

SOUTH DAKOTA BOARD OF REGENTS

Academic and Student Affairs
Consent

AGENDA ITEM: 4 – E (2)

DATE: May 8-10, 2018

SUBJECT

New Minor: SDSU Minor in Land Valuation and Rural Real Estate

CONTROLLING STATUTE, RULE, OR POLICY

[BOR Policy 2:23](#) – Program and Curriculum Approval

BACKGROUND / DISCUSSION

South Dakota State University (SDSU) requests authorization to offer a baccalaureate minor in Land Valuation and Rural Real Estate. The minor is designed to appeal to students majoring in Agricultural and Resource Economics, Agricultural Business, Agricultural Science, Business Economics, Construction Management, Entrepreneurial Studies, Geography, and related programs. Students will develop skills in economics, finance, mathematics, and law applicable to land and real estate property ownership, development, and transfer. The proposed minor would aid in preparing students for careers in bank lending, real estate investment trusts, farm and estate succession planning, insurance, construction firm management, and economic development and planning, as well as providing preparation towards appraisal or real estate certification and licensing.

The minor consists of 13 core credit hours plus 6 credits in a specified emphasis in Agricultural and Rural, Land Use Planning, Rural Finance and Banking, or Rural Construction. Most Regental system minors are 18 credit hours; however, this minor consists of 19 credit hours due to the inclusion of BLAW 453 Principles and Procedures of Valuation, a course needed to prepare students for the Appraisal Qualification Board (AQB) exam.

IMPACT AND RECOMMENDATION

SDSU projects 15 graduates per year with the minor after full implementation. SDSU does not request any new resources to offer the minor. The minor requires two new courses to implement.

Board office staff recommend approval of the minor.

ATTACHMENTS

Attachment I – New Program Request Form: SDSU – Minor in Land Valuation and Rural Real Estate

DRAFT MOTION 20180508_4-E(2):

I move to approve SDSU’s new program proposal for a minor in Land Valuation and Rural Real Estate.



**SOUTH DAKOTA BOARD OF REGENTS
ACADEMIC AFFAIRS FORMS**

New Baccalaureate Degree Minor

UNIVERSITY:	SDSU
TITLE OF PROPOSED MINOR:	Land Valuation & Rural Real Estate
DEGREE(S) IN WHICH MINOR MAY BE EARNED:	Any
EXISTING RELATED MAJORS OR MINORS:	Agricultural & Resource Economics (B.S.), Agricultural Business (B.S. & Minor), Business Economics (B.A./B.S.), Construction Management (B.S.), Entrepreneurial Studies (B.S. & Minor), Geography (B.S. & Minor)
INTENDED DATE OF IMPLEMENTATION:	2018-2019 Academic Year
PROPOSED CIP CODE:	52.1501
UNIVERSITY DEPARTMENT:	Economics (SECON)
UNIVERSITY DIVISION:	Agriculture & Biological Sciences (SAGBS)

University Approval

To the Board of Regents and the Executive Director: I certify that I have read this proposal, that I believe it to be accurate, and that it has been evaluated and approved as provided by university policy.

Barry H. Dunn

President of the University

3/26/2018

Date

- 1. Do you have a major in this field?** Yes No
- 2. If you do not have a major in this field, explain how the proposed minor relates to your university mission.**

South Dakota State University (SDSU) requests authorization to offer a baccalaureate minor in Land Valuation¹ and Rural Real Estate. The minor is proposed by the Department of Economics, which currently offers majors in Agricultural and Resource Economics, Agricultural Business, Business Economics, Economics, and Entrepreneurial Studies. The minor will allow students majoring in Agricultural and Resource Economics, Agricultural Business, Agricultural Science, Business Economics, Construction Management, Entrepreneurial Studies, Geography, and any number of other majors to take coursework to prepare them in the application of skills in

¹ Land valuation is being adopted by the profession as a more universal term than appraisal.

economics, finance, mathematics, and law to the issues associated with land and real estate property ownership, development and transfer. This training would support careers as collateral evaluators, land appraisers, abstractors, real estate farm and property managers, bank loan officers (agriculture/land/rural commercial and residential), government assessors, and lawyers.

