

SOUTH DAKOTA BOARD OF REGENTS

Budget and Finance

AGENDA ITEM: 10 – F

DATE: June 22-23, 2022

SUBJECT

University of South Dakota – Sioux Falls

CONTROLLING STATUTE, RULE, OR POLICY

[BOR Policy 1:27](#) – Naming of Institutional Facilities, Programmatic Units, or Funded Academic Honors

[BOR Policy 5:3](#) – Agreements and Contracts

BACKGROUND / DISCUSSION

[Senate Bill 55 \(SB55\)](#) included a charge to review the viability of the university centers, which resulted in a recommendation in the [final report](#) from the SB55 Task Force to “implement a new business model for the Community College for Sioux Falls site that provides long-term financial viability.” The system stakeholders explored various options for financial viability at the Sioux Falls site, resulting in the plan set forth in Attachment I, which rebrands the site as the University of South Dakota – Sioux Falls (“USD-SF”). This allows USD to utilize existing facilities to create a health sciences hub, relocating all of USD’s nursing classes and a skills lab (for learning and practical clinical skills) from the Sanford USD Medical Center campus, as well the Master of Public Health and Master of Social Work programs to the site. In addition, USD’s Doctor of Nurse Anesthesia Practice program, the Center for the Prevention of Child Maltreatment and the Center for Rural Health Improvement will also operate out of the USD-SF location. The foregoing allows USD to consolidate educational paths for health sciences careers, in addition to remaining focused on target markets in the community such as business and education programming while continuing its mission of providing pathways to four-year degrees.

The USD-SF rollout establishes USD as the primary provider for academic offerings at the site moving forward, with the exception of SDSU pharmacy which will continue to operate out of its current space at the location. Likewise, the transition at the location will not disrupt the regents’ information system (“RIS”), which continues to house the majority of its operations on site. USD will enter into the necessary MOUs with its system partners to maintain current space needs of the respective parties moving forward.

(Continued)

DRAFT MOTION 20220622_10-F:

I move to approve the University of South Dakota – Sioux Falls plan, as presented, and the related actions outlined in the item.

IMPACT AND RECOMMENDATIONS

The USD-SF plan noted previously and outlined in Attachment I will provide a financially viable solution moving forward for the Sioux Falls site, while also addressing the various needs of the Sioux Falls community and surrounding areas. The shift in operations necessitates various housekeeping/clarifying actions to provide a clear picture of the operations moving forward. For avoidance of doubt, the following summarizes the status of the related actions at the locations moving forward:

1. The MOU approved by the Board at its [April 2019](#) meeting pertaining to the governance, funding, and operations model for the UC-SF is rescinded;
2. USD will operate the USD-SF site as outlined above and described in Attachment I;
3. USD will enter into the necessary MOUs with SDSU and/or the Board Office to provide the appropriate accommodations for SDSU pharmacy, RIS and any other system functions at the site deemed prudent by the parties;
4. Subject to the foregoing, USD will have oversight and authority over academic program offerings and space utilization at the USD-SF site; and
5. The existing bonds associated with the facilities at the USD-SF location will continue to be paid from HEFF.

ATTACHMENTS

Attachment I – USD-SF Plan



UNIVERSITY OF SOUTH DAKOTA

Sioux Falls



HISTORICAL ENROLLMENT REVIEW

In 2019, USD developed a strategy to serve the state's fastest-growing city and build the region's workforce by establishing community college-like programs at its North Career Avenue location. While some of these programs, such as the Associate of Arts in general studies, have demonstrated early success, the effects of the pandemic were obvious in its 2020-2021 financial performance.

Total Enrollment at North Career Avenue (2019-2021)

Fall 2019	610
Fall 2020	453
Fall 2021	441 (172 new student enrollments)

USD's enrollment challenges are primarily related to the location's self-support tuition rates; classes are too expensive for traditional community college markets and do not allow USD to compete with neighboring community colleges in northwest Iowa and southwest Minnesota. USD recommends the following steps to overcome these hurdles:

- Support legislation to allow state support tuition rates (currently self-support tuition rates).
- Partner with city and regional stakeholders to develop academic programming and degrees that support the labor market and meet the educational aspirations of its residents.
- Use state funds to defuse each of the three existing bond issues – creating future opportunity for investment in operations and academic programs.

To attract more students, USD is planning a comprehensive scholarship campaign in Sioux Falls, and currently has a significant ask pending to a donor.

Top CCSF Program

In Fall 2021, USD saw a significant increase in the Associate of Arts in general studies program for new students – the highest headcount for this program since USD became the facility's lead institution.

