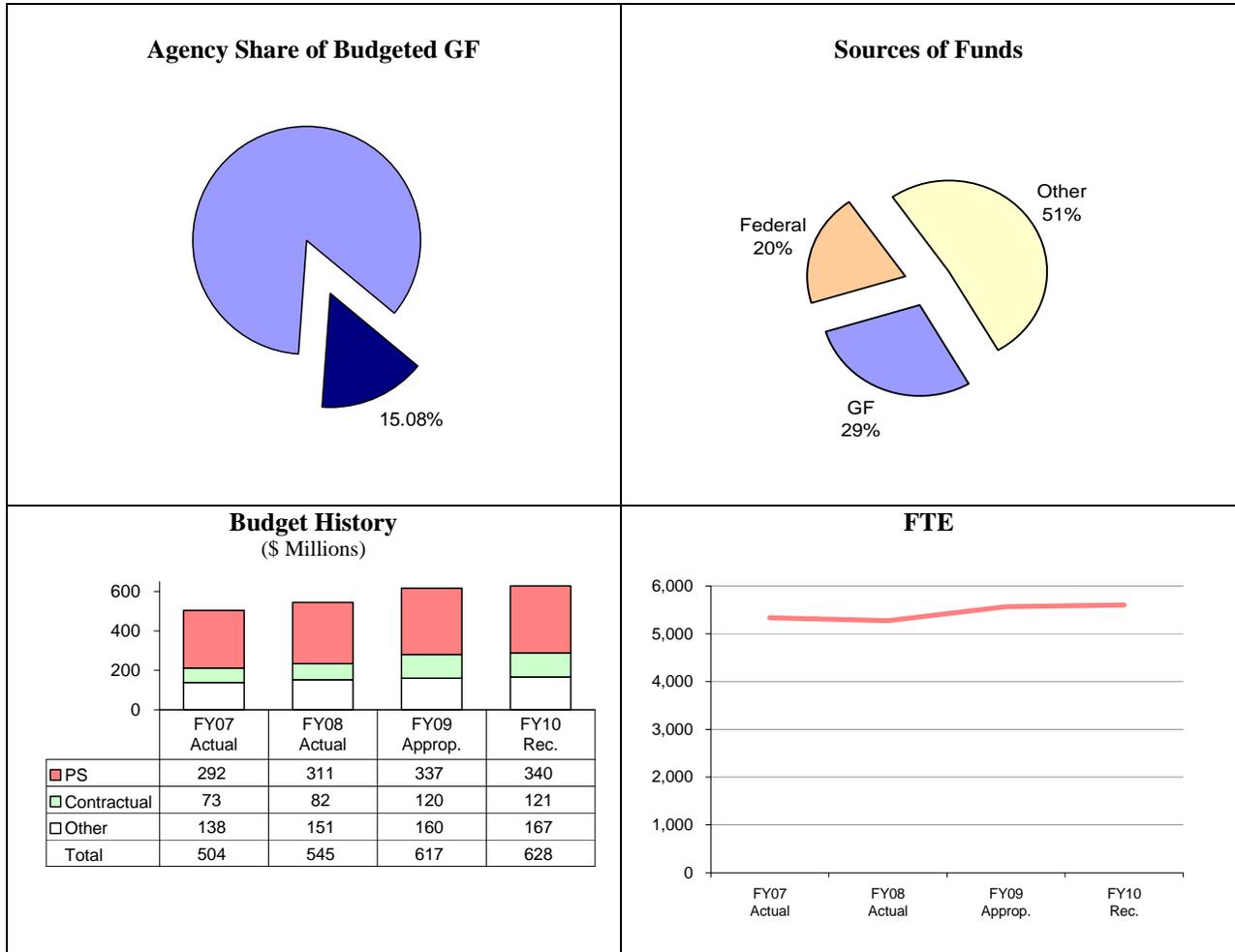


# FY10 Budget Briefing

## Board of Regents



### Key Responsibilities

- To provide the opportunity for access to appropriate, high quality collegiate and university degree programs, and collegiate level para-professional education programs;
- To ensure that the provision of appropriate program offerings within the public system reflects primarily South Dakota's manpower and citizen needs and, secondarily, the needs of the region and nation;
- To provide appropriate technical and special services to the state's industries, businesses, and agencies consistent with the fields of academic specialization available in the public higher education system; and
- To ensure the provision of in-service educational opportunities for South Dakota citizens.

### Key Personnel

- Dr. Tad Perry, Executive Director
- Monte Kramer, System Vice President for Administrative Services
- Sam Gingerich, System Vice President for Academic Affairs
- Harvey Jewett, President, Board of Regents

**Department Total**

The Board of Regent's budget is funded with general, federal, and other funds. For FY10, the Governor recommends a decrease of \$4,609,112 from general funds, an increase of \$5,615,000 in federal fund expenditure authority, an increase of \$10,578,244 in other fund expenditure authority, and an increase of 35.5 FTEs.

Item	Actual	Budgeted	Agency Requested	REVISED Recommended	Inc/Dec	% Change
	FY08	FY09	FY10	FY10	FY10	From FY09
Personal Services	311,252,430	337,088,196	352,798,250	340,430,249	3,342,053	1.0%
Travel	13,293,395	13,314,353	14,273,151	13,994,899	680,546	5.1%
Contractual Services	82,231,416	119,775,967	134,202,947	121,265,702	1,489,735	1.2%
Supplies & Materials	42,966,984	50,600,978	54,795,729	54,583,471	3,982,493	7.9%
Grants And Subsidies	56,157,319	65,056,363	71,748,029	69,323,421	4,267,058	6.6%
Capital Outlay	37,109,043	30,870,612	36,441,500	28,692,859	(2,177,753)	(7.1%)
Other	1,942,048	0	0	0	-	0.0%
<b>Total</b>	<b>544,952,635</b>	<b>616,706,469</b>	<b>664,259,606</b>	<b>628,290,601</b>	<b>11,584,132</b>	<b>1.9%</b>
<b>Funding Types</b>						
General	179,808,180	185,218,896	208,578,789	180,609,784	(4,609,112)	(2.5%)
Federal	85,427,126	118,614,566	124,229,566	124,229,566	5,615,000	4.7%
Other	279,717,329	312,873,007	331,451,251	323,451,251	10,578,244	3.4%
<b>Total</b>	<b>544,952,635</b>	<b>616,706,469</b>	<b>664,259,606</b>	<b>628,290,601</b>	<b>11,584,132</b>	<b>1.9%</b>
FTE	5,273.7	5,565.5	5,720.8	5,601.0	35.5	0.6%

**SALARY POLICY:**

The Governor recommends no salary policy for the Career Service Act employees. Faculty and non-faculty exempt employees will participate in the Salary Competitiveness Plan established in FY2001. (See Page 44 of the Fact Book Fiscal Year 2009.)

**Major Expansion and Reduction**

Budget Item	Governor's Recommendation		
	State General Fund	All Funds	FTE
A. FY2010 Utilities Increase	1,152,717	1,152,717	-
B. REED Network	(155,359)	(8,155,359)	(2.0)
C. Education Facilities Lease Payments	(4,704)	1,109,177	-
D. HEFF Maintenance and Repair	-	261,970	-
E. M&R General Fund Match Cut	(1,632,999)	(1,632,999)	-
F. SD Opportunity Scholarship	(468,767)	(468,767)	-
G. Federal and Other Spending Authority	-	22,817,393	64.0
H. Cooperative Extension Service Cut	(1,000,000)	(1,000,000)	-
I. SD School for the Deaf Cut	(2,000,000)	(2,000,000)	(25.0)
J. Central Office Travel Cut	(14,025)	(14,025)	-
K. Miscellaneous Campus Personal Services Cuts	(485,975)	(485,975)	(1.5)
Total	(4,609,112)	11,584,132	35.5

- A. The Governor recommends \$1,152,717 in general funds for **utilities** in the non-revenue generating facilities located on the campuses. This budget funds heating fuels, sewer, water and electricity for the two special schools and the academic facilities at the universities. Revenue facilities, such as student unions and residential facilities, must generate sufficient revenues to pay for the utility increases.
- B. The Governor recommends a decrease of \$8,000,000 in other fund spending authority due to the expenditure of the one-time grant from the Northern Plains Foundation for the **REED** (Research, Education, and Economic Development) network project. He also recommends a cut of 2.0 FTE and \$155,359 in general funds for the data center technical support for the REED project. The FTEs were to be located at Dakota State University.
- C. The Governor recommends a decrease of \$4,704 in general funds and an increase of \$1,113,881 in Higher Education Facilities other funds to make **bond payments** on various construction and maintenance and repair projects. (See page 6 for detailed changes.)
- D. The Governor recommends \$261,970 for the **maintenance and repair** allocation to the institutions for FY10. Including this request, the total funding for M&R from the Higher Education Facilities Fund (HEFF) would be \$6,418,247. The Regents have historically increased the M&R portion by 4% and have done so again this year. The funding is used for campus infrastructure, including capital improvements, renovations, and beautification. (HEFF receives 20% of each tuition dollar. A HEFF cash flow analysis is included on page 30.)
- E. The Regents received \$1,632,999 last year for maintenance and repair as the first of a four-phase initiative to build the funds available for M&R base. The goal is to reach an annual investment of 2 percent of the building replacement values, which is the industry standard. The **Governor cut** these general funds from the FY2010 budget.
- F. The number of students eligible to receive the **South Dakota Opportunity Scholarship** grant is estimated to increase from 3,046 in FY09 to 3,241 in FY10. The Regents requested

\$1,955,841 from the general fund. The Governor, however, recommends a decrease in general funds of \$468,757. The intent is to fund the program out of the Dakota Cement Trust Fund.