The proposed minor supports the statutory mission of SDSU as provided in SDCL 13-58-1: *Designated as South Dakota's land grant university, South Dakota State University, formerly the state college of agriculture and mechanical arts, shall be under the control of the Board of Regents and shall provide undergraduate and graduate programs of instruction in the liberal arts and sciences and professional education in agriculture, education, engineering, home economics, nursing, and pharmacy, and other courses or programs as the Board of Regents may determine.*

SDSU does not request new state resources.

3. What is the nature/purpose of the proposed minor?

The proposed minor evolved through discussions over the past decade with the South Dakota chapter officers of the American Society of Farm Managers and Rural Appraisers (ASFMRA) who shared increasing concerns with SDSU College of Agriculture and Biological Sciences and Economics Department leaders regarding the job market gap in qualified property appraisers (valuers). Over the past four years, student interest in a minor has grown through participation in a Finance, Insurance and Real Estate (FIRE) student organization that has been co-advised by a member of faculty and a local industry leader. Recent graduates, and former members of the FIRE club, have entered careers as agricultural loan officers, real estate brokers, insurance agents, and have pursued obtaining certification as appraisers (valuers).

The leading agribusiness banks include Rabobank, Royal Bank of Scotland and Royal Bank of Canada as well as those focused on agriculture; Co-Bank and Farm Credit Services of America. However, South Dakota is unusual in the continued importance and reliance on community banking structures and these banks provide significant support to the state's rural infrastructure. SDSU already partners with Northern State University (NSU) to provide opportunities for NSU banking students to obtain a minor in Agribusiness and for SDSU agribusiness students to obtain a minor in Banking (supported by the Dacotah Bank Scholars funding). The intent is to eventually offer the core courses online such that this could provide a similar opportunity. Students obtaining this minor would add an identified and transparent set of skills to their curricula vitae that will address a gap in the job market. It will also be possible for students completing the minor to have completed two of the four (Federal) Appraisal Licensing Board exams by graduation.

4. How will the proposed minor benefit students?

The proposed minor would provide a higher quality preparation for a broad portfolio of careers in bank lending, real estate investment trusts, farm and estate succession planning, insurance, construction firm management, economic development and planning, as well as providing specific preparation towards appraisal or real estate certification and licensing.

5. Describe the workforce demand for graduates in related fields, including national demand and demand within South Dakota.

There is increasing demand for qualified and licensed brokers in agricultural land management, land appraisal and land investing services in South Dakota, the northern high plains, and in the U.S. Employment of appraisers and assessors of real estate is projected to grow 14% from 2016-

2026, faster than the average of all occupations.² The largest employers were indicated to be in local government, including economic development and planning (30%), in activities related to real estate (30%), self-employed (23%), and in finance and insurance (6%). In South Dakota, the employment of appraisers and assessors of real estate is projected to grow 7.9% through 2024.³

In addition to more conventional career paths, the leading insurance and investment companies such as MetLife⁴, Nationwide⁵, TIAA-CREF increasingly include agricultural land and agribusiness investment in their portfolio's as well as conventional commercial and urban property. Farm Credit Council Associations including the local Farm Credit Services of America, serving SD, IA, NE, and WY; and neighboring AgCountry Farm Credit Services servicing Minnesota. Banks including but not limited to BankWest in Pierre, First Dakota Bank in Yankton, Dacotah Bank of Aberdeen, First National Bank of Sioux Falls, and Wells Fargo Bank employ appraisers and real estate analysts. Others include Federal agencies such as GSA, Department of Interior, U.S. Department of Agriculture (USDA), U.S. Army Corps of Engineers (USACE), Office of Special Trustee for BIA, US Forrest Service, Department of Justice, and Internal Revenue Service all employ staff appraisers and real estate specialists. State agencies include the SD Department of Transportation Realty division combined with other regional and federal highway and state transportation departments all employ people with real estate knowledge including appraisers, brokers, and property managers. Farm and property management organizations such as Farmers National and Hertz Farm Management and locally in Sioux Falls, Dunlap Appraisal and Farm Management employ real estate professionals. These businesses and agencies require some level of real estate knowledge in the agricultural and rural agriculture business sector and are seeking employees with both agricultural and rural sector knowledge in addition to the specific skills provided by the proposed minor.

6. Provide estimated enrollments and completions in the table below and explain the methodology used in developing the estimates.