**AA in
General Studies***

2019: 63
2020: 70
2021: 92

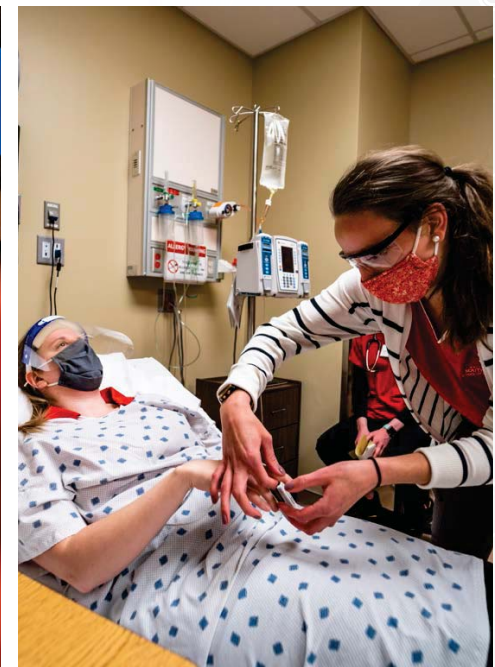


*Includes first-time, full-time, part-time and transfer students

FUTURE VISION

Marketing its programs under the established University of South Dakota brand, the USD vision utilizes existing buildings and assets, creating a health sciences hub and relocating courses and programs, while vacating nearly 20,000 square feet of leased space:

- ▶ All nursing classes and a skills lab (for learning and practicing clinical skills) will relocate from multiple buildings located on the Sanford USD Medical Center campus, as well as the Master of Public Health and Master of Social Work programs.
- ▶ USD's new CRNA program will be located here, with its first students enrolling in the spring of 2023.
- ▶ The Center for the Prevention of Child Maltreatment and the Center for Rural Health Improvement, which provide statewide public outreach support, will also move to allow for program expansion as demand for these services increases.



AT THE SIOUX FALLS LOCATION, USD WILL:

- ▶ Consolidate educational paths for health science careers, as well as focus on education and business degrees, each of which have high career opportunity as identified in the Emsi program demand gap analysis.
- ▶ Continue its mission of providing pathways to a four-year degree through programs like the Associate of Arts in General Studies. Key audiences continue to be high school students who currently do not go on to pursue post-secondary education and underserved students who cannot or do not wish to leave Sioux Falls, as well as nontraditional, career-oriented individuals who would benefit from a four-year or advanced degree.
- ▶ Critical to the USD campus success is the continuance of building strategic partnerships with leading Sioux Falls corporations, creating mutually beneficial recruiting pipelines.

TARGET MARKETS

USD's refined focus in Sioux Falls will help the university serve a variety of students in the Sioux Falls area, with key audiences including:

- 30% of Sioux Falls high school graduates who do not go on to pursue post-secondary education due to lack of awareness, confidence or support.
- Nontraditional, place-bound/career-oriented individuals who would benefit from a four-year or advanced degree from USD but who cannot commit to an in-person educational experience in Vermillion. These students may be attracted to the financial benefits of enrolling at USD at the Sioux Falls location, such as tuition reimbursement from a corporate partner or reduced expenses from lack of commute/housing/food plans.
- Underserved students who cannot or do not wish to leave the Sioux Falls metro area but who require additional student support that would be lacking in an online educational experience.

- Students who may choose programs that are only offered at a public university instead of a technical institute, should tuition costs be comparable.
- In addition to these primary audiences, USD must also market directly to parents, employers and influencers of the prospective students, communicating the brand promise of quality USD is known for while offering the benefit of staying close to home.

USD will explore ways to capitalize on the success of existing partnerships in Sioux Falls, such as the Teacher Pathways program with the Sioux Falls School District. This program currently seeks to recruit and place teachers in Sioux Falls schools but could be expanded to include other professions needed in school districts, such as counselors, administrators, business professionals and support staff.

Top Feeder High Schools



MARKETING & BRANDING

As the University of South Dakota takes a strong position in the Sioux Falls marketplace and establishes itself as a local option with unmatched strengths in health sciences and business, the university will need to invest in a comprehensive Sioux Falls-based advertising strategy, including out-of-home (OOH), digital, television, radio, over-the-top (OTT), print, sponsorships and targeted print mail. The first year (February-June 2022) will focus heavily on branding strategy, with a transition into more enrollment-marketing based strategies in FY23.

CORPORATE STRATEGY / MARKET DEMAND:

A strong corporate strategy is critical to the success of USD's Sioux Falls location. Local corporations are not only the employers who place USD graduates in meaningful jobs in our state, but they also serve as recruiting pipelines by offering financial incentives to current employees and sponsoring scholarship programs for next-generation workers.

