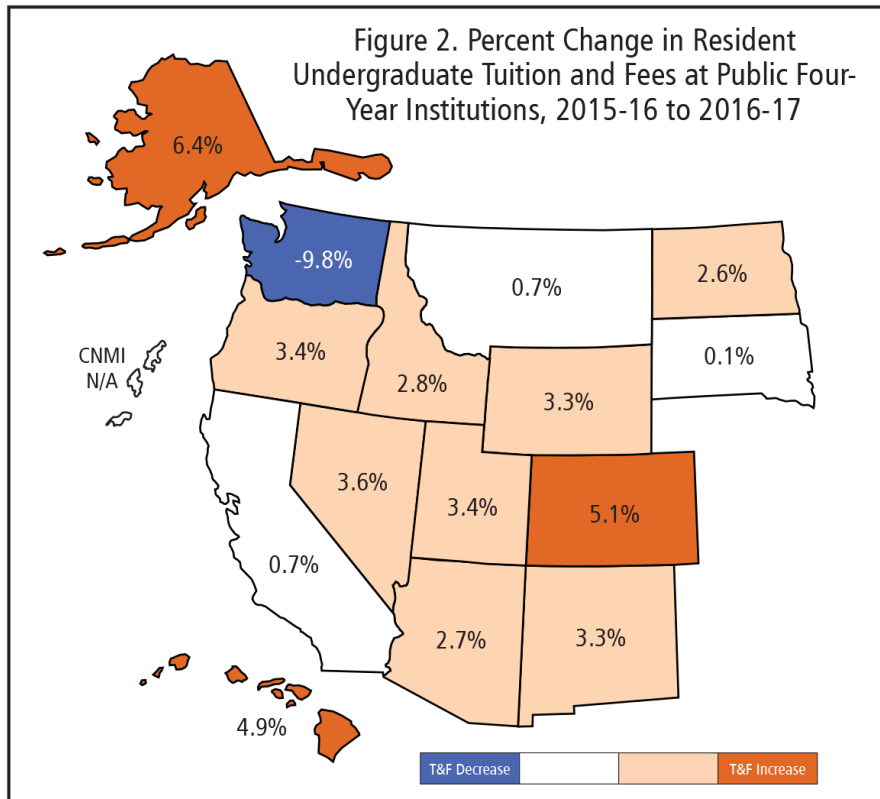
During this same time frame, the ratio for general fund support provided to students in South Dakota has changed dramatically (see Figure 5). In FY17 approximately 55% of the costs associated with attendance were covered by the state of South Dakota. This percentage fell to 42% in FY12 and 14 and has climbed over the past four years due to support by the Governor and the Legislature to cover the costs associated with a tuition freeze for the Regental institutions. However, despite these modest gains, students this coming year will be expected to cover 56% of their educational costs compared to 45% just ten years ago.

**Figure 5**  
**General Fund Support in the Regental System FY06 through FY16**



A 2017 WICHE report reinforces the impact that state funding has on helping to manage student tuition and fee rates across states. The .1% rate change for South Dakota was due directly to support from the Legislature to cover tuition increases for resident students paying state support tuition rates and the willingness of the Board of Regents to limit tuition/fee increases. During this same time, the tuition rates for the majority of WICHE states increased by an average of 3 to 4%.

**Figure 6**  
**Percent Change in Resident Undergraduate Tuition and Fees at Public 4-year Institutions, 2015-16 to 2016-17**



## Program Productivity & Reducing Complexity

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With this fiscal impact as background, the remainder of this document now turns to the three primary areas of efficiencies requested by the Joint Appropriations Committee. The following section outlines the various activities directly resulting from improved program productivity and reducing complexity within the Regental system. To accomplish this task, the range of activities have been organized around areas that focus *“Strategies that eliminate barriers for students to enter the regental system, and ensure the awarding of credit for prior learning.”*

### *Implementation of Block Transfers*

Revision to Board of Regents [Policy 2:5 Transfer of Credit](#) during the [December 2016](#) meeting provides for institutions to evaluate General Education learning outcomes for prominent transfer institutions and allow students to carry those credit hours in as a block transfer. Following an institutional level evaluation, individual course-by-course equivalency review is no longer necessary resulting in a more seamless transfer framework for students and reduction in staff time devoted to this process. Previously, General Education credit was awarded only in those situations where a course-by-course equivalency could be established by students as they move among institutions. The revisions this year allow institutions to evaluate the General Education goals at transfer institutions and match those goals with those established within the Regental system. Where goal and learning outcome alignment exist, student credit is transferred without the need for an in-depth analysis of the specific courses required for meeting those learning outcomes. This policy change is expected to considerably reduce the need for students to retake unnecessary courses as they transfer among campuses.

