



TUITION-SETTING PROPOSAL (2021-2022)
South Dakota Board of Technical Education
4/8/21

A primary goal of South Dakota's technical college 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 colleges 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 set the tuition and state fee rates for the following academic 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 FY22 Forecast

The following considerations are based on revenue and expenditure projections for fiscal year 2022 and final appropriations decisions made during the 2021 Legislative Session.

Revenue Impacts

- 2.4% increase in the per student allocation (\$3,770.91/FTE in FY22, up from \$3,682.53/FTE in FY21).
- 2.4% increase in instructor salary support funding (\$3,243,894 in FY22, up from \$3,167,865 in FY21).
- One-time funding for equipment (\$3,366,196 in FY22, up from \$1,500,003 in FY21).
- Increased maintenance and repair funding (\$1,219,611 in FY22, up from \$505,103 in FY20 and FY21).
- Level tuition buy-down (\$10.00/credit hour in FY22).
- Level facility fee (\$36.00/credit hour in FY22).
- Level M&R and technology fee (\$6.00/credit hour in FY22)

Expenditure Impacts

- Inflationary increase to a variety of costs (i.e. utilities, maintenance, service contracts, etc.) totaling approximately \$325,000 in FY21.
- Increased salary and benefits totaling approximately \$500,000 in FY22. The increases vary among institution and some are applied to non-faculty, professional staff. Some institutions took a more conservative approach to salary policy in the spring and summer of 2020.
- The \$3,366,196 in equipment funding from the state is based on a 33% match from the institutions, requiring local investments of nearly \$1,657,977.

PROPOSED STATE TUITION AND FEES RATES 2021-2022

Based on the details outlined above, the technical college system is proposing a \$3.00/credit hour increase to the state tuition rate for the 2021-2022 academic year. This would move the tuition rate assessed to students to \$124 per credit hour (after applying the \$10/credit hour state-funded tuition buy-down).

If approximately 175,000 credits are earned throughout the system in 2021-2022, the increase to the state tuition rate would generate \$525,000. The additional tuition revenue would be used to address increases in insurance, utilities, and salary related expenses.

Because the system received considerable bonding support and an increase to M&R funding in FY22, we are proposing no increase to either the facility fee or the M&R fee in academic year 2021-2022.

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

Table 1 Proposed 2021-2022 Tuition and State Fees

| | | |
|--|--------------------------|--|
| Tuition | \$124/credit hour | Details The proposed rate assessed to students is \$121. State tuition buy-down supports an additional \$10.00/credit hour (without tuition buy-down support, the proposed rate would be \$134/credit hour.) Tuition supports all aspects of education and operations (i.e. faculty, classroom materials, utilities, etc.). |
| Facility Fee | \$36/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* | \$6/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. |
| Total Tuition and State Fees (assessed to students) | \$166/credit hour | Institutions assess local and program fees in addition to the state tuition and fees. *M&R Fee is collected locally. |

Table 2 Tuition and State Fees History (FY18-FY21) and Current Proposal (FY22)

| | FY18 | FY19 | FY20 | FY21 | FY22 (proposed) |
|---------------------------|--------------|--------------|--------------|--------------|------------------------|
| Tuition | \$124 | \$126 | \$131 | \$131 | \$134 |
| (Tuition Buy-Down) | (\$10) | (\$10) | (\$10) | (\$10) | (\$10) |
| Facility Fee | \$35 | \$35 | \$35 | \$36 | \$36 |
| M&R Fee | \$5 | \$5 | \$5 | \$6 | \$6 |
| Transition Fee | \$1 | \$1 | \$1 | | |
| Total | \$155 | \$157 | \$162 | \$163 | \$166 |

SUMMARY

System leaders have committed to a modest increase to tuition and fees in academic year 2021-2022. This commitment includes no new increase to the facility fee or the M&R fee. The proposed \$3.00 increase to the state tuition rate is the first state tuition increase since FY20 and will address anticipated increases to insurance, utilities, and salary related expenses.