

The State Board of Technical Education
Reference proposed Administrative Rule Changes for Instructor Salary Adjustment.

30 Sep 2021

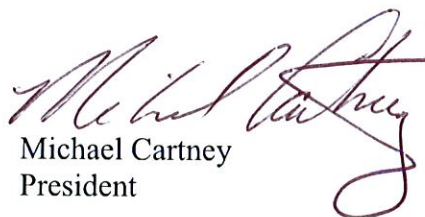
Mister Chair, distinguished members of the board,

Lake Area Technical College (LATC) is providing proponent comments in support of proposed rules changes (24:59:05) related to Instructor Salary Support. As you know, the Instructor Salary Support funds are critical to South Dakota's Technical Colleges being able to hire and retain fully qualified faculty to train SD's technically skilled workforce. However, the methodology for distribution of those funds has not significantly changed since inception, and the system needs to move from the initial filling the salary gaps for teachers employed in 2015 to sustaining equitable salaries across all the technical colleges now and into the future. Because SouthEast Technical College's (STC) students were already paying more in fees for their college to sustain higher instructor salaries in 2015, filling the gap saw STC receiving minimal funding in the initial "fill the gap" distribution. The proposed rules changes to the distribution reflect an equitable distribution of funds correlating to numbers of instructors needed and relevant industry salaries. The distribution will be a percent to each tech based upon student FTE numbers (how many instructors do you need as a function related to the student credits you teach). This change is needed for the long term sustainability and well-being of the system.

The proposed changes to the distribution of these funds will be painful if additional dollars are not allocated to provide STC's equitable share as well as funds to account for system and salary growth since 2015. Lake Area Technical College understands that the shift in the distribution of funds without additional funding will lower the funding to all the technical colleges except STC. But that is reasoning for the state to provide more funding, it is not reasoning to forego the correction of the distribution approach.

Thank you for your consideration and support.

Sincerely,



Michael Cartney
President



October 1, 2021

Re: Proposed Changes to Rule 24:59:05

Dear Board of Technical Education Members:

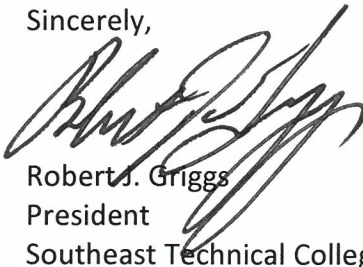
The "Proposed Changes to Rule 24:59:05" will make several much-needed improvements to the original Postsecondary Technical College Instructor Salary Support rules that were implemented by the South Dakota Legislature in 2016. Most significantly, the proposed changes seek to address a long-standing inequity in HB1182 funding that has unfairly penalized Southeast Technical College students since the legislation was enacted more than five years ago.

Historically, Southeast Tech has received **approximately 3%** of the \$3.1 million dollars in annual funding provided to the state technical colleges by the South Dakota Legislature for instructor salary support. Although the additional funding for STC faculty salaries has been greatly appreciated, the significant funding disparity has placed the institution at a significant competitive disadvantage. Due to the funding inequity, Southeast Tech students continue to pay for a greater portion of their instructors' salaries through tuition and student fees than their counterparts at the other technical colleges. Because Southeast Tech operates in the Sioux Falls job market, the institution has had to historically pay higher salaries to recruit and retain skilled technical instructors for its educational programs. As a result, when HB 1182 was implemented, more STC instructors were already being paid close to an industry "market rate" salary through tuition and student fees, so the campus received significantly less funding than the other three technical colleges.

Over the last five years of the instructor salary support funding, LATC, MTC, and WDTTC have each received significantly more state funding for instructor salaries than STC. The proposed rule changes will allow more funding to be awarded to STC, eliminating this huge state funding disparity. The proposed changes to Rule 24:59:05 will provide a more balanced and fair state funding distribution across all four technical colleges. We know changing the current allocation formula will be challenging, but we respectfully request that the proposed changes to Rule 24:59:05 be implemented to help address this long-standing distribution inequity.

