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**FISCAL YEAR 2024 BUDGET HEARING  
JOINT COMMITTEE ON APPROPRIATIONS**

**JANUARY 23, 2023**

# BOARD OF REGENTS

- Has constitutional authority to govern the system of public higher education in the State of South Dakota.
- Provides leadership and sets policies for the programs and services delivered through its six universities and two special schools.
- The South Dakota Board of Regents' mission is to provide an excellent, efficient, accessible, equitable, and affordable public university and special schools system.
  - That improves South Dakota's overall educational attainment and research productivity,
  - While enriching the intellectual, economic, civic, social and cultural life of the state, its residents, and its communities.



# BOARD OF REGENTS



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*President*



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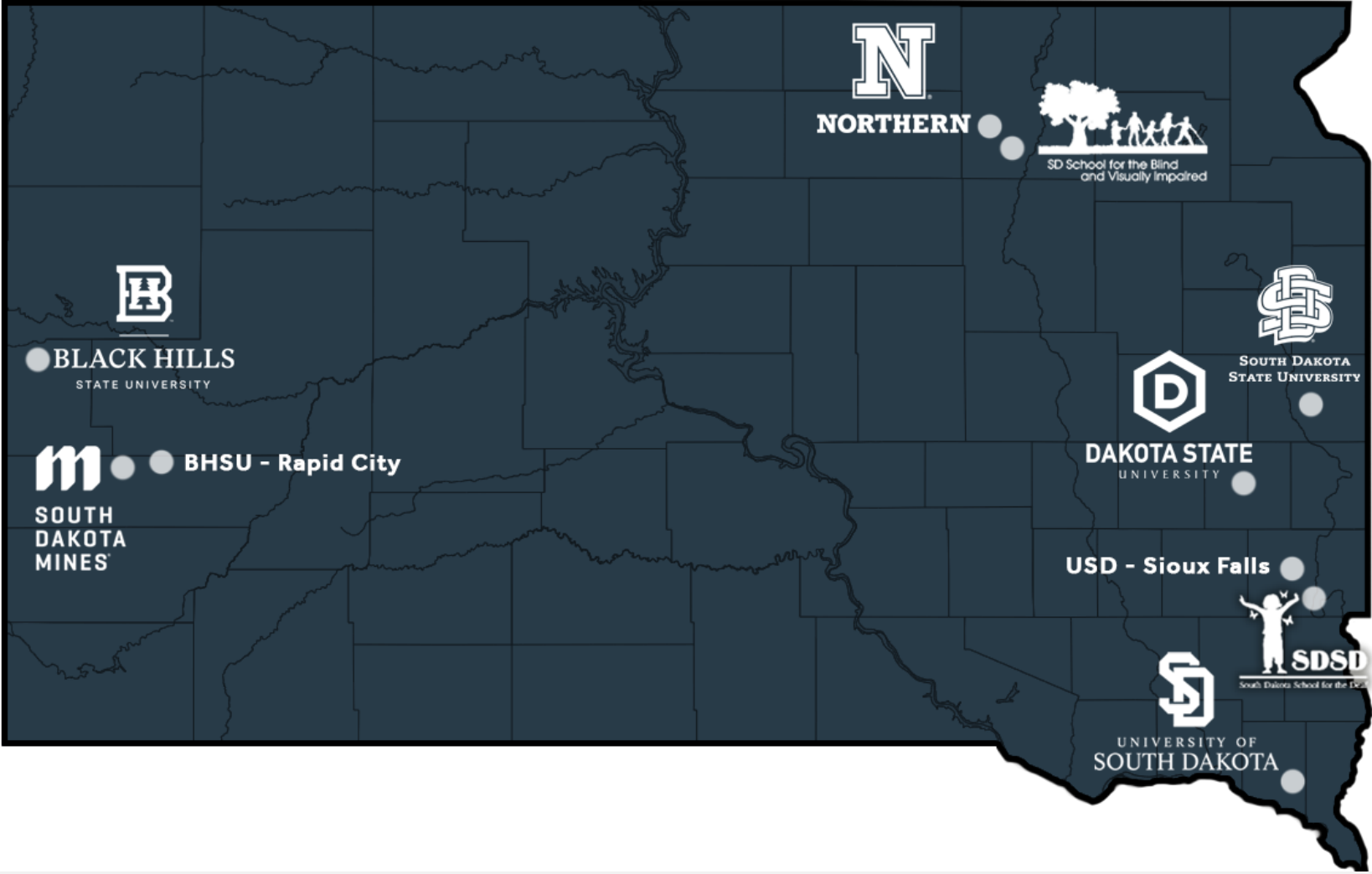


**Brock Brown**  
Lake Norden  
*Student Regent*



**Brian Maher**  
Executive Director & CEO

# SOUTH DAKOTA PUBLIC UNIVERSITY SYSTEM AND SPECIAL SCHOOLS



# OFFICE OF THE EXECUTIVE DIRECTOR

## **The main objectives of the Central Office include:**

- Serve the State of South Dakota by helping the universities and special schools maximize student success and graduation rates.
- Coordinate the leveraging of the shared resources of the Regental System.
- Provide collective analysis of the System for holistic decision making.
- Advise the Board of Regents on public issues and coordinate System responses.
- Establish policies, as directed by the Board of Regents, that support well-run and efficient institutions within the System.



# OFFICE OF THE EXECUTIVE DIRECTOR



**Executive Director** - Advocate, educate and market the story of higher education in South Dakota.

**Academic Affairs** - Promote transparency through reports and interactive dashboards providing policymakers with data on student success, academic programming, workforce development, and operational efficiency.

**Finance & Administration** - Develop and implement financial and administrative policies and procedures for the System to improve overall operation and effectiveness of the universities.

**General Counsel** – Advise the Board, its institutions, and System personnel on legal, policy, and administrative matters.

