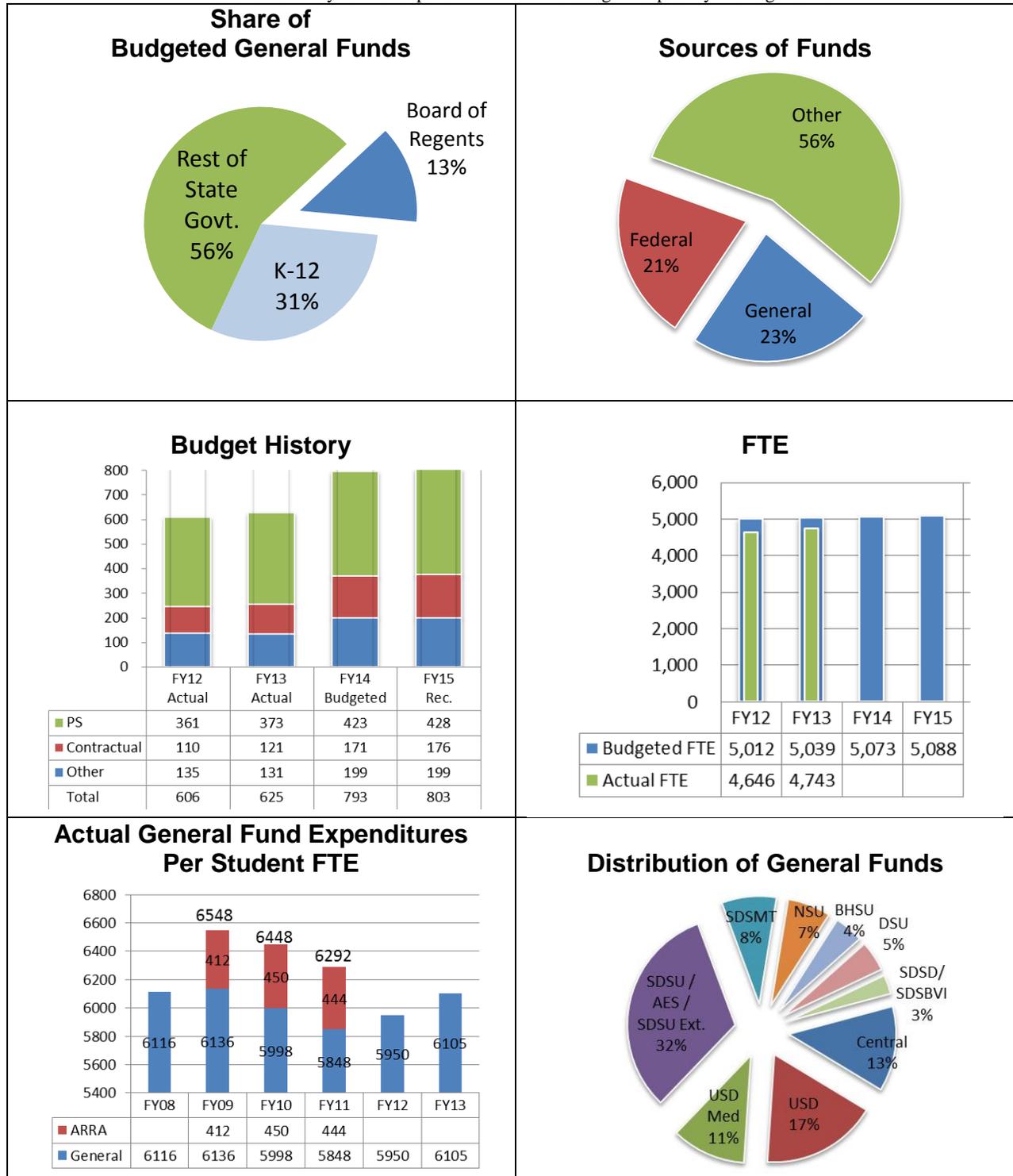


FY15 Budget Briefing

Board of Regents

Information contained in this document is based on the Governor's original recommended FY15 budget.
This document may not correspond with the FY15 budget adopted by the Legislature.



✦ Does Not Include Salary Policy - \$19M Total – Page 8 ✦

Key Personnel

- Dean Krogman, President, Board of Regents
 - Dr. Jack R. Warner, Executive Director and CEO
 - Dr. Sam Gingerich, System VP of Academic Affairs
 - Dr. Monte R. Kramer, System VP of Finance & Administration
 - Claudean Hluchy, Budget Manager
-
- BHSU President, Dr. Kay Schallenkamp
 - DSU President, Dr. David Borofsky
 - NSU President, Dr. James Smith
 - SDSMT President, Dr. Heather Wilson
 - SDSU President, Dr. David L. Chicoine
 - USD President, Mr. James W. Abbott
 - SDS and SDSBVI Superintendent, Dr. Marjorie Kaiser

Department Total

	Actual FY12	Actual FY13	Budgeted FY14	Gov Rec FY15	Rec. Inc/Dec FY15	% Change From FY2014
Personal Services						
EMPLOYEE SALARIES	296,420,724	300,468,085	341,753,994	344,898,465	3,144,471	0.9%
EMPLOYEE BENEFITS	64,547,958	72,257,936	81,692,809	82,952,362	1,259,553	1.5%
FTE	4,646.3	4,743.0	5,073.4	5,087.8	14.4	0.3%
Funding Types						
GENERAL	139,706,030	145,321,366	149,505,242	154,159,266	4,654,024	3.1%
FEDERAL	42,297,265	39,327,873	64,477,935	64,227,935	(250,000)	(0.4%)
OTHER	178,965,386	188,076,783	209,463,626	209,463,626	0	0.0%
Total PS	360,968,681	372,726,021	423,446,803	427,850,827	4,404,024	1.0%
Operating Expenses						
TRAVEL	15,296,494	16,340,945	23,139,276	23,218,233	78,957	0.3%
CONTRACTUAL SERVICES	110,450,552	120,851,577	170,827,227	175,882,509	5,055,282	3.0%
SUPPLIES & MATERIALS	39,591,710	38,876,038	70,744,111	70,762,636	18,525	0.0%
GRANTS AND SUBSIDIES	32,925,838	30,001,522	58,795,016	59,103,349	308,333	0.5%
CAPITAL OUTLAY	44,664,224	44,204,805	46,065,872	46,101,472	35,600	0.1%
OTHER	2,367,789	2,044,294	0	0	0	0.0%
Funding Types						
GENERAL	16,117,119	27,909,743	30,978,102	32,741,538	1,763,436	5.7%
FEDERAL	51,927,630	41,257,092	105,390,511	105,140,547	(249,964)	(0.2%)
OTHER	177,251,856	183,152,345	233,202,889	237,186,114	3,983,225	1.7%
Total OE	245,296,605	252,319,180	369,571,502	375,068,199	5,496,697	1.5%
Totals						
Funding Types						
GENERAL	155,823,149	173,231,109	180,483,344	186,900,804	6,417,460	3.6%
FEDERAL	94,224,896	80,584,965	169,868,446	169,368,482	(499,964)	(0.3%)
OTHER	356,217,242	371,229,128	442,666,515	446,649,740	3,983,225	0.9%
Total	606,265,287	625,045,202	793,018,305	802,919,026	9,900,721	1.2%

Department Object Detail

Item	Actual FY2012	Actual FY2013	Budgeted FY2014	Governor Rec FY2015	Inc/Dec Over FY2014	% Change Over FY2014
PERSONAL SERVICES						
General	139,706,030	145,321,366	149,505,242	154,159,266	4,654,024	3.1%
Federal	42,297,265	39,327,873	64,477,935	64,227,935	(250,000)	(0.4%)
Other Funds	178,965,386	188,076,783	209,463,626	209,463,626	0	0.0%
Total Personal Services	360,968,681	372,726,022	423,446,803	427,850,827	4,404,024	1.0%
FTE	4,646.3	4,743.0	5,073.4	5,087.8	14.4	0.0
TRAVEL						
General	272,677	523,860	476,841	496,098	19,257	4.0%
Federal	3,332,060	3,372,442	8,480,658	8,480,658	0	0.0%
Other Funds	11,691,757	12,444,642	14,181,777	14,241,477	59,700	0.4%
Total Travel	15,296,494	16,340,944	23,139,276	23,218,233	78,957	0.3%
CONTRACTUAL SERVICES						
General	9,919,236	20,631,979	23,139,508	24,561,504	1,421,996	6.1%
Federal	14,220,579	10,568,156	25,717,570	25,467,606	(249,964)	(1.0%)
Other Funds	86,310,737	89,651,443	121,970,149	125,853,399	3,883,250	3.2%
Total Contractual Services	110,450,552	120,851,578	170,827,227	175,882,509	5,055,282	3.0%
SUPPLIES AND MATERIALS						
General	409,091	765,095	985,300	991,650	6,350	0.6%
Federal	4,299,681	3,861,175	20,065,241	20,065,241	0	0.0%
Other Funds	34,882,938	34,249,767	49,693,570	49,705,745	12,175	0.0%
Total Supplies and Materials	39,591,710	38,876,037	70,744,111	70,762,636	18,525	0.0%
GRANTS AND SUBSIDIES						
General	4,723,279	4,718,199	5,841,166	6,149,499	308,333	5.3%
Federal	23,078,623	19,562,016	39,750,209	39,750,209	0	0.0%
Other Funds	5,123,936	5,721,307	13,203,641	13,203,641	0	0.0%
Total Grants and Subsidies	32,925,838	30,001,522	58,795,016	59,103,349	308,333	0.5%
CAPITAL OUTLAY						
General	789,681	1,270,444	535,287	542,787	7,500	1.4%
Federal	6,754,818	3,804,469	11,376,833	11,376,833	0	0.0%
Other Funds	37,119,725	39,129,892	34,153,752	34,181,852	28,100	0.1%
Total Capital Outlay	44,664,224	44,204,805	46,065,872	46,101,472	35,600	0.1%
OTHER						
General	3,155	166	0	0	0	0.0%
Federal	241,870	88,834	0	0	0	0.0%
Other Funds	2,122,764	1,955,294	0	0	0	0.0%
Total Other	2,367,789	2,044,294	0	0	0	0.0%
TOTAL						
General	155,823,149	173,231,109	180,483,344	186,900,804	6,417,460	3.6%
Federal	94,224,896	80,584,965	169,868,446	169,368,482	(499,964)	(0.3%)
Other Funds	356,217,243	371,229,128	442,666,515	446,649,740	3,983,225	0.9%
Total All Funds	606,265,288	625,045,202	793,018,305	802,919,026	9,900,721	1.2%

Major Expansions and Reductions

Budget Item	Governor's Recommendation				
	General	Federal	Other	Total	FTE
Board of Regents					
A. Faster CAFR	313,416			313,416	3.0
B. HEFF Maintenance & Repair & Authority Adjustment	1,647,447		3,020,029	4,667,476	
C. Resident Tuition & Fee Freeze	3,955,862			3,955,862	
D. SDSU Animal Disease Research & Diagnostic Lab	(459,540)			(459,540)	
E. Reduction of ongoing funds for the science facilities bond payment	(2,301,879)			(2,301,879)	
F. Lease Payment	(5,552)			(5,552)	
G. Utility Increase	1,161,617			1,161,617	
H. SD Opportunity Scholarships	308,333			308,333	
I. Med School Expansion (doctor program)	1,036,515		865,216	1,901,731	4.9
J. Physician Assistant Preceptors	111,000			111,000	
K. SDSU Nurse Practitioner Preceptors	260,000			260,000	
L. Northern - E Learning Program & Title III grant	159,120	500,000		659,120	6.5
M. Dakota State - Fed. Authority reduction		(1,000,000)		(1,000,000)	
N. Property Insurance	168,233			168,233	
O. Interagency Billing increases	62,888	36	97,980	160,904	
	6,417,460	(499,964)	3,983,225	9,900,721	14.4

A. Faster CAFR – The Governor has requested that the state's Comprehensive Annual Financial Report (CAFR) be audited and issued no later than December 31st starting in fiscal year 2016. The FY12 CAFR issue date was March 31, 2013. This initiative requires that state agencies shave a minimum of three months off their current timeline to meet the target.

The Department of Legislative Audit (DLA) will be adding 3-4 additional staff to aid in this initiative, including one dedicated specifically to Higher Education. The current timeline followed by the Regental institutions results in financial statements being submitted to DLA around December 20th. This revised schedule would require that financial statements be submitted for audit no later than October 1st.

By adding the **3.0 additional FTE and a \$313,416 general fund request**, it helps ensure accurate data throughout the year and lessens the burden of such review at year-end for financial statement preparation. Each additional FTE will be responsible for two universities. One FTE will be located West River while the other two will be stationed in the Eastern half of the state.

B. An increase of **\$1,647,447** for the **HEFF maintenance and repair** allocation to the institutions for FY15 is recommended by the Governor. The Board is currently increasing the amount going to the M&R account by 6% each year. The amount will be increased by 6% in FY15 to the level of \$16,011,702. \$23.7M needs to be invested annually to reach 2%. The Board of Regents proposes the State provide base dollars totaling \$1,647,447 for year two of the four year plan. The funding is used for

maintenance and repair of campus infrastructure and academic buildings, including upgrades, renovations and beautification. HEFF receives 20% of each tuition dollar. The second-year increase of \$1.6M in general funds is part of a 4-year plan to reach an M&R budget which is 2% of the buildings' replacement values.

HEFF Maintenance & Repair other fund authority was increased by **\$3,020,029** for FY15. This increase represents the annual M&R Allocation increase of 6% which is \$906,323. It also represents the \$2,113,706 in additional authority for the 2013 bond series.

- C. Resident Tuition & Fee Freeze** - The goal of the Board of Regents is to keep higher education affordable and accessible to all South Dakota citizens. The Board of Regents has pledged to freeze in-state students' tuition in exchange for more state government support. Additional state funding to support salary policy, health insurance and benefit costs, and operating inflation will allow Regents to hold tuition increases for state-support resident students to zero.