Thank you for your consideration and attention to this matter.

Sincerely,



Robert J. Griggs
President
Southeast Technical College

August 19, 2021

Re: Proposed Changes to Rule 24:59:05

Dear Board of Technical Education Members:

Western Dakota Technical College finds many of the proposed changes to Rule 24:59:05 to be improvements over the current rule. Changes in sections 01, 02, 03, 05, 06, and 07 streamline reporting and establish a system that provides needed flexibility while maintaining the intent of the legislation across the four state technical colleges.

However, the change to section 24:59:05:04, “Calculation of Need,” which will change its title to “Allocation of Funds” if the rules changes are approved, presents a significant decrease in funding to WDTC, which will, therefore, lead to a significant increase in student fees and/or a reduction in support services for students. For this reason, Western Dakota Technical College cannot support the proposed changes to Rule 24:59:05.

Part (1) of the proposed 24:59:05:04 shifts the formula for allocation of faculty funds to the PSA formula. This cut will amount to about \$225,000 a year, a significant portion of the College’s overall operating budget of roughly \$12.5 million each year.

Two main problems arise from this funding shift:

- a. Problem 1: Funding based on student FTE enrollment naturally disadvantages technical colleges with more part-time students, which can amount to a full third of the student enrollment at WDTC, depending upon the year. (See chart on page four for comparative data.) The problem arises because more part-time students means more individual students to work with, and each individual student requires the lab space, classroom space, faculty advising time, and other support services provided, but without the commensurate funding for colleges to tend to their individual needs. Depending on where students are in their program, more part-time students can throw off the balance of enrollment in labs and classes, leading to added sections and higher instructional costs, and definitely more faculty one-on-one time, which are not considered by a flat FTE calculation.

Adding more inequity to the problem is the already existing state funding shortage, which means that WDTC already subsidizes the faculty pay formula by about \$250,000. This fact, added to the proposed cut to WDT in the proposed rule of just under \$225,000, means that WDT’s state funding “allocation” for market value pay will cover only 25 to 30% of that cost, with the remaining 70% to 75% coming from local WDTC student tuition and fees.

Note: The calculations above do not include the “base” pay amount that WDT allocates to faculty pay: the calculation above captures only the amount of funds needed to “close the

gap” between base faculty pay and the market value pay based on industry area for each faculty member when the rules were implemented in 2016.

While this state rule clearly benefits some colleges in South Dakota, for WDTC, the effect of this change is crippling WDTC and has the potential to further price students out of technical education. The average annual cost of attendance at WDTC is currently \$14,388. The proposed rule changes will increase each credit hour’s price by \$8.75, bringing the annual cost of an FTE student enrolling in 30 credit hours up to \$14,650 per year. Since part of the cost of attendance, such as the cost of housing, is, at this time, completely outside of WDTC’s control, this increase in fees is unacceptable. When we add the high percentage of students at WDTC who are economically disadvantaged and/or minority students, the cost of education at WDTC becomes a barrier driving those students who can leave away to Wyoming or Nebraska colleges instead.

An alternative to increasing students’ costs would be to cut support services to students. To make up the \$225,000, the entire Success Center at the College would need to be cut, meaning that students would no longer have tutoring, a library, and success coaches. Since these services have been implemented, WDTC has experienced a 5% increase in retention rates, up to 70% each semester. Losing these services would mean an increased number of students not being successful at WDTC, and the vicious cycle of inadequate state funding and loss of services will cause a downward spiral in instructional quality and support services at the institution.

It is also important to note that because of state funding shortfalls, faculty at WDTC have not received any cost of living pay increases since 2016.

