



# Legislative Research Council

# MINUTES

## Postsecondary Education Study Committee

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**Senator Russell Olson, Chair**  
**Representative Tad Perry, Vice Chair**

**Third Meeting**  
**2012 Interim**  
**September 19, 2012**

**President's Conference Room**  
**Black Hills State University**  
**Spearfish, South Dakota**

**Wednesday, September 19, 2012**

The third meeting of the Postsecondary Education Study Committee was called to order by the Chair, Senator Russell Olson, at 2:30 p.m. (MDT) in the President's Conference Room of the Student Union at Black Hills State University, Spearfish, SD.

A quorum was determined with the following members answering the roll call: Senator Russell Olson, Chair; Representative Tad Perry, Vice Chair; Senators Jim Bradford, Al Novstrup, J.E. "Jim" Putnam, and Larry Tidemann; and Representatives Dan Dryden, Mark Kirkeby, Jim White, and Dean Wink. Senators Mark Johnston and Deb Peters, and Representatives Tom Jones and Susan Wismer were excused.

Staff members present included Clare Charlson, Principal Research Analyst; and Annie Mehlhaff, Principal Fiscal Analyst.

(NOTE: For purpose of continuity, the following minutes are not necessarily in chronological order. Also, all referenced documents distributed at the meeting are attached to the original minutes on file in the Legislative Research Council (LRC). )

### **Approval of Minutes**

**SENATOR TIDEMANN MOVED, SECONDED BY SENATOR PUTNAM, TO APPROVE THE MINUTES OF THE LAST MEETING THAT WAS HELD ON AUGUST 21-22, 2012 IN MADISON, SD.** The motion prevailed unanimously on a voice vote.

### **Opening Remarks**

**Dr. Kay Schallenkamp, President of Black Hills State University,** welcomed the committee to Black Hills State University.

**Senator Russell Olson, Chair,** thanked Dr. Schallenkamp and other staff members at Black Hills State University for the campus tour, and for their hospitality and help in arranging for the meeting. He noted that the proceedings were being videotaped and audiotaped for members of the committee who were unable to attend the meeting and for any other interested parties.

**Representative Tad Perry, Vice Chair,** noted that the topic of how to monitor the quality of academic programming is on the agenda for discussion at this meeting, and that it is of

particular concern to Representative Wismer, who was unable to attend. Representative Perry also asked members of the committee to take a moment to remember Dr. Robert Wharton, President of the South Dakota School of Mines and Technology, who passed away earlier in the day. Representative Perry said he knew that Dr. Wharton was with the committee in spirit.

### **How to monitor the quality of an academic program**

**Mark Wilson, President, Western Dakota Technical Institute**, filled in for Sarah Carter from the Department of Education, who was unable to attend the meeting, and addressed the topic on behalf of the postsecondary technical institutes. He said that people, product, plant, and the plan are the four keys to monitoring quality, but that the bottom line is placement of graduates in jobs. All of the programs offered by the postsecondary technical institutes are monitored annually. This ensures that all programs are held accountable. Also, many of the programs are accredited, which requires strict adherence to standards.

Mr. Wilson provided the committee with two handouts (**Documents #1 and #2**). The first details the annual review of postsecondary technical institute programs that is undertaken by the Office of Curriculum, Career and Technical Education in the Department of Education. The second is a press release announcing that Lake Area Technical Institute was named as one of the finalists for the Aspen Prize for Community College Excellence.

**Greg Von Wald, President, Mitchell Technical Institute**, noted that if industry is not hiring the graduates of a particular program, the program is either changed or discontinued. A low number of graduates from a particular program is often a sign that the program is no longer needed or that it is no longer financially feasible to offer the program. He said that turnaround time is very short. If a new program is needed, the technical institutes are able to add it quickly and that has been very beneficial to industry. Mr. Von Wald stressed that the approach the technical institutes are taking now is working, and that they are making the right decisions.

When asked if they monitor third party exams that graduates must take, Mr. Von Wald answered in the affirmative and commented that most medical programs must meet national standards. He stated that electricians and people in other trades need to pass exams and also demonstrate that they can perform the necessary tasks.

**Dr. Rod Custer, Provost and Vice President of Academic Affairs at Black Hills State University**, filled in for Dr. Duane Hrcir from the South Dakota School of Mines & Technology, who was unable to attend, and addressed the topic of monitoring program quality on behalf of the Board of Regents. He noted that quality programming is easy to recognize, but often hard to define. He said that the accreditation process is key, and that it is a very rigorous process and a high standard for programs to reach. The Board of Regents also has standards and requires program reviews every seven years. The focus is now on outcomes or what a student needs to be able to do upon the completion of a course. He added that internships in business and industry are important in pulling together what students learn throughout the course of their educational experience.