The Board of Regents in-state resident tuition freeze would be \$4 million to guarantee there will be no tuition increase for in-state, on-campus students for the 2014-2015 school year. The largest drivers of tuition and fee increases are personnel costs and inflation. Personal services make up the majority of a university budget. This proposal would freeze tuition and fees for resident on-campus students by increasing state funding to cover the portion of salary and benefit costs, and inflation normally covered by tuition and mandatory fees. Slightly more than two-thirds of the more than 36,000 students in South Dakota's public university system are state residents.

This proposal includes a 3% salary increase and an 18.6% health insurance increase. (Inflation is assumed to be 1.67%). The recommendation is strictly holding SD resident tuition and mandatory fees (University Support Fee and General Activity Fee) level for FY15. This recommendation does not include the portion of the budget supported with general funds. The state-funded compensation package would be in addition to this recommendation. Breakdown of recommendation:

3% Salary Policy	\$2,084,366
18.6% Health Insurance Increase	\$1,298,211
Operating Expenses Inflation	\$ 573,284
TOTAL Governor Recommendation:	\$3,955,862

The proposal would freeze tuition and fees for all in-state undergraduate and graduate students who attend classes on one of the six university campuses. It would not apply to classes taken off campus, such as those at the University Centers, increases to room and board, self-support tuition, non-resident tuition, and program fees. It will still be necessary to cover salary policy and inflation on the portion of the budget covered with these revenue sources.

A study by the regents found that resident undergraduate tuition at South Dakota's universities has risen by 35 percent since the 2007 to 2008 school year. It was \$8,039 this year (2013-2014), third highest among nearby states. Minnesota was ranked #1 and Iowa was at #2. Resident undergraduate tuition used to rank near the bottom among seven states in the region (Wyoming, Montana, Nebraska, North Dakota, Iowa and Minnesota). The average among the other six states is \$7,160. North Dakota had only a 21% rise in tuition and fees since the 2007/2008 school year.

- D. SDSU – Animal Disease Research and Diagnostic Lab – Reduction of \$459,540 in general funds.** This amount was previously used to pay for the lease payment for ADRDL.
- E. Science Lease Facilities Payment – There was a reduction of \$2,301,879 due to the Governor’s recommendation to pay off existing bonds.**
- F. Lease Payments –** According to the current lease payment schedule, the FY15 critical deferred maintenance lease payment is \$678,046, a decrease of **(\$1,428)**. The science facility lease payment is **(\$4,124)**. **This is a total lease payment adjustment and decrease of \$5,552.**
- G.** Funding for the Board of Regent’s **utilities** are appropriated at the system-wide level and distributed to the campuses. Funding for the Board of Regent’s utilities covers heating fuels, sewer, water, and electricity for the special schools and the academic facilities at the universities (not residence halls). Based on a formula administered by the Bureau of Finance and Management, the increase for the system is \$1,161,617 in general funds.
- H. SD Opportunity Scholarship program –** The Governor recommends an additional amount of \$308,333 in general funds. A 2% projected growth rate for new recipients would traditionally be expected during FY15. During the 2010 Legislative Session, the program was changed and provides for additional program growth. The changes made will reduce attrition rates and the number of eligible students will grow. The three modifications were:
- Home schooled children are now eligible if they have a 28 or higher ACT score – effective FY15 (projected 51 additional students). This results in an additional 4.2% increase in eligible recipients; and
 - Students can replace the two years of high school foreign language requirement with career and technical education courses (120 high school graduates will become eligible). This results in an additional 9.9% increase in eligible recipients.

When this projected growth is combined with the annual projected increase of 2%, the recipient pool for FY15 is expected to grow by 16.1% or an additional 194 students.

The program anticipates funding 3,910 students, including 780 students in the 4th year of the program receiving \$2,000. The other 3,130 students would each receive \$1,000 annually for the first three years of the program. Based on those projections, total funding needed would be \$4,699,499 or an **increase over current funding of \$308,333. No cement plant trust fund earnings are available.**

- I. USD Medical School Expansion –** The South Dakota Dept. of Health and 2012 Governor’s Primary Care Task Force reported a strong need for physicians. Forty-eight new physicians must graduate each year to keep up with the state’s needs. This need is driven by a growing demand in rural areas as well as statewide for new physicians, and aging physician workforce, and an aging population with increased health care needs.

The request for FY15 is to increase class size by 11 students per year for a total of 44 new students. Because this would be greater than 10% the university would be required to submit an expansion request to the Liaison Committee on Medical Education (LCME). If resources were provided in FY15, the first year with additional students would be FY16 or Fall of 2015.

The expansion would take place on existing campuses and one new Frontier and Rural Medicine (FARM) site. **The cost of this expansion would be \$1,036,515 in general funds and 4.9 FTE.** The first year funding, FY15, would be used to recruit and hire all of the new staff, ramp-up costs associated with the new hires, FARM site recruitment and development, and gross anatomy lab expansion. Other fund authority for the medical school expansion totals **\$865,216.**

- J. Physician Assistant Preceptors** – In FY13, an additional five PA students were added to the program at USD and 5 non-residential slots were changed to resident slots. In FY14, USD received the funding to reimburse PA preceptors for all but the 5 new PA's that were added to that program. BFM stated that they would like to wait until they entered the system before they added additional funding for these students. **The requested amount to cover these 5 PA's is \$111,000.**
- K. SDSU Nurse Practitioner Preceptors** – This **\$260,000 general fund request** will provide the necessary funding to offer reimbursement for Doctor of Nursing (DNP) preceptors. These preceptors are essential to DNP education and requests for voluntary services as a DNP preceptor compete directly with currently reimbursed services available to other healthcare education programs. Payment for preceptors began with medical students. The FY14 budget provided for payments to South Dakota health care providers serving as preceptors for PA students. These same providers also extend preceptorship experiences to nurse practitioner students enrolled in the DNP program. This FY15 budget request extends the support for preceptor payment to DNP students who are prepared to meet primary care and health care workforce needs in the state. **\$260,000 is being requested to reimburse these DNP preceptors.**
- L. Northern State – E Learning Program** – NSU E-learning has played a pivotal role in providing Advanced Placement (AP) courses to un-served and under-served students. In FY13, enrollment in the Learning Power courses grew by 42%; the program now serves 429 students in nearly 90 South Dakota schools. During the 2013 Legislative Session, **\$159,120** was added to the NSU's FY14 base funding to support the growth that had taken place in the E-learning program. This funding is considered "one-time" funding and will need to be added to the E-learning base funding in order to sustain the current enrollment level beyond FY14.

Northern State was awarded a Title III grant which increased their federal authority need by **\$500,000 and 6.5 FTE.**

- M. Dakota State** – A reduction in federal fund authority was requested in the amount of \$750,000 in personal services and \$250,000 in operating expenses. **Total federal fund authority reduction request is \$1,000,000.** The requested reduction is due to a large grant from the U.S. Dept. of Health ending in late FY14. This will eliminate the excess authority.
- N. Property Insurance** – The system received total increase of **\$168,233** to offset the cost difference in property insurance. The Board of Regents are partnering with other state agencies for property insurance to lower the overall cost to the state, however it increases the cost to the Regental system.
- O.** The Governor recommends an increase for Interagency Billings which is standard to the entire state budget. The increase for BOR is for BIT increases only. They do not utilize services from the Bureau of Human Resources or the Office of Space Management. **(\$62,888 in general funds, \$36 in federal funds, and \$97,980 in other funds. Total of \$160,904.)**

Governor's Recommended State Employee Compensation Plan – BFM Pool

For FY15, the Governor recommends the state employee compensation plan be distributed from a pool in the BFM. *Therefore, individual agency budgets do not reflect the changes for the compensation plan.*

	General	Federal	Other	Total
Across the Board Increase and Market Adjustments	\$4,246,262	\$1,776,639	\$5,849,104	\$11,872,005
Health Insurance	\$2,239,762	\$954,031	\$3,111,531	\$6,305,324
Movement Toward Job Worth (PACE)	\$506,861	\$54,123	\$322,452	\$883,436
Pay for Performance (Career Band Families)	\$0	\$0	\$0	\$0
Targeted Compensation Adjustments	\$0	\$0	\$0	\$0
Total of all Components	\$6,992,885	\$2,784,793	\$9,283,087	\$19,060,765

- Recommended FY15 - 3.0% PACE; 0%-4.5% Pay for Performance for Career Banding; 3% Across-the-Board/Market; 18.6% Health Insurance; Targeted compensation adjustments for a small number of hard-to-fill, below market vocational jobs.
- FY14 – 3.5% PACE; 0%-4.5% Pay for Performance for Career Banding; 3% Across-the-Board; 3.5%-4% Market Adjustment for Career Banding; 14.7% Health Insurance
- FY13 – 2.5% PACE; up to 7.0% Market Adjustment for Career Banding; 3% Across-the-Board; 3.3% Health Insurance.
- FY12 – 0% PACE; 0% Across-the-Board; 0% Health Insurance. One-time payment to permanent, non-probationary state employees equaling 5%, 3.4%, or 1.7% of the individual's annual salary depending on their longevity. (No increase to base in FY12.)
- FY11 – 0% PACE; 0% Across-the-Board; 6.3% Health Insurance
- FY10 – 0% PACE; 0% Across-the-Board; 0% Health Insurance

Interagency Billings

The Board of Regents used the following sources of funds to pay for central services from the state's internal service bureaus.

FY13 Actual Expenditures	General Funds	Federal Funds	Other Funds	Total Funds
Bureau of Administration	148,097.09	36,574.20	2,341,582.60	2,526,253.89
Bureau of Finance and Management	2,395.11 -		264,719.21	267,114.32
Bureau of Human Resources	708.00 -		1,795.50	2,503.50
Bureau of Information and Telecommunications	2,095,582.20	1,053.34	2,477,518.88	4,574,154.42
<i>Total Bureau Billings</i>	2,246,782	37,628	5,085,616	7,370,026

CENTRAL OFFICE

The South Dakota Board of Regents has constitutional authority to govern the system of public higher education in the State of South Dakota. Supported by an Executive Director and staff, the Board provides leadership and sets policies for the programs and services delivered through its six universities and two special schools. Dynamic and progressive leadership is cultivated at the campuses through the presidents, superintendents, faculty, and staff.

The Board of Regents selects an Executive Director who serves as the Unified System's chief executive officer on behalf of the Board. The Board delegates to the Executive Director the responsibility to lead a consultative process of System administration and coordination of the use of System resources. The Executive Director provides the Board of Regents with independent information and analysis and advises on matters considered by the Board. The Executive Director administers the policies of the Board and secures compliance with Board regulations. The Executive Director serves as the System's principal spokesperson on higher education issues.

	<u>Actual</u> <u>FY12</u>	<u>Actual</u> <u>FY13</u>	<u>Budgeted</u> <u>FY14</u>	<u>Gov Rec.</u> <u>FY15</u>	<u>Rec. Inc/Dec</u> <u>FY15</u>	<u>% Change</u> <u>From</u> <u>FY2014</u>
Personal Services						
EMPLOYEE SALARIES	4,269,927	4,338,170	4,619,353	6,863,152	2,243,799	48.6%
EMPLOYEE BENEFITS	956,435	1,071,240	1,175,087	2,517,425	1,342,338	114.2%
FTE	62.0	62.2	72.3	75.3	3.0	4.1%
Funding Types						
GENERAL	3,656,365	3,741,371	3,856,189	7,442,326	3,586,137	93.0%
FEDERAL	0	41,748	52,843	52,843	0	0.0%
OTHER	1,569,997	1,626,291	1,885,408	1,885,408	0	0.0%
Total PS	5,226,362	5,409,411	5,794,440	9,380,577	3,586,137	61.9%
Operating Expenses						
TRAVEL	206,687	266,534	251,858	261,615	9,757	3.9%
CONTRACTUAL SERVICES	25,450,135	24,198,703	43,258,831	47,069,131	3,810,300	8.8%
SUPPLIES & MATERIALS	357,053	506,826	132,474	133,074	600	0.5%
GRANTS AND SUBSIDIES	2,027,001	1,760,411	7,294,933	7,294,933	0	0.0%
CAPITAL OUTLAY	8,956,241	11,533,204	85,800	93,300	7,500	8.7%
OTHER	0	624	0	0	0	0.0%
Funding Types						
GENERAL	8,136,913	8,442,513	9,983,687	10,770,257	786,570	7.9%
FEDERAL	351,272	356,454	1,173,800	1,173,804	4	0.0%
OTHER	28,508,933	29,467,334	39,866,409	42,907,992	3,041,583	7.6%
Total OE	36,997,117	38,266,302	51,023,896	54,852,053	3,828,157	7.5%
Totals						
Funding Types						
GENERAL	11,793,278	12,183,884	13,839,876	18,212,583	4,372,707	31.6%
FEDERAL	351,272	398,202	1,226,643	1,226,647	4	0.0%
OTHER	30,078,930	31,093,626	41,751,817	44,793,400	3,041,583	7.3%
Total	42,223,479	43,675,712	56,818,336	64,232,630	7,414,294	13.0%

Budget Notes

- A. Faster CAFR** – The Governor has requested that the state’s Comprehensive Annual Financial Report (CAFR) be audited and issued no later than December 31st starting in fiscal year 2016. The FY12 CAFR issue date was March 31, 2013. This initiative requires that state agencies shave a minimum of three months off their current timeline to meet the target.

The Department of Legislative Audit (DLA) will be adding 3-4 additional staff to aid in this initiative, including one dedicated specifically to Higher Education. The current timeline followed by the Regental institutions results in financial statements being submitted to DLA around December 20th. This revised schedule would require that financial statements be submitted for audit no later than October 1st.

By adding the **3.0 additional FTE and a \$313,416 general fund request**, it helps ensure accurate data throughout the year and lessens the burden of such review at year-end for financial statement preparation. Each additional FTE will be responsible for two universities. One FTE will be located West River while the other two will be stationed in the Eastern half of the state.

- B. HEFF Maintenance and Repair** - The Higher Education Facilities Fund (HEFF) represents twenty percent of all state support tuition collected except for the first \$875,000 of medical school revenue, and an equivalent amount per credit hour on all self-support courses. The funds are used for maintenance and repair (M&R) needs of the universities, long-term indebtedness for capital improvements and new construction.