- b. Problem 2: Relying on the PSA funding formula to “allocate” faculty funds increases inequity in the state funding system: the PSA calculation formula itself disadvantages Western Dakota Tech, which, of the four technical colleges in South Dakota, has by far the highest percentage of students who rely on Pell grants or veterans benefits to attend college. This flaw in the PSA calculation counts students’ enrollment based on “tuition collected;” thus, colleges enrolling students using federal funding programs, which require funds to be returned to the federal government if those students stop attending classes, lose out on being able to count these students within their FTE calculations. In the case of WDTC, an 8 or 10% reduction in the numbers of students included in the FTE count is typical because of the “Return to Title IV” or VA refund requirements.

Because basing college funding allocations on “tuition collected” disadvantages colleges like WDTC that serve higher percentages of students coming from a poverty background, the

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proposed rule change is counter-productive to improving the state's economy: economically disadvantaged and veteran students enroll at technical colleges for the very reason that they are trying to improve their lives by learning the technical skills needed to get a good paying job and get out of poverty. When these residents can earn a living wage and contribute to state and federal revenue, rather than depending on the state and federal government to support them, everyone in South Dakota wins. So, a formula that punishes colleges for enrolling these higher risk students worsens existing inequities and reduces opportunities for social mobility. This punitive PSA system means that everyone in South Dakota ultimately loses.

It is important to note that students eligible for federal funding for higher education often need more support services, including financial aid advisors, tutoring, veteran's advising, affordable campus housing, and counseling, to be successful. Added to the fact that the PSA calculation as it stands punishes Western Dakota Tech for enrolling these very students, clearly, the PSA formula needs to be brought into alignment with the current demand for more technically skilled employees in countless industries. The current PSA formula not only fails WDTC, which enrolls by far the highest percentage of students from poverty, but the PSA formula also fails its students from a poverty background, its veterans returning to civilian life, and the employers who desperately need every graduate that WDTC can provide.

For the reasons outlined above, Western Dakota Technical College cannot support the proposed rule changes to 24:59:05. The redistribution of faculty salary funding removes significant state support from the only technical college in the western portion of the state, which also happens to have the highest population of financially needy and minority residents. Adding insult to injury, by changing the allocation system to the PSA formula, Western Dakota Tech's students are doubly disadvantaged because the formula punishes technical colleges for enrolling students from a background in poverty and veterans.

The changes proposed to rule 24:59:05:04 are unacceptable: they exacerbate existing funding inequities to WDTC by taking even more funding away from the College with the student population most likely to benefit from (and most in need of) technical education. This attempt to balance out an inequity in the system creates a worse inequity for WDTC's students and employers. Because the change disadvantages an already highly disadvantaged student population and their potential employers, WDTC insists that immediate action on the part of the Board of Technical Education and state leadership be taken to remedy this situation through

- a. Seeking and allocating increased funding to truly close the market value gap for all the technical college faculty in South Dakota, and

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- b. Revising the PSA funding formula to stop the punitive impact for colleges that enroll students on federal benefits, most particularly Pell grants and VA benefits.

Western Dakota Tech and its Board of Trustees appreciates this opportunity to provide feedback on the proposed rule changes and insists that further action be taken to address the disproportionately negative impact that this rule change and subsequent funding reduction will have on WDTC.

Reference Data

College	Percent of Students on Pell Grants)	Percent of Part Time Students	Percent of Minority Students	Current Annual Cost of Attendance	Graduation Rate	Percent of Students on Military Veterans Benefits
WDTC	70%	31%	25%	\$14,388	43%	5.6%
STC	44%	35%	17%	\$14,633	49%	4.2%
LATC	44%	17%	9%	\$12,939	70%	2.0%
MTC	42%	14%	10%	\$12,472	67%	1.6%

Source for columns 1-5 is College Scorecard (Department of Education)

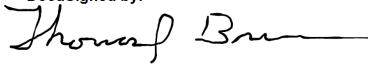
Source for column 6 is NCES/College Navigator (Department of Education)

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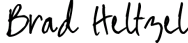
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