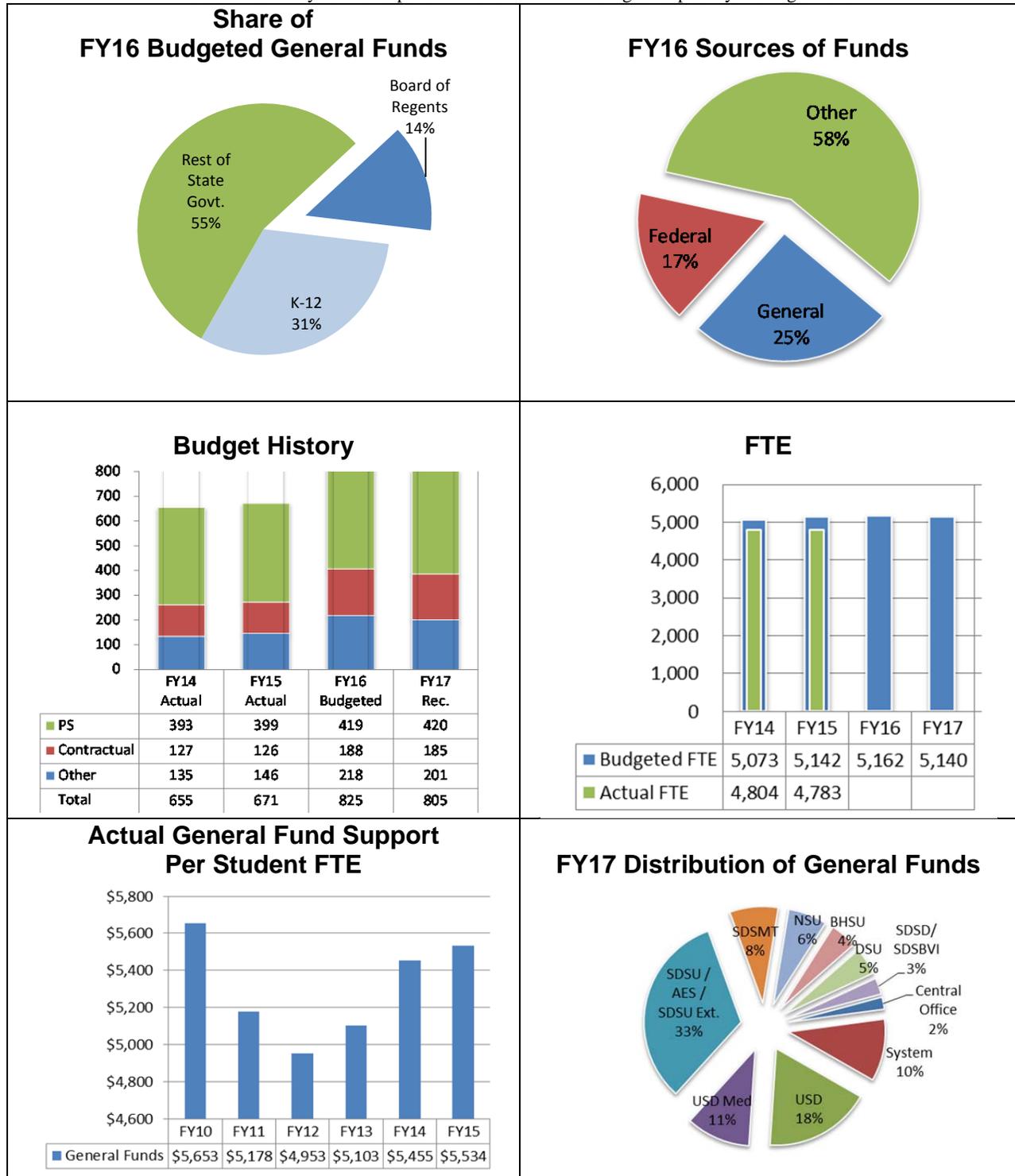


FY17 Budget Briefing

Board of Regents

Information contained in this document is based on the Governor's original recommended FY17 budget.
This document may not correspond with the final FY17 budget adopted by the Legislature.



✦ Does Not Include Salary Policy & Bureau Billings - \$10.4M Total – Page 33 ✦

Key Personnel

- Dr. Michael Rush, Executive Director and CEO
- Dr. Paul Turman, System VP of Academic Affairs
- Dr. Monte R. Kramer, System VP of Finance & Administration
- Leah Ahartz, Budget Manager

South Dakota Board of Regents:

- Randy Schaefer, President, Board of Regents
- Bob Sutton, Vice President
- Terry Baloun, Secretary
- John Bastian
- Harvey C. Jewett IV
- Kathryn Johnson
- Jim Morgan
- Joseph Schartz
- Kevin Schieffer

Department Total

	Actual FY2014	Actual FY2015	Budgeted FY2016	Agency Request FY2017	Gov Rec FY2017	Gov Rec Inc/Dec FY2017	% Change From FY2016
Personal Services							
Employee Salaries	312,271,012	319,477,292	334,397,127	338,864,646	334,881,147	484,020	0.1%
Employee Benefits	81,186,975	79,504,389	84,758,892	84,801,399	84,785,567	26,675	0.0%
FTE	4,804.1	4,783.0	5,162.4	5,199.4	5,140.4	(22.0)	(0.4%)
Funding Types							
General	156,731,546	160,792,680	165,125,059	169,635,085	165,635,754	510,695	0.3%
Federal	34,041,813	31,937,310	34,246,952	34,246,952	34,246,952	0	0.0%
Other	202,684,627	206,251,692	219,784,008	219,784,008	219,784,008	0	0.0%
Total PS	393,457,986	398,981,681	419,156,019	423,666,045	419,666,714	510,695	0.1%
Operating Expenses							
Travel	16,361,203	16,955,790	24,591,209	24,617,159	24,609,159	17,950	0.1%
Contractual Services	126,905,736	125,939,441	188,193,438	190,713,145	184,561,359	(3,632,079)	(1.9%)
Supplies & Materials	39,509,307	38,564,600	79,666,576	79,669,076	72,570,523	(7,096,053)	(8.9%)
Grants And Subsidies	29,136,934	28,258,327	56,464,702	64,338,781	49,419,223	(7,045,479)	(12.5%)
Capital Outlay	48,019,898	60,257,667	57,361,684	68,617,784	54,611,159	(2,750,525)	(4.8%)
Other	1,605,300	1,979,505	0	0	0	0	0.0%
Funding Types							
General	33,384,955	33,346,863	36,258,207	59,936,543	40,852,021	4,593,814	12.7%
Federal	33,925,949	32,501,411	120,579,195	118,579,195	100,229,195	(20,350,000)	(16.9%)
Other	194,227,475	206,107,055	249,440,207	249,440,207	244,690,207	(4,750,000)	(1.9%)
Total OE	261,538,379	271,955,329	406,277,609	427,955,945	385,771,423	(20,506,186)	(5.0%)
Totals							
Funding Types							
General	190,116,501	194,139,542	201,383,266	229,571,628	206,487,775	5,104,509	2.5%
Federal	67,967,762	64,438,721	154,826,147	152,826,147	134,476,147	(20,350,000)	(13.1%)
Other	396,912,102	412,358,747	469,224,215	469,224,215	464,474,215	(4,750,000)	(1.0%)
Total	654,996,366	670,937,010	825,433,628	851,621,990	805,438,137	(19,995,491)	(2.4%)

Department Object Detail

Item	Actual FY2014	Actual FY2015	Budgeted FY2016	Governor Rec FY2017	Inc/Dec Over FY2016	% Change Over FY2016
PERSONAL SERVICES						
General	156,731,546	160,792,679	165,125,059	165,635,754	510,695	0.3%
Federal	34,041,814	31,937,310	34,246,952	34,246,952	0	0.0%
Other Funds	202,684,627	206,251,692	219,784,008	219,784,008	0	0.0%
Total Personal Services	393,457,987	398,981,681	419,156,019	419,666,714	510,695	0.1%
FTE	4,804.1	4,783.0	5,162.4	5,140.4	(22.0)	0.0
TRAVEL						
General	459,440	369,376	461,150	479,100	17,950	3.9%
Federal	2,899,985	2,764,754	9,117,214	9,117,214	0	0.0%
Other Funds	13,001,779	13,821,660	15,012,845	15,012,845	0	0.0%
Total Travel	16,361,204	16,955,790	24,591,209	24,609,159	17,950	0.1%
CONTRACTUAL SERVICES						
General	22,854,828	21,860,469	27,680,358	30,946,781	3,266,423	11.8%
Federal	8,663,830	8,640,524	30,282,358	24,633,856	(5,648,502)	(18.7%)
Other Funds	95,387,078	95,438,448	130,230,722	128,980,722	(1,250,000)	(1.0%)
Total Contractual Services	126,905,736	125,939,441	188,193,438	184,561,359	(3,632,079)	(1.9%)
SUPPLIES AND MATERIALS						
General	764,426	706,709	1,065,007	1,067,507	2,500	0.2%
Federal	3,109,206	3,034,333	24,478,389	19,179,836	(5,298,553)	(21.6%)
Other Funds	35,635,675	34,823,558	54,123,180	52,323,180	(1,800,000)	(3.3%)
Total Supplies and Materials	39,509,307	38,564,600	79,666,576	72,570,523	(7,096,053)	(8.9%)
GRANTS AND SUBSIDIES						
General	6,222,334	6,167,050	6,414,900	7,469,421	1,054,521	16.4%
Federal	16,536,345	13,682,984	36,905,559	28,805,559	(8,100,000)	(21.9%)
Other Funds	6,378,255	8,408,293	13,144,243	13,144,243	0	0.0%
Total Grants and Subsidies	29,136,934	28,258,327	56,464,702	49,419,223	(7,045,479)	(12.5%)
CAPITAL OUTLAY						
General	3,083,843	4,243,223	636,792	889,212	252,420	39.6%
Federal	2,697,335	4,345,585	19,795,675	18,492,730	(1,302,945)	(6.6%)
Other Funds	42,238,720	51,668,859	36,929,217	35,229,217	(1,700,000)	(4.6%)
Total Capital Outlay	48,019,898	60,257,667	57,361,684	54,611,159	(2,750,525)	(4.8%)
OTHER						
General	85	37	0	0	0	0.0%
Federal	19,247	33,231	0	0	0	0.0%
Other Funds	1,585,968	1,946,237	0	0	0	0.0%
Total Other	1,605,300	1,979,505	0	0	0	0.0%
TOTAL						
General	190,116,502	194,139,543	201,383,266	206,487,775	5,104,509	2.5%
Federal	67,967,763	64,438,721	154,826,147	134,476,147	(20,350,000)	(13.1%)
Other Funds	396,912,102	412,358,747	469,224,215	464,474,215	(4,750,000)	(1.0%)
Total All Funds	654,996,367	670,937,011	825,433,628	805,438,137	(19,995,491)	(2.4%)