During the [April 2016](#) AAC meeting the council reviewed and approved the first eight transfer block institutions reviewed and submitted for approval by the various lead institutions. Following this initial review it was noted that the BOR policy revisions did not allow for a similar block transfer review process to occur for students who may be enrolling after having completed a bachelor’s degree at an external institutions. Further revisions will be forthcoming to make it possible for students with these circumstances to also have the GE block approved.

### *Military Credit*

South Dakota is working with a twelve-state collaborative through a grant coordinated by the Midwest Higher Education Compact (MHEC) that is exploring ways to improve methods for accepting academic credit for military experiences, training, and occupations. Policy revisions in the last year clarify how universities can use prior learning assessment methods to provide credit for relevant military experiences for both undergraduate and graduate programs. In addition, universities utilize recommendations from the American Council on Education (ACE) that link military training to specific course equivalencies to provide academic credit. The intent is to prevent veteran students from repeating learning that they have already acquired, thereby reducing both the cost of education and time to degree.

### ***Transfer and Equivalency Credits***

During the 2014-15 and 2015-16 the Regental system engaged in a comprehensive redesign of the General Education program within the system. The Board acted on 8 action items during its March 2016 meeting, but one of the most significant revisions was a more open approach to transfer equivalency credits among institutions. The Board also acted to remove Institutional Graduate Requirements which has served as a barrier to students moving among Regental institutions and those seeking to double major by earning two degrees from two separate campuses simultaneously. This significant revision expects to reduce additional course completion for students and also allowed for the implementation of Block Transfer discussed previously by aligning General Education goals more closely with degree requirements at public institutions around the region and the country.

### ***Credit Hour Limits for Undergraduate Degree Programs***

In 2010, the Board of Regents required that all Bachelor degree programs be reduced to 120 credit hours down from the 128 credit hours. The same was done for associate degree program reducing them from 64 to 60 credit hours. Data at that time suggested that this standard had been set in many states that utilize a per student allocation formula, and the average students in the System were completing 144.3 credit hours at the point of graduation. Over the past five years, this policy change has resulted in a reduction of credit hours completed by 5.4 credits for every student who has graduated during this time frame. The credits to degree completion are expected to continue to decline over the next three to four years to experience the full impact of this policy change. When calculated against our current tuition and fee rates, the credit hour limits have resulted in an average savings of \$1,870 per graduate for those awarded degrees in FY16.

### ***Exploratory Pathways***

SDSU and BHSU have implemented [Exploratory Studies](#) programs designed to place students who are undecided on a major in broad academic pathways that align with their interests that lead to major selection. The series of courses eventually narrow to specific academic programs and meeting requirements for graduation. For example, the SDSU program places students in one of five distinct tracks: (1) Education, Social Sciences and Management; (2) Humanities, Fine Arts and Design; (3) Health Sciences; (4) Engineering, Technology and Math; (5) Agriculture and Natural Sciences. The BHSU program places students in tracks for (1) Education, (2) Behavioral & Social Sciences, (3) Arts & Humanities, (4) Math & Natural Sciences, and (5) Business.

Students align their chosen track with their academic interests, allowing them to explore potential majors while still progressing with required courses within the broader field. The programs reduce the potential for students to take credits that are not needed for their degree. A similar program is under development for students participating in the state's High School Dual Credit program that will enable more credits earned at the discounted rate to apply to graduation requirements when the student enrolls in a Regental university after high school graduation.



### ***Decreasing the Time to Completion***

Campus advising staff have also taken the challenge of encouraging students to complete 15 or more credits every semester in order to keep them on pace for graduation in four years or less. The Opportunity Scholarship program requirements were modeled after this structure and has helped ensure that a higher percentage of students are completing in a timely fashion. If you compound the fiscal impact to students when considering the policy change for a reduction to 120 credit hours, elimination of unnecessary credit accumulation for undecided students, and having students enroll in dual credit courses while in high school it lowers the overall tuition and fee costs by approximately \$5,000 per student. This is a 17% savings on the cost of one's education in the Regental system.

