



TUITION-SETTING PROPOSAL (2018-2019)
South Dakota Board of Technical Education
3/27/18

A primary goal of South Dakota's technical institute system is to provide a high-quality, affordable education for all those who seek to become skilled professionals. Post-secondary education is an investment in both the student's future and the state's vitality. The four technical institutions in South Dakota recognize that the cost of a certificate, diploma or Associate of Applied Science degree must lead to well-compensated, fulfilling careers that meet the needs of employers throughout the state.

Each spring, the South Dakota Board of Technical Education will set the tuition and state fee rates for the following fiscal year. The rates become effective on July 1st. The tuition and state fee rates that students pay are combined with revenues generated through local or program-specific fee payments and state resources to cover the overall cost of their educations.

CONSIDERATIONS FY19 Forecast

The following considerations are based on revenue and expenditure projections for fiscal year 2019 and final appropriations decisions made during the 2018 Legislative Session.

Revenue Impacts

- 1% increase in the per student allocation (\$3,522.26/FTE in FY19).
- 1% increase in instructor salary support funding (\$3,030,000 in FY19).
- Maintenance and Repair funding, part of a multi-year plan (\$233,000 in FY19).
- 1.2% increase in employee salary policy (average increase across the system).
- Projected increase of 20 full-time equivalent students (5,985 FTE in FY19).
- Level tuition buy-down (\$10.00/credit hour in FY19, requested \$15.00/credit hour).
- Level facility fee (\$35.00/credit hour in FY19).

Expenditure Impacts

- 1.7% inflationary increase to a variety of costs (i.e. utilities, maintenance, service contracts, etc.) totaling approximately \$312,957 (\$128,864 more than the 1% increase in the PSA).
- Increased salary and benefits totaling approximately \$684,275 (\$169,230 more than the 1.2% increase supported by state appropriations).
- Institutions have more than \$1,900,000 in M&R related needs in FY19 (\$1,667,000 more than the \$233,000 appropriated by the state).
- More than \$400,000 in potential equipment and supply costs for new and expanding programs.

PROPOSED TUITION INCREASE 2018-2019

Based on the details outlined above, the technical institute system is proposing an increase of \$2.00 per credit hour for the 2018-2019 academic year. This would bring the tuition rate assessed to students to \$116 per credit hour. For the average full-time student, the increase equates \$60.00 in additional costs per year.

An increase of \$2.00 per credit hour would generate approximately \$355,200 in additional tuition revenue in FY19 (5,985 FTE).

Table one on page two outlines all of the components which contribute to tuition and state fees.

Table 1 Proposed 2018-2019 Tuition and State Fees

Tuition	\$116/credit hour	Details The proposed rate assessed to students is \$116. State tuition buy-down supports an additional \$10.00/credit hour (without tuition buy-down support, the proposed rate would be \$126/credit hour.) Tuition supports all aspects of education and operations (i.e. faculty, classroom materials, utilities, etc.).
Facility Fee	\$35/credit hour	Details Facility fees are used for the technical institutes' payment on debt service coverage to pay down debt on facilities constructed through bond proceeds. The technical institute payment covers 73% of the annual payment and the State of South Dakota contributes the remaining 27%.
Maintenance and Repair Fee*	\$5/credit hour	Details Maintenance and repair dollars fund upkeep of land and facilities on the campuses. Examples include parking lots, heating systems, flooring and lights. Each technical institute works to match the fees collected from students with other institutional dollars. In FY19, the state will begin a multi-year plan to begin contributing to the coverage of these costs.
Postsecondary Transition Fee*	\$1/credit hour	Details Postsecondary Transition fees are used to support staff and activities designed to assist students in the transition to the postsecondary education. This fee was formerly referred to as the Technology Fee.
Total Tuition and State Fees (assessed to students)	\$157/credit hour	Each institution assess local and program fees in addition to the tuition and state fees. *The Maintenance and Repair Fee and the Postsecondary Transition Fee are collected locally and reported to the office of the Board of Technical Education.

POTENTIAL IMPACT OF A TUITION INCREASE

The four presidents considered the potential impact of a tuition increase, both to the system and to their institutions. While the system has increased tuition rates by \$5.00 per credit hour in each of the past five years, the consensus in FY19 was to increase tuition by a lower amount, thus acknowledging affordability concerns in the market.

The proposed tuition increase, when combined with other potential revenue increases, will address the projected new costs to the system. The tuition increase will not close the gap between the state's current M&R contribution and essential M&R needs and does not address all equipment needs related to new and expanding programs.

Table two on page three provides a recap of the system's tuition and fee history and the FY19 proposal.

Table 2 Tuition and State Fees History (FY15-FY18) and Current Proposal (FY19)

	FY15	FY16	FY17	FY18	FY19 (proposed)
Tuition	\$109	\$114	\$119	\$124	\$126
(Tuition Buy-Down)	(\$5)	(\$5)	(\$10)	(\$10)	(\$10)
Facility Fee	\$28	\$30	\$35	\$35	\$35
M&R Fee	\$4	\$5	\$5	\$5	\$5
Transition Fee	\$1	\$1	\$1	\$1	\$1
Total	\$137	\$145	\$150	\$155	\$157

SUMMARY

System leaders have committed to maintaining level fees in FY19 wherever possible. This commitment includes no new increase to the Facility, M&R or Post-secondary Transition fees. The proposed \$2.00 per credit hour increase, additional state appropriations (PSA, salary support and M&R) and a slight increase in projected FTEs will bring much-needed new revenues into the system.