MAJOR EXPANSIONS AND REDUCTIONS

Budget Item	Governor's Recommendation				FTE
	General	Federal	Other	Total	
Board of Regents					
A. HEFF M&R Match - Final yr of 4-yr plan	3,274,464			3,274,464	
B. Tuition Freeze	324,020			324,020	
C. National Guard and State Employee Tuition Support (Includes \$230,098 transfer from Dept. of Military)	620,152			620,152	
D. SD Opportunity Scholarship Program	434,369			434,369	
E. REED Network Equipment Replacement	250,920			250,920	
F. Center for the Prevention of Child Maltreatment	210,725			210,725	1.0
G. Deferred Maintenance Lease Payment	(8,122)			(8,122)	
H. FTE Reduction					(23.0)
I. Utilities	(2,019)			(2,019)	
J. Federal and Other Fund Expenditure Authority Reductions		(20,350,000)	(4,750,000)	(25,100,000)	
Total	5,104,509	(20,350,000)	(4,750,000)	(19,995,491)	(22.0)

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>FY2014</u>	<u>Actual</u> <u>FY2015</u>	<u>Budgeted</u> <u>FY2016</u>	<u>Agency</u> <u>Request</u> <u>FY2017</u>	<u>Gov Rec</u> <u>FY2017</u>	<u>Gov Rec</u> <u>Inc/Dec</u> <u>FY2017</u>	<u>% Change</u> <u>From</u> <u>FY2016</u>
Personal Services							
Employee Salaries	4,524,659	4,593,145	5,203,311	9,510,830	5,527,331	324,020	6.2%
Employee Benefits	1,139,215	1,140,978	1,342,885	1,358,717	1,342,885	0	0.0%
FTE	60.8	60.6	75.3	91.3	70.3	(5.0)	(6.6%)
Funding Types							
General	3,943,072	4,230,083	4,387,924	8,711,275	4,711,944	324,020	7.4%
Federal	58,675	54,684	0	0	0	0	0.0%
Other	1,662,127	1,449,356	2,158,272	2,158,272	2,158,272	0	0.0%
Total PS	5,663,874	5,734,123	6,546,196	10,869,547	6,870,216	324,020	4.9%
Operating Expenses							
Travel	253,475	225,788	219,789	227,789	219,789	0	0.0%
Contractual Services	28,920,170	26,863,340	48,437,105	50,865,440	51,703,447	3,266,342	6.7%
Supplies & Materials	394,708	226,185	140,818	140,818	140,818	0	0.0%
Grants And Subsidies	2,492,001	3,397,453	5,893,025	13,027,050	5,893,025	0	0.0%
Capital Outlay	14,065,951	17,638,989	344,800	11,599,400	595,720	250,920	72.8%
Other	0	115,717	0	0	0	0	0.0%
Funding Types							
General	10,581,890	9,036,909	11,037,814	31,862,774	14,555,076	3,517,262	31.9%
Federal	302,333	279,451	574,450	574,450	574,450	0	0.0%
Other	35,242,082	39,151,110	43,423,273	43,423,273	43,423,273	0	0.0%
Total OE	46,126,306	48,467,470	55,035,537	75,860,497	58,552,799	3,517,262	6.4%
Totals							
Funding Types							
General	14,524,962	13,266,992	15,425,738	40,574,049	19,267,020	3,841,282	24.9%
Federal	361,008	334,135	574,450	574,450	574,450	0	0.0%
Other	36,904,209	40,600,466	45,581,545	45,581,545	45,581,545	0	0.0%
Total	51,790,179	54,201,594	61,581,733	86,730,044	65,423,015	3,841,282	6.2%

Budget Notes

HEFF M&R Match – Historically, the Higher Education Facilities Fund (HEFF) has represented 20% 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. However, in FY17, the Governor recommends to roll the University Support Fee (USF) into tuition. With this change, and due to the larger pool of tuition dollars, HEFF will represent 11.5% of tuition going forward. The USF is currently \$93.80 per credit hour for residents, and \$110.25 for non-residents at BHSU/DSU/NSU and \$117.45 at SDSM&T/SDSU/USD.

HEFF funds are used to maintain campus infrastructure, academic facilities, and to finance new or renovated facilities through the South Dakota Building Authority. The HEFF allocation formula is based on 50% of the replacement values and 50% of the gross square footage for academic buildings.

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.

This is the final year of a four year plan to reach an M&R budget which is 2% of the replacement value of the buildings. An ongoing appropriation of **\$3,274,464** from general funds is needed in FY17 to reach the 2% goal. This appropriation, when added to the \$5,432,782 appropriated the first three years, would bring the annual state investment for M&R to \$8,707,247.

If the funding in year four is approved, the total annual investment for M&R will be \$25.8M. This includes \$8.7M from general funds, \$16.2M from HEFF, and \$0.9M from a \$1.64 per on-campus credit hour fee.

The campuses have identified a deferred maintenance need for the next ten years totaling \$446,105,632. This would require an annual investment of \$44,610,563 to fully fund.

FY17 HEFF Recommendation

Replacement Values	\$1,291,889,484
M&R Fee Per Cr Hr	\$1.64
Projected Credit Hrs	573,847
FY16 M&R Funds	\$941,109
FY16 HEFF Allocation	\$15,770,016.00
Estimated Increase	\$419,419.00
FY17 HEFF Allocation	\$16,189,435.00
2% Replacement	\$25,837,789.68
FY17 HEFF Allocation	\$16,189,435.00
M&R Fee	\$941,109.00
GF (3 years)	\$5,432,782.00
Additional Need	\$3,274,463.68
Final Year	\$3,274,464

Tuition Freeze – The recommendation is for an increase of **\$324,020** from general funds and \$35,505,414 of one-time funds to pay off South Dakota Building Authority bonds. Due to this early payoff, the savings of \$2,904,690 will be redirected to fund the tuition freeze. The Governor’s recommendation includes a 2.7% salary policy, 0.5% salary enhancement, and 0.7% for operating expense inflation and a health insurance cost decrease. The proposal includes one-time funds of \$35.5 million to pay off two South Dakota Building Authority bond series – Series 2008B Science Lab Bonds and Series 2008 A-3 HEFF bonds. This payoff will free up local funds normally used to make those payments. The funds will be redirected to pay for the tuition freeze. This will require a realignment of funds between the universities.

(Explanation provided by BOR) The goal of the Board of Regents is to keep higher education affordable and accessible to all South Dakota citizens. Additional state funding to support salary policy and operating inflation will allow us to hold tuition increases for state-support resident students to zero. The long-term goal is to reduce the net tuition per FTE (Full Time Equivalent Student). South Dakota is the highest in our region for net tuition per FTE, while being lowest in educational appropriations per FTE. Moving toward a 50/50 split between student support and state support will bring South Dakota closer to the regional and national averages.

College is an investment in the future. This investment provides an economic return to the state in the form of a highly skilled workforce that will attract high tech business and industry, creating a stronger tax base and higher quality of life for South Dakota citizens. Private benefits include better health and lifestyle choices, improved family life, and enhanced performance of children in schools, civic involvement, and greater opportunities for the next generation. Some of these benefits are derived directly from better opportunities for employment and earnings potential, but others are derived from learning to use critical thinking skills and making informed decisions throughout life.

Many states have had to increase tuition significantly to make up for losses in state appropriations. Data generated by the State Higher Education Executive Officers Organization (SHEEO) compares state appropriations per FTE and net tuition revenue per FTE. The data illustrate that the surrounding states support higher education at a higher level than South Dakota. You will note almost an inverse relationship between state appropriations per FTE and tuition per FTE. The U.S. average net tuition per FTE is \$6,267 in comparison to South Dakota's net tuition per FTE of \$8,221.

A tuition freeze would provide an opportunity for South Dakota to move closer to the regional and national averages. Assuming a 2 to 3% transfer of responsibility between student and state support, 3 years will bring South Dakota closer to a 50:50 sharing of higher education costs.