**Human Resources** – Develop and implement human resources technologies, policies, and procedures, and provide guidance and direction to ensure compliance with policies and regulations.

**Regents Information System (RIS)** - Deliver effective and efficient support of technology-based solutions that support employee, student, and financial services throughout the System.

**Information and Government Relations** - Provide timely and detailed information, publications, and data to citizens, policymakers, and media.

# KEY INITIATIVES – SB55 WORK CONTINUES

- Conversion to **single dining service vendor** in FY22.
- Transition to a **single Rapid City Nursing** program.
- Review of **financial viability of Centers** resulting in programmatic changes in Sioux Falls and Rapid City.
- An **analysis of the tuition and fee structure**, in conjunction with a review of **institutional General Fund allocations**, is ongoing.
- **Expansion of existing efficiencies** – currently focusing on the Human Resources across the system.
- **Revision of low enrollment and low graduate policies.**
- Creation of a **new strategic plan**, which will guide the work of the Board for the next number of years.



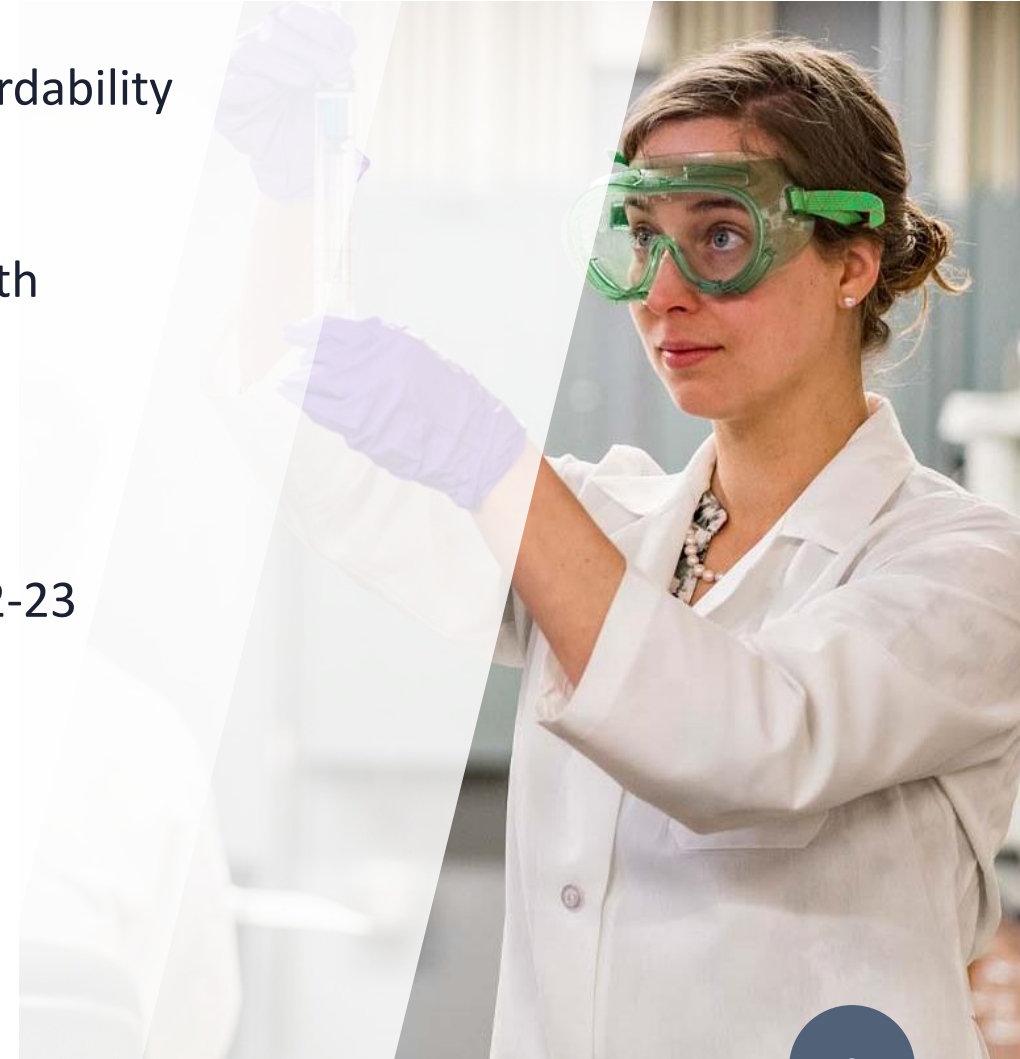