- G.** Growth in **federal and other authority** is the result of increased grant and contract activity, as well as increased revenues from student fees, self-support tuition, sales and services, room and board, and other auxiliaries. The growth in these areas will impact both personal services and operating expenses. Grants and contracts provide for the hiring of support staff and buy faculty and student time for grant activities. Grants and contracts will create additional travel to meetings and seminars and related grant collaboration. Other expense categories are also impacted by grant funds including contractual services, supplies, and capital assets. Self-support tuition authority is needed to staff growing demands for distance education offerings and off-campus sites. Enrollment growth impacts student fee revenues and all student service related activities such as bookstores, room and board and scholarships.
- H.** The Governor recommends a general fund decrease of \$1,000,000 in the Cooperative Extension Service budget.
- I.** The Governor recommends a reduction of \$2,000,000 and 25.0 FTE at the South Dakota School for the Deaf. He recommends the mission of the School be changed to provide outreach education and to close the instructional site in Sioux Falls.
- J.** The Governor recommends a reduction of \$14,025 in the Central Office's general fund travel budget.
- K.** The Governor recommends \$485,975 in various other general fund cuts at the institutions. These cuts are detailed in the pages that follow.

A new report from the National Center for Public Policy and Higher Education provides the latest report card on the states and their higher education systems. The report, [Measuring Up 2008](#), is the fifth in a series of biennial report cards that provide the general public and policymakers with information they can use to assess postsecondary education in each state. The South Dakota Report Card can be found on pages 31 and 32.

## Board of Regents Central Office

The Governor recommends a total appropriation of \$45,198,581 and 87.4 FTEs for the Central Office for FY10. The recommended changes include a \$499,011 decrease in general funds, no change in federal fund expenditure authority, and a decrease of \$6,624,149 in other fund expenditure authority. This budget decreased by 13.6% from last year's approved budget.

Item	Actual	Budgeted	Agency	REVISED	Inc/Dec	% Change
	FY08	FY09	Requested	Recommended		
			FY10	FY10	FY10	From FY09
Personal Services	4,614,328	5,560,702	5,893,430	5,560,702	-	0.0%
Travel	307,375	405,135	435,635	391,110	(14,025)	(3.5%)
Contractual Services	15,694,902	33,533,560	40,575,478	31,248,925	(2,284,635)	(6.8%)
Supplies & Materials	199,500	246,024	252,551	246,024	-	0.0%
Grants And Subsidies	1,487,463	6,417,318	6,417,318	6,417,318	-	0.0%
Capital Outlay	9,277,910	6,159,002	8,302,649	1,334,502	(4,824,500)	(78.3%)
Other	7,228	0	0	0	-	0.0%
<b>Total</b>	<b>31,588,706</b>	<b>52,321,741</b>	<b>61,877,061</b>	<b>45,198,581</b>	<b>(7,123,160)</b>	<b>(13.6%)</b>
<b>Funding Types</b>						
General	13,177,043	14,563,909	22,743,378	14,064,898	(499,011)	(3.4%)
Federal	428,173	1,033,825	1,033,825	1,033,825	-	0.0%
Other	17,983,490	36,724,007	38,099,858	30,099,858	(6,624,149)	(18.0%)
<b>Total</b>	<b>31,588,706</b>	<b>52,321,741</b>	<b>61,877,061</b>	<b>45,198,581</b>	<b>(7,123,160)</b>	<b>(13.6%)</b>
FTE	61.9	87.4	91.4	87.4	-	0.0%

### **Budget Notes**

- A.** The Governor recommends \$261,970 for the **maintenance and repair** allocation to the institutions for FY10. The total funding for M&R from the Higher Education Facilities Fund (HEFF) would be \$6,418,247, with the addition of this request. The Regents have historically increased the M&R portion by 4% and have done so again this year. The funding is used for campus infrastructure, including capital improvements, renovations, and beautification. (*HEFF receives 20% of each tuition dollar. A HEFF cash flow analysis is included on page 30.*)
- B.** The Regents received \$1,632,999 in general funds last year for M&R as the first of a four-phase initiative to build the M&R base. The goal is to reach an annual investment of 2 percent of the building replacement values, which is the industry standard. The **Governor cut** these funds from the FY2010 budget.
- C.** The Governor is recommending a **general fund cut** in the Central Office travel budget of \$14,025.

- D.** The Regents request a reduction of \$1,921 for the **Science Facilities Bond Lease Payment**. The 2008 Legislature approved HB1085, which authorized the Board of Regents to spend \$74.5M to modernize science facilities at the public university campuses. The source of funds for this project is:
- \$32,500,000 in state general funds to be paid in annual installments on the debt service;
  - \$10,000,000 from the Higher Education Facilities Fund to be paid in annual installments on the debt service; and
  - \$32,000,000 from the M&R component of the University Support Fee (USF), which is paid by the students, to be paid in annual installments on the debt service.
- Each year, for the next 25 years, the Board will make the bond payment to the South Dakota Building Authority based on the lease schedule. The estimated annual payment is \$5,174,934 with \$2,304,379 coming from general funds.
- E.** The Regents request a reduction of \$3,870 for the **Critical Deferred Maintenance Lease Payment**. The 2007 Legislature approved HB1101, which authorized the South Dakota Building Authority to provide \$8,600,000 in revenue bonds for critical maintenance and repair of certain academic buildings. The bond payments are made from general funds, but are repaid by the M&R fee revenue dollars. This payment arrangement allows for a very favorable bond rating. The total payment in FY10 will be \$699,271.
- F.** The Regents request an increase of \$1,087 for the **Animal Disease Research & Diagnostic Laboratory (ADRDL) lease payment**. The 1993 Legislature approved HB1353, which authorized the SD Building Authority to provide \$5,400,000 in revenue bonds for the construction of the ADRDL on the SDSU campus in Brookings. The total payment in FY10 will be \$462,844.
- G.** The Regents request an increase of \$1,113,881 in the **HEFF Lease Payment Expenditure Authority**. The increase is needed after the recent bond for the SDSM&T Chemical Building, SDSU Science Building, SDSU Shepard Hall Renovation, University Center Classroom Building, USD Business School, USD Renovation of Slagle Hall, and the critical deferred maintenance projects. The lease payment for FY10 is \$8,696,784.
- H.** The Governor recommends a decrease of \$8,000,000 in other fund spending authority due to completion of the one-time grant from the **Northern Plains Foundation** for the REED (Research, Education, and Economic Development) network project.
- I.** The Governor recommends \$1,152,717 in general funds for **utilities** in the non-revenue generating facilities located on the campuses. This budget funds heating fuels, sewer, water and electricity for the two special schools and the academic facilities at the universities. Revenue facilities, such as student unions and residential facilities, must generate sufficient revenues to pay for the utility increases.

**South Dakota Opportunity Scholarships**

The first scholarship recipients from the South Dakota Opportunity Scholarship program received funding in the fall of 2004. The total amount of the scholarship is \$5,000 for each eligible student to be given over a four-year period of time. The Governor recommends a decrease in general funds of \$468,767, which will be replaced with Dakota Cement Trust Funds.

Item	Actual	Budgeted	Agency	REVISED	Inc/Dec	% Change
	FY08	FY09	Requested	Recommended		
	FY08	FY09	FY10	FY10	FY10	From FY09
Grants And Subsidies	3,596,953	2,412,615	4,368,456	1,943,848	(468,767)	(19.4%)
<b>Total</b>	<b>3,596,953</b>	<b>2,412,615</b>	<b>4,368,456</b>	<b>1,943,848</b>	<b>(468,767)</b>	<b>(19.4%)</b>
<b>Funding Types</b>						
General	3,596,953	2,412,615	4,368,456	1,943,848	(468,767)	(19.4%)
Federal	-	-	-	-	-	0.0%
Other	-	-	-	-	-	0.0%
<b>Total</b>	<b>3,596,953</b>	<b>2,412,615</b>	<b>4,368,456</b>	<b>1,943,848</b>	<b>(468,767)</b>	<b>(19.4%)</b>

	Actual	Actual	Actual	Actual	Estimated	Estimated
Eligible Students	FY2005	FY2006	FY 2007	FY 2008	FY 2009	FY 2010
2004 Graduates	808	614	531	496	0	0
2005 Graduates		858	595	544	504	0
2006 Graduates			983	701	602	541
2007 Graduates				1,135	809	728
2008 Graduates					1,131	819
2009 Graduates						1,153
<b>Total Eligible Students</b>	<b>808</b>	<b>1,472</b>	<b>2,109</b>	<b>2,876</b>	<b>3,046</b>	<b>3,241</b>
<b>Scholarship Cost</b>						
Funding needed for \$1,000 Students	807,500	1,424,000	2,092,500	2,380,000	2,542,000	2,700,000
Funding needed for \$2,000 Students				992,000	1,008,000	1,082,000
<b>Funding Sources</b>						
2004 Session - Amend FY04 General Bill From EETF	650,000					
2004 Session - FY05 General Bill From EETF	1,300,000					
2005 Session - Amend FY05 General Bill From Dakota Cement Trust Fund	633,125					
2005 Session - FY06 General Bill From Dakota Cement Trust (General Fund)		113,875	113,875	113,875	113,875	113,875
2006 Session - Amend FY06 General Bill From EETF		1,208,296				
2006 Session - FY07 General Bill General Funds			714,329	714,329	714,329	714,329
2006 Session - FY07 General Bill General Funds (HB1157)			146,000	146,000	146,000	146,000
2007 Session - Amend FY07 General Bill From Dakota Cement Trust Fund			571,476			
2007 Session - FY08 General Bill General Funds (HB1281)				1,438,411	1,438,411	1,438,411
2008 Session - Amend FY08 General Bill From Dakota Cement Trust Fund					1,184,338	
2009 Session - FY10 General Bill From Dakota Cement Trust Fund (Proposed) General Funds Reduction (Proposed)						1,522,942 (468,767)
Previous Year Ending Balance		1,775,625	1,673,796	1,126,976	167,591	214,544
<b>Total Funding Available</b>	<b>2,583,125</b>	<b>3,097,796</b>	<b>3,219,476</b>	<b>3,539,591</b>	<b>3,764,544</b>	<b>3,681,334</b>
<b>Ending Balance</b>	<b>1,775,625</b>	<b>1,673,796</b>	<b>1,126,976</b>	<b>167,591</b>	<b>214,544</b>	<b>(100,666)</b>

## University of South Dakota

Dr. James W. Abbott, President

The mission of the University of South Dakota is to provide undergraduate and graduate programs, as the comprehensive university within the South Dakota system of higher education, in the liberal arts, sciences, business, education, fine arts, law, and medicine; to promote excellence in teaching and learning; to support research, scholarly and creative activities; and to provide service to the state of South Dakota and the region.