Lease Payments – According to the current lease payment schedule, the FY17 critical deferred maintenance lease payment is \$662,259, which is a decrease of **\$8,122**.

The 2007 Legislature (HB1101) authorized the SD Building Authority to provide \$8.6M in revenue bonds for critical maintenance and repair of certain academic buildings. The legislature appropriates general funds to the BOR to pay the annual lease payment, which is repaid by the M&R fee revenue dollars. Securing a general fund appropriation provided the BOR the full faith and credit of the state, thus securing a very favorable bond rating.

The table below provides the payment adjustments for the life of the bonds and the necessary adjustments in funding.

Critical Deferred Maintenance

	General Fund	Differential
FY15	\$678,046	
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)

FTE Reduction – Decrease of **5.0 FTE's** in the Executive Director's Office to align the budget with anticipated expenditures.

REED Network Equipment Replacement – Increase of **\$250,920** from general funds to provide on-going equipment replacement using a 5-year replacement schedule.

(Explanation provided by BOR) Network routing equipment acquired in 2008 for the Research Education and Economic Development (REED) network being managed by the Bureau of Information and Telecommunications (BIT) needs to be upgraded due to its age and in order to continue receiving vendor maintenance and support.

In 2007, BOR institutions were connected to Internet2 through a single 155Mb connection through Northern Lights at the University of Minnesota. By 2007, our neighbor states and the national backbones had all adopted a 10 Gb standard for networking connections. In 2008 the REED network connected to the Great Plains Network in Kansas City at 2 x 10 GB. The connection to GPN was enabled through an agreement with University of Nebraska to share their fiber connection already in place to Kansas City. Recognizing the need for a redundant connection to the national backbone the BOR was able to win an NSF grant in partnership with North Dakota to connect the states with a multiple 10G connection through Aberdeen to Fargo. The second connection for the REED network not only provided redundancy to the national backbones it also enabled us to update our agreements with our neighbor networks.

The REED network was created with multiple 5x10G capability for each connection in the backbone. Initial connections were done with 2x10G connections at each site. With 3 excess waves available we agreed to provide Nebraska with a backup 10G connection to the Northern Lights Gigapop at the University of Minnesota. At the same time we were able to make an agreement with the Northern Lights Gigapop to provide a backup connection to the Great Plains Network in Kansas City using the same 10 Gb backup connection we were providing to Nebraska.

The REED network has provided us a robust network that allows us to collaborate with researchers in other states as well as within South Dakota. The network has addressed concerns about the ability to move data at high speeds and provides us with a redundant stable network environment for both I1 and I2 traffic. Having REED helped win initial support for DUSEL from both the NSF and the DOE. In addition, it has helped win grants from NSF both for researchers and the ND-SD network connection.

The cycle described above is beginning to repeat. All of our neighbor networks have either upgraded to a 100 Gb standard in their backbones or are in the process of upgrading. Both the Great Plains Network and the Northern Lights Gigapop have upgraded their connections from Internet2 to 100 Gb. In order to continue enjoying the benefits of an advanced network we need to discuss and plan for a 100 Gb backbone upgrade to the REED network. Replacing the existing routers with routers that will be 100gb capable is the first step in that planning.

RESEARCH POOL

The 2020 Vision: 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. More specifically, the 2020 Vision emphasized making strategic investments in research and development activities that can best stimulate economic development in key industry sectors. 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). The investment is used to establish two competitive Research & Development Grant programs by the South Dakota Board of Regents to support the targeting of state investments in each of these seven research and development sectors, and to aid campuses as they coordinate research activity along these lines.

	<u>Actual</u> <u>FY2014</u>	<u>Actual</u> <u>FY2015</u>	<u>Budgeted</u> <u>FY2016</u>	<u>Agency</u> <u>Request</u> <u>FY2017</u>	<u>Gov Rec</u> <u>FY2017</u>	<u>Gov Rec</u> <u>Inc/Dec</u> <u>FY2017</u>	<u>% Change</u> <u>From</u> <u>FY2016</u>
Operating Expenses							
Grants And Subsidies	1,000,000	1,000,000	1,000,000	3,000,000	1,000,000	0	0.0%
Funding Types							
General	1,000,000	1,000,000	1,000,000	3,000,000	1,000,000	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other	0	0	0	0	0	0	0.0%
Total OE	1,000,000	1,000,000	1,000,000	3,000,000	1,000,000	0	0.0%
Totals							
Funding Types							
General	1,000,000	1,000,000	1,000,000	3,000,000	1,000,000	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other	0	0	0	0	0	0	0.0%
Total	1,000,000	1,000,000	1,000,000	3,000,000	1,000,000	0	0.0%

SOUTH DAKOTA OPPORTUNITY SCHOLARSHIPS

The South Dakota Legislature authorized the development of 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. Beginning with the 2004 graduating class, those students who obtained a 24 or higher on the ACT, and completed the appropriate high school curriculum are eligible to receive up to \$6,500 in funding during their four years of college. The purpose for the program is to encourage students to complete a rigorous high school curriculum, remain in the state to attend a post-secondary institution, and then pursue a career in South Dakota after they have completed their degree.

	Actual FY2014	Actual FY2015	Budgeted FY2016	Agency Request FY2017	Gov Rec FY2017	Gov Rec Inc/Dec FY2017	% Change From FY2016
Operating Expenses							
Grants And Subsidies	4,482,500	4,648,750	4,964,900	5,314,900	5,399,269	434,369	8.7%
Funding Types							
General	4,482,500	4,648,750	4,964,900	5,314,900	5,399,269	434,369	8.7%
Federal	0	0	0	0	0	0	0.0%
Other	0	0	0	0	0	0	0.0%
Total OE	4,482,500	4,648,750	4,964,900	5,314,900	5,399,269	434,369	8.7%
Totals							
Funding Types							
General	4,482,500	4,648,750	4,964,900	5,314,900	5,399,269	434,369	8.7%
Federal	0	0	0	0	0	0	0.0%
Other	0	0	0	0	0	0	0.0%
Total	4,482,500	4,648,750	4,964,900	5,314,900	5,399,269	434,369	8.7%

	ACTUAL FY 2014	ACTUAL FY 2015	ESTIMATED FY 2016	ESTIMATED FY 2017
PERFORMANCE INDICATORS				
2010 Graduates	730	0	0	0
2011 Graduates	830	759	0	0
2012 Graduates	973	850	768	0
2013 Graduates	1220	997	868	817
2014 Graduates	0	1239	941	892
2015 Graduates	0	0	1252	1002
2016 Graduates	0	0	0	1277
Total Eligible Students	3753	3845	3829	3988

Budget Notes

SD Opportunity Scholarship program – The Governor recommends an increase of **\$434,369** from general funds to support the anticipated participation in the SD Opportunity Scholarship program and to fund the second class of students at \$6,500. This amount is based on October projections using the fall 2015 participation numbers.

During the 2015 session, the Legislature increased the amount of the South Dakota Opportunity Scholarship from \$5,000 per student to \$6,500 per student at a cost of \$1,274,001. With this increase, the amount awarded for years one through three increased from \$1,000 to \$1,300. In year four, the amount awarded increased from \$2,000 to \$2,600.

The 2003 Legislature passed HB1026 which provided the structure for a Regents scholarship program. The bill had no funding attached but created the structure for the scholarship. The 2004 Legislature revised the name of the scholarship to be the South Dakota Opportunity Scholarship and revised the total of the four-year scholarship from \$6,000 to \$5,000. The first group of eligible students was awarded the scholarship in the fall of 2004 and the funding was provided by the Education Enhancement Trust Fund.

With this historical background in mind, it is important to consider that when the first cohort of recipients entered into the program during the Fall 2004 semester, a full time student completing 32 credit hours each year was paying \$4,812.16 each year. At this rate, the Opportunity Scholarship program funded approximately 26% of a student's cost of attendance when considering all mandatory tuition and fees for students attending a Regental institution in the state. For the most recent academic year, full time students completing 30 credit hours will be expected to pay \$10,519.50 in mandatory tuition and fees. The Opportunity Scholarship represents about 15% of the current 4 year cost.

During the 2010 Legislative Session, the program was changed and provides for additional program growth. The change made will reduce attrition rates and the number of eligible students will grow. The modification was:

- All students (including home schooled children) are now eligible if they have a 28 or higher ACT score – effective FY15 (projected 51 additional students).

During the 2013 Legislative Session, HB1198 was enacted which allowed the Scholarship recipients who graduate within three years to keep the remainder of their scholarship award if they pursue graduate studies in South Dakota.