### ***E-Text & Digital Solutions***

The system has been engaged in a pilot over the past two years for two electronic resources that are expected to decrease direct costs to students. Work with publishers is resulting in a reduction of textbook costs by providing electronic resources and ensuring first-day access so that every student has the materials they need when they first enter the class. Second, increased regulations surrounding student authentication and test proctoring resulted in a two-year pilot for a common software platform that would allow institutions to manage these two features for distance students. The system selected a vendor that allows for unlimited use at a marginal cost, rather than software that resulted in a \$10 to \$30 charge to students for each test administered.

With e-text options in place allowing for direct billing to students, institutions are now working aggressively to encourage broader use by faculty and facilitating student buy-in for lower priced electronic materials. As this process develops the efforts by campuses to utilize a greater variety of open source materials will also increase and each campus is currently piloting open source adoption for a set of courses to determine the viability for broader implementation.

## Strategic Planning, Mission Alignment & Structural Review

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The next category of efficiencies tasks relate to “*Strategic Planning, Mission Alignment, and Structural Review*” as it occurs within the Regental System. To outline work in this area, initiatives that focus on “*Strategies that seek to foster student success through systemic changes to campus operations and delivery methods,*” have been identified.

### *General Education Re-Design*

A lengthy General Education Redesign effort that began in [August 2014](#) resulted in a series of significant policy revisions supported by the Board during their [March 2016](#) meeting. The elimination of general education requirements specific to a single Regental institution (i.e., Institutional Graduation Requirements (IGR)) during this process resulted in greater opportunity for electives in student degree programs, and the possibility for students to complete degree programs at multiple institutions without the additional IGR requirements unique to the institution. The elimination of the CAAP examination requirement, flexibility in General Education coursework placement across the degree program, and the formation of a system General Education Committee also resulted in significant opportunities for improving how System Graduation Requirements required at all Regental institutions function for future students.

The General Education (GE) Redesign project resulted in a recommendation to eliminate the CAAP examination as a graduate requirement for students at the [December 2016](#) meeting. In particular the examination was a costly resource for institutions that over time did little to support the campus assessment plans for GE and only nominally addressed the assessment requirements of the Higher Learning Commission. A [New Assessment Model](#) has been developed that relies upon the evaluation of actual student work rather than a standards test with a goal of ensuring stronger alignment to the learning outcomes in place for each of the six GE goals for the system.

### *Regental Library Consortium*

During the [June 2014](#) Board of Regents meeting, the Board dissolved the South Dakota Library Network which consisted of academic, public and tribal libraries around the state. Institutional fees used to support the functions of SDLN were reallocated and a total of 6 FTE eliminated when SDLN ceased operations on July 1, 2016. A series of consortia agreements have been formed with a number of partner libraries across the state at a lower cost, and the transition to a new Integrated Library System hosted in the cloud has reduced the expenditures for personnel and maintenance of hardware at Black Hills State University.

### *Instructor & Lecturer Ranks*

During the 2013 round of negotiations with the Council of Higher Education (COHE), the Board of Regents worked to develop a new Lecturer Rank structure separate from the Professorial Ranks that would allow for the hiring of faculty that could be focused solely on providing instruction to students. Since that time, the Lecturer Ranks have grown at each campus (18.3% vs. 26.7%) and in comparison are paid at 45% of full professors, and results in a higher percentage

of faculty dedicated to teaching rather than research to balance student needs and institutional research needs.

### ***Multiple-Measure Placement***

For more than a decade the Board of Regents relied upon the use of a fixed test score (ACT, COMPASS, ACCUPLACER, SAT) to determine student placement into credit bearing courses in Math and English. Institutions around the country have begun employing a multiple-measures approach as a more valid and reliable approach for assessing student placement, and during their [May 2016](#) meeting, the Board approved the adoption of a Math Index that was developed by faculty at SDSU. The analysis evaluated data from five years of Regental student placements to better determine successful pathways for students using a combination of a student's ACT math sub-score and High School GPA. Drawing from existing data on South Dakota students is expected to be more influential in predicting the appropriate path for student math placement, ensuring that those students who in the past required remediation due to low test scores can be placed into upper level math if their success in high school is predictive of their overall academic affinity.

