

**Report of the Subcommittee of the Postsecondary Education Study Committee
September 10, 2012**

Funding Goals and Performance for Postsecondary Education

The **public purpose** of state supported postsecondary systems and institutions is to provide:

- A workforce that meets current and prospective needs of the state's economy.
- An affordable postsecondary educational opportunity for citizens.
- Access to postsecondary programs so the state can growth its educated citizenry that will provide leadership in all sectors of life in the state.
- A foundation for the state to grow its development and innovation capacity of the state's economy.

Current goals for the public postsecondary systems and institutions:

1. Increase the number of graduates for the state's workforce. [Access and affordability will contribute to the attainment of this goal].
2. Increase the growth capacity of the state's economy.
 - a. Increase the innovation and development capacity for the state.
 - b. Increase skills of current state workforce.

Metrics

Goal 1: Increase the number of graduates for the state's workforce.

- a. Increase number of graduates with premium weight given to selected disciplines and degree levels and to those graduates placed in state. [All institutions]
- b. Increase number of undergraduate graduates of at-risk populations--underprepared, low-income, Native American, non-traditional students, etc. [Masters institutions]
- b. Increase course completions [intermediate steps]. [All institutions]
- c. Increase first to second year retention [intermediate steps]. [All institutions]

Goal 2: Increase the growth capacity of the state's economy.

- a. Increase the expenditures in research [doctoral institutions]
- b. Increase the certificate and non-degree participants [technical institutes]

Council on Higher Education Policy Goals, Performance, and Accountability. A council is created to establish and review policy goals. The council shall include the Secretary of Labor, the Commissioner of the Governor's Office of Economic Development, three House of Representatives members appointed by the Speaker, three members of the State Senate appointed by the Senate pro-tempore, the Chair of the Board of Regents or designee board member, the Secretary of Education, and the state level executive officers of postsecondary education systems. The Governor or designee shall serve as chair of the council. The Council shall set 4- year goals and metrics for measuring goals no later than by July 1 following each gubernatorial election, beginning in 2015. During the intervening years the Council shall meet annually to review progress toward goal attainment.

Accountability Reports. Public postsecondary systems will provide annual accountability reports to the Council on Higher Education Policy Goals, Performance and Accountability. The requirements for each report shall be determined by the Council. The initial report shall include:

1. Information on improvements in time-to-degree completions.
2. Affordability.

3. Placement of graduates in jobs in South Dakota. To be included in a broader report conducted by the Department of Labor using wage and employment data.
4. Information on improvements in the proportion of graduates who are successful on exit, licensure, or certification through third party assessments.

The following **Postsecondary Funding Approach** will serve as a framework for providing resources to postsecondary institutions to achieve these purposes.

1. **Inflation:** When resources are available, the public postsecondary institutions would receive 3% or the rate of inflation whichever is less on their base budgets that are not covered by state salary policy. Where state salary policy is applied to postsecondary systems, the systems would receive the same state salary policy applied to the state.

2. **Mission Expansion:** When resources are available, postsecondary systems would receive funds to reflect their added service to the state. For expanded student service, institutions would receive one-half the average state appropriation for all postsecondary students in the preceding year for each FTE of additional student enrollment and one-half the average state appropriation for all postsecondary students in the preceding year for each additional FTE of student course completers. For expansion, the legislature would fund any legislatively authorized new degree or expanded program.

3. **Performance Funding:** When resources are available and where the postsecondary systems have not exhausted the available state resources in numbers 1 and 2 above, the state will match system redirection of institutional resources 1:1 for the purposes of creating a performance funding pool for each postsecondary system. For the initial period, systems will receive funds based on improvements in the following areas:

Board of Regents:

- a. One-third would be earned based on the total number of new graduates by the regental institutions with special weigh given to degrees in STEM and other critical need programs as determined by the Council on Higher Education Policy Goals, Performance, and Accountability. [All institutions]
- b. One-third would be earned based on the total number of at-risk students who are retained at the regental Master's level institutions. At-risk populations are students who are in one of the following categories of students--underprepared, low-income, Native American, non-traditional students, etc. [Masters institutions]
- c. One-third would be earned based on the growth of expenditures for research and innovation at the regental doctoral institutions. [Doctoral institutions]

Technical Institutes:

- a. One-half of the Performance Funds would be earned based on the total number of new graduates by the public technical institutes with special weigh given to degrees in STEM and other critical need programs as determined by the Council on Higher Education Policy Goals, Performance, and Accountability.
- b. One-half of the Performance Funds for the Technical Institute system would be earned based on the growth in completers of non-degreed, less than one-year training programs, offered by the institutes.

General Notes:

- State appropriated performance funds not earned shall be retained by the state.
- System governing boards shall determine how to allocate the funds within their systems and shall report this to the state.

- Performance audits related to measurement metrics will be performed by the state.
- Student placement data shall be provided by the Department of Labor and shall include a report on the placement of graduates in South Dakota.
- State boards, commissions, or agencies that conduct exams for licensure or certification shall annually report to the state governing systems the numbers of test-takers and the numbers of successful test-takers by institution.
- Retention data shall be reported using the national clearinghouse and will report the number of students retained in one of the public postsecondary systems in South Dakota.