Each institution receives a portion of the M&R dollars in the HEFF fund. The funding is used for maintenance and repair of campus infrastructure and academic buildings, including upgrades, renovations and beautification. The allocation formula is based on fifty percent of the replacement values and fifty percent of the gross square footage for academic buildings on each respective campus.

Each institution’s project is placed into one of the following categories: Public Health, Safety and Compliance; Building Integrity; Programmatic Suitability; Energy and Utility Savings; or Other according to Board Policy 6:6. The policy provides for funding realignments and transfers between approved projects. Changes to the approved project list for projects estimated to cost \$50,000 to \$100,000 must be submitted for the Executive Director’s approval and projects more than \$100,000 must be submitted for Board approval.

An increase of **\$1,647,447** for the **HEFF maintenance and repair** allocation to the institutions for FY15 is recommended by the Governor. The Board is currently increasing the amount going to the M&R account by 6% each year. The amount will be increased by 6% in FY15 to the level of \$16,011,702. \$23.7M needs to be invested annually to reach 2%. The Board of Regents proposes the State provide base dollars totaling \$1,647,447 for year two of the four year plan. The funding is used for maintenance and repair of campus infrastructure and academic buildings, including upgrades, renovations and beautification. HEFF receives 20% of each tuition dollar. The second-year increase of \$1.6M in general funds is part of a 4-year plan to reach an M&R budget which is 2% of the value of the buildings.

HEFF Maintenance & Repair other fund authority was increased by **\$3,020,029** for FY15. This increase represents the annual M&R Allocation increase of 6% which is \$906,323. It also represents the \$2,113,706 in additional authority for the 2013 bond series.

FY15 Request	
Replacement Values	\$1,182,733,747
Fee	\$ 1.60 per credit hour
Projected Cr Hrs	606,756
	\$ 970,810
FY14 HEFF Allocation	\$ 15,105,379
6% Increase	\$ 906,322.74
FY15 HEFF Allocation	\$ 16,011,702
2% Replacement	\$23,654,675
FY15 HEFF Allocation	\$ (16,011,702)
M&R Fee	\$ (970,810)
GF (1st Year)	\$ (1,729,824)
Additional Need	\$ 4,942,340
3 Year Phase In	\$ 1,647,447

- C. Resident Tuition & Fee Freeze** - The goal of the Board of Regents is to keep higher education affordable and accessible to all South Dakota citizens. The Board of Regents has pledged to freeze in-state students' tuition in exchange for more state government support. Additional state funding to support salary policy, health insurance and benefit costs, and operating inflation will allow Regents to hold tuition increases for state-support resident students to zero.

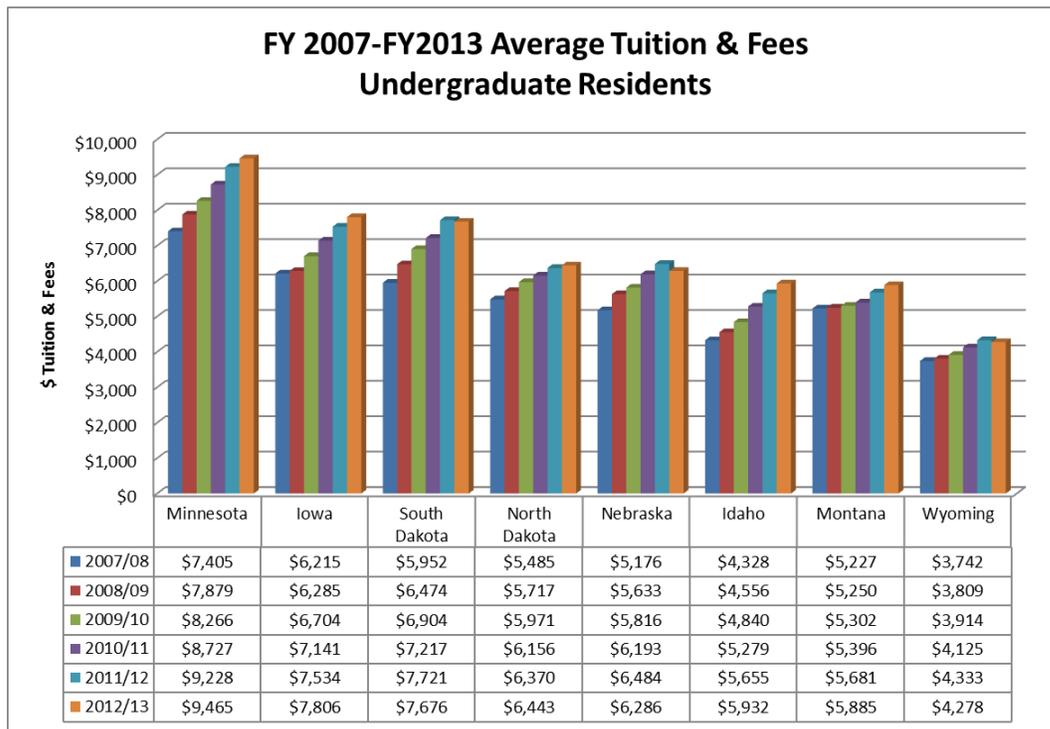
The Board of Regents in-state resident tuition freeze would be \$4 million to guarantee there will be no tuition increase for in-state, on-campus students for the 2014-2015 school year. The largest drivers of tuition and fee increases are personnel costs and inflation. Personal services make up the majority of a university budget. This proposal would freeze tuition and fees for resident on-campus students by increasing state funding to cover the portion of salary and benefit costs, and inflation normally covered by tuition and mandatory fees. Slightly more than two-thirds of the more than 36,000 students in South Dakota's public university system are state residents.

This proposal includes a 3% salary increase and an 18.6% health insurance increase. (Inflation is assumed to be 1.67%). The recommendation is strictly holding SD resident tuition and mandatory fees (University Support Fee and General Activity Fee) level for FY15. This recommendation does not include the portion of the budget supported with general funds. The state-funded compensation package would be in addition to this recommendation. Breakdown of recommendation:

3% Salary Policy	\$2,084,366
18.6% Health Insurance Increase	\$1,298,211
Operating Expenses Inflation	\$ 573,284
TOTAL Governor Recommendation:	\$3,955,862

The proposal would freeze tuition and fees for all in-state undergraduate and graduate students who attend classes on one of the six university campuses. It would not apply to classes taken off campus, such as those at the University Centers, increases to room and board, self-support tuition, non-resident tuition, and program fees. It will still be necessary to cover salary policy and inflation on the portion of the budget covered with these revenue sources.

A study by the regents found that resident undergraduate tuition at South Dakota's universities has risen by 35 percent since the 2007 to 2008 school year. It was \$8,039 this year (2013-2014), third highest among nearby states. Minnesota was ranked #1 and Iowa was at #2. Resident undergraduate tuition used to rank near the bottom among seven states in the region (Wyoming, Montana, Nebraska, North Dakota, Iowa and Minnesota). The average among the other six states is \$7,160. North Dakota had only a 21% rise in tuition and fees since the 2007/2008 school year.



- D. SDSU – Animal Disease Research and Diagnostic Lab –** The Governor recommended a decrease of \$459,540 in general funds for the Animal Disease Research & Diagnostic Laboratory (ADRDL) lease payment. The 1993 Legislature 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 Regents request was to leave this bond payment in their base and apply it towards a new bond payment to remodel and upgrade ADRDL to a BSL-3 facility. The Governor has recommended removing this from their budget in FY15. The last bond payment will be made in FY14 in the amount of \$459,540.
- E. Science Lease Facilities Payment –** There was a reduction of \$2,301,879 due to the Governor’s recommendation to pay off existing bonds
- F. Lease Payments –** According to the current lease payment schedule, **the FY15 critical deferred maintenance lease payment is \$678,046, a decrease of (\$1,428).** The

2007 Legislature authorized the South Dakota Building Authority to provide \$8.6M 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 table below provides the payment adjustments for the life of the bonds and the necessary adjustments in funding.

<i>Critical Deferred Maintenance</i>		
	<u>General Fund</u>	<u>Differential</u>
FY14	\$679,474	
FY15	\$678,046	(\$1,428)
FY16	\$670,381	(\$7,665)
FY17	\$662,259	(\$8,122)
FY18	\$658,757	(\$3,502)
FY19	\$654,569	(\$4,188)
FY20	\$649,696	(\$4,873)
FY21	\$644,137	(\$5,559)
FY22	\$637,894	(\$6,243)
FY23	\$630,965	(\$6,929)
FY24	\$628,427	(\$2,538)
FY25	\$624,975	(\$3,452)
FY26	\$620,609	(\$4,366)
FY27	\$615,330	(\$5,279)

The Governor recommended a decrease for the **Science Facilities Bond Lease Payment** of **(\$4,124)**. The 2008 Legislature authorized the South Dakota Building Authority to provide \$64M in revenue bonds to modernize science facilities at the public university campuses. The legislation appropriated general funds to pay half of the debt – the other half was to be paid from a student fee. The fee comes from the maintenance and repair component of the University Support Fee.

Each year the Board makes the bond payment to SDBA based on the lease schedule and the appropriation provided by the State. According to the current lease payment schedule, the general fund portion of the FY15 payment will be \$2,301,879, a decrease of \$4,124. The following table provides the payment adjustments for the next five fiscal years and the impact it will have on the general fund.

This is a total lease payment adjustment and decrease of \$5,552.

- G. Funding for the Board of Regent’s **utilities** are appropriated at the system-wide level and distributed to the campuses. Funding for the Board of Regent’s utilities covers heating fuels, sewer, water, and electricity for the special schools and the academic facilities at the universities.

The State has created a funding formula that uses projected cost increases and weather normalization to project budget needs. Additional square footage as well as yearly increases in water, sewer, and garbage rates will be considered. Based on a formula

administered by the Bureau of Finance and Management, the increase for the system is **\$1,161,617** in general funds.

- O. The one remaining change in the Central Office budget is for **Interagency Billing** which is standard to the entire state budget. The increase for BOR is for BIT increases only. They do not utilize services from the Bureau of Human Resources or the Office of Space Management. (\$61,336 in general funds, \$4 in federal funds, and \$21,554 in other fund expenditure authority)

CAPITAL IMPROVEMENT PROJECTS

During the 2013 Legislative Session, the Board of Regents requested approval for number of building construction projects and infrastructure upgrades as part of a new 10-year Capital Improvement Plan. The projects are part of the **\$204.5 million Capital Improvement Plan** approved by the South Dakota Board of Regents. The Board developed similar long-term capital plans in 2001 and 2005 – both were completed early due to favorable bonding terms and higher than anticipated revenue.

About \$105 million of the total amount will be financed from the state's Higher Education Facilities Fund (HEFF), (20 cents of every tuition dollar) which is dedicated to construction, maintenance, and repair on the campuses. The remainder of the costs—about \$99.5 million—will be paid for primarily from private donations, along with some federal grants. No state tax dollars will go to finance any of the construction projects.

The building projects on the 2013 10-year plan, and the total project cost for each, include: **(NOTE: These are the figures assuming the passage of Legislation)**

Black Hills State University

- Jonas Science Renovation, \$3,750,000
- E.Y. Berry Library Renovation, \$4,500,000

Dakota State University

- Information Systems Building, \$13,000,000

Northern State University

- Johnson Fine Arts Center Renovation and Addition, \$12,000,000

South Dakota School of Mines and Technology

- Research Center, \$37,040,000

South Dakota State University

- New Headhouse and Greenhouses, \$3,785,000
- Architecture, Math, and Engineering Building, \$17,082,800
- Visual Arts Facility, \$12,400,000
- Performing Arts Center, \$33,103,713
- New Cow-Calf Research and Education Unit at Volga, \$3,706,000

The University of South Dakota

- Science, Health, and Research Lab Building, \$10,609,000
- Patterson Hall Renovation, \$6,500,000
- Dakota Hall, \$7,500,000

Six other projects on the list will address infrastructure issues such as utility upgrades, energy efficiency projects, mechanical overhauls, and street improvements. The infrastructure projects will be paid for with \$28.0 million in HEFF funds and \$14.3 million from the campuses' annual maintenance and repair allocation.

Capital Improvement Projects, cont.

The BOR identifies capital improvement projects as those fitting one of the following descriptions:

1. The erection of a new facility;
2. The addition, expansion, or extension of an existing facility that adds to the facility's overall external dimensions or adds to the total gross square footage of the facility; or
3. Any major maintenance, repair, renovation, or alteration project whose cost exceeds \$1,500,000 whether done in phases or not.

The review and approval of capital improvement projects involves several phases, and Board approval is required before a project may advance from one stage/phase to another. The **Board is not committed** to a project until it approves the Program Plan.

A **flow chart** detailing the phases and approvals can be found on Page 19.

All non-revenue projects require legislative approval, which usually happens after the facility program plan although it may happen at different stages.

Notes concerning the following Capital Improvement Project Listing:

- **Includes** the projects listed on page 15 – **2013 10-Year Plan**
- Some projects listed have a preliminary facility statement, **but may not have the commitment of the Board.**

Facility Name	Ten-Year Plan Critical M&R	Authorization	Fund Type	Approved Amount	Project Status	Projected Completion Date
BLACK HILLS STATE UNIVERSITY						
Academic Facilities						
Central Utility Plant Upgrade	M&R Bonds	HB1007-2011	HEFF	\$1,196,800	Construction	Summer 2013
			HEFF M&R	\$1,086,475		
			Local / Federal	\$1,100,000		
				\$3,383,275		
Center for the Cultural, Visual & Performing Arts			Donations / Local / Federal		Facility Statement	
E.Y. Berry Library Renovation	10-Yr. Plan	HB1051-2012	HEFF Private	\$3,000,000 \$1,500,000 \$4,500,000	Facility Statement	2015
Infrastructure Repair and Upgrade	10-Yr. Plan	HB1051-2012	HEFF HEFF M&R	\$4,000,000 \$500,000 \$4,500,000	Facility Statement	2015
Jonas Science Renovation	10-Yr. Plan	HB1051-2012	HEFF Private Local / Federal	\$1,250,000 \$2,100,000 \$400,000 \$3,750,000	Program Plan	2015
Northern Black Hills Business Incubator			Donations / Local / Federal		Facility Statement	
Revenue Facilities						
New Residence Hall			Bonds	\$8,021,301	Design	2015
			Local	\$3,133,016		
				\$11,154,317		

Capital Improvement Projects, cont.