Scholarship History

South Dakota Opportunity Scholarship

<u>Eligible Students</u>	<u>Actual FY2014</u>		<u>Actual FY2015</u>		<u>Projected FY2016</u>		<u>Projected FY2017</u>	
	<u>Fall '13</u>	<u>Spring '14</u>	<u>Fall '14</u>	<u>Spring '15</u>	<u>Fall '15</u>	<u>Spring '16</u>	<u>Fall '16</u>	<u>Spring '17</u>
2010 Grads	730	702						
2011 Grads	830	833	759	751				
2012 Grads	973	914	850	849	768	779		
2013 Grads	1,220	1,236	997	967	868	854	817	781
2014 Grads			1239	1312	941	942	892	867
2015 Grads					1,252	1,239	1,002	952
2016 Grads							1,277	1,264
Total Eligible Students	3,753	3,685	3,845	3,879	3,829	3,814	3,988	3,864

Program Cost

Funding Needed at \$1,000 per Student	\$4,435,000	\$4,617,000	\$1,802,320	\$879,690
Funding Needed at \$1,300 per Student			\$1,619,462	\$2,921,379
Funding Needed at \$2,000 per Student			\$1,546,880	\$1,598,200
Funding Needed at \$2,600 per Student				
			\$4,968,662	\$5,399,269
			\$4,964,900	\$4,964,900
		Budget		
		Difference	-\$3,762	-\$434,369

UNIVERSITY OF SOUTH DAKOTA - PRESIDENT, MR. JAMES W. ABBOTT

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 FY2014	Actual FY2015	Budgeted FY2016	Agency Request FY2017	Gov Rec FY2017	Gov Rec Inc/Dec FY2017	% Change From FY2016
Personal Services							
Employee Salaries	66,287,784	67,607,450	70,571,962	70,731,962	70,731,962	160,000	0.2%
Employee Benefits	17,544,993	17,135,021	18,771,006	18,797,681	18,797,681	26,675	0.1%
FTE	1,040.9	1,051.8	1,096.2	1,117.2	1,107.2	11.0	1.0%
Funding Types							
General	31,210,467	31,743,616	32,489,437	32,676,112	32,676,112	186,675	0.6%
Federal	6,342,550	5,141,054	5,145,206	5,145,206	5,145,206	0	0.0%
Other	46,279,759	47,857,800	51,708,325	51,708,325	51,708,325	0	0.0%
Total PS	83,832,776	84,742,470	89,342,968	89,529,643	89,529,643	186,675	0.2%
Operating Expenses							
Travel	3,947,027	4,042,612	4,707,805	4,725,755	4,725,755	17,950	0.4%
Contractual Services	24,270,826	23,987,659	24,391,834	24,472,729	23,757,139	(634,695)	(2.6%)
Supplies & Materials	4,968,837	4,907,290	8,688,381	8,690,881	8,690,881	2,500	0.0%
Grants And Subsidies	1,114,141	1,043,714	3,889,479	4,010,512	4,081,911	192,432	4.9%
Capital Outlay	5,804,341	5,320,961	12,672,988	12,674,488	11,371,543	(1,301,445)	(10.3%)
Other	1,318		0	0	0	0	0.0%
Funding Types							
General	3,750,908	3,607,823	3,765,927	3,989,805	4,042,669	276,742	7.3%
Federal	2,917,942	3,125,506	10,292,837	10,292,837	8,292,837	(2,000,000)	(19.4%)
Other	33,437,639	32,568,904	40,291,723	40,291,723	40,291,723	0	0.0%
Total OE	40,106,489	39,302,233	54,350,487	54,574,365	52,627,229	(1,723,258)	(3.2%)
Totals							
Funding Types							
General	34,961,375	35,351,439	36,255,364	36,665,917	36,718,781	463,417	1.3%
Federal	9,260,493	8,266,561	15,438,043	15,438,043	13,438,043	(2,000,000)	(13.0%)
Other	79,717,398	80,426,704	92,000,048	92,000,048	92,000,048	0	0.0%
Total	123,939,265	124,044,704	143,693,455	144,104,008	142,156,872	(1,536,583)	(1.1%)

Budget Notes

Center for the Prevention of Child Maltreatment – Increase of \$210,725 from general funds and 1.0 FTE for a 12-month professor in social work and/or public health with a doctorate, expertise in child maltreatment issues, and strong research or grant experience. This position will lead the Center and work with inter-personal teams at USD and across the state. This appropriation includes funding for salary and benefits and all operating expenses needed for the position.

(Explanation from BOR) Since 2014, the Jolene's Law Task Force has studied the devastating impact of child sexual abuse in South Dakota. The Task Force's work has included policy recommendations to improve the State's recognition of, response to, and prevention of child maltreatment and sexual abuse through victim support, public and

private collaboration, and the use of research and evidence based practice. This work has created an opportunity for South Dakota to emerge as a regional and national leader in the identification and prevention of this problem. The research is clear - prevention efforts are a successful strategy to stop the cycle of child abuse. With this context in mind, the University of South Dakota (USD) in partnership with the Jolene's Law Task Force proposes a Center for the Prevention of Child Maltreatment. The Center aims to contribute to the State's overall public health by playing a significant role in strengthening the State's culture related to preventing and responding to child maltreatment.

Professional education in health and human services is critical in translating policy into practice. USD's broad expertise in psychology, counseling, social work, public health, medicine, nursing, law, and education provides unparalleled opportunities to offer education related to the prevention of child maltreatment and sexual abuse. The USD Center for the Prevention of Child Maltreatment will coordinate education, outreach, and research initiatives that increase public awareness and prevention of child maltreatment and sexual abuse throughout the state. The Center will actively engage education partners (public and private universities, tribal colleges, and technical schools), state and tribal governments, and professional organizations in determining training needs. In addition, the Center will develop and deliver learning competencies and training programs appropriate for all levels - from students first learning about child maltreatment, to skills for counselors, teachers, and social workers who work with victims, to legal and health professionals who may require specialized training for licenses and certifications. Research within the Center will benefit the state by identifying the latest prevention and treatment techniques and providing data management and analysis assistance to state agencies. The Center for the Prevention of Child Maltreatment at the University of South Dakota will operate under the following broad guidelines:

1. Develop competencies, curricula, consistent training standards, and professional development opportunities for mandatory reporters of child maltreatment and sexual abuse in partnership with state, community, and academic organizations;
2. Facilitate the creation of community, state, and education partnerships to advocate against child maltreatment and sexual abuse;
3. Identify potential funding sources and develop inter-professional grant proposals for research and practice related to treating and preventing child maltreatment and sexual abuse;
4. Collaborate with state, regional, and national stakeholders, and provide leadership in developing research areas addressing child maltreatment and sexual abuse; and
5. Provide assistance/expertise to Board of Regents institutions on creating new degree programs related to child maltreatment and sexual abuse as well as revising/creating courses in fields requiring mandatory reporter training.

National Guard and State Employee Tuition Support – Increase of **\$192,432 from general funds** to cover the tuition loss for state employees, teachers, and National Guard members. This increase includes a transfer of \$71,399 from the Department of Military.

The Board commissioned a review of the university tuition structure a couple of years ago to look at simplifying our tuition and fee structure, assessing residency policies, and looking at alternative tuition strategies to incentivize student behavior. The work to date has resulted in clean-up of residency statutes, elimination and simplification of program fees, and the

adoption of a child of alumni program. The Tuition Structure Review Committee continues to look for ways to simplify our tuition and fee structure. One way of doing so would be to include the University Support Fee (USF) in the per credit hour charge for tuition. This would simplify our tuition and fee structure and make our cost more transparent. The USF is currently \$93.80 per credit hour for residents, and \$110.25 for non-residents at BHSU/DSU/NSU and \$117.45 at SDSM&T/SDSU/USD. The USF use is similar to tuition. Many of the dollars are used to support faculty, staff and instructional support. This fee is difficult to explain to parents and students because it is essentially the same as tuition. Rolling USF into tuition is a logical approach to simplification.

The change would also assist active service members (active duty, reserves, and active reserves) including National Guard personnel to maximize their reimbursement from federal tuition assistance. These military personnel currently do not get reimbursed for fees under the federal tuition assistance rules. Making USF part of the tuition rate will allow military personnel to get reimbursed for a greater portion of their costs. We have 815 active duty and reserve military personnel that would benefit from rolling USF into tuition. The benefits of combining the university support fee with tuition at this time would improve federal tuition assistance reimbursement for these students by about \$281.40 per three hour course.

We have 359 National Guard and Air Guard students that get a 50% state tuition reduction. Rolling USF into tuition would mean that they would get a bigger state tuition break. The National Guard revenue loss would be around \$314,638, again, because they would get a 50% reduction on a bigger base. 124 of these National Guard and Air Guard members are receiving federal tuition assistance. With the proposed change, National Guard members would get an additional benefit of \$140.70 per three hour course between state assistance and federal assistance.

State employees and teachers would get a greater discount based on current statute which provides a 50% "tuition" reduction. The estimated revenue loss that comes with the bigger discount would be \$75,415.

\$390,054 is to cover the tuition loss for state employees, teachers, and National Guard members. The federal tuition assistance benefit increase to National Guard members and active duty personnel would be well beyond this amount.

Additional general funds are related to the Board of Regents assuming the reimbursement transactions from the Department of Military. A corresponding decrease is found in the Department of Military's budget.

FTE Increase – Increase of **10.0 FTEs** to accommodate enrollment growth requiring additional courses and for student success needs in sports medicine, and strength and conditioning, etc.

Utilities – Increase of **\$60,260 from general funds** for utilities based on BFM's utility spreadsheet and includes increases/decreases for electricity, heat-contracted, water and sewer.

Federal Fund Expenditure Authority Reduction – Reduction of **\$2,000,000** in federal fund expenditure authority to realign the budget with anticipated expenditures.