The following estimates are based on interest expressed by student members of the FIRE club and the consistent interest in real estate courses (AGEC 473-473L and special topics). Given the broad range of career paths, which this minor would support, the estimates are conservative and do not take into account the potential for demand that has been indicated by the Department Heads in Construction and Operations Management or Geography.

<i>Estimates</i>	Fiscal Years*			
	1 st	2 nd	3 rd	4 th
	FY 19	FY 20	FY 21	FY 22
Students enrolled in the minor (fall)	5	15	25	30
Completions by graduates	0	5	15	15

*Do not include current fiscal year.

7. What is the rationale for the curriculum? Demonstrate/provide evidence that the curriculum is consistent with current national standards.

Education requirements vary by state, but certified appraisers/evaluators of land and real estate generally need at least a bachelor's degree including courses in subjects such as economics,

² <https://www.bls.gov/ooh/business-and-financial/print/appraisers-and-assessors-of-real-estate.htm>

³ <http://www.projectionscentral.com/Projections/LongTerm>

⁴ <https://www.metlife.com/investments/agricultural-finance/>

⁵ <https://www.nationwide.com/agribusiness.jsp>

finance, mathematics, business or real estate law, and agricultural sciences and law where rural and agricultural land and rural business is the focus. Federal law requires appraisers to have a state license or certification if their portfolio of work includes federally related transactions, such as loans made by federal insured banks and financial institutions. The Appraisal Foundation guidelines for a Certified General Appraiser require that a candidate must have a Bachelor's degree, 300 hours of appraiser-specific qualifying education, and 3,000 hour of work experience completed over at least 2 ½ years including 1,500 hours in nonresidential appraisal work.⁶ This certification permits valuation (appraisal) of real property of any type and any value.

The required core courses are complementary providing the necessary principles and practices relating to agricultural land and rural real estate valuation and markets, to more general real estate markets, property development, financing and investment and legal practice relating to land and real estate ownership and markets. In addition, the foundational knowledge and skills required for national licensure are covered including the standards set forth by the Appraisal Qualifications Board (AQB). BLAW 453 covers all the material for the first two parts of the curriculum sequence of qualifying, pre-license, and education required of individuals pursuing appraisal licensure and certification for most states in the US. Students will also select an emphasis area of six credits for more focused experience in areas of interest based on specific career options: 1) Agricultural and Rural, 2) Land Use Planning, 3) Rural Finance and Banking, and 4) Rural Construction.

8. Complete the tables below. Explain any exceptions to Board policy requested.

A. Distribution of Credit Hours

Land Valuation and Rural Real Estate Minor	Credit Hours	Percent
Requirements in minor	13	68%
Emphasis	6	32%
Total	19	100%

B. Required Courses in the Minor

Prefix	Number	Course Title	Credit Hours	New (yes, no)
AGEC	473-473L	Rural Real Estate Appraisal and Lab	3	No
BLAW	433	Real Estate ⁷	3	Yes
BLAW	453	Principles and Procedures of Valuation	4	Yes
Select 1 of the following courses:				
AGEC	350	Environmental Law	3	No
AGEC	352	Agricultural Law	3	No
BLAW	351	Business Law	3	No
Subtotal			13	

9. Elective Courses in the Minor: List courses available as electives in the program. Indicate any proposed new courses added specifically for the minor.

Select one of the following emphasis areas:

⁶ https://www.appraisalfoundation.org/imis/TAF/How_to_Become_an_Appraiser.aspx

⁷ BADM/BLAW 433 Real Estate is authorized for delivery at NSU and USD. SDSU will request authorization to offer the existing course BLAW 433.

Prefix	Number	Course Title	Credit Hours	New (yes, no)
Agricultural and Rural				
AGEC	271	Farm and Ranch Management	3	No
AGEC	471	Advanced Farm and Ranch Management	3	No
Land Use Planning				
GEOG	365	Land Use and Planning	3	No
GEOG	372-372L	Introduction to Geographic Information Systems	3	No
Rural Finance and Banking				
ACCT	211	Principles of Accounting II	3	No
FIN	310	Business Finance	3	No
Rural Construction				
CM	232	Cost Estimating	3	No
CM	485-485L	Site Development and Feasibility Analysis and Lab	3	No

10. What are the learning outcomes expected for all students who complete the minor? How will students achieve these outcomes?