USD's focus in Sioux Falls is two-fold:

- Understanding the workforce needs of Sioux Falls' largest organizations and aligning USD's academic programs and course delivery to serve their unique needs
- Partnering with corporations that have a vested interest in securing additional skills, training, certificates and degrees to advance their interests

USD will target corporations in Sioux Falls that:

- Offer tuition reimbursement plans for employees

- Employ a pool of entry-level workers with minimal or no college education (Associate of Arts in General Studies focus)
- Employ health care workers seeking additional certifications, licensures and degrees for career growth (Health Sciences focus)

As USD starts to build stronger relationships with the region's influential corporate partners, it will coordinate these efforts with its academic units, which have existing relationships related to job placements for graduates, as well as the USD Foundation and USD Alumni Association, which offer valuable connections to organizational stakeholders. Focus groups will be held with corporate leaders to better understand their workforce market, partnership opportunities and how USD can better market its academic opportunities to career-focused employees.



FINANCIALS

This new approach to utilizing the Community College assets will be an investment, and will take commitment and time to build the student base needed for financial sustainability. Below is a five-year pro forma:

PROPOSED BUDGET FOR USD'S SIOUX FALLS LOCATION					
	FY23	FY24	FY25	FY26	FY27
REVENUES					
Tuition Revenues (Gross)	\$7,140,686	\$7,768,003	\$8,488,059	\$8,982,241	\$9,362,464
Other Revenues	2,904,765	2,826,436	2,615,759	2,473,159	2,471,833
Total Operating Revenues	10,045,451	10,594,439	11,103,819	11,455,400	11,834,296
EXPENSES					
Instructional Costs	3,902,373	4,169,320	4,303,396	4,376,848	4,492,563
USD-SF Direct Personnel Costs	2,744,471	2,744,471	2,744,471	2,744,471	2,744,471
Direct Operating Expenses	1,897,711	1,962,783	2,026,355	2,039,926	2,054,998
Total Instructional and Direct Expenses	8,544,555	8,876,574	9,074,222	9,161,245	9,292,032
Overhead Assessment	1,807,247	1,920,288	2,038,816	2,138,989	2,228,719
Total Operating Expenses	10,351,802	10,796,862	11,113,038	11,300,233	11,520,751
Net Operating (Expense) Revenue	\$(306,351)	\$(202,423)	\$(9,219)	\$155,166	\$313,545

Assumptions:

The University of South Dakota at the Sioux Falls campus represents the existing operation of the Administration and Science & Technology buildings on the Community College for Sioux Falls campus. Also included in these revenues and expenses are all non-nursing academic classes. As part of the proposal, USD analyzed Emsi data as well as the regional market analysis needs and is focusing on maintaining programming for associate degrees, as well as building on health sciences, business and education degree opportunities.

The pro forma assumption was to bring this piece of the campus to a breakeven by the end of the five-year projection, which was achieved by reducing the tuition rate and recruiting additional students to campus.

Currently, the CCSF campus charges a self-support rate of approximately \$354.75 per credit hour. USD's success at the Sioux Falls location also is based on legislative change to allow the self-support tuition and fees. For the analysis, USD used \$255 per credit hour, which equates to approximately 18 additional students (headcount).

In Fall 2021, there were 184 student FTE enrolled in classes at CCSF; student headcount is vastly different at this location. The typical student takes 9 credit hours, and FTE is based on 30 credit hours, equating to approximately 600 individual students taking classes. The five-year breakeven is to recruit 67 student FTE (approximately 270 students).

Undergraduate nursing will move from the Sanford USD Medical Campus, vacating almost 20,000 square feet of leased space, and eliminating about \$40,000 in cleaning and maintenance costs.

USD currently has the capacity to enroll 48 students per semester into the Sioux Falls nursing program. For this analysis, USD assumed class enrollment increasing to capacity at the end of the five-year period. The Sioux Falls market is saturated with nursing programs (USD, SDSU, Augustana, University of Sioux Falls, Southeast Technical College and several new niche providers), so recruiting the best will be intentional, and may take time to build class size to capacity.

All other assumptions are consistent with current USD policies, including the RCM budget methodology.

ENROLLMENT ASSUMPTIONS

ENROLLMENT ASSUMPTIONS					
	FY23	FY24	FY25	FY26	FY27
ENROLLMENT					
Student FTE					
USD - SF Campus Enrollment	199	219	239	252	266
Undergraduate Nursing Enrollment	103	119	135	151	167
CRNA Enrollment	-	10	24	42	52
Total USD-SF Enrollment	302	348	398	445	485





UNIVERSITY OF
SOUTH DAKOTA

Sioux Falls