# KEY INITIATIVES – STRATEGIC PLAN & AFFORDABILITY

The Strategic Plan drives work on recruitment, retention, and affordability

## Goal 2 – Access and Affordability

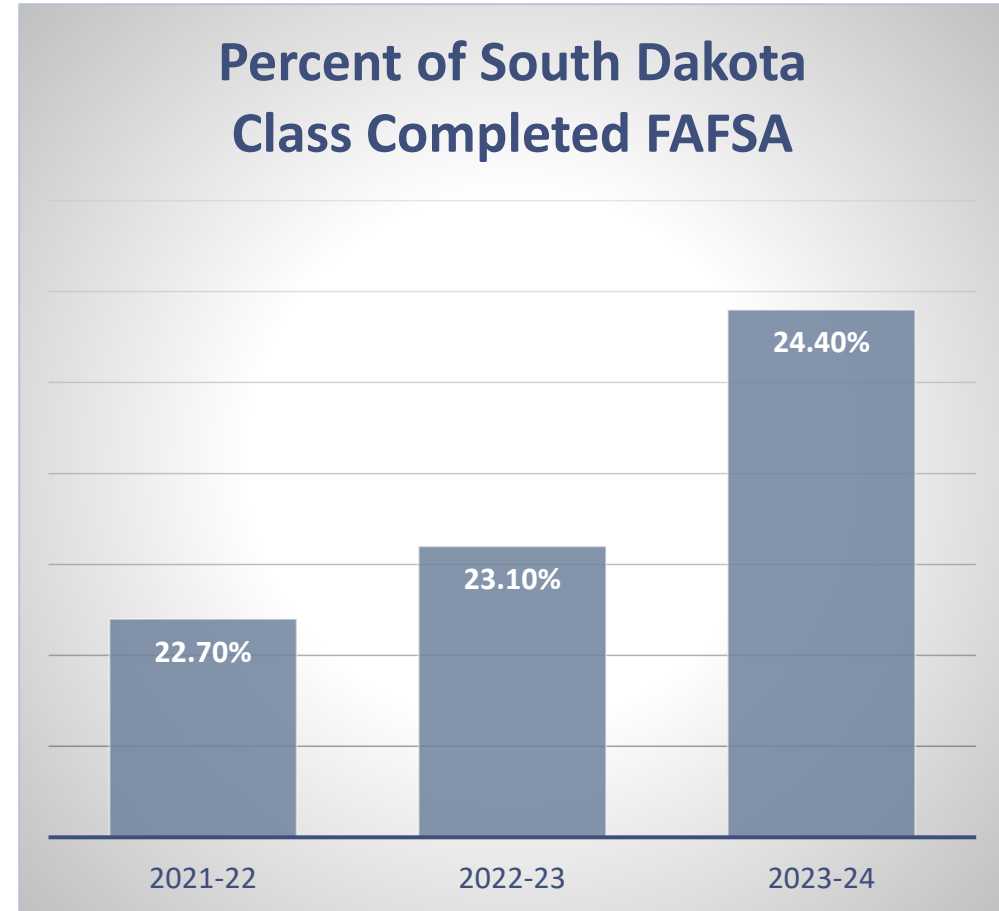
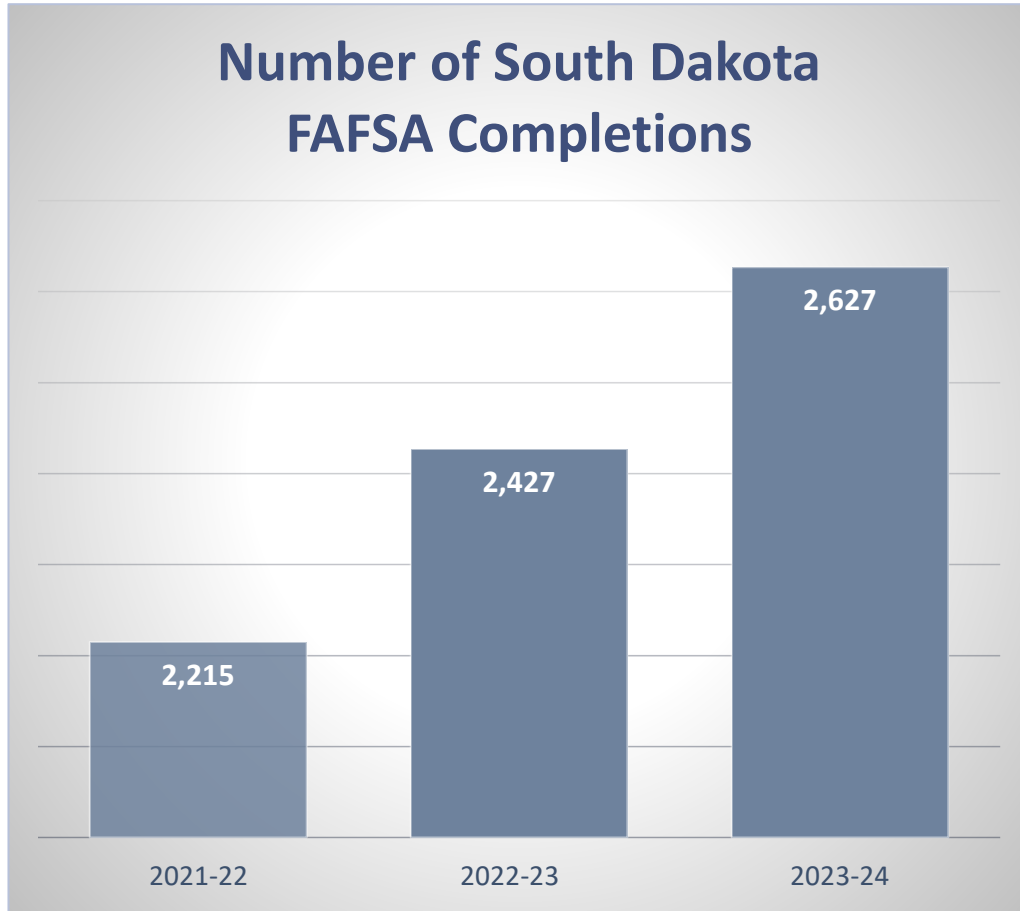
Access to affordable education is the cornerstone to ensuring South Dakotans attend a public post-secondary institution.

- Objective: to increase FAFSA applications throughout the state by 5% annually.
  - Implemented a FAFSA Completion Portal – Statewide AY22-23
  - Partnered with local high schools
  - Partnered with a coalition of stakeholders





# KEY INITIATIVES – STRATEGIC PLAN & AFFORDABILITY



# KEY INITIATIVES – STRATEGIC PLAN, RECRUITMENT & RETENTION

Objective: Increase transfer enrollment by 5% through improved access to bachelor's degree programs for students with earned credits from technical and community colleges.

- Enhance and implement new and updated BOR Transfer Policies.
- Working with the Board of Technical Education to:
  - Seamlessly transfer credits between the public universities and technical colleges.
  - Expand articulation agreements in nursing programs.
- Working on a student portal for transfer options:
  - Includes the six Regental institutions;
  - Lake Area Technical College; and
  - Southeast Technical College.