Students completing this minor will be able to:

- Verify legal descriptions of real estate properties in public records.
- Provide market analysis of comparable nearby properties to establish value comparisons and to provide alternative solutions to assessing a property's value where similar properties do not exist.
- Prepare and maintain data on each property, including background research, observations, methods used in estimating the property's value, location, and lease records.
- Apply math and finance formulas such as discounted cash flow analysis, financial ratios and returns to the equity and mortgage, lease returns, gross and net income multipliers, along with direct and yield rates of return, regression analysis, and basic statistics, etc.
- Ability to articulate methods of research and analysis in producing a final report.

11. What instructional approaches and technologies will instructors use to teach courses in the minor?

Standard instructional approaches will be used including a combination of lecture, project-based learning, and experiential learning. The lecture format will cover the critical federal and state requirements as well as legal. Project and experiential formats (field trips) will take the form of collecting, organizing, and analyzing data, and interpreting the result of the analysis and reporting on the interpretation.

13. Delivery Location⁸

- A. Complete the following charts to indicate if the university seeks authorization to deliver the entire program on campus, at any off campus location (e.g., UC Sioux Falls, Capital University Center, Black Hills State University-Rapid City, etc.) or deliver the entire program through distance technology (e.g., as an online program)?

	Yes/No	Intended Start Date
On campus	Yes	2018-2019 Academic Year

	Yes/No	If Yes, list location(s)	Intended Start Date
Off campus	No		

	Yes/No	If Yes, identify delivery methods ⁹	Intended Start Date
Distance Delivery (online/other distance delivery methods)	No		

- B. Complete the following chart to indicate if the university seeks authorization to deliver more than 50% but less than 100% of the certificate through distance learning (e.g., as an online program)?¹⁰

	Yes/No	If Yes, identify delivery methods	Intended Start Date
Distance Delivery (online/other distance delivery methods)	Yes	Online distance delivery	2018-2019 Academic Year

32% of the 19 credits for the Land Valuation and Rural Real Estate minor are available online.

14. Does the University request any exceptions to any Board policy for this minor? Explain any requests for exceptions to Board Policy.

AAC Guideline 2.8 limits minors to eighteen credit hours unless valid reasons exist to exceed the limit. The proposed minor has a total of 19 credits since BLAW 453 Principles and Procedures of Valuation will need to be a four-credit course to cover the required material outlined by the Appraisal Qualification Board (AQB). The course includes the material for the first two classes of the curriculum sequence of qualifying pre-license education required by states of individuals pursuing appraisal licensure and certification. The AQB required 30 contact hours for each class, principles and procedures, thus the need for this to be a 4 credit class. This course is approved in all the states for entry licensing, subject to successful completion.

Students will also select an emphasis of six credits for more focused experience in areas of interest based on specific careers: 1) Agricultural and Rural, 2) Land Use Planning, 3) Rural Finance and Banking, and 4) Rural Construction. The courses within the four emphases were selected in consultation with the Department Heads of Construction and Operations Management and

⁸ The accreditation requirements of the Higher Learning Commission (HLC) require Board approval for a university to offer programs off-campus and through distance delivery.

⁹ Delivery methods are defined in [AAC Guideline 5.5](#).

¹⁰ This question responds to HLC definitions for distance delivery.

Geography and after a review of related majors. The courses identified for each emphasis meet specific skills needed by the industry sector and provide competitive advantage in the job market. Although there are some prerequisites to the courses in the tracks they are either common courses in general education requirements, requirements for the College of Agriculture majors, or specific program requirements in the major associated with the emphasis. The Land Use Planning emphasis would allow students to complete the minor without additional course prerequisites for a total of 19 credits. The Rural Finance and Banking and Rural Construction emphases will require a prerequisite course to complete the selected track for a total of 22 credits.

The Agricultural and Rural emphasis includes consecutive courses AGEC 271 Farm and Ranch Management and AGEC 471 Advanced Farm and Ranch Management that focus on understanding farm and ranch business planning, capital investments, property rights, land use and long-term financing and investments. Students are able to complete AGEC 271 after completing MATH 102 or higher. AGEC 271 is a prerequisite to AGEC 471.