### ***Co-Requisite Remediation***

The Board of Regents encouraged institutions to present innovative strategies for redesigning remedial education in the Regental system during its [December 2012](#) meeting. In particular, research has shown that a significant portion of students enrolled into remedial coursework may only need limited supplemental instruction to be successful in college-bearing coursework in both English or Math. Rather than asking all students to enroll in remedial courses for these two subjects, Regental institutions began offering co-requisite Math and English courses to allow students to enroll in College Algebra and/or English Composition with other students, and receive additional instruction outside of class to help compensate for areas of weakness. The success of this approach has expanded to providing co-requisite options for students for upper division mathematics courses when predictive analytics have identified student characteristics that may adversely impact student success. As an interesting note, and an area for discussion in the future is action currently occurring in a number of states to make co-requisite remedial coursework the standard for all developmental courses receiving state funding.

### ***Proactive Admissions***

Matriculation data over the past 10 years suggests that a sizable number of South Dakota high school graduates leave the state, while we are successful in attracting an equivalent number of non-resident students to enroll in the state. Currently each institution works aggressively to recruit and encourage students to submit applications to their campus. The [Proactive Admission](#) project has been designed to assist institutions in these recruitment efforts by notifying the top students in the state of their acceptance into all 10 public postsecondary institutions. Recruitment of additional in-state students helps to reduce costs for all students who enroll, while increasing the number of in-state placements after graduation.

### ***Professional Advising and Student Interventions***

The majority of institutions have developed a professional advising core who are focused on providing support to first-year students. Similar to the philosophy associated with the creation of the Lecturer ranks, the professional advisors have the added benefit of a dedicated focus on guiding students rather than the range of teaching, research, and service requirements for full-time faculty members. Once students have selected their majors, or are fully admitted into their respective degree programs, they are transitioned to full-time faculty who play a stronger role in providing career and professional guidance to their students.

### ***Dual Credit Enrollment***

State investment in the [High School Dual Credit](#) (HSDC) program has resulted in a significant reduction in the cost of GE courses for students who participate in this program during their Junior and Senior years. Students enroll at a reduced rate, and for those students who eventually enroll at a Regental campus, the institution incurs a [Reduction in Revenue](#) for the tuition differential attributed to the program. Each dual credit course in which a student enrolls has the potential to reduce approximately 2% of the total direct costs associated with the student's postsecondary degree attainment.

Overall this program benefits students as those who are able and ready to engage in a more rigorous curriculum are able to use those courses to also meet the high school graduation requirements at their local school district.

### ***Common Course Catalog***

Since 2003, the Regental system continues to be the only system in the country that employs a common course catalog environment resulting in a common transcript for all students. This allows a student to complete courses from any institution that meet their degree requirements, and the General Education Redesign work provided even greater ability for student transfer among institutions. To maintain this catalog structure, the Board of Regents has maintained a set of structured requirements for the array of unique and common courses that exist across all six institutions.

## Effective & Efficient Operation

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Second, the committee asked that the system outline the various activities directly resulting from “*Effective and Efficient Operations*” within the Regental System. To accomplish this task, a number of activities/initiatives seeking to outline “*Strategies that ensure institutional/state resources are leveraged to the fullest extent possible by fostering collaboration and eliminating the duplication of effort,*” have been identified.

### *Managing Section Size*

For almost two decades the Board of Regents has maintained a 4/7/10 policy (embedded in BOR [Policy 5:17.4 Small Section Limitations](#)) establishing that selected courses must have enrollments of at least 4 Ph.D. students, 7 master’s students, or 10 undergraduate students to be offered in the Regental system. Each campus may have up to 3% or 4% of their sections that fall below these thresholds without being in violation of the policy. The Board monitors these enrollments each year and receives a report annually (currently depicted in the [Section Size Dashboard](#)) to ensure compliance with these requirements. The goal of the policy is to ensure appropriate curriculum management and appropriate class size for students to engage with their peers in the subject matter.

### Centralized Services

The Regental system has implemented numerous centralized services across the system. The Board invested \$6.3M into the purchase and implementation of a new Human Resource and Finance Information System (HR/FIS) with no new state resources back in 2005. Each year the operating cost of the system is shared by the universities and not duplicated like most universities. The new system is a robust, integrated system that was implemented with minimal modifications, implemented as a single instance for all of higher education. This results in one finance and payroll system for all of the Board of Regents and not separate installations.