Dr. Custer said that the annual review and tenure promotion process for faculty also adds to the quality of programming because teachers who can't teach will have a hard time continuing. He also noted the increased engagement between faculty and students through the student success centers that are present on all the campuses. He said that both students and teachers expect a quality experience.

**Dr. Jack Warner, Executive Director, Board of Regents**, joined Dr. Custer in the discussion, and indicated that there are two kinds of accreditation, regional accreditation and programmatic accreditation. He stressed that South Dakota needs more graduates and it needs programs of superior quality, and no one wants to water down credentials to gain more graduates. He noted that the higher education system in South Dakota is the only system in the country that requires an assessment for all juniors. He also added that any program that has had less than five graduates over the course of several years requires justification.

**Senator Tidemann** commented on the rigor of the regional accreditation process. Institutions must prove that they meet each standard through a self-study, and then a team of peer reviewers follow up to validate the self-study.

Representative Perry asked if the funding cuts in recent years have impacted the quality of programming. In response, Dr. Warner indicated that administrative and student services suffer first, but that the instructional models have stayed intact.

### **Postsecondary Technical Institutes—Review of the current funding formula**

Mark Wilson distributed a handout detailing the state funding for the postsecondary technical institutes for FY 2013 (**Document #3**). He indicated that funding is not based on the headcount, but rather on the actual tuition collected during the previous year. Of the state funding allocated for the funding formula, twenty-five percent of it is divided among the four institutes to cover common operational costs and seventy-five percent of the funds are divided based on weighted program factors that are determined during the annual review of programs. The costs of programs vary widely depending on the cost of necessary equipment, faculty, and operational costs.

Greg Von Wald noted that funding cuts do impact the quality of programming at the technical institutes. The technical institutes often compete with industry in obtaining instructors, and the turnover rate of instructors has increased dramatically in recent years.

In response to a question from **Representative Munsterman** regarding mentoring, Mark Wilson stated that Western Dakota Technical Institute is focusing on professional learning communities and does have an in-house mentoring program.

### **Board of Regents—Review of the current funding approach, the performance funding pilot, and the proposed performance funding model**

**Dr. Kathryn Johnson, President of the Board of Regents**, started the discussion by stating that the Board of Regents has given performance funding a lot of thought, and the board supports formulas that incentivize the right outcomes. She said that inputs take care of themselves if the focus is put on the proper outcomes. As an example, she cited the board's

recent decision to reduce the number of required credit hours for graduation from 128 credit hours to 120 credit hours. The board did so by eliminating some of the elective credits a student had been required to take, but if the board's focus would have been simply on keeping students, it was a decision the board likely would not have made.

Dr. Warner reminded the committee that the Board of Regents had an enrollment-driven formula until 1998, but since then, it has received base funding. He noted that the board receives restricted revenue which must be used for a specific purpose, but if the board received unrestricted revenue, it could use it to reduce tuition.

Dr. Warner then addressed the performance funding pilot program that was put in place by the Board of Regents for FY 2013. He said the board felt it was important to align funding with the board's priorities. The pilot program rewards institutions for the production of graduates. The graduates were weighted based on degree level, and also graduates in certain critical need areas like science, technology, engineering, and math received greater weight. Institutions were then granted points based upon graduates, and money was allocated back to the institutions based on the points. Institutions were required to provide matching funds for the pilot program, and there were separate pools for those institutions granting master's degrees and those institutions granting doctoral degrees because they have different missions.

The performance funding model currently being proposed by the Board of Regents rewards institutions not only based on the production of graduates, but also based on retaining students from the first year of higher education to the second year (as an intermediate goal) and on growth in research expenditures. In rewarding funds, the model looks back six years, and compares the averages from the first three years to the averages of the last three years to look for improvements.

Representative Munsterman asked what metrics would be used to measure improvement, and Dr. Warner responded that increases in graduate production would be measured based on the number of graduates including the weight given for degree level and to those graduates in critical need areas. He said the improvements in retaining students from the first year to the second would be measured in percentage increases, and the increases in research expenditures would be measured in actual dollars.

Representative Munsterman also asked if the Board of Regents is interested in equity in the distribution of funding, and Dr. Warner indicated that the board is interested and also noted that some adjustments could be made in that regard if the board received more unrestricted revenue.