The Governor recommends a total appropriation of \$116,779,013 and 1,182.9 FTEs for FY10. The recommended changes include a \$165,692 decrease in general funds, no change in federal fund expenditure authority, and \$4,644,903 increase in other fund expenditure authority. The FTE level is recommended to increase by 2.0, which is .2%.

Item	Actual	Budgeted	Agency	REVISED	Inc/Dec	% Change
	FY08	FY09	Requested	Recommended		
			FY10	FY10	FY10	From FY09
Personal Services	65,881,576	68,647,929	72,335,906	69,619,426	971,497	1.4%
Travel	2,381,082	2,286,399	2,316,424	2,286,399	-	0.0%
Contractual Services	13,855,073	17,922,515	19,665,252	18,942,531	1,020,016	5.7%
Supplies & Materials	4,871,744	5,643,818	6,097,526	6,031,516	387,698	6.9%
Grants And Subsidies	13,920,621	15,294,015	17,394,015	17,394,015	2,100,000	13.7%
Capital Outlay	5,030,831	2,505,126	2,713,344	2,505,126	-	0.0%
Other	6	0	0	0	-	0.0%
<b>Total</b>	<b>105,940,933</b>	<b>112,299,802</b>	<b>120,522,467</b>	<b>116,779,013</b>	<b>4,479,211</b>	<b>4.0%</b>
<b>Funding Types</b>						
General	33,085,248	33,975,713	37,553,475	33,810,021	(165,692)	(0.5%)
Federal	13,748,963	16,328,504	16,328,504	16,328,504	-	0.0%
Other	59,106,723	61,995,585	66,640,488	66,640,488	4,644,903	7.5%
<b>Total</b>	<b>105,940,934</b>	<b>112,299,802</b>	<b>120,522,467</b>	<b>116,779,013</b>	<b>4,479,211</b>	<b>4.0%</b>
FTE	1,138.5	1,180.9	1,205.7	1,182.9	2.0	0.2%

**Revenues - 12/02/08**

	Actual FY 2007	Actual FY 2008	Estimated FY 2009	Estimated FY 2010
State Appropriations	30,970,676	33,085,263	34,014,143	35,034,567
State Grants and Contracts	1,380,514	1,281,481	1,319,925	1,359,523
State Financial Aid	453,500	716,000	772,000	795,000
Federal Grants and Contracts	6,246,490	7,852,337	9,308,545	9,587,801
Federal Financial Aid	5,757,128	6,816,466	7,020,960	7,231,589
State Support Tuition Allocation	11,625,529	12,169,267	12,572,933	12,950,121
Self-Support Tuition	6,473,238	7,156,274	7,370,962	7,592,091
Student Fees	16,012,726	16,006,666	16,925,996	17,433,775
Room and Board	7,888,267	8,227,075	8,473,887	8,728,104
HEFF - Physical Plant O&M	87,983	87,983	87,983	87,983
School and Public Lands	216,550	236,041	236,041	236,041
Other Grants and Contracts	1,983,214	1,844,544	1,899,880	1,956,877
Indirect Cost Recovery	2,545,243	2,008,210	2,068,456	2,130,510
Other Financial Aid	4,272,357	6,021,723	8,172,375	8,417,546
Sales and Services of Auxiliary Enterprises	432,316	369,734	380,826	392,251
Other Sales and Services	4,764,818	4,539,193	4,675,369	4,815,630
Transfers of Current Funds to Plant and Loan Funds	-1,130,720	-2,126,175	-2,189,960	-2,255,659
Plant Funds	7,992,833	12,689,463	5,888,287	6,064,936
Loan Funds	2,245,457	3,598,277	3,706,225	3,817,412
<b>Total</b>	<b>110,218,119</b>	<b>122,579,822</b>	<b>122,704,833</b>	<b>126,376,098</b>

Federal financial aid includes all forms of financial aid, except student loans.

**Budget Notes**

- A.** The University requests spending authority for other funds in the amount of \$4,644,903 and 2.0 FTEs. The increased funding comes from student fees, salary competitiveness fees allocated to USD, rate increase and additional enrollments, expansion of scholarship programs such as the Promise scholarship provided by the University of South Dakota Foundation, growth in off-campus self-support courses and programs in distance education; and increased funding from the University Center in Sioux Falls.
- B.** The Governor recommends a decrease in general funded personal services in the amount of \$165,692.

**USD School of Medicine**

Dr. Rodney R. Parry MD, Dean

The mission of the USD School of Medicine is to provide those educational requirements (undergraduate medical education, graduate medical education, graduate basic science education, and continuing medical education) necessary for full accreditation status of the University of South Dakota School of Medicine; to meet the state mandate of a family-practice orientation; to provide more physicians, predominately family physicians, for South Dakota; to provide those research activities that contribute to full accreditation status of the University of South Dakota School of Medicine, but also to provide, through research, service to the citizens of South Dakota specifically in the area of health care delivery; to provide service components that contribute to full accreditation status of the South Dakota School of Medicine as well as service to University of South Dakota (student health services, undergraduate nonmedical education), and to the citizens of South Dakota in improved access to and quality of health care delivery and community services; and to provide administrative support for the other three offices of teaching, research, and service so that each may achieve its objectives, such support to include monitoring and supervising those activities necessary to maintain appropriate accreditation, licensure, and certification of all medical school programs.

The Governor recommends a total appropriation of \$52,326,475 and 400.2 FTEs for FY10. The recommended changes include an increase of \$842,990 in other fund expenditure authority.

Item	Actual	Budgeted	Agency	REVISED	Inc/Dec	% Change
	FY08	FY09	Requested	Recommended	FY10	From FY09
Personal Services	26,820,292	30,631,696	31,223,381	30,819,292	187,596	0.6%
Travel	779,457	1,182,049	1,335,835	1,335,835	153,786	13.0%
Contractual Services	12,220,610	11,774,389	12,361,033	12,045,810	271,421	2.3%
Supplies & Materials	2,546,488	2,672,622	2,784,992	2,784,687	112,065	4.2%
Grants And Subsidies	838,933	3,563,262	3,649,087	3,649,087	85,825	2.4%
Capital Outlay	2,932,514	1,659,467	1,693,764	1,691,764	32,297	1.9%
Other	0	0	0	0	-	0.0%
<b>Total</b>	<b>46,138,294</b>	<b>51,483,485</b>	<b>53,048,092</b>	<b>52,326,475</b>	<b>842,990</b>	<b>1.6%</b>
<b>Funding Types</b>						
General	17,853,153	18,548,345	19,269,962	18,548,345	-	0.0%
Federal	14,289,748	17,046,064	17,046,064	17,046,064	-	0.0%
Other	13,995,394	15,889,076	16,732,066	16,732,066	842,990	5.3%
<b>Total</b>	<b>46,138,295</b>	<b>51,483,485</b>	<b>53,048,092</b>	<b>52,326,475</b>	<b>842,990</b>	<b>1.6%</b>
FTE	387.0	400.2	401.2	400.2	-	0.0%

**Budget Notes**

- A. The Medical School requests spending authority for other funds in the amount of \$842,990. The increased funding comes from student fees, grants and contracts, self-support tuition, and sales and services.

**Revenues - 12/02/08**

	<b>Actual FY 2007</b>	<b>Actual FY 2008</b>	<b>Estimated FY 2009</b>	<b>Estimated FY 2010</b>
State Appropriations	17,571,220	17,853,153	18,548,345	19,104,795
One-Time State Appropriations	1,800,000			
State Grants and Contracts	1,675,930	5,660	6,226	6,413
Federal Grants and Contracts	16,298,261	16,537,119	17,046,064	17,557,446
State Support Tuition Allocation	3,897,382	4,383,738	4,482,683	4,617,163
Self-Support Tuition	175,198	120,117	126,123	129,907
Student Fees	1,518,257	1,770,460	1,823,574	1,878,281
Other Grants and Contracts	1,056,949	1,119,130	1,231,043	1,267,974
Indirect Cost Recovery	849,201	541,918	677,397	697,719
Other Sales and Services	1,817,694	3,270,277	3,597,305	3,705,224
Transfers of Current Funds to Plant and Loan Funds		-200,000		
Loan Funds	835,997	1,364,698	1,405,639	1,447,808
<b>Total</b>	<b>47,496,089</b>	<b>46,766,270</b>	<b>48,944,399</b>	<b>50,412,730</b>

## South Dakota State University

Dr. David Chicoine, President

The mission of the South Dakota State University is to serve through teaching, research, and extension activities as the state's land-grant institution; to provide undergraduate and graduate education from the freshmen to doctoral level through selected high quality academic, professional, extracurricular and recreational programs; to conduct nationally competitive strategic research, scholarly, and creative activities; and to transfer the knowledge, especially to the citizens of South Dakota, through the Cooperative Extension Service and other entities.

The Governor recommends a total appropriation of \$189,509,557 and 1,740.3 FTEs for FY10. The recommended changes include a \$154,611 decrease in general funds, \$6,000,000 increase in federal fund expenditure authority, and \$6,600,000 increase in other fund expenditure authority. The FTE level is recommended to increase by 38.5, which is 2.3%.

Item	Actual	Budgeted	Agency	REVISED	Inc/Dec	% Change
	FY08	FY09	Requested	Recommended		
			FY10	FY10	FY10	From FY09
Personal Services	95,642,609	101,824,815	107,344,793	104,607,704	2,782,889	2.7%
Travel	5,160,402	3,612,856	4,024,186	3,955,356	342,500	9.5%
Contractual Services	18,458,239	22,711,229	26,245,042	25,236,229	2,525,000	11.1%
Supplies & Materials	19,712,109	19,963,314	23,480,499	23,473,314	3,510,000	17.6%
Grants And Subsidies	18,764,511	18,703,783	20,403,783	20,403,783	1,700,000	9.1%
Capital Outlay	7,220,221	10,248,171	12,111,851	11,833,171	1,585,000	15.5%
Other	596,688	0	0	0	-	0.0%
<b>Total</b>	<b>165,554,779</b>	<b>177,064,168</b>	<b>193,610,154</b>	<b>189,509,557</b>	<b>12,445,389</b>	<b>7.0%</b>
<b>Funding Types</b>						
General	44,753,486	46,011,239	49,957,225	45,856,628	(154,611)	(0.3%)
Federal	20,363,587	27,444,136	33,444,136	33,444,136	6,000,000	21.9%
Other	100,437,704	103,608,793	110,208,793	110,208,793	6,600,000	6.4%
<b>Total</b>	<b>165,554,777</b>	<b>177,064,168</b>	<b>193,610,154</b>	<b>189,509,557</b>	<b>12,445,389</b>	<b>7.0%</b>
FTE	1,659.8	1,701.8	1,763.3	1,740.3	38.5	2.3%

### Budget Notes

- A.** The University requests additional spending authority in the amount of \$6,000,000 in federal fund authority, \$6,600,000 in other fund authority, and 38.5 FTEs. The increased **federal funding** comes from federal grants and contracts (National Children's Study, Rural and Ethnic Nutrition Center, Water Resources, Department of Defense, Genome Enabled Plant Research (genomics of bud endodormancy induction in grapevines), Web Enabled Lanstat Data); and an increase in Federal Student Financial Aid. The increase in **other funding** comes from student fees, special discipline fees, technology fees, lab fees, room and board, bookstore sales, self-support tuition, and sales and services by various service centers on campus.
- B.** The Governor recommends a general fund reduction of \$154,611 in personal services.