# KEY INITIATIVES – RECRUITMENT & RETENTION

- Our Dakota Dreams college preparation campaign utilizing grant funding from the South Dakota Department of Education to:
  - Provide free college application period.
  - Supply free online tutoring for K-12 students taught by BHSU and NSU students.
  - Offer free career exploration summer camps for rising 7<sup>th</sup> and 8<sup>th</sup> grade students hosted on public university and technical college campuses.
  - Host a leadership academy for South Dakota teachers to further develop educational leadership skills and explore administrative roles.
- Provide math support, with funding from the SD Educational Access Foundation, to:
  - Create Math Career Pathways
  - Offer no cost math preparatory course to Juniors and Seniors for high school credit and math placement in college.
- “Learning Drives Us Forward” marketing campaign launched in Spring 2022.



# KEY INITIATIVES – RECRUITMENT & RETENTION

The Dakota Advantage Program was first implemented beginning in FY20.

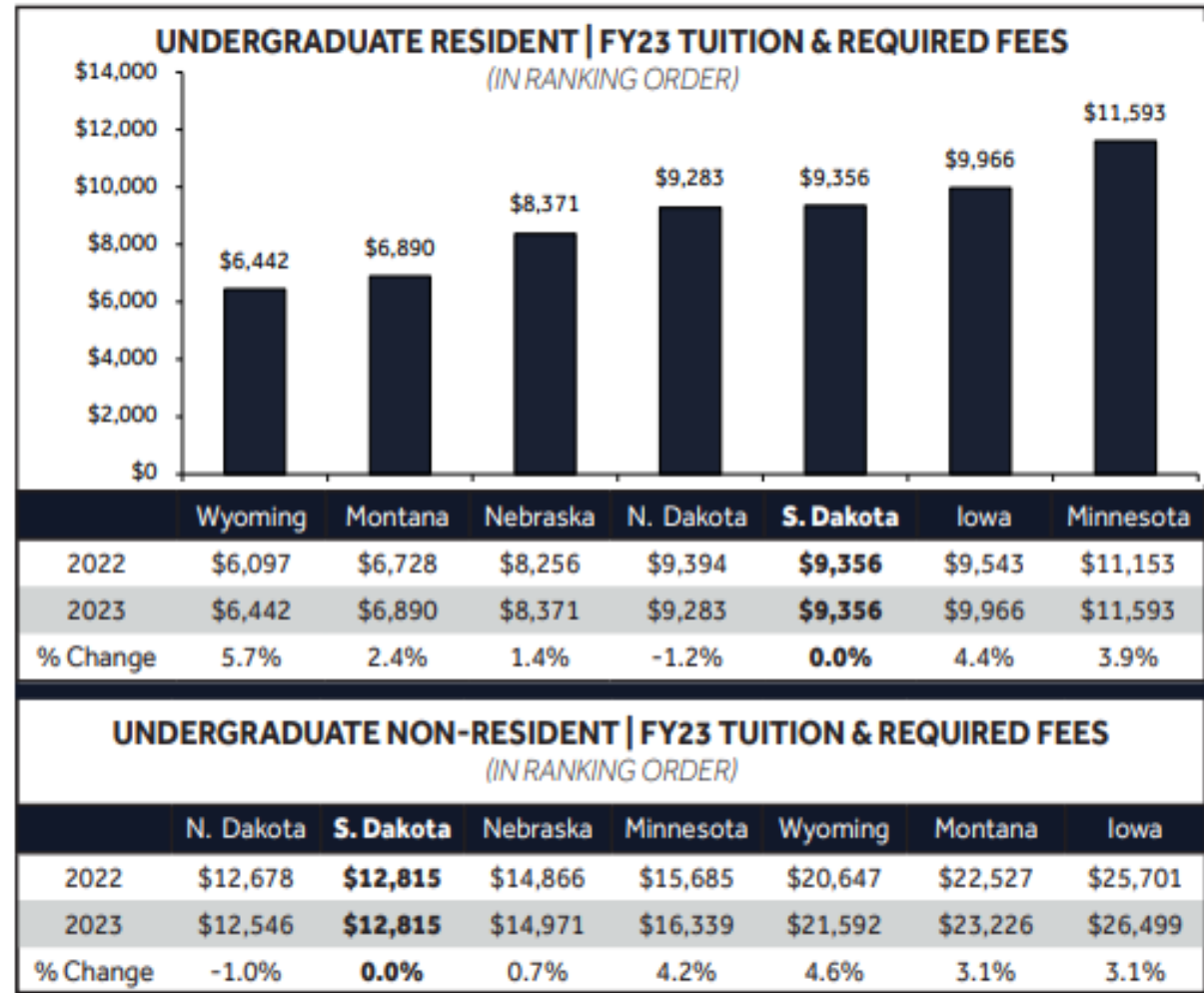
- Allows undergraduate students from the surrounding states plus Colorado to attend any of the Regental institutions at resident rates.
- The Board expanded the program to the states of Wisconsin and Illinois beginning with the 2023-2024 academic year.
- Since its implementation, the students participating in Dakota Advantage have nearly doubled.

