

**SOUTH DAKOTA BOARD OF REGENTS**

**Budget and Finance**

**AGENDA ITEM: 7 – C**  
**DATE: December 13-14, 2023**

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**SUBJECT**

**FY25 Tuition Rate Proposals**

**CONTROLLING STATUTE, RULE, OR POLICY**

[SDCL § 13-53-6](#) – Tuition Rates and Fees

**BACKGROUND / DISCUSSION**

Annually the various councils review tuition and fee pricing to identify opportunities to adjust special rates and increase the prospective student pipeline. As a result, tuition proposals to expand resident rates within the region were discussed at the September Business Affairs Council meeting. Given the existing South Dakota Advantage rate, a proposal was developed to expand the resident tuition program to the states of Kansas and Missouri. These states were specifically identified as potential target markets due to their proximity to South Dakota and level of demand for higher education.

In addition, a proposal was submitted to expand the South Dakota Advantage rate to Minnesota residents beginning in summer of 2024, thus ending the Minnesota reciprocity agreement. Students from Minnesota currently enrolled in Regental institutions would continue to receive the equivalent of the Minnesota reciprocity rate until their graduation, but new incoming and new transfer students would receive the Dakota Advantage rate.

Consistent with the South Dakota Advantage expansion to graduate programs in the past, these rates would exclude professional graduate programs that have unique/higher non-resident tuition rates and to which class caps exist such as Pharmacy, Med, Law, OT, PT, PA, and Vet 2+2.

These proposals were discussed with the Council of Presidents, Academic Affairs, and Student Affairs Councils and were supported by all involved.

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**DRAFT MOTION 20231213\_7-C:**

I move to approve an expansion of the South Dakota Advantage tuition program offering new incoming and new transfer students from Minnesota, Kansas, and Missouri a tuition rate equivalent to the resident tuition rate set for each university starting summer 2024. For new graduate students, this expansion will apply only to non-capped graduate programs. Minnesota students currently enrolled in Regental institutions will continue to receive the equivalent of the Minnesota reciprocity rate until their graduation.

Campuses have provided additional information in Attachment I to support the growth needed to be revenue neutral, with the goal of growing enrollments, fulfilling the workforce needs of South Dakota, and generating additional revenue for the universities and the State.

The following tables provide a state-by-state summary of the base enrollment and transfers from FY23, the potential revenue loss, and the number of credits and students needed to breakeven by expanding the South Dakota Advantage rate to the states of Kansas, Missouri, and Minnesota. Separate information is provided for undergraduate and graduate students.

**Table 1. Expansion of South Dakota Advantage – Kansas**

| <b>Kansas Breakeven Summary - Undergraduate</b> |                         |                          |                          |                          |                              |
|---|-------------------------|--------------------------|--------------------------|--------------------------|------------------------------|
| <b>School</b>                                   | <b>Base Student FTE</b> | <b>Base Credit Hours</b> | <b>Tuition Reduction</b> | <b>Breakeven Credits</b> | <b>Breakeven Student FTE</b> |
| BHSU  | -                       | -                        | \$ -                     | -                        | -                            |
| DSU   | 3                       | 94                       | \$9,720                  | 38                       | 1                            |
| NSU   | 2                       | 55                       | \$5,687                  | 22                       | 1                            |
| SDSM&T  | 3                       | 85                       | \$12,538                 | 48                       | 2                            |
| SDSU  | 14                      | 407                      | \$47,619                 | 184                      | 6                            |
| USD   | 15                      | 446                      | \$52,182                 | 201                      | 7                            |
| <b>System</b>                                   | <b>36</b>               | <b>1,087</b>             | <b>\$127,745</b>         | <b>494</b>               | <b>16</b>                    |

| <b>Kansas Breakeven Summary - Graduate</b> |                         |                          |                          |                          |                              |
|--|-------------------------|--------------------------|--------------------------|--------------------------|------------------------------|
| <b>School</b>                              | <b>Base Student FTE</b> | <b>Base Credit Hours</b> | <b>Tuition Reduction</b> | <b>Breakeven Credits</b> | <b>Breakeven Student FTE</b> |
| BHSU                                       | -                       | -                        | \$ -                     | -                        | -                            |
| DSU  | -                       | 9                        | \$2,600                  | 8                        | -                            |
| NSU  | -                       | -                        | \$ -                     | -                        | -                            |
| SDSM&T                                     | -                       | 9                        | \$3,072                  | 9                        | -                            |
| SDSU                                       | 2                       | 71                       | \$ -                     | -                        | -                            |
| USD  | -                       | -                        | \$ -                     | -                        | -                            |
| <b>System</b>                              | <b>2</b>                | <b>89</b>                | <b>\$5,672</b>           | <b>17</b>                | <b>-</b>                     |

**Table 2. Expansion of South Dakota Advantage – Missouri**

| <b>Missouri Breakeven Summary - Undergraduate</b> |                         |                          |                          |                          |                              |
|---|-------------------------|--------------------------|--------------------------|--------------------------|------------------------------|
| <b>School</b>                                     | <b>Base Student FTE</b> | <b>Base Credit Hours</b> | <b>Tuition Reduction</b> | <b>Breakeven Credits</b> | <b>Breakeven Student FTE</b> |
| BHSU  | 1                       | 42                       | \$4,343                  | 17                       | 1                            |
| DSU   | 2                       | 61                       | \$6,307                  | 25                       | 1                            |
| NSU   | 1                       | 15                       | \$1,551                  | 6                        | -                            |
| SDSM&T  | 3                       | 88                       | \$12,980                 | 50                       | 2                            |
| SDSU  | 16                      | 482                      | \$56,394                 | 218                      | 7                            |
| USD   | 10                      | 301                      | \$35,217                 | 136                      | 5                            |
| <b>System</b>                                     | <b>33</b>               | <b>989</b>               | <b>\$116,792</b>         | <b>451</b>               | <b>15</b>                    |

