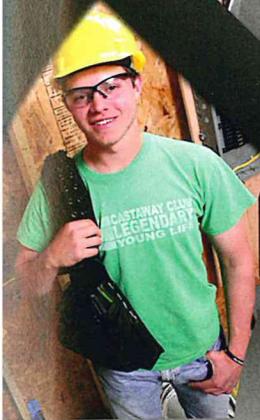


2015

\$3.32



I nvesting in the Workforce



 **LAKE AREA**
TECHNICAL INSTITUTE
It's your world.

 **MTI**
Mitchell Technical Institute

SOUTHEAST
TECH

 **WDT**
Western Dakota Tech

Industries Need...

“South Dakota faces labor supply shortages in industries requiring considerable training.”¹

According to the Governor’s Workforce Summits Final Report, participants around the state identified three key components to an effective workforce system:

- **Exploration and Education**
- **Recruitment and Retention**
- **Common Language, Data and Agenda**

Our State’s Key Challenge:

“The message from summit participants was clear: having enough workers with the right skills and competencies is the key to success. South Dakota’s economic success is tied to having people with the right skills and capabilities for South Dakota jobs. This is an urgent issue that requires continued concentrated attention and effort.”²

Institutes Provide...

The mission statement of South Dakota’s Technical Institutes says it all:

To meet South Dakota’s evolving skilled workforce demand.

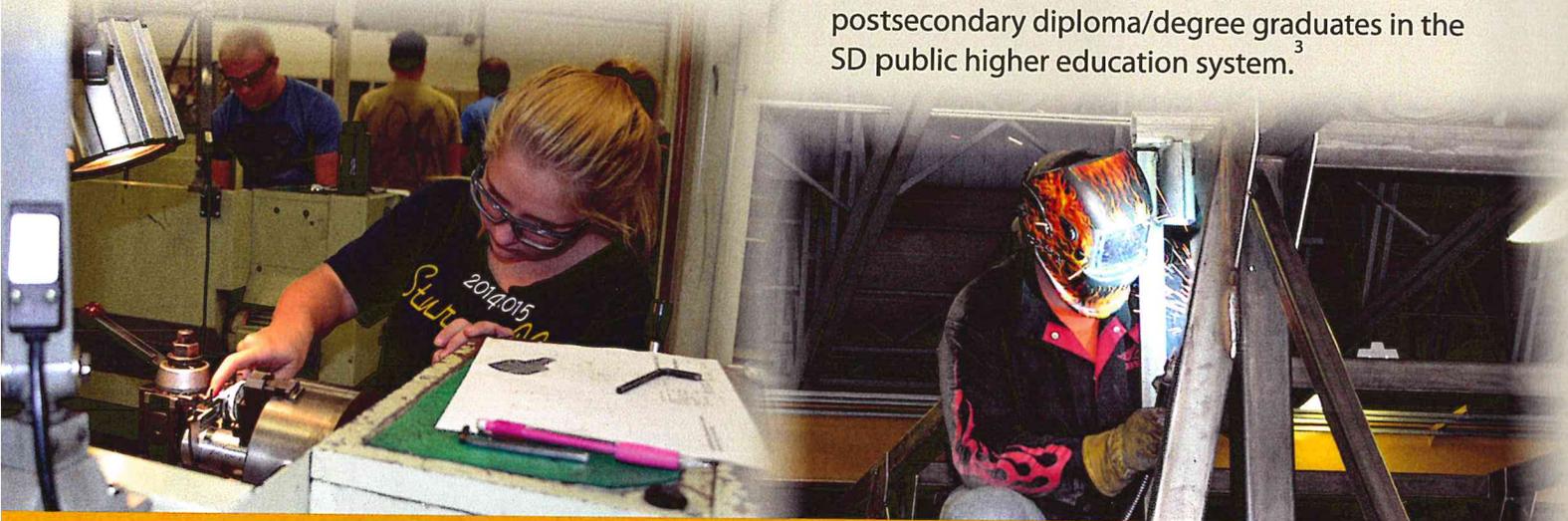
How can we best achieve our mission?

- Increase affordability of postsecondary education
- Increase quality of postsecondary technical education
- Inspire students to pursue technical careers
- Improve long-term facility maintenance

Technical Institutes have a strong ROI for South Dakota:

- 97% of 2013 graduates are employed
- 86% stayed in state (working or continuing ed)
- 79% stayed in state, working in field of study
- More than 2,000 graduates each year enter the SD workforce

SD technical institutes produce 25% of all postsecondary diploma/degree graduates in the SD public higher education system.³



“We are in direct competition with other states in the region, if not the country, for skilled technicians. **State support can have a direct effect on our ability to attract and keep skilled workers** as contributors to our state economy.”