CAMPUS	FY18	FY19	FY20	FY21	FY22	FY23
BHSU	204	188	264	266	308	364
DSU	36	54	98	115	114	117
NSU	4	18	100	78	82	86
SDSMT	0	58	231	186	434	512
SDSU	336	551	767	659	942	984
USD	393	674	848	832	872	943
<b>TOTAL</b>	<b>973</b>	<b>1,543</b>	<b>2,308</b>	<b>2,137</b>	<b>2,751</b>	<b>3,007</b>



# KEY INITIATIVES - AFFORDABILITY

<b>FREEDOM SCHOLARSHIP (For the SDBOR System)</b>	
TOTAL 2022-2023 AWARDED/ACCEPTED AMOUNT (\$)	\$4,114,182
TOTAL 2022-2023 AVERAGE AWARDED/ACCEPTED (\$)	\$3,710
TOTAL 2022-2023 AWARDED/PAID AMOUNT (\$) - FALL SEMESTER	\$2,045,517
NUMBER OF STUDENTS RECEIVING AWARD FOR FALL SEMESTER 2022	1,075



# WHERE RECRUITMENT, RETENTION & AFFORDABILITY MEET – TUITION FREEZE

- Typically, tuition and fees are only increased to cover salary policy and health insurance changes approved during Legislative session for the next fiscal year.
- Even though the legislature had approved a 2% salary policy for FY21, the Board did not increase tuition for the 2020-2021 academic year, due to the COVID-19 pandemic.
- The 6% salary policy approved by the Legislature in the 2022 session was generously offset by an \$8.6M base increase that froze tuition for the 2022-2023 academic year.
- A proposed 5% salary policy + \$2,165 health insurance increase for FY24 would require an additional \$9,986,255 to freeze tuition for the 2023-2024 academic year.



# WHERE RECRUITMENT, RETENTION & AFFORDABILITY MEET – TUITION FREEZE

CAMPUS	5% SALARY + BENEFIT	HEALTH INSURANCE	TOTAL
BHSU	\$616,719	\$291,252	\$907,971
DSU	\$707,142	\$301,366	\$1,008,508
NSU	\$424,113	\$205,581	\$629,694
SDSMT	\$789,210	\$227,466	\$1,016,676
SDSU	\$2,380,495	\$909,263	\$3,289,758
USD*	\$2,242,806	\$890,842	\$3,133,648
<b>TOTAL</b>	<b>\$7,160,485</b>	<b>\$2,825,770</b>	<b>\$9,986,255</b>

\* Includes medical and law schools



# 2023 LEGISLATIVE PRIORITIES

- **Tuition Freeze (Base)**
  - Last year, the Legislature and Governor were instrumental in securing an \$8.6 million base general fund increase for FY23 to freeze tuition while accommodating a 6% salary increase for BOR employees.
  - Additional \$9,986,255 needed for 5% salary policy + \$2,152 health insurance increase per benefit eligible employee.
- **Support for Rising Construction Costs (One-time)**
  - Total request \$29 million. A portion of the request was included in Governor's recommended budget.
- **Building Preservation (One-time)**
  - \$32.6 million request. Not included in the Governor's recommended budget.
- **Cyber Security Updates (One-time)**
  - \$5,106,000 included in Governor's recommended budget





# FY23 GOVERNOR'S RECOMMENDED SUPPLEMENTAL BILL CHANGES

ACTIVITY	GOVERNOR RECOMMENDED		
	GENERAL FUNDS	FEDERAL FUNDS	OTHER FUNDS
SYSTEM – CYBERSECURITY UPGRADES*	\$5,106,000		
SYSTEM – UTILITIES	\$366,876		

\* One of the Board’s legislative priorities. This was a FY24 one-time budget request for \$8,125,820

# FY24 BASE BUDGET REQUESTS

ACTIVITY	REQUESTED			GOVERNOR RECOMMENDED
	GENERAL FUNDS	FEDERAL FUNDS	OTHER FUNDS	
SYSTEM – TUITION FREEZE	\$8,592,579			\$0
SYSTEM – MAINTENANCE & REPAIR	\$7,155,427			\$4,043,762
BOR OFFICE – TRANSFER GOED RESEARCH BUDGET *	\$3,672,951			\$3,672,951
SYSTEM – NATIONAL GUARD TUITION REIMBURSEMENT	\$0			\$1,971,852
SYSTEM – UTILITIES ADJUSTMENT	\$1,228,194			\$1,228,194
BOR – LEASE ADJUSTMENT	(\$2,538)			(\$2,538)

\* This is a net zero transfer of General Funds from GOED to the BOR

# FY24 ONE-TIME BUDGET REQUESTS

ACTIVITY	REQUESTED			GOVERNOR RECOMMENDED
	GENERAL FUNDS	FEDERAL FUNDS	OTHER FUNDS	
SYSTEM – SUPPORT FOR RISING CONSTRUCTION COSTS	\$29,000,000			
SDSMT – MINERAL INDUSTRIES BUILDING				\$2,750,000
SDSU – BIOPRODUCTS FACILITY				\$3,000,000
SDSU – DAIRY UNIT				\$1,000,000
SYSTEM – DEFERRED MAINTENANCE AND REPAIR	\$32,599,000			\$0