The Rural Finance and Banking track includes ACCT 211 Principles of Accounting II which focuses on management decision-making and cost control and FIN 310 Business Finance which covers capital budgeting and asset pricing among other critical business performance topics.

Within the Rural Construction CM 232 Cost Estimating studies the basic concepts of construction plan, specification and blueprint reading. The course requires a prerequisite of CEE 216-216L Civil Engineering Materials or CM 216 Construction Methods and Materials. The prerequisites introduce students to building materials and construction methods. In CM 485-485L Site Development and Feasibility Analysis and Lab students learn about the tools and techniques used to evaluate the cost of new site development, risk assessment, and market feasibility analysis for properties to be acquired for economic development. This course does not require any prerequisites.

15. Cost, Budget, and Resources: Explain the amount and source(s) of any one-time and continuing investments in personnel, professional development, release time, time redirected from other assignments, instructional technology & software, other operations and maintenance, facilities, etc., needed to implement the proposed minor.

No additional resources are needed. The courses in the proposed minor will be taught by current faculty and as needed, qualified adjunct faculty with specific credentials and certification in Appraisal.

16. New Course Approval: New courses required to implement the new minor may receive approval in conjunction with program approval or receive approval separately. Please check the appropriate statement.

- YES,
the university is seeking approval of new courses related to the proposed program in conjunction with program approval. All New Course Request forms are included as Appendix C and match those described in section 7.
- NO,
the university is not seeking approval of all new courses related to the proposed program in conjunction with program approval; the institution will submit new

course approval requests separately or at a later date in accordance with Academic Affairs Guidelines.

Appendix A
Land Valuation and Rural Real Estate Minor – Student Learning Outcomes

Individual Student Learning Outcomes	AGEC 473-473L	BLAW 433	BLAW 453	AGEC 350 or AGEC 352 or BLAW 351	Electives
Verify legal descriptions of real estate properties in public records.	X	X	X	X	X
Provide market analysis of comparable nearby properties to establish value comparisons and to provide alternative solutions to assessing a property's value where similar properties do not exist.	X	X	X		
Prepare and maintain data on each property, including background research, observations, methods used in estimating the property's value, location, and lease records.	X		X		
Apply math and finance formulas such as discounted cash flow analysis, financial ratios and returns to the equity and mortgage, lease returns, gross and net income multipliers, along with direct and yield rates of return, regression analysis, and basic statistics, etc.	X				X
Ability to articulate methods of research and analysis in producing a final report.	X		X	X	

Appendix B

New and Amended Courses for the Minor in Land Valuation and Rural Real Estate

AGEC 473-473L Rural Real Estate Appraisal and Lab (amended description to meet new AQB requirements).

Principles and practices of rural real estate appraisal. Cost, market data, and income approaches to rural land and building appraisal are covered, including tax, loan, and other specialized rural appraisal procedures. Field trips to rural areas are required.

BLAW 433 Real Estate (taught as special topics in AY18)

This course is a study of real property interests including brokerage, law, financing, investments, appraisal, property development, property management and marketing.

BLAW 453 Principles and Procedures of Valuation (taught as BADM 492 special topics in two parts in AY14)

This course provides the first two parts of specific curriculum required for licensure by Appraisal Qualifications Board for individuals seeking a career in professional valuation services. Basic valuation/appraisal procedures are covered with concentration on the valuation process and an emphasis on rural properties and techniques to apply. Topics include real property concepts and characteristics, legal considerations, influences on real estate values, types of value, economic principles, market area analysis, highest and best use, and ethical considerations.

This course will be a required course for the proposed Land Valuation and Rural Real Estate minor. BLAW 453 will provide the foundational knowledge and skills required for national licensure and will follow standards set forth by the Appraisal Qualifications Board (AQB). By successfully completing the course and exams, students will have met most states' education requirements in the content area identified as basic appraisal principles and procedures for appraisal licensing qualifications.

The course includes the material for the first two classes of the curriculum sequence of qualifying pre-license education required by states of individuals pursuing appraisal licensure and certification. The AQB required 30 contact hours for each class, principles and procedures, thus the need for this to be a 4 credit class. This course is approved in all the states for entry licensing, subject to successful completion.