DAKOTA STATE UNIVERSITY

Academic Facilities

Energy Efficiency and ADA Compliance	10-Yr. Plan	HB1051-2012	HEFF	\$1,275,000	Facility Statement	2015
Athletic Indoor Practice Facility			Donations		Facility Statement	2017
Information Systems Building	10-Yr. Plan	HB1051-2012	HEFF	\$6,000,000	Facility Statement	Fall 2015
			Private	\$7,000,000		
				\$13,000,000		

Revenue Facilities

Trojan Center Student Union Renovation					Facility Statement	
--	--	--	--	--	--------------------	--

NORTHERN STATE UNIVERSITY

Academic Facilities

Johnson Fine Arts Center	10-Yr. Plan	HB1051-2012	HEFF	\$5,000,000	Design	2015
			Private	\$7,000,000		
				\$12,000,000		

Revenue Facilities

NSU Student Center Renovation			Bonds	\$6,100,000	Construction	Winter 2012
-------------------------------	--	--	-------	-------------	--------------	-------------

SOUTH DAKOTA SCHOOL OF MINES AND TECHNOLOGY

Academic Facilities

Research Facility	10-Yr. Plan	HB1051-2012	HEFF	\$6,040,000	Facility Statement	2021
			Private	\$31,000,000		
				\$37,040,000		
Utility Infrastructure	10-Yr. Plan	HB1051-2012	HEFF	\$2,740,000	Facility Statement	2015
			HEFF M&R	\$500,000		
				\$3,240,000		

Revenue Facilities

SDSMT Student Wellness & Recreation Ctr			Bonds	\$6,700,000	Design	2016
			Donations	\$2,200,000		
				\$8,900,000		

SOUTH DAKOTA STATE UNIVERSITY

Academic Facilities

Animal Disease Research & Diagnostic Lab - Addition & Renovations			Bonds	\$6,150,000	Facility Statement	
Architecture, Math, and Engineering Building	10-Yr. Plan	HB1051-2012	HEFF	\$10,000,000	Construction	2015
			Private	\$7,082,800		
				\$17,082,800		
Bioscience Research Laboratory			Federal/Local		Facility Statement	
Central Heating Plant-Boiler Replacement & Plant	M&R Bonds	HB1007-2011	HEFF	\$5,787,000	Construction	2013
Indoor Practice Facility and Human Performance Facility			Donations	\$32,000,000	Construction	2014
Medary Commons/Enrollment Services Center Re	10-Yr. Plan	HB1015-2013	HEFF M&R	\$2,250,000	Construction	2014
			Local	\$750,000		
				\$3,000,000		
New Cow/Calf Research & Education Unit - Volgæ	10-Yr. Plan	HB1051-2012	HEFF	\$900,000	Program Plan	2015
			Local	\$2,806,000		
				\$3,706,000		
New Headhouse	10-Yr. Plan	HB1051-2012	HEFF	\$1,000,000	Construction	2014
New Greenhouse			Private/Local	\$2,785,000	Program Plan	
				\$3,785,000		
New Football Stadium			Bond Re-Finance	\$50,000,000	Program Plan	2016
			Donations	\$15,000,000		
				\$65,000,000		

Capital Improvement Projects, cont.

Facility Name	Ten-Year Plan Critical M&R	Authorization	Fund Type	Approved Amount	Project Status	Projected Completion Date
Performing Arts Center - Theater & Music Education Addition	10-Yr. Plan	HB1051-2012	HEFF Private	\$13,000,000 \$20,103,713 \$33,103,713	Facility Statement	2021
Physical Education Center - Frost Arena HCAC Repl			HEFF M&R	\$2,100,000	Bid	2014
Swine Education & Research Facility		SB 10-2013	Donations	\$5,519,899	Program Plan	2015
Utility Tunnel (North), Steam/condensate Infrastructure Repair and Modernization	10-Yr. Plan	HB1051-2012	HEFF HEFF M&R	\$7,000,000 \$6,320,000 \$13,320,000	Facility Statement	2015
Utility Repairs and Upgrades - Water, Sanitary Sewer, Storm Sewer	10-Yr. Plan	HB1051-2012	HEFF HEFF M&R	\$5,000,000 \$5,043,000 \$10,043,000	Facility Statement	2021
Visual Arts Facility	10-Yr. Plan	HB1051-2012	HEFF Private	\$7,500,000 \$4,900,000 \$12,400,000	Facility Statement	2021
Wecota Annex - Renovations		2014 Legislature	HEFF M&R Private	\$2,785,000 \$1,512,700 \$4,297,700	Facility Statement	
Wecota Hall - Lower Level Renovation		2014 Legislature	HEFF M&R Private	\$964,000 \$1,672,000 \$2,636,000	Facility Statement	

Revenue Facilities

Brown Hall - Renovation			Bonds Local	\$5,000,000 \$2,000,000 \$7,000,000	Facility Statement	
SDSU Student Union-Hansen Hall Dining Expansion			Bonds Local	\$7,065,460 \$1,263,644 \$8,329,104	Construction	2014
SDSU Southeast Residential Community New Residence Hall			Bonds Donations Local	\$44,900,000 \$500,000 \$352,596 \$45,752,596	Construction	2014

UNIVERSITY OF SOUTH DAKOTA

Academic Facilities

Dakota Hall	10-Yr. Plan	HB1051-2012	HEFF	\$7,500,000		2021
Mechanical Overhaul and Modernization	10-Yr. Plan	HB1051-2012	HEFF HEFF M&R	\$8,000,000 \$2,000,000 \$10,000,000	Program Plan	2015
National Music Museum Facility Improvements			Other		Facility Statement	
Native American Academic Center			Donations		Facility Statement	
Paterson Hall Renovation	10-Yr. Plan	HB1051-2012	HEFF	\$6,500,000	Program Plan	2021
Science, Health and Research Lab Building	10-Yr. Plan	HB1051-2012	HEFF Private	\$8,695,000 \$1,914,000 \$10,609,000	Program Plan	2017
Sports Performance Enhancement Facility		SB 8-2013	Private/ Foundation Local	\$37,027,561 \$11,172,439 \$48,200,000	Program Plan	2017

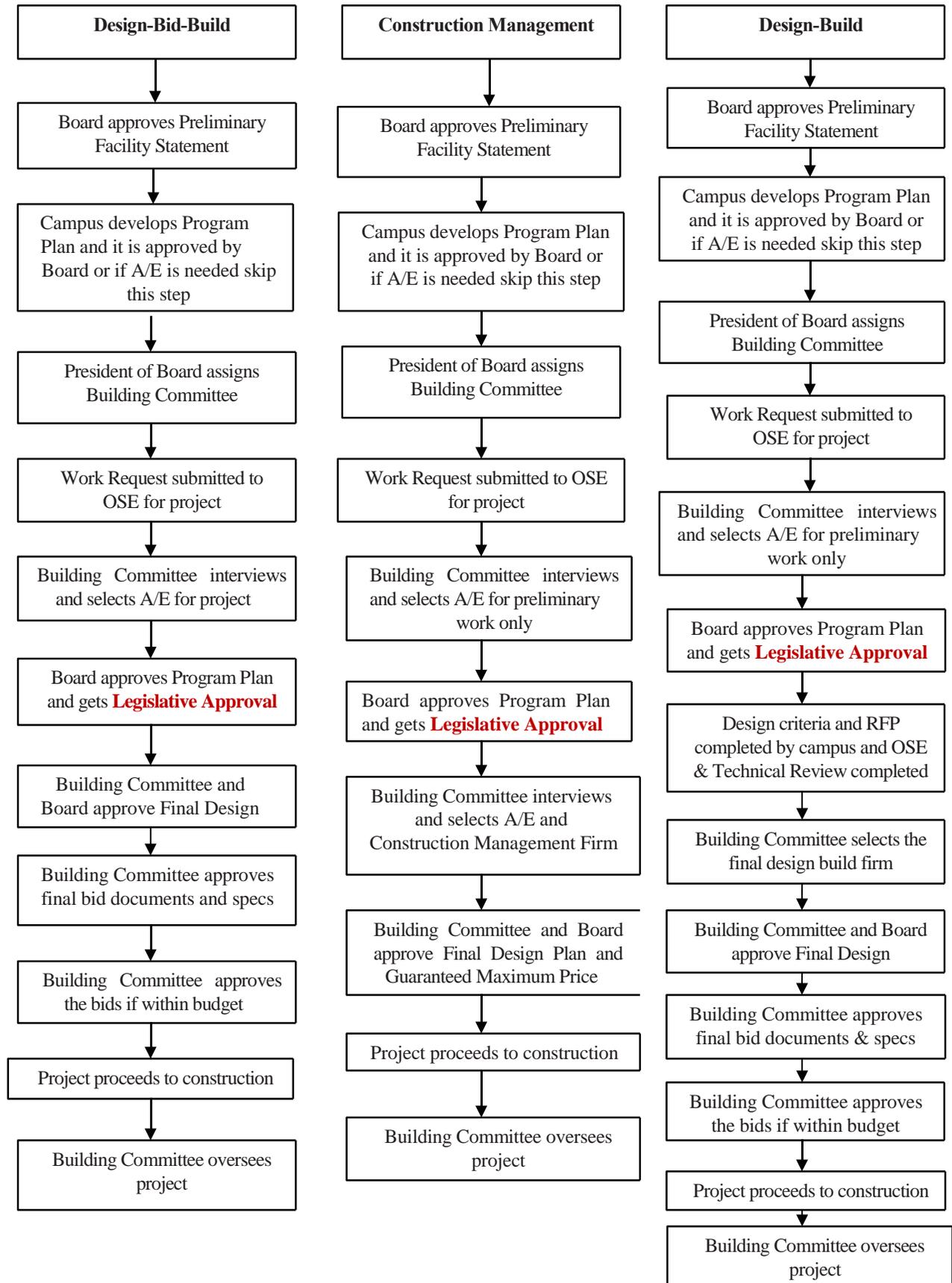
Revenue Facilities

USD Muenster University Center Expansion			Local	\$7,127,607		
North Complex Commons Renovation			Local	\$4,472,393	Construction	Spring 2014
				\$11,600,000		

Project Phases and Approvals:

- 1) Preliminary Facility Statement - Board Approves
- 2) A/E Selection - Building Committee Approves
- 3) Facility Program Plan - Board Approves
- 4) Design - Building Committee and Board Approve
- 5) Bid - Building Committee Approves if within approved limits
- 6) Bid - Board approves substantive changes from Program Plan

Review and Approval of Capital Improvement Requests



RESEARCH POOL

The South Dakota Science and Innovation Strategy provides framework to help South Dakota, over a seven-year period from 2013-2020, to leverage existing investments by focusing research and development activity around key industry sectors that are projected to produce the highest potential for economic development in the state. These research and development areas include: 1) Advanced Manufacturing & Materials; 2) Energy and Environment; 3) Human Health and Nutrition (including Medical Technology); 4) Information Technology/Cyber Security/Information Assurance; 5) Plant and Animal Bioscience; 6) Underground Science & Engineering; and 7) Visualization (from the molecular level to global systems).

	Actual FY12	Actual FY13	Budgeted FY14	Gov Rec. FY15	Rec. Inc/Dec FY15	% Change From FY2014
Operating Expenses						
GRANTS AND SUBSII	0	0	1,000,000	1,000,000	0	0.0%
Funding Types						
GENERAL	0	0	1,000,000	1,000,000	0	0.0%
FEDERAL	0	0	0	0	0	0.0%
OTHER	0	0	0	0	0	0.0%
Total OE	0	0	1,000,000	1,000,000	0	0.0%
Totals						
Funding Types						
GENERAL	0	0	1,000,000	1,000,000	0	0.0%
FEDERAL	0	0	0	0	0	0.0%
OTHER	0	0	0	0	0	0.0%
Total	0	0	1,000,000	1,000,000	0	0.0%

SOUTH DAKOTA OPPORTUNITY SCHOLARSHIPS

The South Dakota Legislature authorized the Opportunity Scholarship program in 2003 to provide financial support to South Dakota high school graduates who pursue their post-secondary careers in the state. Each eligible freshman, sophomore, and junior receives \$1,000 per year, and each eligible senior receives \$2,000 in their final year. No student may receive more than \$5,000 in total.

	<u>Actual</u> <u>FY12</u>	<u>Actual</u> <u>FY13</u>	<u>Budgeted</u> <u>FY14</u>	<u>Gov Rec.</u> <u>FY15</u>	<u>Rec. Inc/Dec</u> <u>FY15</u>	<u>% Change</u> <u>From</u> <u>FY2014</u>
Operating Expenses						
GRANTS AND SUBSI	4,271,499	4,276,999	4,391,166	4,699,499	308,333	7.0%
Funding Types						
GENERAL	4,271,499	4,276,999	4,391,166	4,699,499	308,333	7.0%
FEDERAL	0	0	0	0	0	0.0%
OTHER	0	0	0	0	0	0.0%
Total OE	4,271,499	4,276,999	4,391,166	4,699,499	308,333	7.0%
Totals						
Funding Types						
GENERAL	4,271,499	4,276,999	4,391,166	4,699,499	308,333	7.0%
FEDERAL	0	0	0	0	0	0.0%
OTHER	0	0	0	0	0	0.0%
Total	4,271,499	4,276,999	4,391,166	4,699,499	308,333	7.0%

Budget Notes

H. SD Opportunity Scholarship program – The 2003 Legislature passed HB1026 which provided the structure for a Regents scholarship program. The bill had no funding attached but provided the structure for the scholarship. The total of the four-year scholarship is \$5,000.