**Revenues - 12/02/08**

	<b>Actual FY 2007</b>	<b>Actual FY 2008</b>	<b>Estimated FY 2009</b>	<b>Estimated FY 2010</b>
State Appropriations	42,274,633	44,753,502	46,217,693	46,217,693
State Grants	849,971	687,328	768,650	768,650
State Financial Aid	861,000	1,326,000	1,414,000	1,460,000
Federal Grants and Contracts	10,829,803	14,594,225	16,913,386	21,913,386
Federal Financial Aid	8,194,562	9,573,417	10,530,750	11,530,750
State Support Tuition Allocation	18,630,748	20,622,378	22,413,933	22,413,933
Self-Support Tuition	5,181,187	6,339,474	6,700,500	7,100,500
Student Fees	21,028,524	23,566,678	25,570,000	27,595,000
Room and Board	14,478,298	15,001,480	15,576,480	17,526,480
HEFF--Physical Plant O&M	131,975	131,975	131,975	131,975
School and Public Lands	548,451	548,451	548,451	548,451
Other Grants and Contracts	1,026,635	1,476,320	1,650,000	2,350,000
Indirect Cost Recovery	2,570,001	3,315,064	3,500,000	3,750,000
Other Financial Aid	2,779,539	3,094,360	3,300,000	3,600,000
Sales and Services of Auxiliary Enterprises	7,838,901	9,336,984	9,750,000	10,725,000
Other Sales and Services	15,808,995	19,652,931	19,750,000	20,000,000
Endo/Ecto Parasiticide Tax	164,975	335,025	250,000	250,000
Transfers of Current Funds to Plant and Loan Funds	-5,596,764	-4,354,515	-4,500,000	-4,750,000
Plant Funds	7,063,753	12,403,125	10,940,000	22,984,000
Loan Funds	2,787,053	2,184,116	2,500,000	2,500,000
<b>Total</b>	<b>157,452,240</b>	<b>184,588,318</b>	<b>193,925,818</b>	<b>218,615,818</b>

Federal financial aid includes all forms of financial aid, except student loans.

**Cooperative Extension Service**

Dr. Latif Lighari, Director

The mission of the Cooperative Extension Service is to disseminate and encourage the application of research-generated knowledge and leadership techniques to individuals, families, and communities in order to improve agriculture and strengthen the South Dakota family and community.

The total recommended budget for this program includes a decrease of \$1,000,000 in general funds and an increase of \$250,000 in other fund expenditure authority.

Item	Actual	Budgeted	Agency	REVISED	Inc/Dec	% Change
	FY08	FY09	Requested FY10	Recommended FY10	FY10	From FY09
Personal Services	11,297,581	13,504,295	13,682,985	12,654,295	(850,000)	(6.3%)
Travel	589,612	564,275	589,275	589,275	25,000	4.4%
Contractual Services	735,613	510,999	681,225	535,999	25,000	4.9%
Supplies & Materials	678,725	845,410	870,860	870,410	25,000	3.0%
Grants And Subsidies	196,426	366,000	366,000	366,000	-	0.0%
Capital Outlay	489,588	636,682	662,482	661,682	25,000	3.9%
Other	4,942	0	0	0	-	0.0%
<b>Total</b>	<b>13,992,487</b>	<b>16,427,661</b>	<b>16,852,827</b>	<b>15,677,661</b>	<b>(750,000)</b>	<b>(4.6%)</b>
<b>Funding Types</b>						
General	8,224,222	8,557,552	8,732,718	7,557,552	(1,000,000)	(11.7%)
Federal	4,214,685	6,456,804	6,456,804	6,456,804	-	0.0%
Other	1,553,580	1,413,305	1,663,305	1,663,305	250,000	17.7%
<b>Total</b>	<b>13,992,487</b>	<b>16,427,661</b>	<b>16,852,827</b>	<b>15,677,661</b>	<b>(750,000)</b>	<b>(4.6%)</b>
FTE	187.8	224.3	224.8	224.3	-	0.0%

**Budget Notes**

- A. The University requests additional spending authority in the amount of \$250,000 in other fund expenditure authority. The increase comes from grants and contracts from the U.S. Department of Agriculture.
- B. The Governor recommends a general fund reduction of \$1,000,000 in personal services.

**Revenues - 12/02/08**

	Actual FY 2007	Actual FY 2008	Estimated FY 2009	Estimated FY 2010
State Appropriations	7,895,831	8,224,222	8,550,701	8,550,701
State Grants and Contracts	115,338			
Federal Grants and Contracts	733,270	772,814	994,007	1,000,000
Federal Appropriations	2,384,871	4,755,586	5,459,472	5,500,000
Other Grants and Contracts	839,598	539,072	750,000	1,000,000
Indirect Cost Recovery	29,884	225		
Other Sales and Services	175,975	552,408	576,582	580,000
Pesticide Application Tax	77,844	116,362	80,000	122,000
<b>Total</b>	<b>12,252,611</b>	<b>14,960,689</b>	<b>16,410,762</b>	<b>16,752,701</b>

## **Background and Historical Perspective**

Source: *The Extension Vision for the 21<sup>st</sup> Century*

**1862** -- Morrill Act established the land-grant system and gave the colleges the mandate to teach.

**1887** -- Hatch Act established the agricultural research mission for land-grant colleges.

**1914** -- Smith-Lever Act established the extension mission for land-grant colleges.

**1915** -- The South Dakota Legislature created the South Dakota Cooperative Extension Service (CES). The CES is a jointly funded cooperative program of the United States Department of Agriculture, SDSU (State of South Dakota), and local governments.

**1998** -- In response to changing needs and issues and at the direction of the 1998 South Dakota Legislature, SDSU undertook an intensive examination of its present CES program and began a planning effort to determine its future in the 21st century. Discussions were held with leaders from other states that had completed a review of their CES programs. Their findings and models were considered along with extensive data related to the needs of the people of South Dakota and with federal goals and guidelines.

**Agricultural Experiment Station**

Dr. John D. Kirby, Associate Dean and AES Director

The mission of the Agricultural Experiment Station is to conduct research to enhance the quality of life in South Dakota through the beneficial use and development of human, economic, and natural resources.

The total recommended budget for this program includes a decrease of \$21,883 in general funds, \$2,500,000 in federal fund expenditure authority, and \$1,200,000 in other fund expenditure authority. The FTE level is recommended to increase by 10.0, which is 2.7%.

Item	Actual	Budgeted	Agency	REVISED	Inc/Dec	% Change
	FY08	FY09	Requested	Recommended		
			FY10	FY10	FY10	From FY09
Personal Services	17,522,077	19,502,705	21,381,394	21,330,822	1,828,117	9.4%
Travel	1,147,684	1,152,983	1,252,983	1,252,983	100,000	8.7%
Contractual Services	1,971,547	1,736,111	2,419,839	2,236,111	500,000	28.8%
Supplies & Materials	4,326,830	4,015,476	4,865,531	4,865,476	850,000	21.2%
Grants And Subsidies	1,423,242	1,803,913	2,003,913	2,003,913	200,000	11.1%
Capital Outlay	4,222,501	2,332,650	2,533,650	2,532,650	200,000	8.6%
Other	32,352	0	0	0	-	0.0%
<b>Total</b>	<b>30,646,233</b>	<b>30,543,838</b>	<b>34,457,310</b>	<b>34,221,955</b>	<b>3,678,117</b>	<b>12.0%</b>
<b>Funding Types</b>						
General	10,402,380	10,799,254	11,012,726	10,777,371	(21,883)	(0.2%)
Federal	8,872,110	10,426,649	12,926,649	12,926,649	2,500,000	24.0%
Other	11,371,744	9,317,935	10,517,935	10,517,935	1,200,000	12.9%
<b>Total</b>	<b>30,646,234</b>	<b>30,543,838</b>	<b>34,457,310</b>	<b>34,221,955</b>	<b>3,678,117</b>	<b>12.0%</b>
FTE	343.4	364.4	374.9	374.4	10.0	2.7%

**Budget Notes**

- A.** The Agricultural Experiment Station requests additional spending authority in the amount of \$2,500,000 in federal fund authority, \$1,200,000 in other fund authority, and 10.0 FTEs. The increased **federal funding** comes from the Agriculture Research Service; Cooperative State Research, Education, and Extension Service; National Park Service; Natural Resource Conservation; North Dakota Department of Game, Fish, and Parks; South Dakota Department of Game, Fish, and Parks; University of Minnesota; U.S. Bureau of Land Management; U.S. Bureau of Reclamation; and the U.S. Geological Survey. The increase in **other funding** comes from Vera Sun Energy; ICM, Inc.; Ducks Unlimited; Ceres, Inc.; West Dakota Water Development; and the U.S. Geological Survey.
- B.** The Governor recommends a general fund reduction of \$21,883 in personal services

**Revenues - 12/02/08**

	<b>Actual FY 2007</b>	<b>Actual FY 2008</b>	<b>Estimated FY 2009</b>	<b>Estimated FY 2010</b>
State Appropriations	9,977,554	10,402,380	10,806,105	10,806,105
State Grants and Contracts	1,038,336	1,419,765	1,500,000	1,500,000
Federal Grants and Contracts	6,049,041	8,485,919	9,285,000	11,785,000
Federal Appropriations	1,805,912	4,193,744	3,789,438	3,800,000
School and Public Lands	77,745	70,011	77,745	77,745
Other Grants and Contracts	2,408,618	2,292,509	2,842,500	3,342,500
Indirect Cost Recovery	388,489			
Other Sales and Services	4,357,974	6,869,527	6,273,099	6,973,099
Pesticide Application Tax	119,206	175,491	125,000	180,000
<b>Total</b>	<b>26,222,875</b>	<b>33,909,346</b>	<b>34,698,887</b>	<b>38,464,449</b>

## South Dakota School of Mines and Technology

Dr. Robert A. Wharton, President

The mission of the South Dakota School of Mines and Technology is to provide technological education specializing in undergraduate and graduate education, with emphasis on science and engineering; and to authorize degrees at the baccalaureate, masters, and doctoral levels.