—Tom Simmons, Senior Vice President of Public Policy
Midcontinent Communications

“In addition to the critical role traditional skilled technical workers play in various growth industries from the energy sector to healthcare, the level of compensation and benefits for these positions has increased dramatically. This makes **the expansion and enhancement of our technical institutions critical to the success and growth of our economy.**”

—David Lust, Partner
Gunderson, Palmer, Nelson & Ashmore Law Firm

Increasing Needs

The writing is on the wall—our skilled post-secondary educated population must increase for economic growth. We need to take a 5-10 year view of the workforce and develop a plan on how to address the critical shortages.

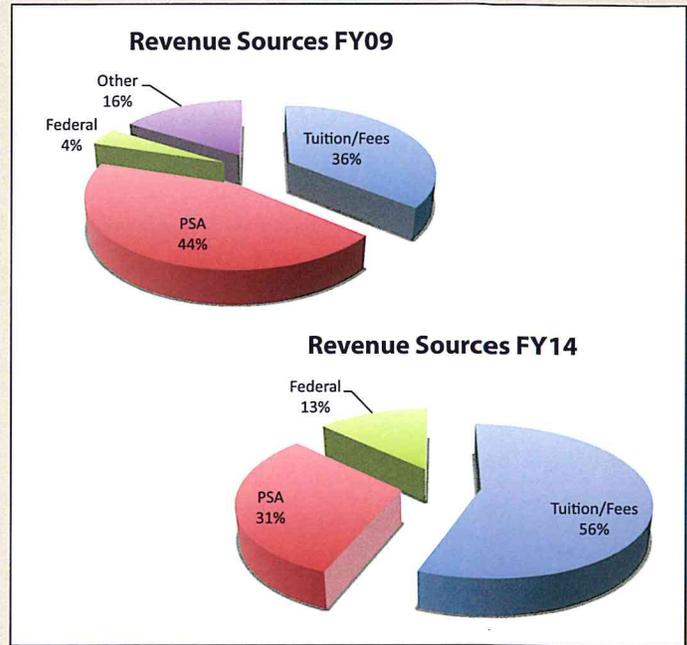
Competition in Surrounding States is Increasing

The decline in state aid is an increasing barrier to entry and making SD less competitive.⁴

State	Tuition & Fees Per Student FY12			State & Local Aid FY12		
	Amount	%	Rank	Amount	%	Rank
IA	\$2,630	20%	5	\$4,859	37%	5
MN	\$3,010	28%	4	\$3,705	33%	6
MT	\$3,522	22%	2	\$6,662	40%	3
NE	\$3,216	18%	3	\$6,544	34%	4
ND	\$1,701	13%	7	\$7,711	56%	2
SD	\$4,352	37%	1	\$2,506	21%	7
WY	\$1,724	11%	6	\$9,211	59%	1

Costs are Shifting to Students

Tech institutes are falling behind. Revenue sources are shifting the burden to our students.



Areas where the TIs are struggling to make ends meet:

- **Utility costs**
 - Increased 22% since FY12
- **Faculty costs**
 - **Wages** are no longer competitive
 - **Turnover** is nearly 50% in the last five years as the wage gap between education and industry widens
- High demand/high skilled **positions remain unfilled** because we **cannot afford** instructors with unique qualifications



“A strong technical institute system is critical to our region’s short and long term success. **Companies and industries**, especially those on a growth trajectory, **need access to a labor pool with the skills, training, and expertise** that matches their needs.”

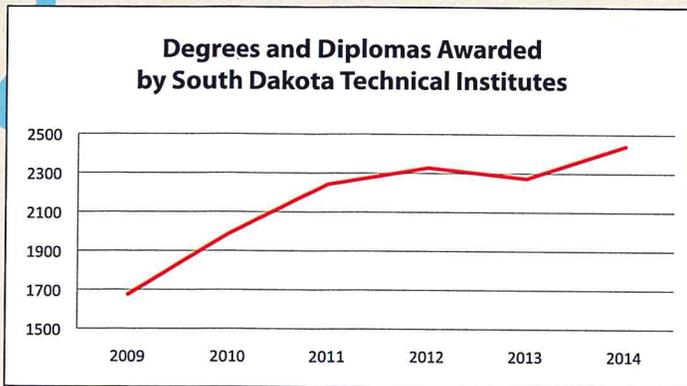
—**Benjamin L. Snow**, President
Rapid City Economic Development Partnership

“The ag business industry will continue to rely on tech schools to source **educated, high quality and skilled individuals that will sustain agriculture** as we look to the future.”

—**Ed Mallett**, Vice President Midwest Region
Country Operations, CHS Inc.

Increasing Graduates

One of the best ways to increase a skilled workforce for South Dakota is by recruiting and retaining ever increasing numbers of students to our technical institutes.