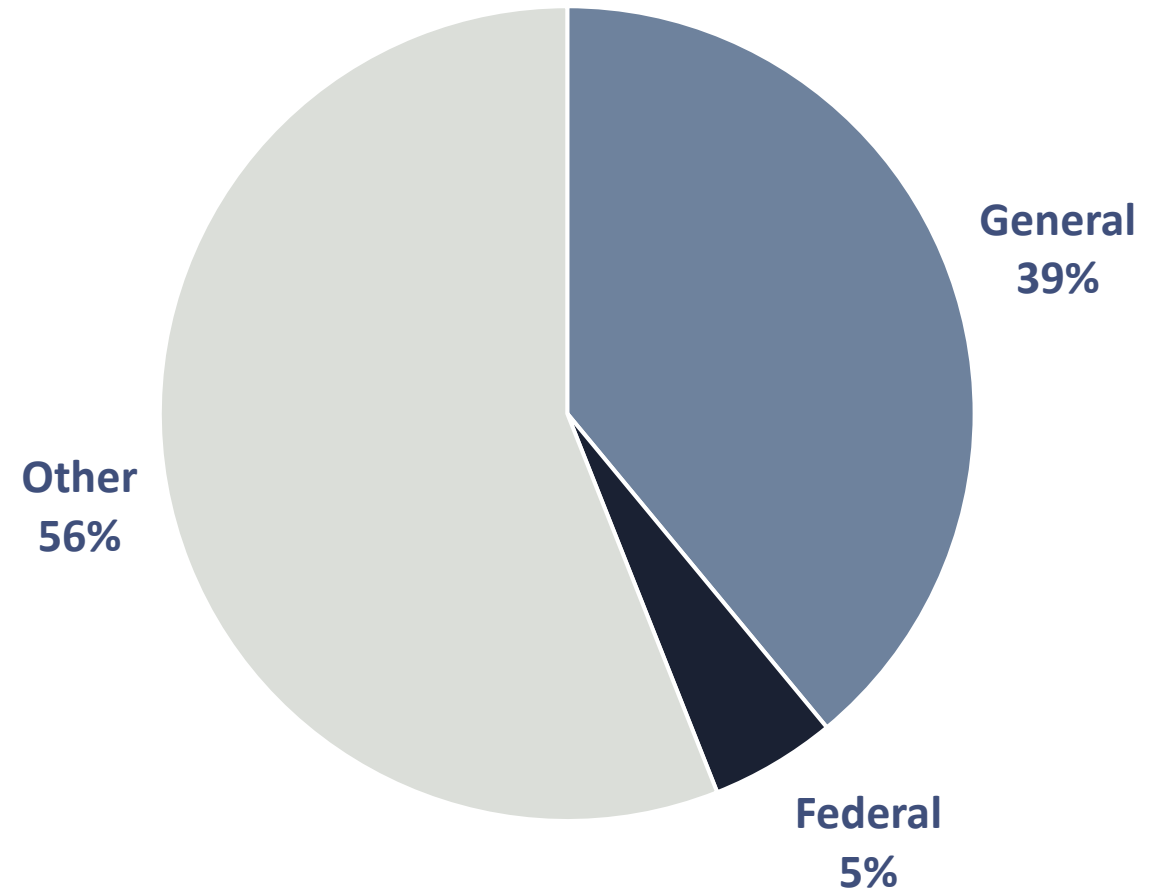
# FY24 OTHER/TUITION/FEDERAL AUTHORITY ADJUSTMENTS

ACTIVITY	REQUESTED			GOVERNOR RECOMMENDED
	GENERAL FUNDS	FEDERAL FUNDS	OTHER FUNDS	
NSU OTHER (INCLUDES REDUCTION OF 1.0 FTE)			(\$1,400,000)	(\$1,400,000)
NSU TUITION (INCLUDES REDUCTION OF 4.0 FTE)			(\$1,600,000)	(\$1,600,000)
SDSMT		\$500,000		\$500,000

*Above items will be addressed by the campuses.*

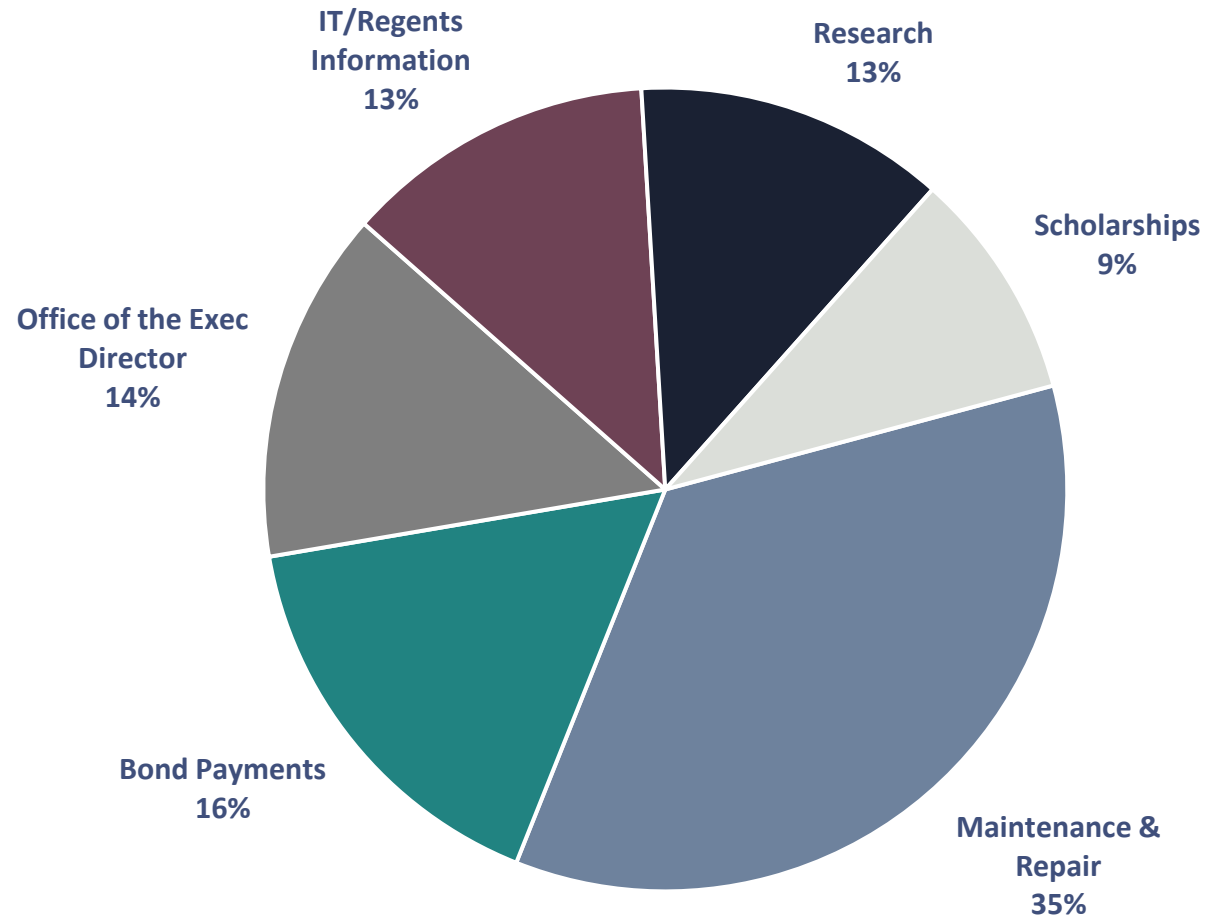
# WHERE DOES THE BOR CENTRAL OFFICE FUNDING COME FROM?