The system has also eliminated mailing paper bills and moved the billing and payment process on-line. This change has saved the system approximately \$750,000 in postage, supplies and credit card fees annually. The Board implemented a centralized learning management system to support the academic mission of the public universities in 2008. The implementation was off the shelf, eliminating expensive modifications and was done as a single installation. This allowed for a single student log-in, allowing students taking courses from multiple institutions to access all of their courses at once rather than having to log-in through the sites of each of the institutions. Implementation of the single installation, centralized system has resulted in significant savings over the alternative decentralized model that was in place. In addition to central technology systems for our major ERP systems, we have shared Payroll, Accounts Payable, Purchasing, Immigration Services, Financial Aid Verification, Application Processing, and soon will have shared transcript processing. A more detailed review of the various shared services outlined in this section can be found in Attachment I.

### ***State Authorization Reciprocity Agreement (SARA)***

In 2014, the Executive Order signed by Governor Daugaard established the Board of Regents as the state entity/agency responsible for the management and oversight of the [State Authorization Reciprocity Agreement \(SARA\)](#). The consortium of partner states and compacts provides savings to participating institutions as they seek to gain authorization for the delivery of coursework and programs in states around the country. The state's involvement in SARA reduced institutional expenditures considerably when federal requirements established that states must more aggressively manage their authorization requirements for online program approval. As an example, SDSU alone was expending more than \$11,000 each year to maintain authorization in just Minnesota and North Dakota where distance students were enrolled.

### ***Common Dashboards***

The Board of Regents creates and maintains a set of [Interactive Dashboards](#) for stakeholders and institutional personnel that can be used for managing campus level decision making. These system level resources developed in 2014, and updated yearly, reduce the need to duplicate institutional research activities at the campus level. Currently 16 interactive dashboards are available for institutional use.

### ***University Centers***

Through a series of Board actions each of the University Centers in the state have undergone administrative realignment with an intent of improving the delivery of programs and services to students. Black Hills State University became the primary administrator for operations in Rapid City during the [April 2015](#) Board meeting, and a new MOU providing the consortia agreement between partner institutions involved with the center in Sioux Falls was approved by the Board at the [March 2016](#) meeting. The University of South Dakota was identified as the lead institution responsible for management and oversight of the center.

### ***Collaborative Program Development***

Multiple academic programs have been approved in recent years include shared courses or programs by multiple campuses, achieving efficiency through shared resources, staff, and expertise. Examples include a Master of Engineering degree offered by SDSU and SDSM&T (2016), a Master of Public Health (2014) program offered jointly by SDSU and USD, and a Ph.D. program in Civil Engineering at SDSU and SDSM&T (2014), all of which feature shared courses and instructional resources.

### ***New Program Development***

Consistent with a Board of Regents directive, the [Program Review and Accreditation](#) process occurs every two years for low enrolled programs. Those programs that do not maintain an average of 5 graduates per year are flagged for review and institutions are allowed to advance responses for consideration by the Board that include (1) retain for state/institutional mission, (2) retain for further review, or (3) request inactivation/termination. Through this process and campus

initiated reviews have resulted in 74 programs with low enrollments eliminated since 2012. During this same time frame, campuses have been evolving their degree programs resulting in 195 new programs approved without additional state funding required.

### ***Banner XE Upgrade***

The [Banner XE upgrade](#) to the common Student Information System (SIS) is expected to improve institutional workflows and provide a self-service model for the campuses and students. Currently modifications made to the SIS to accommodate the common implementation of Colleague has resulted in considerable costs to the Regental system. The implementation costs associated with the upgrade will be retained during the first seven years of the migration.

### **Shared Services across the Regental System**

The purpose of shared service centers is to create an efficient student, human resources, payroll, and finance operating environment for the South Dakota Regental System by implementing an integrated databases, sharing services where efficiencies can be realized for the system as a whole, utilizing new software that will further enable the adoption of common business practices, providing new and enhanced services, and implementing an integrated suite of software to better achieve economies of scale.

The goal was to gain efficiencies using technology. This moved the Regental system to a single database for all administrative systems and not eight separate databases. Common business practices and standard data element use for all business functions were implemented.