USD Revenue Sources

Extracted from the Governor's Budget Book

	ACTUAL FY 2014	ACTUAL FY 2015	ESTIMATED FY 2016	ESTIMATED FY 2017
REVENUES				
State Appropriations	34,616,685	35,437,146	36,515,348	37,610,808
One-Time State Appropriations		1,000,000		
State Grants and Contracts	2,732,526	1,194,921	1,230,769	1,267,692
State Financial Aid	1,220,951	1,257,643	1,282,796	1,308,452
Federal Grants and Contracts	10,195,009	7,868,471	8,104,526	8,347,661
Federal Financial Aid	9,200,665	9,009,795	9,370,187	9,744,994
State Support Tuition Allocation	17,830,661	17,867,988	19,628,288	19,628,288
Self-Support Tuition	14,456,211	14,633,109	14,047,072	14,468,485
Student Fees	20,549,156	20,495,264	23,485,384	23,485,384
Room and Board	14,886,347	16,484,633	16,633,134	16,891,016
School and Public Lands	236,041	236,041	236,041	236,041
Other Grants and Contracts	2,307,930	1,046,595	1,077,992	1,110,332
Indirect Cost Recovery	1,692,110	1,018,607	1,038,979	1,059,758
Other Financial Aid	8,115,369	9,720,968	9,915,388	10,113,695
Sales and Services of Auxiliary Enterprises	487,549	528,421	533,705	539,042
Other Sales and Services	11,604,475	11,957,316	12,076,889	12,197,658
Transfers of Current Funds to Plant and Loan Funds	-3,405,219	-3,071,640	-3,102,356	-3,133,380
Plant Funds	1,928,432	6,948,770	7,018,258	7,088,441
Loan Funds	1,145,027	1,727,955	1,745,235	1,762,687
Total	149,799,925	155,362,003	160,837,635	163,727,054

USD SCHOOL OF MEDICINE — VICE PRESIDENT FOR HEALTH AFFAIRS -DR. MARY NETTLEMAN

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

	<u>Actual</u> <u>FY2014</u>	<u>Actual</u> <u>FY2015</u>	<u>Budgeted</u> <u>FY2016</u>	<u>Agency</u> <u>Request</u> <u>FY2017</u>	<u>Gov Rec</u> <u>FY2017</u>	<u>Gov Rec</u> <u>Inc/Dec</u> <u>FY2017</u>	<u>% Change</u> <u>From</u> <u>FY2016</u>
Personal Services							
Employee Salaries	22,374,768	23,234,934	25,340,181	25,340,181	25,340,181	0	0.0%
Employee Benefits	5,601,636	5,603,230	6,263,518	6,263,518	6,263,518	0	0.0%
FTE	296.4	301.2	321.5	321.5	321.5	0.0	0.0%
Funding Types							
General	17,211,513	18,414,186	18,752,164	18,752,164	18,752,164	0	0.0%
Federal	3,661,975	3,348,806	3,488,188	3,488,188	3,488,188	0	0.0%
Other	7,102,916	7,075,172	9,363,347	9,363,347	9,363,347	0	0.0%
Total PS	27,976,404	28,838,164	31,603,699	31,603,699	31,603,699	0	0.0%
Operating Expenses							
Travel	568,292	658,779	1,316,530	1,316,530	1,316,530	0	0.0%
Contractual Services	7,637,456	8,759,752	12,177,116	12,177,116	10,627,534	(1,549,582)	(12.7%)
Supplies & Materials	1,803,974	1,576,672	5,160,683	5,160,683	2,410,265	(2,750,418)	(53.3%)
Grants And Subsidies	3,080,770	2,027,568	3,374,638	3,374,638	3,374,638	0	0.0%
Capital Outlay	2,562,856	1,432,978	5,231,216	5,231,216	3,531,216	(1,700,000)	(32.5%)
Other	0	0	0	0	0	0	0.0%
Funding Types							
General	2,955,208	3,318,757	3,376,579	3,376,579	3,376,579	0	0.0%
Federal	5,225,558	3,721,132	10,873,419	10,873,419	8,373,419	(2,500,000)	(23.0%)
Other	7,472,582	7,415,860	13,010,185	13,010,185	9,510,185	(3,500,000)	(26.9%)
Total OE	15,653,348	14,455,749	27,260,183	27,260,183	21,260,183	(6,000,000)	(22.0%)
Totals							
Funding Types							
General	20,166,721	21,732,943	22,128,743	22,128,743	22,128,743	0	0.0%
Federal	8,887,534	7,069,938	14,361,607	14,361,607	11,861,607	(2,500,000)	(17.4%)
Other	14,575,497	14,491,032	22,373,532	22,373,532	18,873,532	(3,500,000)	(15.6%)
Total	43,629,752	43,293,913	58,863,882	58,863,882	52,863,882	(6,000,000)	(10.2%)

Budget Notes

Federal and Other Fund Expenditure Authority Reduction – Reduction of **\$2,500,000** in federal fund expenditure authority and **\$3,500,000** in other fund expenditure authority to realign the budget with anticipated expenditures.

USD School of Medicine Revenue Sources

Extracted from the Governor's Budget Book

	ACTUAL FY 2014	ACTUAL FY 2015	ESTIMATED FY 2016	ESTIMATED FY 2017
REVENUES				
State Appropriations	20,166,721	21,732,943	22,128,743	22,792,605
State Grants and Contracts	317,209	191,683	197,433	203,356
Federal Grants and Contracts	10,227,803	7,316,407	7,535,899	7,761,976
Federal Financial Aid				
Federal Appropriations	33,461			
State Support Tuition Allocation	9,540,618	9,780,432	9,779,096	9,779,096
Self-Support Tuition	3,110,224	3,383,005	3,248,018	3,345,459
Student Fees	4,392,381	4,634,932	4,773,980	4,773,980
Other Grants and Contracts	890,938	806,226	830,413	855,325
Indirect Cost Recovery	1,298,449	932,724	951,379	970,406
Other Sales and Services	2,649,183	2,226,869	2,249,138	2,271,629
Loan Funds	503,441	844,520	852,965	861,495
Total	53,130,428	51,849,741	52,547,064	53,615,327

SOUTH DAKOTA STATE UNIVERSITY - PRESIDENT, DR. DAVID L. CHICOINE

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>FY2014</u>	<u>Actual</u> <u>FY2015</u>	<u>Budgeted</u> <u>FY2016</u>	<u>Agency</u> <u>Request</u> <u>FY2017</u>	<u>Gov Rec</u> <u>FY2017</u>	<u>Gov Rec</u> <u>Inc/Dec</u> <u>FY2017</u>	<u>% Change</u> <u>From</u> <u>FY2016</u>
Personal Services							
Employee Salaries	99,477,861	102,741,922	107,633,579	107,633,579	107,633,579	0	0.0%
Employee Benefits	25,809,524	25,562,599	26,387,567	26,387,567	26,387,567	0	0.0%
FTE	1,542.4	1,539.3	1,617.7	1,617.7	1,617.7	0.0	0.0%
Funding Types							
General	38,688,603	39,618,763	40,625,508	40,625,508	40,625,508	0	0.0%
Federal	8,211,539	7,879,825	8,534,785	8,534,785	8,534,785	0	0.0%
Other	78,387,243	80,805,934	84,860,853	84,860,853	84,860,853	0	0.0%
Total PS	125,287,386	128,304,522	134,021,146	134,021,146	134,021,146	0	0.0%
Operating Expenses							
Travel	5,631,115	5,846,052	7,345,243	7,345,243	7,345,243	0	0.0%
Contractual Services	31,510,946	31,840,646	47,077,863	47,349,094	44,355,746	(2,722,117)	(5.8%)
Supplies & Materials	16,915,452	18,068,195	33,294,992	33,294,992	31,394,992	(1,900,000)	(5.7%)
Grants And Subsidies	11,888,866	10,248,651	19,892,503	20,047,152	15,038,382	(4,854,121)	(24.4%)
Capital Outlay	14,624,178	21,717,589	17,900,423	17,900,423	17,900,423	0	0.0%
Other	966,376	844,493	0	0	0	0	0.0%
Funding Types							
General	4,382,417	5,115,595	5,975,815	6,401,695	6,499,577	523,762	8.8%
Federal	12,181,372	12,738,411	37,109,691	37,109,691	27,109,691	(10,000,000)	(26.9%)
Other	64,973,144	70,711,621	82,425,518	82,425,518	82,425,518	0	0.0%
Total OE	81,536,933	88,565,627	125,511,024	125,936,904	116,034,786	(9,476,238)	(7.6%)
Totals							
Funding Types							
General	43,071,020	44,734,358	46,601,323	47,027,203	47,125,085	523,762	1.1%
Federal	20,392,911	20,618,236	45,644,476	45,644,476	35,644,476	(10,000,000)	(21.9%)
Other	143,360,387	151,517,555	167,286,371	167,286,371	167,286,371	0	0.0%
Total	206,824,318	216,870,149	259,532,170	259,958,050	250,055,932	(9,476,238)	(3.7%)

Budget Notes

National Guard and State Employee Tuition Support – Increase of **\$245,879** from **general funds** to cover the tuition loss for state employees, teachers, and National Guard members. This increase includes a transfer of \$91,230 from the Department of Military.

Utilities – Increase of **\$277,883** from **general funds** for utilities based on BFM's utility spreadsheet and includes increases/decreases for electricity, heat-contracted, water and sewer.

Federal Fund Expenditure Authority Reduction – Reduction of **\$10,000,000** in federal fund expenditure authority to realign the budget with anticipated expenditures.