The Governor recommends an additional amount of \$308,333 in general funds. A 2% projected growth rate for new recipients would traditionally be expected during FY15. During the 2010 Legislative Session, the program was changed and provides for additional program growth. The changes made will reduce attrition rates and the number of eligible students will grow. Two modifications were:

- Home schooled children are now eligible if they have a 28 or higher ACT score – effective FY15 (projected 51 additional students). This results in an additional 4.2% increase in eligible recipient; and
- Students can replace the two years of high school foreign language requirement with career and technical education courses (120 high school graduates will become eligible). This results in an additional 9.9% increase in eligible recipients.

When this projected growth is combined with the annual projected increase of 2%, the recipient pool for FY15 is expected to grow by 16.1% or an additional 194 students.

The program anticipates funding 3,910 students, including 780 students in the 4th year of the program receiving \$2,000. The other 3,130 students would each receive \$1,000 annually for the first three years of the program. Based on those projections, total funding needed would be \$4,699,499 or an **increase over current funding of \$308,333**. No cement plant trust fund earnings are available so the Governor is recommending a **general fund increase of \$308,333** in order to fully fund approximately 3,910 students in FY15.

Scholarship Expenditure History

Recipients	Actual FY 2010	Actual FY 2011	Actual FY 2012	Actual FY 2013	Estm. FY 2014	Estm. FY 2015
2007 Graduates	715	647.5				
2008 Graduates	800	718	696			
2009 Graduates	1,100	808	756	693		
2010 Graduates		1,191	890	796	746	
2011 Graduates			1,238	929	849	780
2012 Graduates				1,168	890	820
2013 Graduates					1,192	915
2014 Graduates						1395
Total Recipients	3,186	3,363	3,580	3,586	3,677	3,910

Scholarship Cost

\$ Needed for Fresh, Soph, Jr. (\$1,000)	2,615,000	2,715,500	2,884,000	2,893,000	2,931,000	3,130,000
\$ Needed for Seniors (\$2,000)	1,142,000	1,295,000	1,392,000	1,386,000	1,492,000	1,560,000
Total Funding Needed	3,757,000	4,010,500	4,276,000	4,279,000	4,423,000	4,690,000

Actual Expenditures (all sources) 3,773,167 4,030,000 4,230,667 4,279,000 4,423,000 4,690,000

Funding Sources

2010 Session - FY11 G-Bill - General Funds		3,939,358				
2011 Session - FY12 G-Bill - General Funds			4,156,341			
2011 Internal Reprioritization of Department Funds		82,142				
2012 Session - FY12 G-Bill Amendment - General Funds			115,158			
2012 Session - FY13 G-Bill - General Funds				4,276,999		
2013 Session - FY14 G-Bill - General Funds					4,381,166	
2014 Session - Proposed FY15 G-Bill - General Funds						4,699,499
2014 Session - FY14 G-Bill Amendment - General Funds					41,833	
Previous Year Ending Balance	1,837,819	8,500	0	40,832	38,831	38,830
Total Funding Available	3,781,667	4,030,000	4,271,499	4,317,831	4,461,830	4,738,329
Ending Balance	8,500	0	40,832	38,831	38,830	48,329

UNIVERSITY OF SOUTH DAKOTA

The mission of USD 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.

	Actual FY12	Actual FY13	Budgeted FY14	Gov Rec. FY15	Rec. Inc/Dec FY15	% Change From FY2014
Personal Services						
EMPLOYEE SALARIES	61,291,244	63,379,509	66,782,958	66,782,958	0	0.0%
EMPLOYEE BENEFITS	13,509,811	15,491,210	15,414,655	15,414,655	0	0.0%
FTE	989.6	1,032.3	1,036.2	1,036.2	0.0	0.0%
Funding Types						
GENERAL	27,736,751	28,516,169	29,503,758	29,503,758	0	0.0%
FEDERAL	7,034,950	6,927,009	7,203,819	7,203,819	0	0.0%
OTHER	40,029,354	43,427,540	45,490,036	45,490,036	0	0.0%
Total PS	74,801,054	78,870,719	82,197,613	82,197,613	0	0.0%
Operating Expenses						
TRAVEL	3,430,360	3,694,862	4,403,617	4,403,617	0	0.0%
CONTRACTUAL SERVICES	18,219,968	22,057,009	24,540,874	24,609,262	68,388	0.3%
SUPPLIES & MATERIALS	5,238,367	4,901,072	6,765,217	6,765,217	0	0.0%
GRANTS AND SUBSIDIES	2,131,268	2,192,345	3,085,119	3,085,119	0	0.0%
CAPITAL OUTLAY	6,057,667	4,270,473	9,482,853	9,482,853	0	0.0%
OTHER	0	200	0	0	0	0.0%
Funding Types						
GENERAL	152,086	2,780,845	2,971,134	3,020,085	48,951	1.6%
FEDERAL	5,557,697	4,647,618	7,774,322	7,774,322	0	0.0%
OTHER	29,367,847	29,687,499	37,532,224	37,551,661	19,437	0.1%
Total OE	35,077,630	37,115,962	48,277,680	48,346,068	68,388	0.1%
Totals						
Funding Types						
GENERAL	27,888,837	31,297,014	32,474,892	32,523,843	48,951	0.2%
FEDERAL	12,592,646	11,574,627	14,978,141	14,978,141	0	0.0%
OTHER	69,397,201	73,115,039	83,022,260	83,041,697	19,437	0.0%
Total	109,878,684	115,986,680	130,475,293	130,543,681	68,388	0.1%

Budget Notes

N. Property Insurance – The system received total increase of **\$168,233** to offset the cost difference in property insurance. The Board of Regents are partnering with other state agencies for property insurance to lower the overall cost to the state, however it increases the cost to the Regental system. The general fund property insurance increase for USD is **\$48,100**.

- O. The one remaining change is for **Interagency Billing** which is standard to the entire state budget. USD's totaling Interagency billing is the following: (\$851 in general funds, and \$19,437 in other fund expenditure authority)

USD Revenue Sources

Extracted from the Governor's Budget Book

	ACTUAL FY 2012	ACTUAL FY 2013	ESTIMATED FY 2014	ESTIMATED FY 2015
REVENUES				
State Appropriations	30,447,260	31,297,014	32,474,892	33,449,139
ARRA - Stimulus Funding				
One-Time State Appropriations		737,717		
State Grants and Contracts	2,032,334	2,387,496	2,459,121	2,532,895
State Financial Aid	873,000	1,163,010	1,186,270	1,209,996
Federal Grants and Contracts	15,622,496	12,752,680	13,135,260	13,529,318
Federal Financial Aid	9,854,657	9,629,947	10,015,145	10,415,751
State Support Tuition Allocation	16,171,198	17,160,787	18,748,056	19,310,498
Self-Support Tuition	16,512,220	17,188,068	17,554,892	17,905,990
Student Fees	21,463,728	21,955,166	20,944,675	21,154,122
Room and Board	12,837,028	14,122,702	14,581,535	15,268,971
HEFF - Physical Plant O&M	87,983	87,983	87,983	87,983
School and Public Lands	236,041	236,041	236,041	236,041
Other Grants and Contracts	2,383,120	1,869,476	1,925,560	1,983,327
Indirect Cost Recovery	2,938,353	1,927,431	1,965,979	2,005,299
Other Financial Aid	7,276,556	7,240,062	7,384,863	7,532,561
Sales and Services of Auxiliary Enterprises	479,363	429,115	433,406	437,740
Other Sales and Services	8,352,051	11,155,085	11,266,636	11,379,302
Transfers of Current Funds to Plant and Loan Funds	-9,404,035	-4,348,106	-4,391,587	-4,435,503
Plant Funds	5,229,212	2,520,935	2,546,144	2,571,605
Loan Funds	1,399,505	1,184,226	1,196,069	1,208,029
Total	144,792,070	150,696,835	153,750,940	157,783,064

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

USD SCHOOL OF MEDICINE

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 USD 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 USD 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, as well as service to USD (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.

	<u>Actual FY12</u>	<u>Actual FY13</u>	<u>Budgeted FY14</u>	<u>Gov Rec. FY15</u>	<u>Rec. Inc/Dec FY15</u>	<u>% Change From FY2014</u>
Personal Services						
EMPLOYEE SALARIES	22,511,922	22,386,016	26,207,684	26,979,314	771,630	2.9%
EMPLOYEE BENEFITS	4,896,878	5,274,076	5,735,969	5,889,856	153,887	2.7%
FTE	312.9	305.0	356.6	361.5	4.9	1.4%
Funding Types						
GENERAL	15,602,094	16,429,704	16,758,689	17,684,206	925,517	5.5%
FEDERAL	4,489,518	4,590,014	5,845,138	5,845,138	0	0.0%
OTHER	7,317,188	6,640,374	9,339,826	9,339,826	0	0.0%
Total PS	27,408,800	27,660,092	31,943,653	32,869,170	925,517	2.9%
Operating Expenses						
TRAVEL	604,088	623,574	1,566,637	1,626,337	59,700	3.8%
CONTRACTUAL SERVICES	5,668,374	8,386,938	12,750,095	13,737,343	987,248	7.7%
SUPPLIES & MATERIALS	1,960,720	1,790,462	3,884,426	3,896,601	12,175	0.3%
GRANTS AND SUBSIDIES	4,569,017	4,985,431	5,161,138	5,161,138	0	0.0%
CAPITAL OUTLAY	2,831,412	2,558,297	4,141,566	4,169,666	28,100	0.7%
OTHER	0	0	0	0	0	0.0%
Funding Types						
GENERAL	373,901	2,462,760	2,955,187	3,177,194	222,007	7.5%
FEDERAL	7,528,096	8,195,258	11,183,589	11,183,589	0	0.0%
OTHER	7,731,612	7,686,683	13,365,086	14,230,302	865,216	6.5%
Total OE	15,633,610	18,344,702	27,503,862	28,591,085	1,087,223	4.0%
Totals						
Funding Types						
GENERAL	15,975,995	18,892,464	19,713,876	20,861,400	1,147,524	5.8%
FEDERAL	12,017,614	12,785,272	17,028,727	17,028,727	0	0.0%
OTHER	15,048,801	14,327,057	22,704,912	23,570,128	865,216	3.8%
Total	43,042,410	46,004,793	59,447,515	61,460,255	2,012,740	3.4%

Budget Notes

- I. USD Medical School Expansion** – The South Dakota Dept. of Health and 2012 Governor’s Primary Care Task Force reported a strong need for physicians. Forty-eight new physicians are needed yearly to keep up with the state’s needs. This need is driven by a growing demand in rural areas as well as statewide for new physicians, and aging physician workforce, and an aging population with increased health care needs.

The request for FY15 is to increase class size by 11 students per year for a total of 44 new students. Because this would be greater than 10% the university would be required to submit an expansion request to the Liaison Committee on Medical Education (LCME). If resources were provided in FY15, the first year with additional students would be FY16 or Fall of 2015.

The expansion would take place on existing campuses and one new FARM site. **The cost of this expansion would be \$1,036,515 in general funds** (925,517 in personal services and \$110,998 in operating expenses) **and 4.9 FTE**. The first year funding, FY15, would be used to recruit and hire all of the new staff, ramp-up costs associated with the new hires, FARM site recruitment and development, and gross anatomy lab expansion.

The 4.9 FTE request is broken out below:

Pillar II Coordinator	.6
Pillar III Coordinator	.6
Asst Dean, Medical Education	.7
Asst Dean, Medical Student Affairs	1.0
Director, Student Research	.5
Program Assistant (MSA)	1.0
Senior Secretary	.5
TOTAL	4.9 FTE

Other fund authority for the medical school expansion totals **\$865,216**.

- J. Physician Assistant Preceptors** – In FY13, an additional five PA students were added to the program at USD and 5 non-residential slots were changed to resident slots. In FY14, USD received the funding to reimburse PA preceptors for all but the 5 new PA’s that were added to that program. BFM stated that they would like to wait until they entered the system before they added additional funding for these students. **The requested amount to cover these 5 PA’s is \$111,000.**

O. The one remaining change is for **Interagency Billings** which is standard to the entire state budget. USD School of Medicine’s totaling billing is the following: **(\$9 in general funds).**

USD School of Medicine Revenue Sources

Extracted from the Governor's Budget Book

	ACTUAL FY 2012	ACTUAL FY 2013	ESTIMATED FY 2014	ESTIMATED FY 2015
REVENUES				
State Appropriations	17,497,884	18,892,464	19,777,413	20,370,735
State Grants and Contracts	360,913	231,253	238,190	245,336
Federal Grants and Contracts	11,510,519	11,997,952	12,357,890	12,728,627
Federal Financial Aid	40,375			
Federal Appropriations	2,082,813	1,841,568	920,784	
State Support Tuition Allocation	6,528,952	8,546,474	8,492,458	8,747,232
Self-Support Tuition	795,602	185,961	554,909	566,007
Student Fees	1,746,722	1,997,898	3,298,933	3,331,922
Other Grants and Contracts	1,133,519	1,080,467	1,112,881	1,146,268
Indirect Cost Recovery	582,915	1,606,423	1,638,551	1,671,322
Other Sales and Services	4,011,669	2,991,228	3,021,141	3,051,352
Loan Funds	458,088	448,734	448,734	448,734
Total	46,749,971	49,820,422	51,861,884	52,307,535

SOUTH DAKOTA STATE UNIVERSITY

The mission of SDSU 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.