| <b>Missouri Breakeven Summary - Graduate</b> |                         |                          |                          |                          |                              |
|--|-------------------------|--------------------------|--------------------------|--------------------------|------------------------------|
| <b>School</b>                                | <b>Base Student FTE</b> | <b>Base Credit Hours</b> | <b>Tuition Reduction</b> | <b>Breakeven Credits</b> | <b>Breakeven Student FTE</b> |
| BHSU   | -                       | -                        | \$ -                     | -                        | -                            |
| DSU  | -                       | -                        | \$ -                     | -                        | -                            |
| NSU  | -                       | -                        | \$ -                     | -                        | -                            |
| SDSM&T                                       | 0.5                     | 13                       | \$4,438                  | 13                       | 0.5                          |
| SDSU   | 1                       | 42                       | \$1,256                  | 4                        | -                            |
| USD  | 1.5                     | 35                       | \$10,987                 | 32                       | 1                            |
| <b>System</b>                                | <b>3</b>                | <b>90</b>                | <b>\$16,680</b>          | <b>49</b>                | <b>1.5</b>                   |

**Table 3. Expansion of South Dakota Advantage - Minnesota**

| <b>Minnesota Breakeven Summary - Undergraduate</b> |                         |                          |                          |                          |                              |
|--|-------------------------|--------------------------|--------------------------|--------------------------|------------------------------|
| <b>School</b>                                      | <b>Base Student FTE</b> | <b>Base Credit Hours</b> | <b>Tuition Reduction</b> | <b>Breakeven Credits</b> | <b>Breakeven Student FTE</b> |
| BHSU   | 6                       | 178                      | \$12,638                 | 50                       | 2                            |
| DSU  | 121                     | 3,620                    | \$152,112                | 599                      | 20                           |
| NSU  | 88                      | 2,634                    | \$179,902                | 709                      | 24                           |
| SDSM&T   | 53                      | 1,592                    | \$38,526                 | 148                      | 5                            |
| SDSU   | 1,537                   | 46,119                   | \$2,451,225              | 9,461                    | 315                          |
| USD  | 234                     | 7,010                    | \$341,387                | 1,318                    | 44                           |
| <b>System</b>                                      | <b>2,038</b>            | <b>61,153</b>            | <b>\$3,175,791</b>       | <b>12,284</b>            | <b>409</b>                   |

| <b>Minnesota Breakeven Summary - Graduate</b> |                         |                          |                          |                          |                              |
|---|-------------------------|--------------------------|--------------------------|--------------------------|------------------------------|
| <b>School</b>                                 | <b>Base Student FTE</b> | <b>Base Credit Hours</b> | <b>Tuition Reduction</b> | <b>Breakeven Credits</b> | <b>Breakeven Student FTE</b> |
| BHSU  | -                       | -                        | \$ -                     | -                        | -                            |
| DSU   | 3                       | 82                       | \$19,381                 | 58                       | 2                            |
| NSU   | 1                       | 18                       | \$4,249                  | 13                       | 0.5                          |
| SDSM&T  | 14                      | 327                      | \$75,512                 | 214                      | 9                            |
| SDSU  | 101                     | 3,031                    | \$278,610                | 750                      | 18                           |
| USD   | 7                       | 160                      | \$34,368                 | 101                      | 4                            |
| <b>System</b>                                 | <b>25</b>               | <b>3,618</b>             | <b>\$409,120</b>         | <b>1,136</b>             | <b>15.5</b>                  |

**Benefits of Program**

Being able to offer a competitive tuition rate to students in the surrounding states has paid off financially in the past. Expansion of the South Dakota Advantage rate has shown enrollment growth beyond the breakeven point and generated additional tuition revenues at all our institutions.

Being able to fill vacant rooms strengthens the housing system by generating additional revenues to support maintenance, repair, and operations of the facilities. Strong housing occupancy helps keep costs down for all students.

South Dakota retains about 30% of nonresidents employed in the state after they earn their degree. This educated workforce is critical to our state filling growing high tech jobs, meeting the demands in health fields, and keeping entrepreneurs in the state.

**IMPACT AND RECOMMENDATIONS**

The universities are confident that offering the on-campus resident rate to new students from Kansas and Missouri will result in increased enrollments from those states. In turn, the movement to the South Dakota Advantage rate from a reciprocity model at Minnesota is expected to assist in combating the Minnesota North Star program, which offers free tuition for all Minnesota residents whose annual household income is \$80,000 or less. The South Dakota Advantage rate is, on average, \$51 less per credit hour than the reciprocity rate for incoming Minnesota students.

Given that there is facility capacity on campus and that the competition for South Dakota students from surrounding states continues to escalate, we must be aggressive in bringing more young people to South Dakota and keeping our resident students in the state.

Expansion of the South Dakota Advantage program has many benefits and is recommended for approval. The total tuition risk is \$266,890 for expansion to Kansas and Missouri based on the current enrollment and transfer FTE of 74.

Total tuition risk for expansion of Minnesota reciprocity to the South Dakota Advantage rate is much higher at \$3,584,911 based on the current enrollment FTE of 2,063. Movement from a reciprocity model to the South Dakota Advantage rate is necessary to aid in preserving the current Minnesota student population and aid in attracting future Minnesota students that may now be eligible for free tuition under their North Star program.

To breakeven as a system, we need to attract an additional 32.5 students from Kansas and Missouri and 424.5 Minnesota students.

**ATTACHMENTS**

None