The Governor recommends a total appropriation of \$52,197,024 and 429.6 FTEs for FY10. The recommended changes include a decrease of \$43,349 in general funds and a reduction of 1.0 FTE.

Item	Actual	Budgeted	Agency	REVISED	Inc/Dec	% Change
	FY08	FY09	Requested	Recommended		
			FY10	FY10	FY10	From FY09
Personal Services	25,801,114	27,544,785	28,746,002	27,501,436	(43,349)	(0.2%)
Travel	911,057	997,594	1,044,509	997,594	-	0.0%
Contractual Services	7,843,043	12,259,381	12,579,836	12,259,381	-	0.0%
Supplies & Materials	2,532,158	3,296,852	3,314,772	3,296,852	-	0.0%
Grants And Subsidies	4,290,402	3,620,790	3,620,790	3,620,790	-	0.0%
Capital Outlay	3,765,444	4,520,971	4,563,789	4,520,971	-	0.0%
Other	69,862	0	0	0	-	0.0%
<b>Total</b>	<b>45,213,080</b>	<b>52,240,373</b>	<b>53,869,698</b>	<b>52,197,024</b>	<b>(43,349)</b>	<b>(0.1%)</b>
<b>Funding Types</b>						
General	14,564,652	15,024,169	16,653,494	14,980,820	(43,349)	(0.3%)
Federal	10,067,994	15,056,758	15,056,758	15,056,758	-	0.0%
Other	20,580,433	22,159,446	22,159,446	22,159,446	-	0.0%
<b>Total</b>	<b>45,213,079</b>	<b>52,240,373</b>	<b>53,869,698</b>	<b>52,197,024</b>	<b>(43,349)</b>	<b>(0.1%)</b>
FTE	395.7	430.6	444.6	429.6	(1.0)	(0.2%)

### Budget Notes

A. The Governor recommends a general fund reduction of \$43,349 in personal services funding and a reduction of 1.0 FTE.

**Revenues - 12/02/08**

	<b>Actual FY 2007</b>	<b>Actual FY 2008</b>	<b>Estimated FY 2009</b>	<b>Estimated FY 2010</b>
State Appropriations	13,232,576	14,565,156	15,064,058	15,515,980
State Grants and Contracts	1,046,956	1,167,908	765,000	860,000
State Financial Aid	157,000	234,000	235,000	240,000
Federal Grants and Contracts	7,010,311	16,867,972	13,556,758	14,000,000
Federal Financial Aid	1,379,028	1,427,549	1,500,000	1,500,000
State Support Tuition Allocation	6,172,650	6,134,607	6,322,617	6,512,296
Self-Support Tuition	186,715	242,240	240,000	243,000
Student Fees	4,061,904	4,681,464	4,821,908	4,966,565
Room and Board	2,295,068	2,594,464	2,738,255	2,820,403
HEFF--Physical Plant O&M	34,093	34,093	34,093	34,093
School and Public Lands	133,022	132,479	133,022	133,022
Other Grants and Contracts	810,970	372,569	400,000	400,000
Indirect Cost Recovery	2,037,862	2,335,351	2,350,000	2,400,000
Other Financial Aid	1,583,717	1,695,630	1,600,000	1,650,000
Sales and Services of Auxiliary Enterprises	1,848,886	1,743,916	1,800,500	1,854,515
Other Sales and Services	988,023	857,880	900,000	927,000
Transfers of Current Funds to Plant and Loan Funds	-658,983	-434,674	-435,000	-435,000
Plant Funds	957,474	267,635	250,000	250,000
Loan Funds	49,308	23,164	25,000	25,000
<b>Total</b>	<b>43,326,580</b>	<b>54,943,403</b>	<b>52,301,211</b>	<b>53,896,874</b>

Federal financial aid includes all forms of financial aid, except student loans.

**Northern State University**

Dr. Laurie Nichols, Interim President  
 Dr. James M. Smith, President (hired December 2008)

The mission of Northern State University is to serve as a multi-purpose, regional institution of higher education; to continue to diversify offerings to address the emerging needs of the students, community, and region; to continue to include teacher preparation as an important feature of the institutional mission, as well as programs in the arts and sciences, business, and fine arts; to provide quality teaching and learning through undergraduate and graduate programs; to provide distance delivery technology in all degree programs, especially all levels of teacher preparation; to offer students a breadth and depth in the liberal arts and in professional studies to ensure development of effective and productive professionals and citizens; to create and nurture a community of students, faculty, and staff; to support communication, student and faculty research, and professional growth; to design programs to meet academic, social, cultural, and economic needs of the community and area in order to provide lifelong learning opportunities; to provide a center for the arts and recreation; and to support regional development.

The Governor recommends a total appropriation of \$34,812,797 and 347.5 FTEs for FY10. The recommended changes include a decrease of \$36,047 in general funds and an increase of \$946,500 in other fund expenditure authority. The FTE level is recommended to increase by 4 FTEs, which is 1.2%.

Item	Actual	Budgeted	Agency	REVISED	Inc/Dec	% Change
	FY08	FY09	Requested	Recommended		
			FY10	FY10	FY10	From FY09
Personal Services	19,318,663	20,907,863	21,465,247	20,993,166	85,303	0.4%
Travel	749,856	1,008,081	1,091,563	1,086,258	78,177	7.8%
Contractual Services	3,153,516	4,067,680	4,485,120	4,248,072	180,392	4.4%
Supplies & Materials	2,284,766	3,185,605	3,295,020	3,292,736	107,131	3.4%
Grants And Subsidies	3,963,823	3,997,000	4,247,000	4,247,000	250,000	6.3%
Capital Outlay	800,887	736,115	1,037,412	945,565	209,450	28.5%
Other	19,135	0	0	0	-	0.0%
<b>Total</b>	<b>30,290,646</b>	<b>33,902,344</b>	<b>35,621,362</b>	<b>34,812,797</b>	<b>910,453</b>	<b>2.7%</b>
<b>Funding Types</b>						
General	11,794,447	12,148,587	12,921,105	12,112,540	(36,047)	(0.3%)
Federal	3,414,358	4,406,394	4,406,394	4,406,394	-	0.0%
Other	15,081,841	17,347,363	18,293,863	18,293,863	946,500	5.5%
<b>Total</b>	<b>30,290,646</b>	<b>33,902,344</b>	<b>35,621,362</b>	<b>34,812,797</b>	<b>910,453</b>	<b>2.7%</b>
FTE	338.9	343.5	352	347.5	4.0	1.2%

**Budget Notes**

- A. The University requests additional spending authority in the amount of \$946,500 in other funds and 4.0 FTEs. The increase comes from student fees, Salary Enhancement Fee, Technology Fee, room and board, increased scholarships, athletic camp activity, etc. Two of the new FTEs are for student labor for the Upward Bound Grant and the other two are for student labor for athletic camps.

B. The Governor recommends a general fund reduction of \$36,047 in personal services funding.

**Revenues - 12/02/08**

	<b>Actual FY 2007</b>	<b>Actual FY 2008</b>	<b>Estimated FY 2009</b>	<b>Estimated FY 2010</b>
State Appropriations	11,209,002	11,794,447	12,178,014	12,493,714
One-Time Appropriations				
State Grants and Contracts	114,930	63,073	120,000	120,000
State Financial Aid	82,500	146,000	164,000	175,000
Federal Grants and Contracts	1,572,367	1,069,381	1,200,000	1,800,000
Federal Financial Aid	2,391,786	2,446,938	2,503,218	2,560,790
State Support Tuition Allocation	3,706,340	3,699,459	3,708,015	3,728,495
Self-Support Tuition	755,526	920,064	992,749	1,042,387
Student Fees	4,716,584	4,980,475	5,373,933	5,696,368
Room and Board	2,244,623	2,262,424	2,343,871	2,428,250
HEFF--Physical Plant O&M	36,293	36,293	36,293	36,293
School and Public Lands	183,393	183,393	183,393	183,393
Other Grants and Contracts	318,379	254,869	260,000	500,000
Indirect Cost Recovery	82,595	47,040	50,000	85,000
Other Financial Aid	1,646,235	1,689,309	1,860,383	2,038,457
Sales and Services of Auxiliary Enterprises	1,373,393	1,334,584	1,374,622	1,415,860
Other Sales and Services	1,539,834	1,704,341	1,806,601	1,914,998
Transfers of Current Funds to Plant and Loan Funds	-508,763	-568,153	-570,000	-570,000
Plant Funds	1,917,470	1,261,347	3,412,641	4,012,641
Loan Funds	903,287	681,323	682,000	682,000
<b>Total</b>	<b>34,285,774</b>	<b>34,006,607</b>	<b>37,679,733</b>	<b>40,343,646</b>

Federal financial aid includes all forms of financial aid, except student loans.

**Black Hills State University**

Dr. Kay Schallenkamp, President

The mission of Black Hills State University is to provide programs in: the liberal arts and sciences, education, with special emphasis on the preparation of elementary, middle level, and secondary teachers, human services, wellness, business, travel industries management, and tourism; to complement these programs with a series of preprofession, one-year and two-year terminal, and junior college programs; and to authorize degrees at the associate, baccalaureate, and masters level.