Shared services centers were established to ensure:

- Common business practices for all Regental institutions,
- Administrative efficiencies and improved customer service,
- Economy of scale in software and consulting cost,
- Leverages the system knowledge across the Regental system,
- Elimination of “shadow” systems and duplication of effort in all cases/areas where
  - common business practices have been identified, and
  - Reduction in total time required from staff in Human Resource, Finance, and IT in the operation of the system.

These shared services were implemented over ten years ago. The economy is having the daily processes managed centrally instead of by numerous staff members at each one of the universities, the two special schools and the central office. For instance, the Shared Payroll Centers employs 3.5 FTEs to manage and be accountable for payroll and its processes. The campuses employed numerous FTEs to manage their payroll. While there are still HR Specialists at each campus, FTEs have been relocated to other departments.

### **Shared International Employment Services (SIES) Center**

As a support center for alien employment, the Shared International Employment Services (SIES) located at SDSU assures compliance with federal regulations as they relate to the employment of nonresident aliens by providing the services to institutions such as monitoring work eligibility and corresponding expiration dates, sufficient documentation, and the renewal authorization or termination. In addition, SIES provides guidance to understanding the rules governing tax treaties.

- **Nonimmigrant and Immigrant work authorization**
  - File a number of petitions (see below for list and #s) with USCIS and Department of Labor to allow temporary and, in some cases, permanent international employment
- **NRA Tax and Withholding**
  - Provide oversight of foreign national work authorization dates for the system;



- Monitor reports and Banner to insure data is being entered correctly to insure I-9 and NRA tax compliance;
- Monitor and process tax withholding and reporting of NRA Federal Income and FICA tax;
- Prepare and file 1042-S and 1042 tax documents and insure proper withholding for compensatory and non-compensatory payments to foreign nationals
- Perform analyses and notify international employees of tax residency changes (NRA ↔ RA) changes and withholding changes;
- Manage the entry and update of tax treaty information in Banner and Windstar for the system and fax treaty documents to the IRS; and
- Provide assistance during tax season to NRA tax filers using our tax-filing software (Glacier Tax Prep).
- **Staff**
  - Three staff members operate this Shared Center.

### **Shared Payroll Center (SPC)**

The Shared Payroll Center (SPC) is also housed on the campus of South Dakota State University. SPC provides two valuable functions for the institutions: a knowledge center and a central payroll processing center. As a knowledge center, the SPC ensures consistent practices, policies and the usage of the software system. As the central payroll processing center, the SPC is responsible for running the payroll process, final processing and reporting on behalf the Regental institutions.

- **Central Payroll Processing**
  - Executes the end-of-month payroll, adjustment payrolls and funding redistribution processes for the system.
  - Remits all third party payments (retirement manager, child support, garnishments, etc.) for the system.
  - Issues the W-2s for the system.
- **Staff**
  - Three full-time staff members and one part-time operate this Shared Center.

### **Accounts Payable Shared Services Center (APSS)**

The Accounts Payable Shared Services Center (APSS) is managed on the campus of the South Dakota State University (SDSU) for the Regental system. APSS' primary function is to manage a daily single check processing and printing cycle for the Regental system. The operation is responsible for processing all routine direct invoice and purchase order payments, handle check printing and distribution, responding to inquiries from vendors, and maintaining the vendor file for all BOR entities.

- **Check Cycle**
  - Checks and ACH payments are processed daily on behalf of the System
  - For FY16 a total of 74,234 and 66,588 ACH transactions were processed.

- **Master Vendor File**
  - Maintains over 203,750 vendors in vendor file.
- **Regular Pay Documents**
  - Processes 32,118 regular invoices (invoices for purchase orders)

### Purchasing Shared Services

The Purchasing Shared Service model for procurement utilizes a system-level manager and specialized buyers at the institutional level. The system-level purchasing manager oversees and provides direction and training to the institutional purchasing staff. All orders over \$1,000 for the commodities listed below are routed through workflow in SDezBuy to the appropriate buyer. The buyer is considered the expert for the commodities. They are assigned and are responsible for the acquisition of these commodities. This process includes soliciting bids, reviewing sole source justifications and acquiring approval from the Office of Procurement Management when applicable. The procurement process is more streamlined; the model provides greater customer service; and, the savings is realized on the shared-service designated commodity purchases and new system-wide contracts.