	<u>Actual</u> <u>FY12</u>	<u>Actual</u> <u>FY13</u>	<u>Budgeted</u> <u>FY14</u>	<u>Gov Rec.</u> <u>FY15</u>	<u>Rec. Inc/Dec</u> <u>FY15</u>	<u>% Change</u> <u>From</u> <u>FY2014</u>
Personal Services						
EMPLOYEE SALARIES	94,642,087	95,324,139	105,592,252	105,592,252	0	0.0%
EMPLOYEE BENEFITS	20,351,393	22,632,669	25,193,535	25,193,535	0	0.0%
FTE	1,497.1	1,512.1	1,617.7	1,617.7	0.0	0.0%
Funding Types						
GENERAL	34,952,094	36,241,505	36,300,979	36,300,979	0	0.0%
FEDERAL	11,014,929	9,431,080	14,305,069	14,305,069	0	0.0%
OTHER	69,026,457	72,284,223	80,179,739	80,179,739	0	0.0%
Total PS	114,993,480	117,956,808	130,785,787	130,785,787	0	0.0%
Operating Expenses						
TRAVEL	5,651,867	5,445,748	6,930,619	6,930,619	0	0.0%
CONTRACTUAL SERVICES	25,254,142	30,629,388	43,219,091	43,584,474	365,383	0.8%
SUPPLIES & MATERIALS	17,563,461	16,665,233	32,212,037	32,212,037	0	0.0%
GRANTS AND SUBSIDIES	14,960,508	11,892,558	26,112,503	26,112,503	0	0.0%
CAPITAL OUTLAY	13,588,737	11,399,167	17,860,364	17,860,364	0	0.0%
OTHER	1,204,323	884,146	0	0	0	0.0%
Funding Types						
GENERAL	533,273	4,110,826	4,227,031	4,557,570	330,539	7.8%
FEDERAL	17,112,347	12,865,141	44,459,691	44,459,691	0	0.0%
OTHER	60,577,418	59,940,272	77,647,892	77,682,736	34,844	0.0%
Total OE	78,223,038	76,916,239	126,334,614	126,699,997	365,383	0.3%
Totals						
Funding Types						
GENERAL	35,485,367	40,352,331	40,528,010	40,858,549	330,539	0.8%
FEDERAL	28,127,276	22,296,221	58,764,760	58,764,760	0	0.0%
OTHER	129,603,876	132,224,495	157,827,631	157,862,475	34,844	0.0%
Total	193,216,518	194,873,047	257,120,401	257,485,784	365,383	0.1%

Budget Notes

K. SDSU Nurse Practitioner Preceptors – This **\$260,000 general fund request** will provide the necessary funding to offer reimbursement for Doctor of Nursing (DNP) preceptors. These preceptors are essential to DNP education and requests for voluntary services as a DNP preceptor compete directly with currently reimbursed services available to other healthcare education programs. Payment for preceptors began with medical students. The FY14 budget provided for payments to South Dakota health care providers serving as preceptors for PA students. These same providers also extend preceptorship experiences to nurse practitioner students enrolled in the DNP program. This FY15 budget request extends the support for preceptor payment to DNP students who are prepared to meet primary care and health care workforce needs in the state. **\$260,000 is being requested to reimburse these DNP preceptors.**

N. Property Insurance - The system received total increase of **\$168,233** to offset the cost difference in property insurance. The Board of Regents are partnering with other state agencies for property insurance to lower the overall cost to the state, however it increases the cost to the Regental system. The general fund property insurance increase for SDSU is **\$70,539**.

O. The Governor recommends an increase for **Interagency Billings** which is standard to the entire state budget (**\$34,844 in other funds**).

SDSU Revenue Sources

Extracted from the Governor's Budget Book

	ACTUAL FY 2012	ACTUAL FY 2013	ESTIMATED FY 2014	ESTIMATED FY 2015
REVENUES				
State Appropriations	39,029,976	40,352,331	40,528,010	41,617,039
One-Time State Appropriations		1,260,665		
State Grants and Contracts	2,784,246	2,806,165	2,806,165	2,806,165
State Financial Aid	2,284,040	2,097,054	2,190,547	2,190,547
Federal Grants and Contracts	32,681,990	25,447,873	25,447,873	25,447,873
Federal Financial Aid	14,183,226	13,376,569	13,376,569	13,376,569
State Support Tuition Allocation	28,851,543	31,345,748	33,529,267	35,205,730
Self-Support Tuition	14,028,376	15,168,808	15,835,396	16,627,166
Student Fees	41,808,644	41,751,699	42,586,733	43,438,467
Room and Board	21,612,588	21,998,124	25,598,124	26,878,030
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	3,345,562	3,737,523	3,541,543	3,541,543
Indirect Cost Recovery	6,973,076	6,122,249	6,122,249	6,122,249
Other Financial Aid	3,110,053	3,389,442	3,389,442	3,389,442
Sales and Services of Auxiliary Enterprises	9,595,215	10,033,282	10,334,280	10,644,309
Other Sales and Services	18,626,589	17,375,548	17,896,814	18,433,719
Endo/Ecto Parasiticide Tax	250,000	250,000	250,000	250,000
BAB Subsidy	627,872	618,010	554,257	542,442
Transfers of Current Funds to Plant and Loan Funds	-18,193,719	-16,993,824	-21,124,602	-20,762,694
Plant Funds	23,462,783	26,553,309	25,008,046	25,008,046
Loan Funds	2,221,232	2,083,057	2,152,145	2,152,145
Total	247,963,718	249,454,058	250,703,284	257,589,213

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

SDSU EXTENSION (COOPERATIVE EXTENSION SERVICE)

The mission of the SDSU Extension 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.

	Actual FY12	Actual FY13	Budgeted FY14	Gov Rec. FY15	Rec. Inc/Dec FY15	% Change From FY2014
Personal Services						
EMPLOYEE SALARIES	9,083,405	9,415,790	11,185,738	11,185,738	0	0.0%
EMPLOYEE BENEFITS	2,235,312	2,625,497	2,731,026	2,731,026	0	0.0%
FTE	213.3	206.2	200.4	200.4	0.0	0.0%
Funding Types						
GENERAL	7,258,631	7,442,843	7,625,640	7,625,640	0	0.0%
FEDERAL	3,522,908	3,851,428	5,056,461	5,056,461	0	0.0%
OTHER	537,178	747,017	1,234,663	1,234,663	0	0.0%
Total PS	11,318,717	12,041,288	13,916,764	13,916,764	0	0.0%
Operating Expenses						
TRAVEL	571,462	682,717	709,275	709,275	0	0.0%
CONTRACTUAL SERVICES	2,084,950	2,127,184	1,815,999	1,815,999	0	0.0%
SUPPLIES & MATERIALS	486,104	632,516	1,380,410	1,380,410	0	0.0%
GRANTS AND SUBSIDIES	79,077	195,922	306,000	306,000	0	0.0%
CAPITAL OUTLAY	850,274	184,444	330,431	330,431	0	0.0%
OTHER	3,655	21,179	0	0	0	0.0%
Funding Types						
GENERAL	329,154	329,154	329,154	329,154	0	0.0%
FEDERAL	3,209,844	2,947,604	3,326,908	3,326,908	0	0.0%
OTHER	536,524	567,204	886,053	886,053	0	0.0%
Total OE	4,075,521	3,843,962	4,542,115	4,542,115	0	0.0%
Totals						
Funding Types						
GENERAL	7,587,785	7,771,997	7,954,794	7,954,794	0	0.0%
FEDERAL	6,732,752	6,799,031	8,383,369	8,383,369	0	0.0%
OTHER	1,073,702	1,314,221	2,120,716	2,120,716	0	0.0%
Total	15,394,238	15,885,250	18,458,879	18,458,879	0	0.0%

Budget Notes

The Governor is not requesting any changes to the SDSU Extension.

SDSU Extension Revenue Sources

Extracted from the Governor's Budget Book

	ACTUAL FY 2012	ACTUAL FY 2013	ESTIMATED FY 2014	ESTIMATED FY 2015
REVENUES				
State Appropriations	7,587,785	7,771,997	7,954,794	8,183,563
State Grants and Contracts	181,214	117,783	149,499	149,499
Federal Grants and Contracts	1,725,110	1,988,712	1,988,712	1,988,712
Federal Appropriations	4,443,312	4,554,939	4,000,000	4,000,000
Other Grants and Contracts	31,850	14,397	14,397	14,397
Other Sales and Services	849,867	1,109,604	1,165,084	1,223,338
Pesticide Application Tax	282,329	242,379	262,354	262,354
Total	15,101,467	15,799,811	15,534,840	15,821,863

AGRICULTURAL EXPERIMENT STATION

The mission of the AES 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.

	<u>Actual</u> <u>FY12</u>	<u>Actual</u> <u>FY13</u>	<u>Budgeted</u> <u>FY14</u>	<u>Gov Rec.</u> <u>FY15</u>	<u>Rec. Inc/Dec</u> <u>FY15</u>	<u>% Change</u> <u>From</u> <u>FY2014</u>
Personal Services						
EMPLOYEE SALARIES	17,070,799	16,993,142	20,816,964	20,816,964	0	0.0%
EMPLOYEE BENEFITS	2,965,767	3,149,647	4,080,865	4,080,865	0	0.0%
FTE	166.4	177.4	284.5	284.5	0.0	0.0%
Funding Types						
GENERAL	9,092,972	9,484,699	10,687,508	10,687,508	0	0.0%
FEDERAL	6,288,914	6,203,871	8,368,832	8,368,832	0	0.0%
OTHER	4,654,681	4,454,219	5,841,489	5,841,489	0	0.0%
Total PS	20,036,566	20,142,789	24,897,829	24,897,829	0	0.0%
Operating Expenses						
TRAVEL	1,244,884	1,300,496	1,831,170	1,831,170	0	0.0%
CONTRACTUAL SERVICES	3,371,182	3,319,733	4,460,981	4,460,981	0	0.0%
SUPPLIES & MATERIALS	3,911,326	3,635,478	6,099,469	6,099,469	0	0.0%
GRANTS AND SUBSIDIES	2,041,408	1,759,899	2,684,560	2,684,560	0	0.0%
CAPITAL OUTLAY	2,136,842	3,072,354	3,462,650	3,462,650	0	0.0%
OTHER	94,348	57,451	0	0	0	0.0%
Funding Types						
GENERAL	314,155	539,155	577,155	577,155	0	0.0%
FEDERAL	7,073,963	5,236,752	8,860,134	8,860,134	0	0.0%
OTHER	5,411,872	7,369,504	9,101,541	9,101,541	0	0.0%
Total OE	12,799,990	13,145,411	18,538,830	18,538,830	0	0.0%
Totals						
Funding Types						
GENERAL	9,407,127	10,023,854	11,264,663	11,264,663	0	0.0%
FEDERAL	13,362,877	11,440,624	17,228,966	17,228,966	0	0.0%
OTHER	10,066,553	11,823,723	14,943,030	14,943,030	0	0.0%
Total	32,836,557	33,288,200	43,436,659	43,436,659	0	0.0%

Budget Notes

The Governor is not requesting any changes to the Agricultural Experiment Stations.

AES Revenue Sources

Extracted from the Governor's Budget Book

	ACTUAL FY 2012	ACTUAL FY 2013	ESTIMATED FY 2014	ESTIMATED FY 2015
REVENUES				
State Appropriations	9,407,127	10,523,854	11,264,663	11,585,288
State Grants and Contracts	399,263	690,762	690,762	690,762
Federal Grants and Contracts	10,889,589	9,772,612	9,772,612	9,772,612
Federal Appropriations	3,275,143	2,194,152	3,076,640	3,076,640
School and Public Lands	65,947	69,051	77,745	77,745
Other Grants and Contracts	4,264,227	5,880,451	5,880,451	5,880,451
Other Sales and Services	6,030,106	5,783,425	5,906,765	5,906,765
Pesticide Application Tax	210,793	177,868	190,000	190,000
Total	34,542,195	35,092,175	36,859,638	37,180,263

SD SCHOOL OF MINES AND TECHNOLOGY

The mission of the SDSM&T 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.

	Actual FY12	Actual FY13	Budgeted FY14	Gov. Rec. FY15	Rec. Inc/Dec FY15	% Change From FY2014
Personal Services						
EMPLOYEE SALARIES	27,142,815	27,820,781	39,161,510	39,161,510	0	0.0%
EMPLOYEE BENEFITS	5,231,261	5,890,768	9,011,137	9,011,137	0	0.0%
FTE	327.9	344.8	378.8	378.8	0.0	0.0%
Funding Types						
GENERAL	12,887,653	13,305,135	14,309,871	14,309,871	0	0.0%
FEDERAL	5,199,391	4,015,769	15,182,175	15,182,175	0	0.0%
OTHER	14,287,032	16,390,646	18,680,601	18,680,601	0	0.0%
Total PS	32,374,076	33,711,550	48,172,647	48,172,647	0	0.0%
Operating Expenses						
TRAVEL	1,316,315	1,365,480	4,154,123	4,154,123	0	0.0%
CONTRACTUAL SERVICES	12,287,698	10,563,545	20,705,502	20,725,588	20,086	0.1%
SUPPLIES & MATERIALS	3,157,975	3,295,035	8,547,446	8,547,446	0	0.0%
GRANTS AND SUBSIDIES	2,176,678	2,051,251	3,575,297	3,575,297	0	0.0%
CAPITAL OUTLAY	5,182,548	5,489,965	5,934,443	5,934,443	0	0.0%
OTHER	108,882	44,397	0	0	0	0.0%
Funding Types						
GENERAL	0	977,244	1,068,684	1,081,285	12,601	1.2%
FEDERAL	7,235,757	3,095,466	20,300,000	20,300,000	0	0.0%
OTHER	16,994,339	18,736,963	21,548,127	21,555,612	7,485	0.0%
Total OE	24,230,096	22,809,672	42,916,811	42,936,897	20,086	0.0%
Totals						
Funding Types						
GENERAL	12,887,653	14,282,379	15,378,555	15,391,156	12,601	0.1%
FEDERAL	12,435,148	7,111,235	35,482,175	35,482,175	0	0.0%
OTHER	31,281,372	35,127,609	40,228,728	40,236,213	7,485	0.0%
Total	56,604,172	56,521,222	91,089,458	91,109,544	20,086	0.0%

Budget Notes

N. The system received total increase of **\$168,233** to offset the cost difference in property insurance. The Board of Regents are partnering with other state agencies for property insurance to lower the overall cost to the state, however it increases the cost to the Regental system. The general fund property insurance increase for SDSM&T is **\$12,601**.

O. The Governor recommends an increase for **Interagency Billings** which is standard to the entire state budget (**\$7,485 in other funds**).