Technical Institutes 2009-2014 Day 10 Enrollment by Clusters (Head Count)

Career Clusters	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Agriculture, Food & Natural Resources	421	377	436	492	578	658
Architecture & Construction	522	661	586	529	550	526
Arts, Audio/Video Technology & Communications	218	146	138	91	87	84
Business Management & Administration	931	824	866	934	947	844
Finance	47	57	49	50	56	34
Health Science	1,329	1,481	1,435	1,435	1,452	1,324
Hospitality & Tourism	32	43	48	41	59	29
Human Services	211	275	302	296	311	341
Information Technology	466	600	587	543	524	425
Law, Public Safety, Corrections & Security	233	240	231	215	223	217
Manufacturing	553	303	236	296	354	381
Marketing	128	155	167	216	209	213
Science, Technology, Engineering & Mathematics (STEM)	139	238	197	202	182	160
Transportation, Distribution & Logistics	510	574	557	568	584	537
Governor's Reduced Rate Dual Credit Program NEW	*	*	*	*	*	285
Program Prep**	211	205	238	342	347	247
TOTALS	5,951	6,179	6,073	6,250	6,463	6,305

*No data available/New course offering or separated

**Program Prep includes dual credit courses outside the reduced-rate program and other students preparing for programs.

“Trail King’s future existence will depend on our skilled production employees. The technical skills required to build our product today, and the additional **technical skills that will be required in the future (i.e. robotics), will essentially be 100% dependent on technical education** provided by technical institutes.”

—**Bruce Yakley**, President
Trail King Industries

“Seldom is there such an obvious solution to big challenges as there is to the critical need for skilled workforce in our region. **Investing in technical education leads quickly and effectively to more skilled workers to meet our needs and grow South Dakota’s economy.**”

—**Joel Vockrodt**, President
Office Peeps, Watertown and Huron

Increasing Needs

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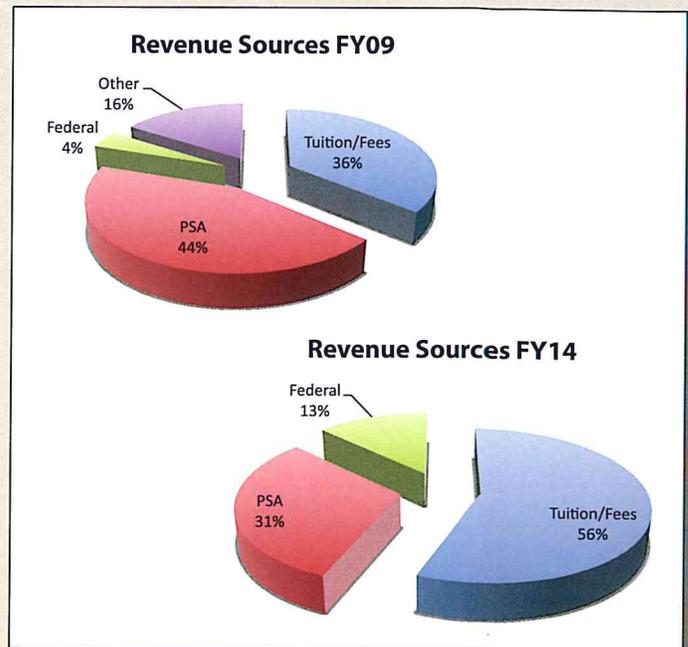
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Implementation

South Dakota Governor Dennis Daugaard has issued the challenge: "Our efforts need to be persistent and ongoing."⁵

To address these needs, the technical institutes are seeking support in three areas:

1 Per Student Allocation (PSA)

Increase PSA 5% over FY15 appropriation

- Keeps tuition cost down
- Makes TIs more competitive
- Allows for competitive wages for faculty vis-à-vis industry
- Helps keep TI operations sustainable
- Provides marketing and recruitment support

2 Tuition Freeze/Buyback

Freeze tuition costs at the current level of \$915,920. It will take three years of 5% increase in PSA and a tuition freeze to bring the TIs back to 2009 funding level—without inflation.

3 Maintenance & Repair Matching Funds

Build on the TI's current 0.5% M&R funding until we are at 2%. The technical institutes need M&R funding support similar to the 2% M&R funding stream developed for state buildings. We are requesting a phase in of funding to start with 1% and grow by 0.125% per year until we reach the full 2%.

And **Future Fund support** in two areas:

1 Increase Critical Skilled Workforce Scholarship Funding

An additional \$500,000 per year for the next three years will go a long way toward assisting underserved students who want to enter critically short-staffed occupations.

2 Establish Predictable Equipment Funding

Allocate \$2,000,000 per year to ensure programmed replacement of obsolete equipment and support for new programs.

¹Governor's Workforce Summits: Final Report. Accenture: August 2014. p. 8.

²Governor's Workforce Summits: Final Report. Accenture: August 2014. p. 15.

³Integrated Postsecondary Education Data System (IPEDS). National Center for Education Statistics. FY2012.

⁴Integrated Postsecondary Education Data System (IPEDS). National Center for Education Statistics. FY2012.

⁵Governor's Workforce Summits: Final Report. Accenture: August 2014. p. 11.



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