SDSU Revenue Sources

Extracted from the Governor's Budget Book

	ACTUAL FY 2014	ACTUAL FY 2015	ESTIMATED FY 2016	ESTIMATED FY 2017
REVENUES				
State Appropriations	43,071,020	44,461,558	46,601,323	47,999,363
One-Time State Appropriations				
State Grants and Contracts	3,425,168	2,849,235	2,849,235	2,849,235
Federal Grants and Contracts	22,860,099	23,374,232	23,374,232	23,374,232
Federal Financial Aid	12,955,530	12,485,322	12,485,322	12,485,322
State Support Tuition Allocation	33,008,203	34,814,261	35,702,927	35,702,927
Self-Support Tuition	14,889,242	16,746,689	17,407,672	18,278,055
Student Fees	41,858,249	44,695,978	48,283,817	48,283,817
Room and Board	26,100,253	27,804,671	28,360,764	29,778,802
School and Public Lands	548,451	548,451	548,451	548,451
Other Grants and Contracts	4,787,879	5,423,176	5,802,799	5,976,883
Indirect Cost Recovery	5,347,109	5,427,784	5,427,784	5,427,784
Other Financial Aid	3,648,867	3,933,027	3,933,027	3,933,027
Other Sales and Services	20,409,660	19,284,755	19,863,297	23,959,196
Endo/Ecto Parasiticide Tax	250,000	250,000	250,000	250,000
Transfers of Current Funds to Plant and Loan Funds	-14,660,619	-13,306,841	-13,983,730	-13,983,730
Total	218,499,111	228,792,298	236,906,920	244,863,364

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

SDSU EXTENSION (COOPERATIVE EXTENSION SERVICE) – DEAN BARRY DUNN

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 FY2014	Actual FY2015	Budgeted FY2016	Agency Request FY2017	Gov Rec FY2017	Gov Rec Inc/Dec FY2017	% Change From FY2016
Personal Services							
Employee Salaries	9,298,696	8,726,963	10,082,489	10,082,489	10,082,489	0	0.0%
Employee Benefits	2,754,540	2,489,649	2,879,382	2,879,382	2,879,382	0	0.0%
FTE	200.4	155.7	200.4	200.4	190.4	(10.0)	(5.0%)
Funding Types							
General	7,926,590	7,989,207	8,132,618	8,132,618	8,132,618	0	0.0%
Federal	3,229,608	2,349,781	3,762,133	3,762,133	3,762,133	0	0.0%
Other	897,038	877,625	1,067,120	1,067,120	1,067,120	0	0.0%
Total PS	12,053,236	11,216,613	12,961,871	12,961,871	12,961,871	0	0.0%
Operating Expenses							
Travel	625,333	582,165	859,275	859,275	859,275	0	0.0%
Contractual Services	2,121,104	1,780,687	2,531,999	2,531,999	2,531,999	0	0.0%
Supplies & Materials	438,224	430,226	2,015,010	2,015,010	2,015,010	0	0.0%
Grants And Subsidies	104,248	73,215	306,000	306,000	306,000	0	0.0%
Capital Outlay	83,830	639,447	680,431	680,431	680,431	0	0.0%
Other	11,342	50,377	0	0	0	0	0.0%
Funding Types							
General	329,154	329,154	329,154	329,154	329,154	0	0.0%
Federal	2,380,014	2,095,403	4,727,508	4,727,508	4,727,508	0	0.0%
Other	674,913	1,131,561	1,336,053	1,336,053	1,336,053	0	0.0%
Total OE	3,384,081	3,556,118	6,392,715	6,392,715	6,392,715	0	0.0%
Totals							
Funding Types							
General	8,255,744	8,318,361	8,461,772	8,461,772	8,461,772	0	0.0%
Federal	5,609,622	4,445,184	8,489,641	8,489,641	8,489,641	0	0.0%
Other	1,571,952	2,009,186	2,403,173	2,403,173	2,403,173	0	0.0%
Total	15,437,317	14,772,731	19,354,586	19,354,586	19,354,586	0	0.0%

Budget Notes

FTE Reduction – Reduction of **10.0 FTE's** to align the budget with anticipated expenditures.

SDSU Extension Revenue Sources

Extracted from the Governor's Budget Book

	ACTUAL FY 2014	ACTUAL FY 2015	ESTIMATED FY 2016	ESTIMATED FY 2017
REVENUES				
Federal Grants and Contracts	1,489,888	1,386,112	1,438,000	1,438,000
Pesticide Application Tax	280,273	249,829	280,273	249,829
Total	1,770,161	1,635,941	1,718,273	1,687,829

AGRICULTURAL EXPERIMENT STATION – DIRECTOR, DR. DANIEL SCHOLL

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.

	Actual FY2014	Actual FY2015	Budgeted FY2016	Agency Request FY2017	Gov Rec FY2017	Gov Rec Inc/Dec FY2017	% Change From FY2016
Personal Services							
Employee Salaries	17,001,557	17,038,544	17,834,732	17,834,732	17,834,732	0	0.0%
Employee Benefits	3,334,857	3,235,158	3,756,387	3,756,387	3,756,387	0	0.0%
FTE	168.4	189.1	284.5	284.5	270.5	(14.0)	(4.9%)
Funding Types							
General	11,034,133	11,101,329	11,302,509	11,302,509	11,302,509	0	0.0%
Federal	5,028,815	4,841,576	5,723,505	5,723,505	5,723,505	0	0.0%
Other	4,273,466	4,330,797	4,565,105	4,565,105	4,565,105	0	0.0%
Total PS	20,336,414	20,273,702	21,591,119	21,591,119	21,591,119	0	0.0%
Operating Expenses							
Travel	1,311,768	1,370,899	1,831,170	1,831,170	1,831,170	0	0.0%
Contractual Services	3,532,804	4,145,397	6,160,981	6,160,981	6,160,981	0	0.0%
Supplies & Materials	3,144,391	3,159,995	6,349,469	6,349,469	6,349,469	0	0.0%
Grants And Subsidies	1,970,386	1,728,119	5,534,560	5,534,560	5,534,560	0	0.0%
Capital Outlay	2,280,075	3,061,720	3,462,650	3,462,650	3,462,650	0	0.0%
Other	194,064	38,218	0	0	0	0	0.0%
Funding Types							
General	577,155	627,155	627,155	627,155	627,155	0	0.0%
Federal	4,759,243	4,683,915	11,960,134	11,960,134	11,960,134	0	0.0%
Other	7,097,091	8,193,277	10,751,541	10,751,541	10,751,541	0	0.0%
Total OE	12,433,489	13,504,347	23,338,830	23,338,830	23,338,830	0	0.0%
Totals							
Funding Types							
General	11,611,288	11,728,484	11,929,664	11,929,664	11,929,664	0	0.0%
Federal	9,788,058	9,525,490	17,683,639	17,683,639	17,683,639	0	0.0%
Other	11,370,557	12,524,074	15,316,646	15,316,646	15,316,646	0	0.0%
Total	32,769,903	33,778,048	44,929,949	44,929,949	44,929,949	0	0.0%

Budget Notes

FTE Reduction – Reduction of **14.0 FTE's** to align the budget with anticipated expenditures.

AES Revenue Sources

Extracted from the Governor's Budget Book

	ACTUAL FY 2014	ACTUAL FY 2015	ESTIMATED FY 2016	ESTIMATED FY 2017
REVENUES				
State Appropriations	12,111,288	11,728,484	11,929,664	12,287,554
Federal Grants and Contracts	9,157,067	8,109,098	8,109,098	8,109,098
Transfers of Current Funds to Plant and Plant Funds	-39,257	-1,012,218	-1,012,218	-525,738
	39,257	1,012,218	1,012,218	525,738
Total	21,268,355	19,837,582	20,038,762	20,396,652

SD SCHOOL OF MINES AND TECHNOLOGY – PRESIDENT, DR. HEATHER WILSON

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 FY2014	Actual FY2015	Budgeted FY2016	Agency Request FY2017	Gov Rec FY2017	Gov Rec Inc/Dec FY2017	% Change From FY2016
Personal Services							
Employee Salaries	29,899,185	31,320,096	32,047,070	32,047,070	32,047,070	0	0.0%
Employee Benefits	7,046,894	7,096,592	7,878,161	7,878,161	7,878,161	0	0.0%
FTE	381.8	402.8	433.4	433.4	433.4	0.0	0.0%
Funding Types							
General	14,452,147	15,024,869	15,741,535	15,741,535	15,741,535	0	0.0%
Federal	3,572,701	4,837,778	3,674,583	3,674,583	3,674,583	0	0.0%
Other	18,921,231	18,554,041	20,509,113	20,509,113	20,509,113	0	0.0%
Total PS	36,946,079	38,416,687	39,925,231	39,925,231	39,925,231	0	0.0%
Operating Expenses							
Travel	1,473,184	1,475,205	4,876,999	4,876,999	4,876,999	0	0.0%
Contractual Services	10,054,936	9,115,267	23,412,272	23,321,907	21,286,146	(2,126,126)	(9.1%)
Supplies & Materials	3,617,650	3,504,394	11,327,162	11,327,162	9,327,162	(2,000,000)	(17.7%)
Grants And Subsidies	2,054,035	2,758,001	4,275,297	4,294,010	4,305,049	29,752	0.7%
Capital Outlay	3,451,667	4,846,011	12,154,712	12,154,712	12,154,712	0	0.0%
Other	93,803	115,514	0	0	0	0	0.0%
Funding Types							
General	1,590,463	1,433,818	1,089,279	1,017,627	992,905	(96,374)	(8.8%)
Federal	3,597,258	3,547,997	32,458,296	32,458,296	30,458,296	(2,000,000)	(6.2%)
Other	15,557,554	16,832,579	22,498,867	22,498,867	20,498,867	(2,000,000)	(8.9%)
Total OE	20,745,275	21,814,394	56,046,442	55,974,790	51,950,068	(4,096,374)	(7.3%)
Totals							
Funding Types							
General	16,042,610	16,458,687	16,830,814	16,759,162	16,734,440	(96,374)	(0.6%)
Federal	7,169,959	8,385,775	36,132,879	36,132,879	34,132,879	(2,000,000)	(5.5%)
Other	34,478,784	35,386,619	43,007,980	43,007,980	41,007,980	(2,000,000)	(4.7%)
Total	57,691,354	60,231,081	95,971,673	95,900,021	91,875,299	(4,096,374)	(4.3%)

Budget Notes

National Guard and State Employee Tuition Support – Increase of **\$29,752** from general funds to cover the tuition loss for state employees, teachers, and National Guard members. This increase includes a transfer of \$11,039 from the Department of Military.