### **Report of the subcommittee**

Representative Perry, chair of the subcommittee, provided the report of the subcommittee (**Document #4**). He thanked other subcommittee members (Senator Peters and Representatives Dryden, Jones, Kirkeby, White, and Wismer) for their contributions. The subcommittee completed its work by telephone conference call on Monday, September 10, 2012.

The subcommittee proposal contained in the report defines the public purpose of state-supported postsecondary education and includes a list of current goals for public

postsecondary education and the metrics to measure progress toward those goals. It provides for the creation of a Council on Higher Education Policy Goals, Performance, and Accountability that would consist of many key stakeholders and would be charged with the task of determining future goals and metrics for postsecondary education systems and institutions.

The subcommittee proposal also includes a funding framework for postsecondary education systems and institutions that, when the financial resources are available, would provide an annual inflationary increase, a mission expansion increase to fund expanded student service and expanded programming, and performance funding that would include matching funds from participating institutions and be distributed based on improvements toward the goals established by the council.

### **Committee Discussion**

Since no one came forward to provide public testimony, Senator Olson asked for questions and comments from members of the committee.

**Representative White** noted that too many students entering postsecondary education are in need of remediation, and it is adding to the cost. He said it is an issue that needs to be addressed and that the goal is seamless education. **Senator Bradford** said that many high schools are not doing a good job of preparing students for postsecondary education or the labor force.

**Representative Dryden** commented that there could be greater cooperation among K-12, higher education, and the postsecondary technical institutes.

Senator Tidemann expressed some concern relative to the matching funds that the subcommittee is suggesting be paid by the postsecondary institutions to participate in the performance funding. He said that finding matching funds internally is difficult and could leave some institutions in a bind. He also noted that institutions should not be rewarded just for placing graduates in South Dakota because placing graduates in jobs anywhere is a good thing.

**Representative Wink** commended the subcommittee for its work, but expressed concern relative to the proposed funding framework. He said it is workable in the good times, but not during a recession when the economy is down and people are returning to school in greater numbers. Representative Perry responded by saying that he understands that the economic times will dictate whether the funding goals provided in the framework can be met.

Senator Olson concluded the discussion by saying there is a lot of information to absorb and that further suggestions and input are needed. He indicated that he would poll the committee members to find a suitable date for the fourth and final meeting of the committee. In response to a request from Greg Von Wald and Mark Wilson, he indicated that representatives of the postsecondary technical institutes and others would have an opportunity to respond to the subcommittee report at the next meeting.

## Adjourn

**SENATOR TIDEMANN MOVED, SECONDED BY REPRESENTATIVE PUTNAM, TO ADJOURN.** The motion prevailed unanimously on a voice vote. The committee adjourned at 5:00 p.m. (MDT).

## Committee Tours

Prior to the meeting in Spearfish, the committee toured four postsecondary institutions: University Center – Rapid City (UCRC), Western Dakota Technical Institute (WDTI), South Dakota School of Mines and Technology (SDSMT), and Black Hills State University (BHSU). Craig Johnson, UCRC President, began the tour with statistics and enrollment information for the new center for higher education. All of the students are considered “non-traditional” and enroll in classes offered by one of the state’s six higher education institutions. The students, with the exception of nursing and respiratory therapy students, must pay the “self-support” rate for tuition, which covers the actual costs of their education, without any state general funds. The center has been open since April 2011.

The tour at Western Dakota Technical Institute was filled with construction in all different phases. Mark Wilson, President, explained that WDTI is undergoing a 60,000 square-foot, \$12.5 million expansion project. Part of the project is a joint effort between WDTI, the county, and the city for a new public library.

South Dakota School of Mines and Technology showcased the AMP (Advanced Materials Processing) Center which houses the National Science Foundation Center for Friction Stir Processing. Dr. Michael West explained that researchers from SDSM&T work with four universities from other states to further develop friction stir welding to be stronger and have fewer defects than traditional welding. Private industry is very interested in this technology. Some of the industry partners in the center are Cummins, Boeing, and General Motors.

In the afternoon, President Schallenkamp welcomed the committee to the BHSU campus and introduced Dr. John Dixson, who explained two biomedical research projects that address the problem of antibiotic-resistant microbes and drug-resistant malaria. BHSU students are currently investigating medicinal plants that Native Americans used to treat a variety of diseases as sources of new, natural products to treat antibiotic-resistant diseases and malaria. The BHSU research team is currently working to identify the antibiotic activity compounds in those plants.



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