

2017-18 Technical Institute Tuition & State Fees Proposal

For the SD Board of Education

March 20, 2017



Providing a quality and affordable college education for individuals seeking to become skilled professionals is the primary goal of South Dakota's four technical institutes. Postsecondary education is an investment in both the student's future and the state's vitality. As such, the technical institutes recognize that the cost of students' educations must be worth the investment. In other words, the money students spend on certificates, diplomas or Associate of Applied Science degrees must more than pay for themselves and lead to well compensated, fulfilling careers that meet the needs of South Dakota's employers.

Each spring, the South Dakota Board of Education sets tuition and state fee rates for the following fiscal year, effective July 1st. The tuition and state fee rates that students pay are combined with their local or program-specific fee payments and state resources made available to cover the cost of their educations.

Fiscal Year 2018 Forecast

The technical institutes' tuition and state fees proposal for the 2017-18 academic year reflects the following realities and projections:

- Level appropriation for state aid, tuition buy down, and instructor salary enhancement funds
- Expected 1% inflationary increase to costs (ex. utilities, maintenance, service contracts, etc.), amounting to \$643,000 across the system
- \$324,090 in mandated insurance increases
- \$150,000 increase for critical maintenance and repair needs
- \$350,000 increase in equipment costs for new and expanding programs
- Varied efficiencies on campuses to keep expenses as low as possible
- Current enrollments and recruitment efforts project the system may see 200 additional full-time equivalents (FTE)

2017-18 Tuition Increase Proposed

Based on these realities, **the technical institutes propose an increase of \$5 per credit hour for 2017-18**, bringing the tuition rate students are assessed to \$114 per credit. For the average full-time student, the increase equates to \$150 in additional cost per year.

Tuition and state fees would include (Table 1):

FY18 Proposed Rate		
Tuition	\$114 per credit	State tuition buy down supports an additional \$10 per credit (tuition rate would be proposed at \$124 without this). Tuition supports all aspects of education and operations at the technical institutes, from faculty to classroom materials and utilities.
State Facility Fee	\$35 per credit	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%.
State Maintenance & Repair Fee	\$5 per credit	Maintenance and repair dollars fund upkeep of land and facilities on the technical institute campuses. Parking lots, heating systems, flooring and lights are examples. Each technical institute matches the fees collected from students with
State Postsecondary Transition Fee	\$1 per credit	Postsecondary Transition fees are used to support staff and activities that assist high school students in transitioning to the postsecondary level and helping them be successful in their educational endeavors. This fee was formerly referred to as the Technology Fee.
Total Assessed to Students for Tuition & State Fees:	\$155 per credit	<i>Individual technical institutes assess local and program fees beyond state tuition and fees.</i>

Effect of Tuition Increase

As detailed on page 1, the technical institutes expect a \$1,467,090 increase to costs in fiscal year 2018. Assessing students \$5 per credit more in tuition will generate \$885,000. The expected increase of approximately 200 FTE will also add \$36,000 in maintenance and repair and postsecondary transition funds, bringing the total revenue increase to \$921,000. In sum, the total expected shortfall will be \$546,090. *See Chart 1 on page 3.*

With an expected shortfall of \$546,090 across the technical institute system, each school will continue to look for ways to balance their budgets. On average, each will have to get \$3 per credit more efficient to do so. Program fees, budget cuts, deferred maintenance, and other efficiencies will help to address the shortfall.

Chart 1:

SD Technical Institute FY18 Funding Profile

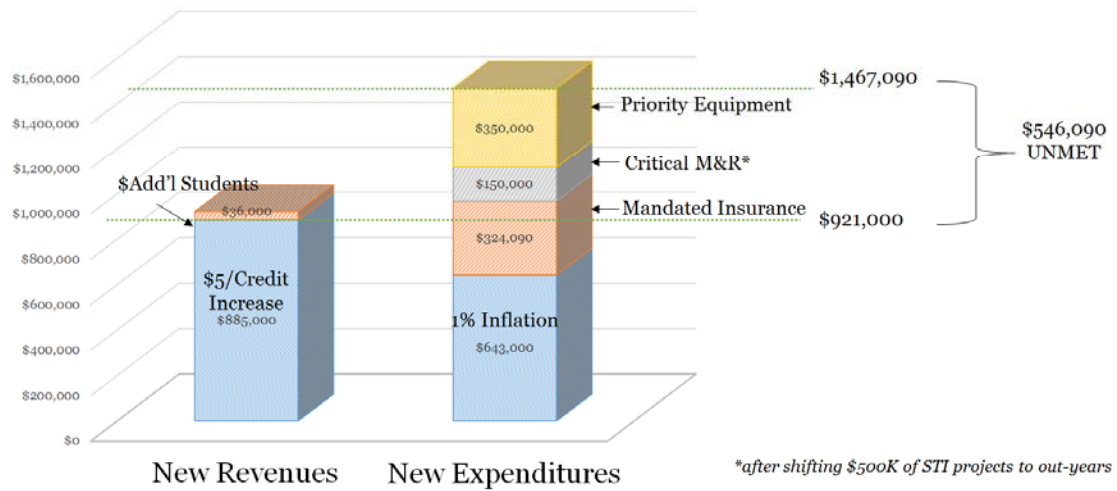


Table 2: SD Technical Institute Tuition & State Fees per Credit, Over Time

	FY14	FY15*/**	FY16*/**	FY17*/**	FY18 Proposed
Tuition	\$104.00	\$109.00	\$114.00	\$119.00	\$ 124.00
(Tuition Buy-Down)		\$ (5.00)	\$ (5.00)	\$ (10.00)	\$ (10.00)
Facility Fee	\$ 25.00	\$ 28.00	\$ 30.00	\$ 35.00	\$ 35.00
Maintenance & Repair Fee	\$ 3.00	\$ 4.00	\$ 5.00	\$ 5.00	\$ 5.00
Program Development Fee	\$ -	\$ -	\$ -	\$ -	\$ -
Postsecondary Transition Fee	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Total Assessed to Students:	\$133.00	\$137.00	\$145.00	\$150.00	\$155.00

*Maintenance & Repair Fees are collected locally and reported to the Department of Education.

**Postsecondary Transition Fees are collected to support postsecondary career and dual credit coordinators on each campus.