Utilities – Reduction of **\$126,126** from general funds for utilities based on BFM's utility spreadsheet and includes increases/decreases for electricity, heat-contracted, water and sewer.

Federal and Other Fund Expenditure Authority Reduction – Reduction of **\$2,000,000** in federal fund expenditure authority and **\$2,000,000** in other fund expenditure authority to realign the budget with anticipated expenditures.

SDSM&T Revenue Sources

Extracted from the Governor's Budget Book

	ACTUAL FY 2014	ACTUAL FY 2015	ESTIMATED FY 2016	ESTIMATED FY 2017
REVENUES				
State Appropriations	15,378,555	16,585,907	16,830,814	16,999,122
ARRA - Stimulus Funding				
One-Time State Appropriations	1,128,055	462,396		
State Grants and Contracts	1,664,060	2,107,387	1,865,038	1,875,000
State Financial Aid	410,423	492,141	492,000	492,000
Federal Grants and Contracts	7,714,241	10,263,078	9,082,824	9,085,000
Federal Financial Aid	2,679,548	2,875,581	2,875,000	2,875,000
State Support Tuition Allocation	9,056,542	9,567,113	10,308,201	10,308,201
Self-Support Tuition	651,621	751,288	749,789	750,000
Room and Board	5,026,080	5,706,772	5,849,441	6,456,918
HEFF--Physical Plant O&M	34,093	34,093	34,093	34,093
School and Public Lands	121,523	136,604	133,022	133,022
Other Grants and Contracts	370,243	1,817,744	1,608,703	1,600,000
Indirect Cost Recovery	1,875,032	2,737,123	2,484,380	2,500,000
Other Financial Aid	2,987,229	3,242,535	3,240,000	3,240,000
Sales and Services of Auxiliary Enterprises	2,321,727	2,863,442	2,865,000	2,865,000
Other Sales and Services	1,816,197	1,706,640	1,750,000	1,750,000
Loan Funds				
Plant Funds	468,650	592,746	538,578	540,000
Loan Funds	43,670	41,182	42,000	42,500
Total	53,747,489	61,983,772	60,748,883	61,545,854

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

NORTHERN STATE UNIVERSITY - PRESIDENT, DR. JAMES SMITH

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</u> <u>FY2014</u>	<u>Actual</u> <u>FY2015</u>	<u>Budgeted</u> <u>FY2016</u>	<u>Agency</u> <u>Request</u> <u>FY2017</u>	<u>Gov Rec</u> <u>FY2017</u>	<u>Gov Rec</u> <u>Inc/Dec</u> <u>FY2017</u>	<u>% Change</u> <u>From</u> <u>FY2016</u>
Personal Services							
Employee Salaries	19,434,705	19,686,192	20,327,428	20,327,428	20,327,428	0	0.0%
Employee Benefits	5,558,724	5,307,329	5,577,286	5,577,286	5,577,286	0	0.0%
FTE	344.2	338.7	351.0	351.0	351.0	0.0	0.0%
Funding Types							
General	11,707,208	11,900,301	12,197,800	12,197,800	12,197,800	0	0.0%
Federal	946,648	1,073,388	1,232,776	1,232,776	1,232,776	0	0.0%
Other	12,339,573	12,019,833	12,474,138	12,474,138	12,474,138	0	0.0%
Total PS	24,993,429	24,993,521	25,904,714	25,904,714	25,904,714	0	0.0%
Operating Expenses							
Travel	916,427	978,681	1,445,800	1,445,800	1,445,800	0	0.0%
Contractual Services	5,713,229	5,748,177	7,690,467	7,561,548	7,160,583	(529,884)	(6.9%)
Supplies & Materials	2,009,465	2,119,001	4,333,650	4,333,650	3,885,515	(448,135)	(10.3%)
Grants And Subsidies	0	8,464	0	24,107	38,328	38,328	0.0%
Capital Outlay	764,396	2,220,032	1,204,324	1,204,324	1,204,324	0	0.0%
Other	22,498	7,295	0	0	0	0	0.0%
Funding Types							
General	977,365	1,246,281	1,282,103	1,177,291	1,192,412	(89,691)	(7.0%)
Federal	164,354	312,447	1,572,202	1,572,202	722,202	(850,000)	(54.1%)
Other	8,284,296	9,522,922	11,819,936	11,819,936	11,819,936	0	0.0%
Total OE	9,426,015	11,081,650	14,674,241	14,569,429	13,734,550	(939,691)	(6.4%)
Totals							
Funding Types							
General	12,684,573	13,146,582	13,479,903	13,375,091	13,390,212	(89,691)	(0.7%)
Federal	1,111,002	1,385,834	2,804,978	2,804,978	1,954,978	(850,000)	(30.3%)
Other	20,623,869	21,542,755	24,294,074	24,294,074	24,294,074	0	0.0%
Total	34,419,444	36,075,171	40,578,955	40,474,143	39,639,264	(939,691)	(2.3%)

Budget Notes

National Guard and State Employee Tuition Support – Increase of **\$38,328** from general funds to cover the tuition loss for state employees, teachers, and National Guard members. This increase includes a transfer of \$14,221 from the Department of Military.

Utilities – Reduction of **\$128,019** from general funds for utilities based on BFM's utility spreadsheet and includes increases/decreases for electricity, heat-contracted, water and sewer.

Federal Fund Expenditure Authority Reduction – Reduction of **\$850,000** in federal fund expenditure authority to realign the budget with anticipated expenditures.

NSU Revenue Sources

Extracted from the Governor's Budget Book

	ACTUAL FY 2014	ACTUAL FY 2015	ESTIMATED FY 2016	ESTIMATED FY 2017
REVENUES				
State Appropriations	12,684,573	13,146,582	13,479,903	13,884,300
ARRA - Stimulus Funding				
One-Time Appropriations				
State Grants and Contracts	294,067	1,469,854	250,000	250,000
State Financial Aid	412,171	368,268	375,000	375,000
Federal Stimulus ARRA				
Federal Financial Aid	3,482,863	3,417,398	3,420,000	3,420,000
Self-Support Tuition	4,542,349	5,032,145	5,114,000	5,267,000
Student Fees	5,398,456	5,120,898	5,120,000	5,120,000
Room and Board	4,208,590	4,077,316	4,200,000	4,326,000
HEFF--Physical Plant O&M	36,293	36,293	36,293	36,293
School and Public Lands	185,393	183,393	183,393	183,393
Other Grants and Contracts	412,835	549,532	600,000	600,000
Indirect Cost Recovery	36,429	45,158	45,000	45,000
Sales and Services of Auxiliary Enterprises	1,775,452	1,851,028	1,850,000	1,850,000
Other Sales and Services	1,918,908	2,125,656	2,125,000	2,125,000
Transfers of Current Funds to Plant and Loan Funds	-1,695,448	-1,523,929	-1,022,297	-1,018,059
Plant Funds	2,537,571	3,120,868	12,457,892	2,066,458
Loan Funds	708,898	734,260	735,000	735,000
Total	36,939,400	39,754,720	48,969,184	39,265,385

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

BLACK HILLS STATE UNIVERSITY - PRESIDENT, DR. TOM JACKSON, JR.

The mission of BHSU is to provide 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.

	Actual FY2014	Actual FY2015	Budgeted FY2016	Agency Request FY2017	Gov Rec FY2017	Gov Rec Inc/Dec FY2017	% Change From FY2016
Personal Services							
Employee Salaries	23,134,168	23,665,960	23,796,512	23,796,512	23,796,512	0	0.0%
Employee Benefits	6,521,454	6,361,141	6,274,693	6,274,693	6,274,693	0	0.0%
FTE	414.7	404.2	418.5	418.5	418.5	0.0	0.0%
Funding Types							
General	8,182,643	8,236,562	8,479,435	8,479,435	8,479,435	0	0.0%
Federal	1,679,989	1,532,448	1,841,027	1,841,027	1,841,027	0	0.0%
Other	19,792,989	20,258,091	19,750,743	19,750,743	19,750,743	0	0.0%
Total PS	29,655,621	30,027,101	30,071,205	30,071,205	30,071,205	0	0.0%
Operating Expenses							
Travel	863,857	975,845	1,318,230	1,318,230	1,318,230	0	0.0%
Contractual Services	5,329,982	5,880,225	6,610,130	6,610,839	6,576,371	(33,759)	(0.5%)
Supplies & Materials	4,354,842	3,254,414	5,450,114	5,450,114	5,450,114	0	0.0%
Grants And Subsidies	463,722	563,375	3,774,310	1,812,517	835,056	(2,939,254)	(77.9%)
Capital Outlay	1,607,792	1,132,617	2,531,658	2,531,658	2,531,658	0	0.0%
Other	177,500	676,665	0	0	0	0	0.0%
Funding Types							
General	659,263	714,807	716,266	755,182	743,253	26,987	3.8%
Federal	937,044	913,810	6,073,936	4,073,936	3,073,936	(3,000,000)	(49.4%)
Other	11,201,389	10,854,522	12,894,240	12,894,240	12,894,240	0	0.0%
Total OE	12,797,695	12,483,140	19,684,442	17,723,358	16,711,429	(2,973,013)	(15.1%)
Totals							
Funding Types							
General	8,841,906	8,951,369	9,195,701	9,234,617	9,222,688	26,987	0.3%
Federal	2,617,033	2,446,258	7,914,963	5,914,963	4,914,963	(3,000,000)	(37.9%)
Other	30,994,378	31,112,613	32,644,983	32,644,983	32,644,983	0	0.0%
Total	42,453,317	42,510,241	49,755,647	47,794,563	46,782,634	(2,973,013)	(6.0%)

Budget Notes

National Guard and State Employee Tuition Support – Increase of **\$60,746** from general funds to cover the tuition loss for state employees, teachers, and National Guard members. This increase includes a transfer of \$22,539 from the Department of Military.