Fund Sources	Amount
HEFF	\$29,703,117
Grants/Contracts	\$7,126,194
Charges – IT/Library	\$9,961,392
Other	\$2,701,103
<b>OTHER FUNDS</b>	<b>\$49,491,806</b>
General Funds	\$35,945,190
Federal Funds	\$5,975,000
<b>GRAND TOTAL</b>	<b>\$91,411,996</b>



# WHERE DOES BOR CENTRAL OFFICE FUNDING GO?

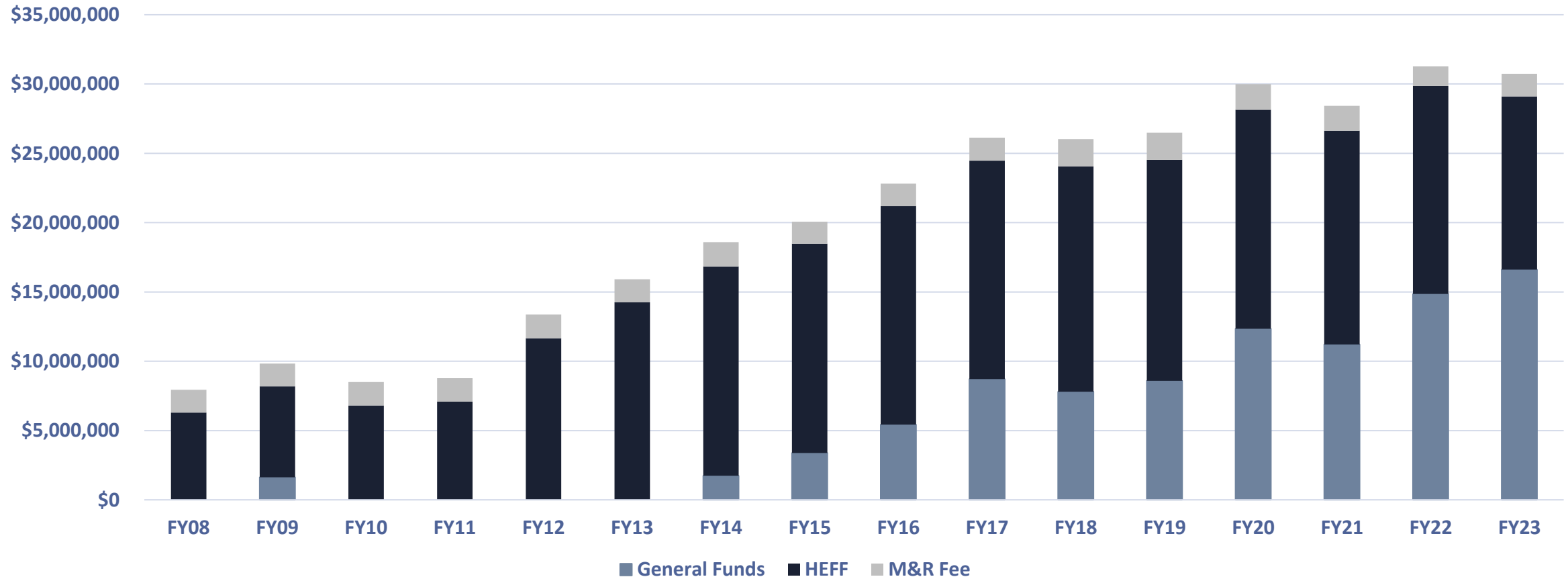
Fund Uses	Amount
Maintenance & Repair	\$32,188,428
Bond Payments	\$14,879,349
Office of Exec Director	\$12,968,569
IT/Regents Information	\$11,462,285
Research	\$11,456,719
Scholarships	\$8,456,646
<b>TOTAL</b>	<b>\$91,411,996</b>