The Governor recommends a total appropriation of \$51,208,698 and 449.9 FTEs for FY10. The recommended changes include a decrease of \$32,754 in general funds, a decrease of \$2,885,000 in federal fund expenditure authority, and an increase of \$1,573,000 in other fund expenditure authority. The FTE level is recommended to increase by 9.0, which is 2.0%.

Item	Actual	Budgeted	Agency	REVISED	Inc/Dec	% Change
	FY08	FY09	Requested FY10	Recommended FY10	FY10	From FY09
Personal Services	23,626,767	27,473,627	28,290,870	27,408,023	(65,604)	(0.2%)
Travel	840,219	1,423,181	1,467,136	1,443,931	20,750	1.5%
Contractual Services	4,147,003	7,731,839	7,031,243	6,787,689	(944,150)	(12.2%)
Supplies & Materials	3,156,016	8,408,867	7,169,958	7,144,117	(1,264,750)	(15.0%)
Grants And Subsidies	5,903,890	6,294,310	6,694,310	6,694,310	400,000	6.4%
Capital Outlay	1,263,483	1,221,628	1,801,500	1,730,628	509,000	41.7%
Other	1,013,535	0	0	0	-	0.0%
<b>Total</b>	<b>39,950,913</b>	<b>52,553,452</b>	<b>52,455,017</b>	<b>51,208,698</b>	<b>(1,344,754)</b>	<b>(2.6%)</b>
<b>Funding Types</b>						
General	8,151,938	8,355,586	9,569,151	8,322,832	(32,754)	(0.4%)
Federal	7,248,890	16,854,743	13,969,743	13,969,743	(2,885,000)	(17.1%)
Other	24,550,086	27,343,123	28,916,123	28,916,123	1,573,000	5.8%
<b>Total</b>	<b>39,950,914</b>	<b>52,553,452</b>	<b>52,455,017</b>	<b>51,208,698</b>	<b>(1,344,754)</b>	<b>(2.6%)</b>
FTE	413.8	440.9	464.4	449.9	9.0	2.0%

**Budget Notes**

- A.** The University requests a **reduction in federal fund** spending authority in the amount of \$3,260,000 and 4.0 FTEs due to unfunded proposals and the loss of the American Indian Health Grant to Sanford Health Systems. The unfunded proposals included the National Science Foundation (NSF) for math and science, NSF Graduate Research – K-12, and the Department of Education Title III proposal.
- B.** Additional federal fund spending authority (\$375,000) will be needed for the increase in financial aid.
- C.** The university is requesting an increase in **other funding** of \$1,573,000 and 13.5 FTEs, which will come from student fees: General Activity Fee for the Student Union Expansion as approved by a student vote; room and board, and increased self support tuition. FTEs supported by other funds will grow by 13.5. The new positions will be used for cleaning

and maintenance of the expanded Student Union; increased student programming; bookstore expansion and increased business hours; additional faculty for increased enrollments in Rapid City; Industrial Technology Department's move to off-campus; and the growth of educational outreach programs.

- D. The Governor recommends a general fund reduction of \$32,754 in personal services funding and a reduction of .5 FTE.

**Revenues - 12/02/08**

	Actual FY 2007	Actual FY 2008	Estimated FY 2009	Estimated FY 2010
State Appropriations	7,889,476	8,151,938	8,384,286	8,600,000
State Grants and Contracts	372,747	522,887	500,000	550,000
State Financial Aid	106,000	151,000	170,000	190,000
Federal Grants and Contracts	4,117,417	5,216,469	5,500,000	6,000,000
Federal Financial Aid	3,522,393	3,920,541	4,200,000	4,500,000
State Support Tuition Allocation	5,231,729	7,176,578	7,567,263	8,000,000
Self-Support Tuition	3,933,733	5,013,994	5,164,414	5,319,346
Student Fees	6,159,649	5,026,769	5,177,572	5,332,899
Room and Board	2,558,908	2,787,440	2,871,063	2,957,195
HEFF--Physical Plant O&M	31,161	31,161	31,161	31,161
School and Public Lands	173,360	173,360	173,360	173,360
Other Grants and Contracts	728,638	54,849	150,000	175,000
Indirect Cost Recovery	525,937	428,922	475,000	525,000
Other Financial Aid	1,394,955	1,415,851	1,458,327	1,502,077
Sales and Services of Auxiliary Enterprises	3,443,922	3,631,277	3,740,215	3,852,421
Other Sales and Services	1,041,903	1,567,622	1,614,651	1,663,090
Transfers of Current Funds to Plant and Loan Funds	-1,074,384	-669,461	-1,000,000	-1,120,000
Plant Funds	2,487,268	2,192,994	7,000,000	6,000,000
Loan Funds	67,512	72,819	60,000	65,000
<b>Total</b>	<b>42,712,324</b>	<b>46,867,010</b>	<b>53,237,312</b>	<b>54,316,549</b>

Federal financial aid includes all forms of financial aid, except student loans.

**Dakota State University**

Dr. Douglas D. Knowlton, President

The mission of Dakota State University is to specialize in programs of computer management, computer information systems, and other related undergraduate and graduate programs outlined in SDCL 13-59-2.2; to place special emphasis on the preparation of elementary and secondary teachers with expertise in the use of computer technology and information processing in the teaching and learning process; and to offer two-year and one-year programs as well as short courses for application and operator training in areas authorized.

The Governor recommends a total appropriation of \$28,897,125 and 278.0 FTEs for FY10. The recommended changes include a decrease of \$181,563 in general funds and an increase of \$1,145,000 in other fund expenditure authority. The FTE level is recommended to decrease by 2.0.

Item	Actual	Budgeted	Agency	REVISED	Inc/Dec	% Change
	FY08	FY09	Requested	Recommended	FY10	From FY09
Personal Services	15,830,881	15,980,365	16,773,705	16,131,267	150,902	0.9%
Travel	330,670	553,256	572,061	560,099	6,843	1.2%
Contractual Services	2,804,828	6,285,178	6,806,539	6,633,370	348,192	5.5%
Supplies & Materials	2,308,523	1,856,117	2,194,537	2,185,617	329,500	17.8%
Grants And Subsidies	1,734,867	2,583,357	2,583,357	2,583,357	-	0.0%
Capital Outlay	1,797,317	675,415	830,680	803,415	128,000	19.0%
Other	196,412	0	0	0	-	0.0%
<b>Total</b>	<b>25,003,498</b>	<b>27,933,688</b>	<b>29,760,879</b>	<b>28,897,125</b>	<b>963,437</b>	<b>3.4%</b>
<b>Funding Types</b>						
General	8,003,463	8,412,215	9,094,406	8,230,652	(181,563)	(2.2%)
Federal	2,489,766	3,109,562	3,109,562	3,109,562	-	0.0%
Other	14,510,268	16,411,911	17,556,911	17,556,911	1,145,000	7.0%
<b>Total</b>	<b>25,003,497</b>	<b>27,933,688</b>	<b>29,760,879</b>	<b>28,897,125</b>	<b>963,437</b>	<b>3.4%</b>
FTE	257.8	280.0	285.0	278.0	(2.0)	(0.7%)

**Budget Notes**

- A.** The University requests an increase in other fund spending authority in the amount of \$1,145,000. The increase comes from inflationary increases to student fees and the DSU Mobile Computing fee and tablet leases, increase in residence hall rates and student numbers due to renovations in 2008 and 2009, and self-support tuition revenue increases.
- B.** The Governor recommends a reduction of \$155,359 in general funds and 2.0 FTE for the data center technical support for the Research, Education, and Economic Development network.
- C.** The Governor also recommends a general fund reduction of \$26,204 in personal services.

**Revenues - 12/02/08**

	<b>Actual FY 2007</b>	<b>Actual FY 2008</b>	<b>Estimated FY 2009</b>	<b>Estimated FY 2010</b>
State Appropriations	7,616,524	8,003,463	8,421,577	8,674,224
State Grants and Contracts	785,470	1,062,425	842,173	842,173
State Financial Aid	74,500	121,625	74,500	74,500
Federal Grants and Contracts	709,485	629,645	1,012,326	1,012,326
Federal Financial Aid	1,726,264	1,827,504	2,097,236	2,097,236
State Support Tuition	3,268,258	3,338,711	3,374,042	3,374,042
Self-Support Tuition	2,307,958	3,033,848	3,107,755	3,475,263
Student Fees	4,219,555	4,568,358	4,943,666	5,091,976
Room and Board	1,957,973	2,293,958	2,125,650	2,125,650
HEFF--Physical Plant O&M	22,362	22,362	22,362	22,362
School and Public Lands	173,360	173,360	173,360	173,360
Other Grants and Contracts	542,181	638,582	635,636	635,636
Indirect Cost Recovery	233,808	232,354	120,000	120,000
Other Financial Aid	822,913	855,459	1,100,000	1,100,000
Sales and Services of Auxiliary Enterprises	1,313,463	1,162,235	1,181,598	1,181,598
Other Sales and Services	648,061	645,269	628,083	628,083
Transfers of Current Funds to Plant and Loan Funds	-325,314	-555,183	-555,183	-555,183
Plant Funds	540,272	347,893	347,893	347,893
Loan Funds	441,093	278,399	278,399	278,399
<b>Total</b>	<b>27,078,186</b>	<b>28,680,267</b>	<b>29,931,073</b>	<b>30,699,538</b>

Federal financial aid includes all forms of financial aid, except student loans.

## South Dakota School for the Deaf

Mr. Terry Gregersen, Superintendent

The mission of the School for the Deaf is to provide statewide services to the sensory impaired children and youth of the state of South Dakota; to serve in a dual leadership and resource model in the statewide efforts to meet the educational needs of sensory impaired children from birth through age twenty-one; and to carry out this mission through cooperative efforts with all appropriate state agencies, educational cooperatives, local education agencies, colleges, and universities.

The total recommended budget for this program includes a decrease of \$2,000,000 from general funds and a reduction of 25.0 FTEs.