SDSM&T Revenue Sources

Extracted from the Governor's Budget Book

	ACTUAL FY 2012	ACTUAL FY 2013	ESTIMATED FY 2014	ESTIMATED FY 2015
REVENUES				
State Appropriations	14,046,774	14,282,379	15,377,634	15,500,000
ARRA - Stimulus Funding				
One-Time State Appropriations		229,641		
State Grants and Contracts	1,236,228	1,672,378	1,469,000	1,500,000
State Financial Aid	317,500	335,000	350,000	365,000
Federal Grants and Contracts	15,272,148	8,692,311	8,700,000	12,000,000
Federal Financial Aid	2,421,926	2,458,414	2,436,373	2,440,000
State Support Tuition Allocation	6,182,999	7,468,137	8,775,244	9,389,511
Self-Support Tuition	421,660	591,446	700,000	800,000
Student Fees	11,062,048	11,963,993	12,921,117	13,567,173
Room and Board	3,682,299	4,044,900	4,419,176	4,640,135
HEFF--Physical Plant O&M	34,093	34,093	34,093	34,093
School and Public Lands	121,965	128,086	128,000	128,000
Other Grants and Contracts	389,586	368,756	370,000	400,000
Indirect Cost Recovery	2,906,559	2,119,001	2,000,000	2,800,000
Other Financial Aid	2,237,082	2,894,677	3,100,000	3,410,000
Sales and Services of Auxiliary Enterprises	2,084,427	2,275,893	2,457,965	2,654,602
Other Sales and Services	1,532,066	1,493,210	1,500,000	1,500,000
Transfers of Current Funds to Plant and Loan Funds	-2,062,460	-1,095,861	-2,600,000	-2,600,000
Plant Funds	2,549,150	1,494,171	3,800,000	3,820,000
Loan Funds	36,742	37,120	38,000	39,000
Total	64,472,792	61,487,745	65,976,602	72,387,514

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

NORTHERN STATE UNIVERSITY

The mission of NSU 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.

	<u>Actual FY12</u>	<u>Actual FY13</u>	<u>Budgeted FY14</u>	<u>Gov Rec. FY15</u>	<u>Rec. Inc/Dec FY15</u>	<u>% Change From FY2014</u>
Personal Services						
EMPLOYEE SALARIES	19,029,696	18,831,266	20,857,929	21,486,971	629,042	3.0%
EMPLOYEE BENEFITS	4,583,406	5,051,001	5,671,059	5,684,387	13,328	0.2%
FTE	337.8	347.5	344.5	351.0	6.5	1.9%
Funding Types						
GENERAL	10,460,459	10,803,366	11,124,686	11,267,056	142,370	1.3%
FEDERAL	938,182	1,014,134	1,544,669	2,044,669	500,000	32.4%
OTHER	12,214,462	12,064,767	13,859,633	13,859,633	0	0.0%
Total PS	23,613,103	23,882,267	26,528,988	27,171,358	642,370	2.4%
Operating Expenses						
TRAVEL	822,813	1,155,509	1,204,596	1,214,096	9,500	0.8%
CONTRACTUAL SERVICES	4,561,186	5,248,649	5,826,845	5,847,215	20,370	0.3%
SUPPLIES & MATERIALS	2,111,028	2,141,492	3,174,750	3,180,500	5,750	0.2%
GRANTS AND SUBSIDIES	1,516	1,143	0	0	0	0.0%
CAPITAL OUTLAY	1,074,785	1,322,039	978,853	978,853	0	0.0%
OTHER	13,508	22,448	0	0	0	0.0%
Funding Types						
GENERAL	314,763	940,665	831,389	861,025	29,636	3.6%
FEDERAL	210,724	257,361	658,703	658,703	0	0.0%
OTHER	8,059,349	8,693,255	9,694,952	9,700,936	5,984	0.1%
Total OE	8,584,836	9,891,281	11,185,044	11,220,664	35,620	0.3%
Totals						
Funding Types						
GENERAL	10,775,222	11,744,031	11,956,075	12,128,081	172,006	1.4%
FEDERAL	1,148,906	1,271,494	2,203,372	2,703,372	500,000	22.7%
OTHER	20,273,810	20,758,022	23,554,585	23,560,569	5,984	0.0%
Total	32,197,939	33,773,547	37,714,032	38,392,022	677,990	1.8%

Budget Notes

L. Northern State – E Learning Program – NSU E-learning has played a pivotal role in providing Advanced Placement (AP) courses to un-served and under-served students. In FY13, enrollment in the Learning Power courses grew by 42%; the program now serves 429 students in nearly 90 South Dakota schools. During the 2013 Legislative Session, **\$159,120** was added to the NSU’s FY14 base funding to support the growth that had taken place in the E-learning program. This funding is considered “one-time” funding and will need to be added to the E-learning base funding in order to sustain the current enrollment level beyond FY14. This is a request of \$142,370 in personal services and \$16,750 in operating expenses.

Northern State was awarded a Title III grant which increased their federal authority need by **\$500,000 and 6.5 FTE**.

N. Property Insurance – The system received total increase of **\$168,233** to offset the cost difference in property insurance. The Board of Regents are partnering with other state agencies for property insurance to lower the overall cost to the state, however it increases the cost to the Regental system. The general fund property insurance increase for NSU is **\$12,886**.

O.The Governor recommends an increase for Interagency Billings which is standard to the entire state budget. **(\$5,984 in other funds)**.

NSU Revenue Sources

Extracted from the Governor's Budget Book

	ACTUAL FY 2012	ACTUAL FY 2013	ESTIMATED FY 2014	ESTIMATED FY 2015
REVENUES				
State Appropriations	10,775,222	11,744,031	11,956,075	11,956,075
ARRA - Stimulus Funding				
One-Time Appropriations		241,950		
State Grants and Contracts	268,397	400,959	400,000	400,000
State Financial Aid	214,271	222,609	222,000	222,000
Federal Grants and Contracts	888,012	744,351	750,000	750,000
Federal Stimulus ARRA	698,323			
Federal Financial Aid	4,025,753	3,615,940	3,620,000	3,620,000
State Support Tuition Allocation	4,324,995	4,657,718	4,660,000	4,660,000
Self-Support Tuition	3,934,230	4,070,736	4,075,000	4,075,000
Student Fees	5,649,854	5,410,246	5,410,000	5,410,000
Room and Board	3,923,529	3,884,929	3,885,000	3,885,000
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	121,003	141,913	142,000	142,000
Indirect Cost Recovery	37,401	41,512	36,000	36,000
Other Financial Aid	2,440,758	2,438,376	2,440,000	2,440,000
Sales and Services of Auxiliary Enterprises	1,811,190	1,861,211	2,029,000	2,029,000
Other Sales and Services	1,553,744	1,675,649	1,676,000	1,676,000
Transfers of Current Funds to Plant and Loan Funds	-1,214,913	-1,084,331	-1,123,756	-1,122,978
Plant Funds	4,886,908	3,000,775	1,870,447	1,870,447
Loan Funds	641,891	702,538	702,500	702,500
Total	45,200,254	43,990,798	42,969,952	42,970,730

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

BLACK HILLS STATE UNIVERSITY

The mission of BHSU 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- and two-year terminal, and junior college programs; and to authorize degrees at the associate, baccalaureate, and masters level.

	<u>Actual</u> <u>FY12</u>	<u>Actual</u> <u>FY13</u>	<u>Budgeted</u> <u>FY14</u>	<u>Gov Rec.</u> <u>FY15</u>	<u>Rec. Inc/Dec</u> <u>FY15</u>	<u>% Change</u> <u>From</u> <u>FY2014</u>
Personal Services						
EMPLOYEE SALARIES	21,729,090	22,189,397	24,213,162	24,213,162	0	0.0%
EMPLOYEE BENEFITS	5,245,221	5,854,787	6,653,381	6,653,381	0	0.0%
FTE	404.7	408.9	418.5	418.5	0.0	0.0%
Funding Types						
GENERAL	6,724,557	7,537,865	7,505,377	7,505,377	0	0.0%
FEDERAL	2,202,792	1,852,423	3,757,025	3,757,025	0	0.0%
OTHER	18,046,962	18,653,895	19,604,141	19,604,141	0	0.0%
Total PS	26,974,311	28,044,183	30,866,543	30,866,543	0	0.0%
Operating Expenses						
TRAVEL	794,679	854,458	1,417,013	1,417,013	0	0.0%
CONTRACTUAL SERVICES	5,816,577	6,555,879	6,714,793	6,733,788	18,995	0.3%
SUPPLIES & MATERIALS	3,435,975	3,629,485	5,574,956	5,574,956	0	0.0%
GRANTS AND SUBSIDIES	328,395	450,105	1,624,310	1,624,310	0	0.0%
CAPITAL OUTLAY	1,538,822	1,790,359	2,679,738	2,679,738	0	0.0%
OTHER	789,811	882,747	0	0	0	0.0%
Funding Types						
GENERAL	25,366	610,254	609,959	624,520	14,561	2.4%
FEDERAL	1,631,905	2,068,545	3,923,901	3,923,933	32	0.0%
OTHER	11,046,987	11,484,235	13,476,950	13,481,352	4,402	0.0%
Total OE	12,704,259	14,163,034	18,010,810	18,029,805	18,995	0.1%
Totals						
Funding Types						
GENERAL	6,749,923	8,148,119	8,115,336	8,129,897	14,561	0.2%
FEDERAL	3,834,697	3,920,968	7,680,926	7,680,958	32	0.0%
OTHER	29,093,949	30,138,130	33,081,091	33,085,493	4,402	0.0%
Total	39,678,569	42,207,217	48,877,353	48,896,348	18,995	0.0%

Budget Notes

N. Property Insurance - The system received a total increase of **\$168,233** to offset the cost difference in property insurance. The Board of Regents are partnering with other state agencies for property insurance to lower the overall cost to the state, however it increases the cost to the Regental system. The general fund property insurance increase for BHSU is **\$14,561**.

- O. The Governor recommends an increase for Interagency Billings which is standard to the entire state budget. **(\$32 in federal funds, and \$4,402 in other funds. Total of \$4,434.)**

BHSU Revenue Sources

Extracted from the Governor's Budget Book

	ACTUAL FY 2012	ACTUAL FY 2013	ESTIMATED FY 2014	ESTIMATED FY 2015
REVENUES				
State Appropriations	7,325,030	8,148,119	8,115,631	8,300,000
ARRA - Stimulus Funds				
One-Time State Appropriations		290,313		
State Grants and Contracts	305,330	336,017	350,000	375,000
State Financial Aid	246,271	228,548	250,000	265,000
Federal Grants and Contracts	3,848,673	3,953,833	4,100,000	4,250,000
Federal Financial Aid	7,087,344	7,080,809	7,100,000	7,250,000
State Support Tuition Allocation	7,970,156	7,119,170	7,900,000	8,150,000
Self-Support Tuition	9,416,576	9,365,910	9,600,000	10,000,000
Student Fees	5,364,554	5,937,336	6,100,000	6,300,000
Room and Board	4,210,005	4,064,055	4,200,000	4,400,000
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	31,120	47,565	50,000	75,000
Indirect Cost Recovery	520,491	478,593	500,000	525,000
Other Financial Aid	1,742,704	1,688,452	1,725,000	1,750,000
Sales and Services of Auxiliary Enterprises	2,850,950	2,697,253	2,725,000	2,800,000
Other Sales and Services	1,646,335	1,340,277	1,400,000	1,475,000
Transfers of Current Funds to Plant and Loan	-2,425,351	-2,538,895	-2,750,000	-2,850,000
Plant Funds	367,959	251,350	275,000	300,000
Loan Funds	42,697	36,474	38,000	40,000
Total	50,755,365	50,729,700	51,883,152	53,609,521

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

DAKOTA STATE UNIVERSITY

The mission of DSU 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.

	<u>Actual</u> <u>FY12</u>	<u>Actual</u> <u>FY13</u>	<u>Budgeted</u> <u>FY14</u>	<u>Gov Rec.</u> <u>FY15</u>	<u>Rec. Inc/Dec</u> <u>FY15</u>	<u>% Change</u> <u>From</u> <u>FY2014</u>
Personal Services						
EMPLOYEE SALARIES	16,567,257	16,636,333	19,057,946	18,557,946	(500,000)	(2.6%)
EMPLOYEE BENEFITS	3,736,972	4,233,849	5,001,340	4,751,340	(250,000)	(5.0%)
FTE	269.4	278.3	288.8	288.8	0.0	0.0%
Funding Types						
GENERAL	7,656,339	7,900,900	7,868,477	7,868,477	0	0.0%
FEDERAL	1,365,814	1,181,472	2,842,719	2,092,719	(750,000)	(26.4%)
OTHER	11,282,075	11,787,811	13,348,090	13,348,090	0	0.0%
Total PS	20,304,229	20,870,182	24,059,286	23,309,286	(750,000)	(3.1%)
Operating Expenses						
TRAVEL	571,086	726,287	520,124	520,124	0	0.0%
CONTRACTUAL SERVICES	6,464,402	6,371,431	5,932,294	5,694,468	(237,826)	(4.0%)
SUPPLIES & MATERIALS	1,159,741	1,302,555	2,551,787	2,551,787	0	0.0%
GRANTS AND SUBSIDIES	337,689	435,459	3,559,990	3,559,990	0	0.0%
CAPITAL OUTLAY	2,003,052	2,074,492	876,174	876,174	0	0.0%
OTHER	150,108	131,097	0	0	0	0.0%
Funding Types						
GENERAL	127,843	607,570	643,818	651,755	7,937	1.2%
FEDERAL	1,967,790	1,557,118	3,575,359	3,325,359	(250,000)	(7.0%)
OTHER	8,590,445	8,876,633	9,221,192	9,225,429	4,237	0.0%
Total OE	10,686,078	11,041,321	13,440,369	13,202,543	(237,826)	(1.8%)
Totals						
Funding Types						
GENERAL	7,784,182	8,508,470	8,512,295	8,520,232	7,937	0.1%
FEDERAL	3,333,604	2,738,590	6,418,078	5,418,078	(1,000,000)	(15.6%)
OTHER	19,872,520	20,664,443	22,569,282	22,573,519	4,237	0.0%
Total	30,990,306	31,911,504	37,499,655	36,511,829	(987,826)	(2.6%)

Budget Notes

M. Dakota State – A reduction in federal fund authority was requested in the amount of \$750,000 in personal services and \$250,000 in operating expenses. **Total federal fund authority reduction request is \$1,000,000.** The requested reduction is due to a large grant from the U.S. Dept. of Health ending in late FY14. This will eliminate the excess authority.