## **MAINTENANCE & REPAIR (M&R): ACADEMIC FACILITIES - \$7.16M**

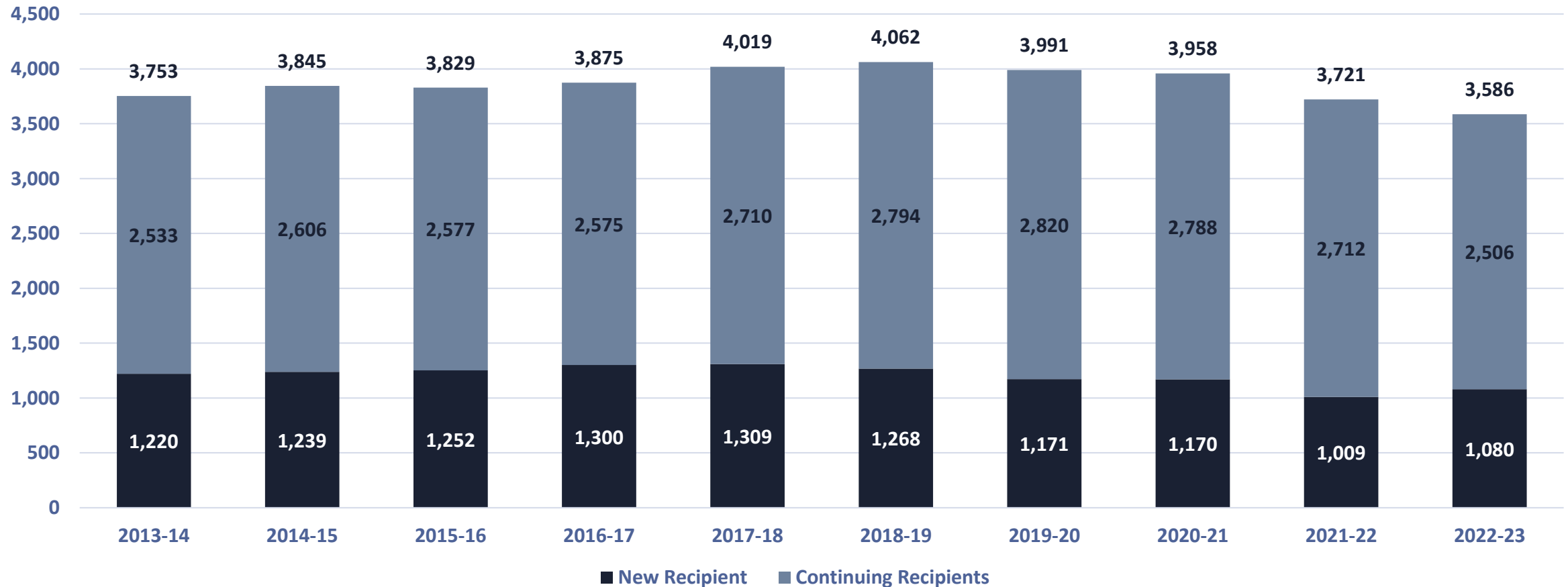
- M&R investment goal is 2% of replacement values annually = \$37.9 million/year
- Higher Education Facilities Fund (HEFF) represents 11.5% of all tuition dollars collected.
  - Approximately \$12.5 million allocated to M&R for FY23
- M&R fee of \$3.36 per on-campus credit hour generates \$1.6 million.
- General Funds M&R = \$16,601,112 ( a \$1.74 million increase from FY22)
  - Currently at 1.62% of replacement value.
- Increase of \$7,155,427 would bring funding to 2% of replacement values for academic buildings.
- Governor is recommending an increase of \$4,043,762, which would increase investment to 1.75%

# FUNDING UNIVERSITY MAINTENANCE & REPAIR

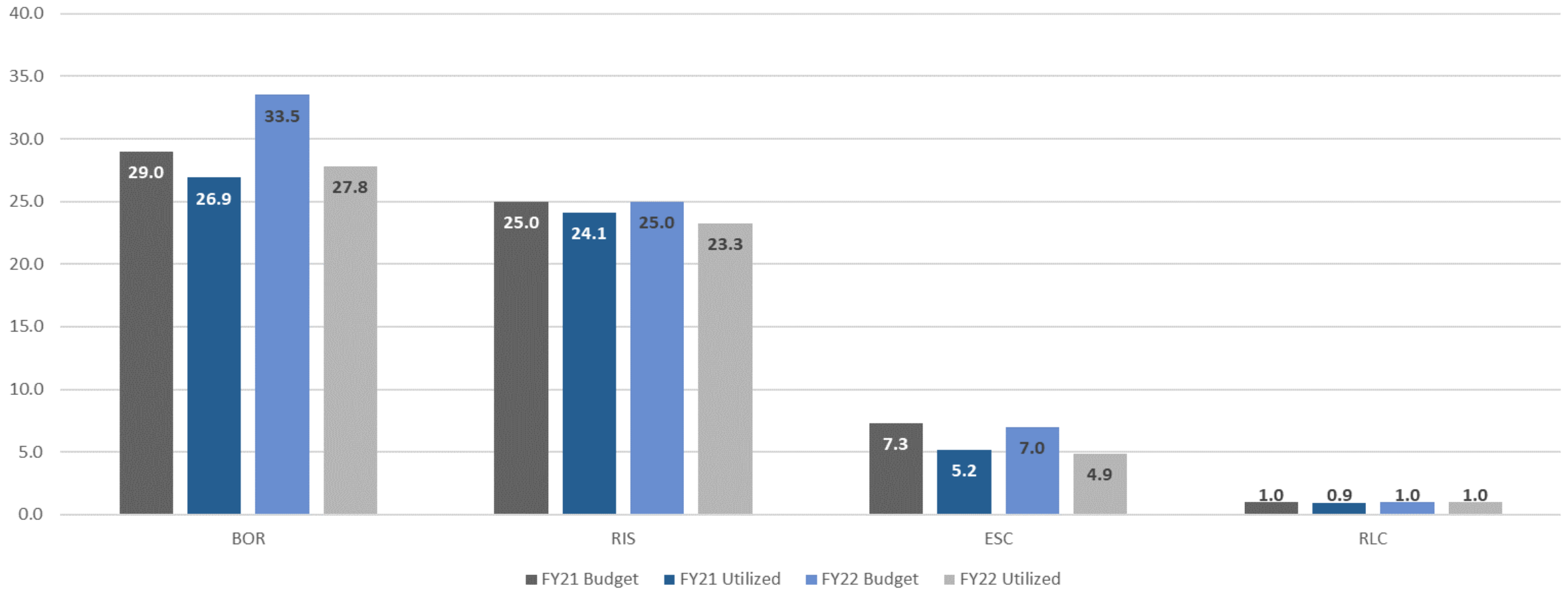




# SOUTH DAKOTA OPPORTUNITY SCHOLARSHIP



# BOR CENTRAL OFFICE FTE UTILIZATION





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**THANK YOU**