Item	Actual	Budgeted	Agency	REVISED	Inc/Dec	% Change
	FY08	FY09	Requested	Recommended	FY10	From FY09
Personal Services	2,298,431	2,781,300	2,811,725	1,076,002	(1,705,298)	(61.3%)
Travel	55,993	97,685	97,685	65,200	(32,485)	(33.3%)
Contractual Services	996,217	1,010,873	1,074,153	864,807	(146,066)	(14.4%)
Supplies & Materials	185,878	270,817	270,817	196,666	(74,151)	(27.4%)
Grants And Subsidies	36,190	0	0	0	-	0.0%
Capital Outlay	299,122	129,000	138,924	87,000	(42,000)	(32.6%)
Other	1,889	0	0	0	-	0.0%
<b>Total</b>	<b>3,873,720</b>	<b>4,289,675</b>	<b>4,393,304</b>	<b>2,289,675</b>	<b>(2,000,000)</b>	<b>(46.6%)</b>
<b>Funding Types</b>						
General	3,612,237	3,725,790	3,829,419	1,725,790	(2,000,000)	(53.7%)
Federal	13,440	138,546	138,546	138,546	-	0.0%
Other	248,042	425,339	425,339	425,339	-	0.0%
<b>Total</b>	<b>3,873,719</b>	<b>4,289,675</b>	<b>4,393,304</b>	<b>2,289,675</b>	<b>(2,000,000)</b>	<b>(46.6%)</b>
FTE	41	58.9	58.9	33.9	(25.0)	(42.4%)

### Budget Notes

- A. The Governor recommends a reduction of \$2,000,000 and 25.0 FTE. He recommends the mission of the School be changed to provide outreach education and to close the instructional site in Sioux Falls. .

### Revenues - 12/02/08

	Actual	Actual	Estimated	Estimated
	FY 2007	FY 2008	FY 2009	FY 2010
State Appropriations	3,476,605	3,595,667	3,703,538	3,814,645
Federal Grants and Contracts	67,282	32,989	33,000	33,000
School and Public Lands	97,959	97,959	97,959	97,959
Sales and Services of Auxiliary Enterprises	1,417	3,223	3,223	3,223
Other Sales and Services	59,105	40,331	41,000	41,000
<b>Total</b>	<b>3,702,368</b>	<b>3,770,169</b>	<b>3,878,720</b>	<b>3,989,827</b>

**South Dakota School for the Blind and Visually Impaired**

Dr. Marjorie Kaiser, Superintendent

The mission of the School for the Blind and Visually Impaired is to provide statewide services to the visually impaired children and youth of the state of South Dakota and to serve in a dual leadership and resource model in the statewide efforts to meet the educational needs of sensory impaired children from birth through age twenty-one; and to carry out this mission through cooperative efforts with all appropriate state agencies, educational cooperatives, local education agencies, colleges, and universities.

The total recommended budget for this program includes a decreases of \$5,435 in general funds.

Item	Actual	Budgeted	Agency	REVISED	Inc/Dec	% Change
	FY08	FY09	Requested	Recommended		
Personal Services	2,598,109	2,728,114	2,848,812	2,728,114	-	0.0%
Travel	39,988	30,859	45,859	30,859	-	0.0%
Contractual Services	350,826	232,213	278,187	226,778	(5,435)	(2.3%)
Supplies & Materials	164,246	196,056	198,666	196,056	-	0.0%
Grants And Subsidies	0	0	0	0	-	0.0%
Capital Outlay	9,225	46,385	51,455	46,385	-	0.0%
Other	0	0	0	0	-	0.0%
<b>Total</b>	<b>3,162,394</b>	<b>3,233,627</b>	<b>3,422,979</b>	<b>3,228,192</b>	<b>(5,435)</b>	<b>(0.2%)</b>
<b>Funding Types</b>						
General	2,588,958	2,683,922	2,873,274	2,678,487	(5,435)	(0.2%)
Federal	275,412	312,581	312,581	312,581	-	0.0%
Other	298,024	237,124	237,124	237,124	-	0.0%
<b>Total</b>	<b>3,162,394</b>	<b>3,233,627</b>	<b>3,422,979</b>	<b>3,228,192</b>	<b>(5,435)</b>	<b>(0.2%)</b>
FTE	48.3	52.6	54.6	52.6	-	0.0%

**Budget Notes**

A. The Governor recommends a general fund reduction of \$5,435 in personal services.

**Revenues - 12/02/08**

	Actual	Actual	Estimated	Estimated
	FY 2007	FY 2008	FY 2009	FY 2010
State Appropriations	2,482,696	2,588,958	2,683,922	2,683,922
Federal Grants and Contracts	282,688	269,549	312,581	312,581
School and Public Lands	94,712	94,712	94,712	94,712
Other Sales and Services	182,460	70,470	142,412	142,412
<b>Total</b>	<b>3,042,556</b>	<b>3,023,689</b>	<b>3,233,627</b>	<b>3,233,627</b>

**Other Departmental Issues**

**A. FY08 and FY09 Interim Actions To-Date**

	General Funds	Federal Funds	Other Funds	Total	FTE
<b>FY2008 Legislative Actions</b>					
<b>Opportunity Scholarships</b>	<b>1,184,338</b>			<b>1,184,338</b>	
Additional revenue from the Dakota Cement Trust Fund (2008 HB 1274)					
<b>HB1087 Amend FY08 G Bill</b>					
Central Office	4,196,659			4,196,659	
USD				-	6.0
USD School of Medicine		350,000		350,000	
SDSU		2,000,000	1,000,000	3,000,000	
DSU		100,000	700,000	800,000	
School for the Deaf			130,459	130,459	
School for the Blind			125,000	125,000	
<b>BOR Total HB1087</b>	<b>4,196,659</b>	<b>2,450,000</b>	<b>1,955,459</b>	<b>8,602,118</b>	<b>6.0</b>
<b>Total Legislative Actions</b>	<b>5,380,997</b>	<b>2,450,000</b>	<b>1,955,459</b>	<b>9,786,456</b>	<b>6.0</b>

	General Funds	Federal Funds	Other Funds	Total	FTE
<b>FY2008 Board Actions</b>					
USD			1,003,474	1,003,474	
USD School of Medicine			117,049	117,049	
SDSU			(519,451)	(519,451)	
School of Mines			(12,309)	(12,309)	
NSU			(2,911)	(2,911)	
BHSU			(1,376)	(1,376)	
DSU			(19,345)	(19,345)	
<b>Total Board Actions</b>			<b>565,131</b>	<b>565,131</b>	<b>0.0</b>

	General Funds	Federal Funds	Other Funds	Total	FTE
<b>FY2009 Board Actions</b>					
USD			40,911	40,911	
USD School of Medicine			71,518	71,518	
SDSU			1,180,176	1,180,176	
School of Mines			(103,994)	(103,994)	
NSU			(108,116)	(108,116)	
BHSU			190,578	190,578	
DSU			(85,230)	(85,230)	
<b>Total Board Actions</b>			<b>1,185,843</b>	<b>1,185,843</b>	<b>0.0</b>

**Personal Services Transfer History**  
**Board of Regents - General Funds Only\***

		<b>General Funds</b>		
		<b>Personal Services</b>		
		<b>FY2006</b>	<b>FY2007</b>	<b>FY2008</b>
15 - Higher Education Total	Budgeted	139,266,969	146,844,074	149,714,354
	Transferred	(3,072,590)	(7,278,379)	(3,030,694)
	Reverted	533,868	24,701	2,090
	% Transferred	-2%	-5%	-2%
15 - BOR Salary Pool	Budgeted	3,142,398		
	Transferred	-		
	Reverted	-		
	% Transferred			
150 - Regents Central Office	Budgeted	4,717,817	3,549,806	3,370,233
	Transferred	(214,212)	(333,749)	69,661
	Reverted	2	1	47
	% Transferred	-5%	-9%	2%
1520 - USD	Budgeted	27,227,845	29,167,000	30,688,734
	Transferred	(203,481)	(651,577)	(1,121,548)
	Reverted	-	-	3
	% Transferred	-1%	-2%	-4%
1525 - USD Med School	Budgeted	14,301,888	16,391,901	14,792,343
	Transferred	(2,598,489)	(2,842,124)	(364,072)
	Reverted	413,157	-	-
	% Transferred	-18%	-17%	-2%
1530 - SDSU	Budgeted	36,207,799	39,291,238	40,682,313
	Transferred	153,542	(1,382,244)	(150,491)
	Reverted	120,700	-	16
	% Transferred	0%	-4%	0%
1533 - Coop Extension Services	Budgeted	6,932,710	7,448,153	7,760,556
	Transferred	66,523	(183,432)	53,261
	Reverted	0	-	-
	% Transferred	1%	-2%	1%
1536 - Ag Experiment Station	Budgeted	8,839,555	9,415,097	9,803,666
	Transferred	(63,015)	(556,984)	(930,744)
	Reverted	-	-	-
	% Transferred	-1%	-6%	-9%
1540 - School of Mines	Budgeted	10,627,255	12,001,777	12,952,499
	Transferred	48,213	(208,101)	(176,509)
	Reverted	9	-	115
	% Transferred	0%	-2%	-1%
1550 - Northern State University	Budgeted	9,515,945	9,937,845	10,183,397
	Transferred	(188,531)	(163,902)	53,723
	Reverted	-	-	1
	% Transferred	-2%	-2%	1%
1560 - Black Hills State University	Budgeted	6,774,158	7,234,804	7,430,255
	Transferred	39,441	(42,592)	(51,137)
	Reverted	-	40	-
	% Transferred	1%	-1%	-1%
1570 - Dakota State University	Budgeted	6,004,592	7,110,376	6,962,173
	Transferred	121,249	(372,714)	16,787
	Reverted	-	24,660	-
	% Transferred	2%	-5%	0%
1580 - School for the Deaf	Budgeted	2,795,193	2,979,088	2,732,137
	Transferred	(185,252)	(482,628)	(431,797)
	Reverted	-	-	1,908
	% Transferred	-7%	-16%	-16%
1590 - School for the Blind	Budgeted	2,179,814	2,316,989	2,356,048
	Transferred	(48,578)	(58,332)	2,172
	Reverted	1	-	-
	% Transferred	-2%	-3%	0%

\*Data includes Pre-Budget Load transfers.

**B. General Fund Reversions**

FY03 ..... \$666  
 FY04 ..... \$3,814  
 FY05 ..... \$17  
 FY06 ..... \$536,605  
 FY07 ..... \$29,919  
 FY08 ..... \$2,104

**C. FY09 Letters of Intent**

The Joint Appropriations Committee requested the following:

- A progress report of all construction projects;
- A written report detailing all bonds issued on behalf of the Board of Regents;
- Written quarterly reports on the Research, Education, and Economic Development (REED) Network project; and
- The Board of Regents refrain from initiating or expanding the mobile computing network project with out specific legislative authorization.