#### Purchase Order Activity across the System

	Total # Purchase Orders Issued	Total \$ Amount	Average \$ per Order
FY16	24,856	\$52,218,373	\$2,101
FY15	22,981	\$48,890,793	\$2,127
FY14	22,910	\$47,880,782	\$2,090
FY13	22,797	\$45,546,878	\$1,998
FY12	24,058	\$43,535,442	\$1,810
FY11	24,819	\$49,569,817	\$1,997
FY10	21,128	\$45,194,355	\$2,139

#### Shared Services Purchase Order Activity

Commodity Code	Commodity	# Orders	Total \$	Average \$ per Order	Shared Center
18500	Construction Eq.	32	\$680,730	\$21,273	BHSU
18750	Const. Supplies	98	\$1,011,159	\$10,318	BHSU
29750	Housing Furniture	22	\$239,781	\$10,899	BHSU
17500	Cleaning Equip.	51	\$367,509	\$7,206	NSU
17750	Cleaning Supplies	359	\$814,797	\$2,270	NSU
28500	Food Service Eq.	52	\$461,145	\$8,868	NSU
36000	HVAC Equip.	55	\$220,889	\$4,016	NSU
36500	HVAC Supplies	72	\$174,560	\$2,424	NSU
75000	Vehicles	7	\$215,558	\$30,794	NSU
52100	MRO Supplies	542	\$1,680,471	\$3,101	SDSMT
62000	Printing	73	\$307,631	\$4,214	SDSU
62500	Promotional	116	\$286,439	\$2,469	SDSU
13000	Audio/Video	151	\$763,878	\$5,059	USD

38100-39425	Computers, etc.	1,908	\$14,579,215	\$7,641	USD
39500	I.T. Services	169	\$2,692,656	\$15,933	USD
49000	Lab & Sci. Equip.	363	\$4,718,854	\$13,000	USD
49250	Lab & Sci. Supplies	698	\$4,156,613	\$5,955	USD
49500	Medical Equip.	30	\$301,715	\$10,057	USD
49750	Medical Supplies	84	\$347,733	\$4,140	USD
	FY16 – Total Orders	5,197	\$34,713,252	\$6,679	All

### Enrollment Services Center (ESC)

The Enrollment Services Center provides centralized admissions processing, document imaging, and financial aid verification services to students and the six public universities in South Dakota. The Center is located in Vermillion on the campus of the University of South Dakota.

- **Financial Aid (FA) Verification** – This is a federally-mandated process for participating schools. Every year, certain students who file a FAFSA are flagged for verification; this scrutiny/review process helps to assure consistent, appropriate allocation of federal monies. ESC manages this process for the Regental system in strict accordance with direction provided by the six financial aid directors.
  - 2015 4,037 completed FA verifications
  - 2016 4,202 completed FA Verifications
- **Applications for Admission** – The electronic application process may be simple and straightforward; in reality, however, it is fairly complex. On a daily basis, ESC staff members carefully review all applicant data prior to import for logic/accuracy and then follow-up on any oddities. This helps to assure clean, comprehensive, and unduplicated student records.
  - 2015 – Undergraduate electronic applications checked and imported 16,309
  - 2015 – Undergraduate paper applications manually entered 535
  - 2015 – Graduate electronic applications checked and imported 4,803
  - 2016 – Undergraduate electronic applications checked and imported 17,403
  - 2016 – Undergraduate paper applications manually entered 207
  - 2016 – Graduate electronic applications checked and imported 4,803
  -
- **Curricular Requests** –
  - This involvement primarily pertains to the academic side of the house, however, such work does impact billing. ESC processes all university requests relevant to courses, pseudo courses, non-courses, prefixes, programs, majors, minors, divisions, and departments.
  - 2015 – processed requests 2,254 (documentation commenced January 2015)
  - 2016 – processed requests 5,160
- **Staff**
  - Seven full-time staff members operate this Shared Center.

**Student Accounts Receivable Shared Services**

USD dedicates 65% of an FTE to manage the Student Accounts Receivables on the Colleague System (Student ERP). Being tasked with the oversight of the Regental system's student ERP, services include running the billing processes weekly, the establishment of the annual tuition and fee billing tables, leading the institutions with implementation of running collections through the Obligation Recovery Center, and working with third-party vendors with credit card payments and the distribution of 1098T's.