N. Property Insurance – The system received a total increase of **\$168,233** to offset the cost difference in property insurance. The Board of Regents are partnering with other state agencies for property insurance to lower the overall cost to the state, however it increases the cost to the Regental system. The general fund property insurance increase for Dakota State University is **\$7,773**.

O. The Governor recommends an increase for Interagency Billings which is standard to the entire state budget. **(\$164 in general funds, and \$4,237 in other funds. Total of \$4,401)**

DSU Revenue Sources

Extracted from the Governor's Budget Book

	ACTUAL FY 2012	ACTUAL FY 2013	ESTIMATED FY 2014	ESTIMATED FY 2015
REVENUES				
State Appropriations	8,057,193	8,508,470	8,512,295	8,512,295
ARRA - Stimulus Funding				
One-Time State Appropriations	292,940	355,940		
State Grants and Contracts	1,188,655	1,195,887	1,200,000	1,200,000
State Financial Aid	172,340	198,136	185,000	185,000
Federal Grants and Contracts	3,448,043	2,837,520	2,800,000	2,800,000
Federal Financial Aid	3,266,353	3,305,839	3,250,000	3,250,000
State Support Tuition	4,104,170	4,396,228	4,500,000	4,500,000
Self-Support Tuition	6,445,159	6,304,761	6,400,000	6,400,000
Student Fees	4,419,856	4,478,929	4,500,000	4,500,000
Room and Board	2,973,994	2,926,827	2,950,000	2,950,000
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	295,531	279,636	275,000	275,000
Indirect Cost Recovery	470,751	462,762	450,000	450,000
Other Financial Aid	979,575	1,093,552	1,000,000	1,000,000
Sales and Services of Auxiliary Enterprises	984,820	986,554	1,000,000	1,000,000
Other Sales and Services	997,241	1,251,573	1,250,000	1,250,000
Transfers of Current Funds to Plant and Loan Funds	-895,655	-848,432	-850,000	-850,000
Plant Funds	303,674	330,671	325,000	325,000
Loan Funds	298,605	338,935	325,000	325,000
Total	37,998,967	38,599,510	38,268,017	38,268,017

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

SD SCHOOL FOR THE DEAF

The mission of the South Dakota School for the Deaf (SDSD) 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.

	<u>Actual</u> <u>FY12</u>	<u>Actual</u> <u>FY13</u>	<u>Budgeted</u> <u>FY14</u>	<u>Gov Rec.</u> <u>FY15</u>	<u>Rec. Inc/Dec</u> <u>FY15</u>	<u>% Change</u> <u>From</u> <u>FY2014</u>
Personal Services						
EMPLOYEE SALARIES	1,043,923	1,161,078	1,185,004	1,185,004	0	0.0%
EMPLOYEE BENEFITS	269,433	339,639	366,192	366,192	0	0.0%
FTE	20.5	23.4	22.5	22.5	0.0	0.0%
Funding Types						
GENERAL	1,313,356	1,500,717	1,517,715	1,517,715	0	0.0%
FEDERAL	0	0	33,481	33,481	0	0.0%
OTHER	0	0	0	0	0	0.0%
Total PS	1,313,356	1,500,717	1,551,196	1,551,196	0	0.0%
Operating Expenses						
TRAVEL	59,623	37,265	100,000	100,000	0	0.0%
CONTRACTUAL SERVICES	1,045,417	944,892	1,363,282	1,364,362	1,080	0.1%
SUPPLIES & MATERIALS	86,715	72,894	194,421	194,421	0	0.0%
GRANTS AND SUBSIDIES	1,780	0	0	0	0	0.0%
CAPITAL OUTLAY	221,094	387,870	117,000	117,000	0	0.0%
OTHER	3,155	5	0	0	0	0.0%
Funding Types						
GENERAL	1,285,501	1,111,661	1,140,943	1,142,023	1,080	0.1%
FEDERAL	452	0	108,421	108,421	0	0.0%
OTHER	131,831	331,264	525,339	525,339	0	0.0%
Total OE	1,417,784	1,442,925	1,774,703	1,775,783	1,080	0.1%
Totals						
Funding Types						
GENERAL	2,598,857	2,612,378	2,658,658	2,659,738	1,080	0.0%
FEDERAL	452	0	141,902	141,902	0	0.0%
OTHER	131,831	331,264	525,339	525,339	0	0.0%
Total	2,731,140	2,943,642	3,325,899	3,326,979	1,080	0.0%

Budget Notes

N. Property Insurance – The system received total increase of **\$168,233** to offset the cost difference in property insurance. The Board of Regents are partnering with other state agencies for property insurance to lower the overall cost to the state, however it increases the cost to the Regental system. The general fund property insurance increase for the SD School for the Deaf is **\$935**.

- O. The Governor recommends an increase for **Interagency Billings** which is standard to the entire state budget. **(\$145 in general funds)**

SDSD Revenue Sources

Extracted from the Governor's Budget Book

	ACTUAL FY 2012	ACTUAL FY 2013	ESTIMATED FY 2014	ESTIMATED FY 2015
REVENUES				
State Appropriations	2,598,857	2,612,378	2,658,658	2,658,658
Federal Grants and Contracts	80,255		141,902	141,902
School and Public Lands	96,015	99,777	197,959	197,959
Other Sales and Services	409,928	272,062	327,380	327,380
Total	3,185,055	2,984,217	3,325,899	3,325,899

SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED

The mission of the SD School for the Blind and Visually Impaired (SDBVI) 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.

	<u>Actual</u> <u>FY12</u>	<u>Actual</u> <u>FY13</u>	<u>Budgeted</u> <u>FY14</u>	<u>Gov Rec.</u> <u>FY15</u>	<u>Rec. Inc/Dec</u> <u>FY15</u>	<u>% Change</u> <u>From</u> <u>FY2014</u>
Personal Services						
EMPLOYEE SALARIES	2,038,559	1,992,465	2,073,494	2,073,494	0	0.0%
EMPLOYEE BENEFITS	566,069	643,553	658,563	658,563	0	0.0%
FTE	44.8	44.9	52.6	52.6	0.0	0.0%
Funding Types						
GENERAL	2,364,760	2,417,092	2,446,353	2,446,353	0	0.0%
FEDERAL	239,868	218,925	285,704	285,704	0	0.0%
OTHER	0	0	0	0	0	0.0%
Total PS	2,604,628	2,636,017	2,732,057	2,732,057	0	0.0%
Operating Expenses						
TRAVEL	22,630	38,015	50,244	50,244	0	0.0%
CONTRACTUAL SERVICES	226,521	248,225	238,640	239,898	1,258	0.5%
SUPPLIES & MATERIALS	123,245	152,989	226,718	226,718	0	0.0%
CAPITAL OUTLAY	222,750	122,141	116,000	116,000	0	0.0%
Funding Types						
GENERAL	252,665	220,097	248,795	250,016	1,221	0.5%
FEDERAL	47,784	29,775	45,683	45,683	0	0.0%
OTHER	294,698	311,498	337,124	337,161	37	0.0%
Total OE	595,147	561,370	631,602	632,860	1,258	0.2%
Totals						
Funding Types						
GENERAL	2,617,425	2,637,189	2,695,148	2,696,369	1,221	0.0%
FEDERAL	287,651	248,700	331,387	331,387	0	0.0%
OTHER	294,698	311,498	337,124	337,161	37	0.0%
Total	3,199,775	3,197,388	3,363,659	3,364,917	1,258	0.0%

Budget Notes

N. Property Insurance – The system received total increase of **\$168,233** to offset the cost difference in property insurance. The Board of Regents are partnering with other state agencies for property insurance to lower the overall cost to the state, however it increases the cost to the Regental system. The general fund property insurance increase for the School for the Blind and Visually Impaired is **\$838**.

- O. The Governor recommends an increase for **Interagency Billings** which is standard to the entire state budget. **(\$383 in general funds and \$37 in other funds)**

SDSBVI Revenue Sources

Extracted from the Governor's Budget Book

	ACTUAL FY 2012	ACTUAL FY 2013	ESTIMATED FY 2014	ESTIMATED FY 2015
REVENUES				
State Appropriations	2,617,425	2,637,189	2,695,148	2,695,148
Federal Grants and Contracts	529,960	237,886	331,387	331,387
School and Public Lands	94,712	94,712	194,712	194,712
Other Sales and Services	238,900	288,130	142,412	142,412
Total	3,480,997	3,257,917	3,363,659	3,363,659

Board of Regents' Other Fund Balances

The Board of Regents use their own accounting system, called the Banner System. The information on the state's accounting system was only set up for budgetary purposes and for purposes of the state's bank reconciliation since they are a part of the cash flow portfolio. As such, the information maintained on the state's accounting system does not provide useful information to display company account balances for the Blue Book. The details of the expenses are not on the state's accounting system but instead are on the Banner accounting system. However, the Board of Regents has provided a breakdown of their Cash Balances for FY10-FY13 which has been posted to One Note for you to review.

University Foundations

Each university has a foundation which is a non-profit organization dedicated to maximizing private resources for the universities. The foundation works with the university to raise annual and endowed scholarship revenues. Donors include individuals, corporations, foundations, and other organizations. The foundations provide scholarships, buy property, build buildings, and many other things to enhance education and student life on the campuses.

Major Budget Changes in 2013 Session

Critical Teaching Scholarship and Needs-Based Scholarships - During the 2013 Legislative Session two new state scholarship programs were established, both with \$1.5 million in general funds invested in the state's Education Enhancement Trust Fund.

- **Senate Bill 233** created a 'Critical Needs' K-12 teaching scholarship, encouraging South Dakota high school graduates to stay in state for their teacher training, remain in the state after graduation, and work in a critical-need teaching area. Scholarship support services will be provided by BOR.

All accredited South Dakota public and nonpublic postsecondary institutions which offer a baccalaureate degree in elementary or secondary education are eligible to participate in the scholarship program. Each institution may choose whether to participate in the program and may limit the number of scholarship recipients the institution will accept in each academic year.

The amount of the scholarship shall be determined by calculating the student's remaining financial need, and may not exceed the tuition and generally applicable fees for thirty credit hours at a SD public postsecondary institution as of July 1, 2014. The scholarship amount paid to a recipient attending a participating nonpublic postsecondary institution shall equal the amount paid to a recipient attending a public postsecondary institution. Teacher-Ed candidates in their junior or senior year are eligible to apply for the 2-4 year scholarship that will be available.

In order to remain eligible for the scholarship, the student shall maintain a 2.8 cumulative grade point average and maintain full-time status.

- **Senate Bill 237** created a **needs-based grant program** for postsecondary students based on Pell Grant eligibility; participating postsecondary institutions must match the state funds on a 3-to-1 basis. Grant program will be administered by BOR.

To jump start this program, \$200,000 from the Education Enhancement Trust Fund distribution was transferred to the needs-based program in FY14. The program will provide \$200,000 in the first year to qualifying students enrolled at participating institutions located in South Dakota. (In the future, interest earned from a one-time investment of \$1.5 million in state monies will be used to fund the grant program.) The program should allow participating institutions to offer awards of \$500 to \$2,000. Participating institutions must allocate \$3 of need-based support for every \$1 of state investment. Current estimates indicate that \$75,000 will be available in FY15.

Ph.D. in Physics - South Dakota was one of only two states without a doctoral program in physics. The Governor and the Board of Regents believe that a Ph.D. in Physics at USD and SDSM&T would increase the State's national and international reputation in physics and would make physics faculty more competitive in the pursuit of external funding. There is also the belief that a Ph.D. program would make SDSM&T and USD more attractive when recruiting physics faculty members, as leading researchers typically seek positions in departments with a Ph.D. program. The Board believes having the program will allow South Dakota scientists, researchers and students to be full participants and contributors to the research and activities occurring in the Sanford Underground Research Laboratory.

The BOR projected program enrollments are sufficient to produce approximately 10 graduates per year by FY18.

Governor Daugaard recommended and the Legislature adopted 20.00 FTE and \$1,878,466 in general funds and \$58,958 in other funds for a total recommendation of \$1,937,424. Both universities would receive 4.00 FTE physics faculty and 6.00 FTE graduate assistants (12 students at 0.5 FTE).

Remedial Statistics

For the past 20 years, the Board of Regents has identified the increased need for remedial education services as a growing issue. Remedial education at the post-secondary level is expensive for both the system and the student. The university system must provide the remedial services which take resources away from its real mission; and the student must pay a higher rate for these courses which do not count toward their degree.

Each year the South Dakota Board of Regents publishes the state high school to college transition report. Individual high school reports are distributed showing academic performance and remedial placement of freshmen who graduated from their district in the prior year. The number of South Dakota graduates requiring remedial coursework in Math and English is approximately 30% of all graduates.

The Board of Regents has mandated that students who do not meet the college readiness benchmark of 18 on the English sub-score or 20 on the math sub-score must take remedial courses before the student can enroll in the general education classes in these two subjects.

South Dakota High School Graduates Entering Regental Institutions Between 2003-2012										
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<i>Entering Regental</i>	3,000	2,961	2,929	2,925	2,950	2,934	2,736	2,940	2,834	2,874
<i>% Enter Regental</i>	30%	31%	31%	32%	32%	33%	32%	33%	31.7%	32.1%
<i>ACT Composite</i>	22.2	22.5	22.5	22.7	23.2	23.1	23.0	22.9	23.0	22.9
<i>Remedial English</i>	17%	13%	14%	13%	9%	14%	13.6%	13.2%	13.7%	12.4%
<i>Remedial Math</i>	30%	27%	25%	25%	21%	22%	24.2%	25%	23.1%	21.7%
<i>Both Remedial</i>	34%	32%	31%	30%	26%	27.9%	29.1%	29.6%	28.4%	26.6%
<i>Average GPA</i>	2.73	2.79	2.82	2.82	2.85	2.80	2.84	2.77	2.83	2.87