**D. Other Board Items**

Higher Education Facilities Fund (HEFF): The primary source of dollars for university academic facilities is the tuition dollars placed in the HEFF. Twenty percent of all state-support tuition revenue, with the exception of the first \$875,000 of medical school tuition revenue, is placed into HEFF. HEFF is also assessed on courses offered in Sioux Falls, Pierre, and Rapid City to pay for the leases on the facilities in those cities. HEFF supports new construction as well as the M&R needs of the universities and the long-term indebtedness for capital improvements.

**Higher Education Facilities Fund**

	Actual FY2005	Actual FY2006	Actual FY2007	Actual FY2008	Est. FY2009	Est. FY2010
Starting Balance	5,300,652	7,116,911	8,271,288	12,007,593	11,545,870	6,094,322
Plus:						
Net 20% Tuition	11,852,876	12,541,481	13,011,444	13,791,375	14,205,116	14,631,270
Interest Revenue	847,380	492,125	261,337	596,820	377,355	323,773
Total Revenue	<u>12,700,256</u>	<u>13,033,606</u>	<u>13,272,781</u>	<u>14,388,195</u>	<u>14,582,471</u>	<u>14,955,043</u>
Less:						
Current FY Expenditures	4,513,097	5,385,970	4,502,454	6,619,135	10,272,046	6,418,247
Lease Payment	6,370,900	6,493,259	5,277,240	8,230,782	9,761,972	9,447,879
Total Expenditures	<u>10,883,997</u>	<u>11,879,229</u>	<u>9,779,694</u>	<u>14,849,917</u>	<u>20,034,018</u>	<u>15,866,126</u>
Ending Cash Balance	<u>7,116,911</u>	<u>8,271,288</u>	<u>11,764,375</u>	<u>11,545,871</u>	<u>6,094,323</u>	<u>5,183,239</u>
Obligated Unexpended	3,640,568	3,685,069	4,926,884	4,111,984		
Ending Balance as % of Total Expenditures	65.40%	69.63%	120.29%	77.75%	30.42%	32.67%
Ending Unobligated as % of Total	31.94%	38.61%	69.92%	50.06%	30.42%	32.67%

NOTES:

- Assumes a 4% interest calculation based on the ending cash balance plus \$2M for unexpended M&R funds.
- Assumes stable enrollments and an annual tuition increase of 3%.
- Includes an annual inflationary growth to the M&R project funding equal to 4%.
- Lease payments include the M&R bond payment and the Sioux Falls Center rent starting in FY01.
- Lease payment for M&R bond is satisfied in 2011 so the 2012 M&R allocation increases by previous M&R bond lease payment amount.
- Bond debt is increased by \$41.7M in 2008 and \$21.4M in 2010 to fund projects on the 2005 ten-year plan.
- Numbers may not add due to rounding.

# MEASURING UP 2008

THE STATE REPORT CARD  
ON HIGHER EDUCATION



### What is *Measuring Up*?

The purpose of a state report card is to provide the general public and policymakers with information they can use to assess and improve post secondary education in each state.

*Measuring Up 2008* is the fifth in a series of biennial report cards.

The report card grades states in six overall performance categories: **Preparation:** How adequately does the state prepare students for education and training beyond high school? **Participation:** Do state residents have sufficient opportunities to enroll in education and training beyond high school? **Affordability:** How affordable is higher education for students and their families? **Completion:** Do students make progress toward and complete their certificates or degrees in a timely manner? **Benefits:** What benefits does the state receive from having a highly educated population? **Learning:** What is known about student learning as a result of education and training beyond high school?

Grades compare the current performance of each state with the best-performing states, but do not compare with past performance. Key indicators (back page) allow states to compare current performance with past performance.



THE NATIONAL CENTER FOR  
PUBLIC POLICY AND  
HIGHER EDUCATION

Annie Mehlhaff  
Legislative Research Council

# South Dakota



## PREPARATION



### 2008 Grade Change Over Time

South Dakota performs fairly well in preparing its young people for college, but there are large gaps by ethnicity.

- n Eighth graders perform very well in math, science, and reading; the state's students are among the top performers on the science test.
- n However, there is a 24% gap between whites and all minorities in the percentage of young adults with a high school credential—the largest gap in the nation.

## PARTICIPATION

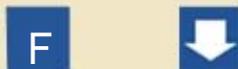


### 2008 Grade Change Over Time

South Dakota does well in providing college opportunities for its residents.

- n The likelihood of enrolling in college by age 19 is high—and has increased by 35% since the early 1990s.
- n There is an 18% gap between whites and all minorities in the percentage of young adults enrolled in college, which is one of the largest gaps in the United States.

## AFFORDABILITY



### 2008 Grade Change Over Time

Higher education has become less affordable for students and their families.

- n Poor and working-class families must devote 30% of their income, even after aid, to pay for costs at public four-year colleges.
- n The state makes no investment in need-based financial aid.

## COMPLETION



### 2008 Grade Change Over Time

South Dakota performs well in awarding certificates and degrees relative to the number of students enrolled, but relatively few students complete a bachelor's degree in a timely manner.

- n Forty-five percent of college students complete a bachelor's degree within six years.
- n Only 33% of Native Americans graduate within six years, compared with 48% of whites.

## REPORT CARD

Preparation	B
Participation	B
Affordability	F
Completion	B
Benefits	D+
Learning	I

### WHAT DO THE ARROWS MEAN?



State has increased or remained stable on the key indicator in the category.



State has declined on the key indicator in the category.

See back page for key indicator by category.

## BENEFITS



### 2008 Grade Change Over Time

Only a fair proportion of residents have a bachelor's degree, and this substantially weakens the state economy.

- n Nine percent of Native Americans have a bachelor's degree, compared with 30% of whites.
- n If all racial/ethnic groups had the same educational attainment and earnings as whites, total annual personal income in the state would be about \$1 billion higher.

## LEARNING



### 2008 Grade

Like all states, South Dakota receives an "Incomplete" in Learning because there is not sufficient data to allow meaningful state-by-state comparisons.

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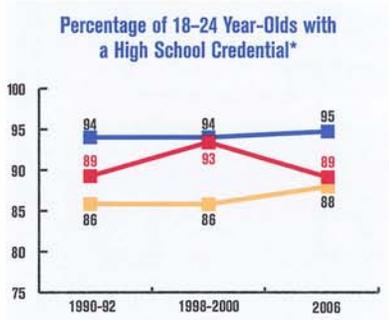
# CHANGE OVER TIME: KEY INDICATORS

South Dakota 2008

This page reflects South Dakota's performance and progress since the early 1990s on several key indicators.

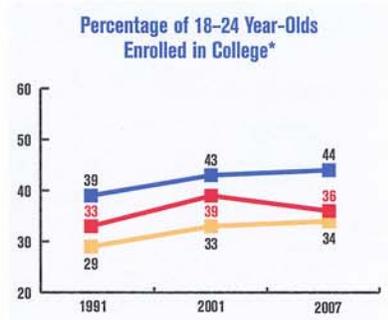
## PREPARATION

The percentage of young adults in South Dakota who earn a high school diploma has remained stable since the early 1990s. High school completion is slightly above the U.S. average but below the top-performing states.

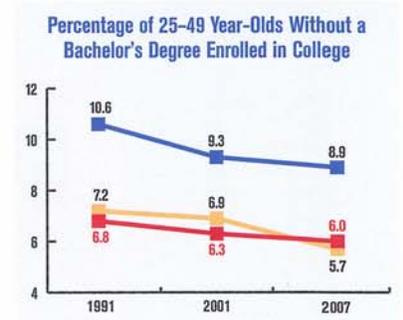


## PARTICIPATION

College enrollment of young adults in South Dakota has improved since the early 1990s. The state is above the national average but below the top states in the percentage of young adults enrolled.

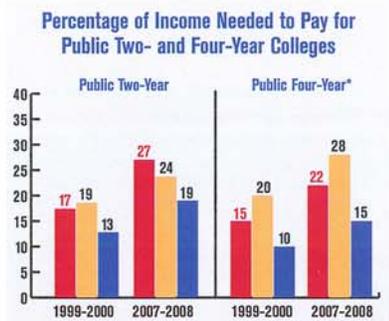


The enrollment of working-age adults, relative to the number of residents without a bachelor's degree, has declined in South Dakota—but not as substantially as it has across the nation and in the best-performing states. The percentage attending college in South Dakota is slightly above the U.S. average but below the top states.



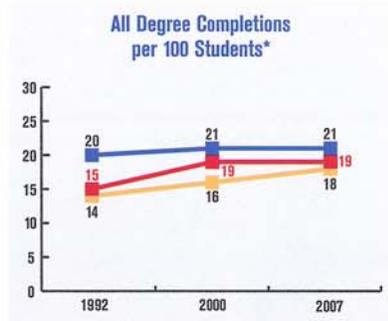
## AFFORDABILITY

The share of family income, even after financial aid, needed to pay for college has risen substantially. To attend public two-year colleges in South Dakota, students and families pay more than the U.S. average. To attend public four-year colleges, they pay less than the national average but more than those in the best-performing states.



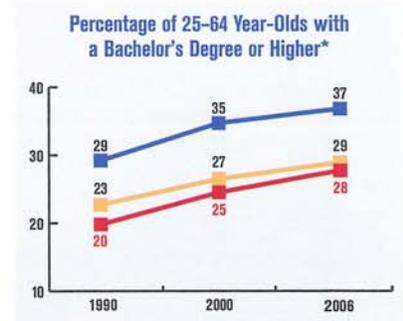
## COMPLETION

The number of undergraduate credentials and degrees awarded in South Dakota, relative to the number of students enrolled, has increased since the early 1990s. South Dakota surpasses the U.S. average but is below the top states on this measure.



## BENEFITS

The percentage of residents who have a bachelor's degree has increased substantially in South Dakota, but it is still slightly below the U.S. average and below the top states.



\*Key indicator for the category.

### LEGEND:

- & ■ = South Dakota
- & ■ = United States
- & ■ = Median of Top Five States

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