Utilities – Reduction of **\$33,759** from general funds for utilities based on BFM's utility spreadsheet and includes increases/decreases for electricity, heat-contracted, water and sewer.

Federal Fund Expenditure Authority Reduction – Reduction of **\$3,000,000** in federal fund expenditure authority to realign the budget with anticipated expenditures.

BHSU Revenue Sources

Extracted from the Governor's Budget Book

	ACTUAL FY 2014	ACTUAL FY 2015	ESTIMATED FY 2016	ESTIMATED FY 2017
REVENUES				
ARRA - Stimulus Funds				
One-Time State Appropriations	109,275	9,730		
Federal Financial Aid	6,276,481	5,669,214	5,700,000	5,800,000
State Support Tuition Allocation	8,156,565	7,433,000	7,507,330	7,507,330
Total	14,542,321	13,111,944	13,207,330	13,307,330

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

DAKOTA STATE UNIVERSITY – PRESIDENT, DR. JOSE-MARIE GRIFFITHS

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>FY2014</u>	<u>Actual</u> <u>FY2015</u>	<u>Budgeted</u> <u>FY2016</u>	<u>Agency</u> <u>Request</u> <u>FY2017</u>	<u>Gov Rec</u> <u>FY2017</u>	<u>Gov Rec</u> <u>Inc/Dec</u> <u>FY2017</u>	<u>% Change</u> <u>From</u> <u>FY2016</u>
Personal Services							
Employee Salaries	17,646,640	17,680,216	18,125,466	18,125,466	18,125,466	0	0.0%
Employee Benefits	4,807,652	4,553,203	4,540,454	4,540,454	4,540,454	0	0.0%
FTE	286.7	273.6	288.8	288.8	288.8	0.0	0.0%
Funding Types							
General	8,346,787	8,551,228	8,751,091	8,751,091	8,751,091	0	0.0%
Federal	1,079,220	659,149	632,432	632,432	632,432	0	0.0%
Other	13,028,285	13,023,043	13,282,397	13,282,397	13,282,397	0	0.0%
Total PS	22,454,292	22,233,420	22,665,920	22,665,920	22,665,920	0	0.0%
Operating Expenses							
Travel	692,149	712,884	520,124	520,124	520,124	0	0.0%
Contractual Services	6,613,003	6,191,999	7,999,203	7,992,648	8,736,641	737,438	9.2%
Supplies & Materials	1,571,347	1,093,489	2,559,579	2,559,579	2,559,579	0	0.0%
Grants And Subsidies	483,164	760,799	3,559,990	3,593,335	3,613,005	53,015	1.5%
Capital Outlay	2,447,188	1,732,112	830,580	830,580	830,580	0	0.0%
Other	138,314	131,225	0	0	0	0	0.0%
Funding Types							
General	673,702	643,325	644,613	671,403	685,066	40,453	6.3%
Federal	1,433,886	1,053,524	4,899,039	4,899,039	4,899,039	0	0.0%
Other	9,837,577	8,925,659	9,925,824	9,925,824	10,675,824	750,000	7.6%
Total OE	11,945,165	10,622,508	15,469,476	15,496,266	16,259,929	790,453	5.1%
Totals							
Funding Types							
General	9,020,489	9,194,553	9,395,704	9,422,494	9,436,157	40,453	0.4%
Federal	2,513,105	1,712,673	5,531,471	5,531,471	5,531,471	0	0.0%
Other	22,865,862	21,948,702	23,208,221	23,208,221	23,958,221	750,000	3.2%
Total	34,399,456	32,855,929	38,135,396	38,162,186	38,925,849	790,453	2.1%

Budget Notes

National Guard and State Employee Tuition Support – Increase of **\$53,015** from general funds to cover the tuition loss for state employees, teachers, and National Guard members. This increase includes a transfer of \$19,670 from the Department of Military.

Utilities – Reduction of **\$12,562** from general funds for utilities based on BFM's utility spreadsheet and includes increases/decreases for electricity, heat-contracted, water and sewer.

Other Fund Expenditure Authority Increase – Increase of **\$750,000** in other fund expenditure authority to realign the budget with anticipated expenditures.

DSU Revenue Sources

Extracted from the Governor's Budget Book

	ACTUAL FY 2014	ACTUAL FY 2015	ESTIMATED FY 2016	ESTIMATED FY 2017
REVENUES				
State Appropriations	9,020,489	9,194,553	9,395,704	9,500,000
ARRA - Stimulus Funding				
One-Time State Appropriations	205,025	226,329	468,646	
State Grants and Contracts	1,069,493	1,023,201	1,025,000	1,025,000
State Financial Aid	208,963	237,184	250,000	250,000
Federal Grants and Contracts	2,651,714	1,025,190	2,000,000	2,000,000
Federal Financial Aid	3,397,852	4,203,680	4,210,000	4,210,000
State Support Tuition	4,570,624	4,658,524	4,700,000	4,700,000
Student Fees	4,571,034	4,687,292	4,775,000	4,775,000
Room and Board	3,261,393	3,293,156	3,300,000	3,300,000
HEFF--Physical Plant O&M	22,362	22,362	22,362	22,362
School and Public Lands	173,360	182,135	173,360	173,360
Other Grants and Contracts	249,041	253,645	255,000	255,000
Indirect Cost Recovery	577,580	344,193	325,000	325,000
Other Financial Aid	1,084,825	1,047,053	1,040,000	1,040,000
Sales and Services of Auxiliary Enterprises	891,384	849,497	835,000	835,000
Other Sales and Services	1,293,122	1,193,235	1,200,000	1,200,000
Loan Funds				
Plant Funds	630,970	955,879	950,000	950,000
Loan Funds	343,110	394,707	395,000	395,000
Total	34,222,341	33,791,815	35,320,072	34,955,722

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

SD SCHOOL FOR THE DEAF – SUPERINTENDENT, DR. MARJORIE KAISER

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.

	Actual FY2014	Actual FY2015	Budgeted FY2016	Agency Request FY2017	Gov Rec FY2017	Gov Rec Inc/Dec FY2017	% Change From FY2016
Personal Services							
Employee Salaries	1,152,067	1,156,968	1,255,845	1,255,845	1,255,845	0	0.0%
Employee Benefits	359,844	339,640	365,458	365,458	365,458	0	0.0%
FTE	22.1	21.4	22.5	22.5	22.5	0.0	0.0%
Funding Types							
General	1,511,911	1,496,608	1,621,303	1,621,303	1,621,303	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other	0	0	0	0	0	0	0.0%
Total PS	1,511,911	1,496,608	1,621,303	1,621,303	1,621,303	0	0.0%
Operating Expenses							
Travel	40,872	37,502	100,000	100,000	100,000	0	0.0%
Contractual Services	944,297	1,350,503	1,393,745	1,364,574	1,364,574	(29,171)	(2.1%)
Supplies & Materials	79,188	64,683	120,000	120,000	120,000	0	0.0%
Grants And Subsidies	3,102		0	0	0	0	0.0%
Capital Outlay	240,652	430,557	231,902	231,902	231,902	0	0.0%
Other	85		0	0	0	0	0.0%
Funding Types							
General	1,185,676	1,266,781	1,178,395	1,149,224	1,149,224	(29,171)	(2.5%)
Federal	0	0	0	0	0	0	0.0%
Other	122,520	616,466	667,252	667,252	667,252	0	0.0%
Total OE	1,308,196	1,883,247	1,845,647	1,816,476	1,816,476	(29,171)	(1.6%)
Totals							
Funding Types							
General	2,697,587	2,763,389	2,799,698	2,770,527	2,770,527	(29,171)	(1.0%)
Federal	0	0	0	0	0	0	0.0%
Other	122,520	616,466	667,252	667,252	667,252	0	0.0%
Total	2,820,107	3,379,854	3,466,950	3,437,779	3,437,779	(29,171)	(0.8%)

Budget Notes

Utilities – Reduction of **\$29,171** from general funds for utilities based on BFM's utility spreadsheet and includes increases/decreases for electricity, heat-contracted, water and sewer.

SDSD Revenue Sources

Extracted from the Governor's Budget Book

	ACTUAL FY 2014	ACTUAL FY 2015	ESTIMATED FY 2016	ESTIMATED FY 2017
REVENUES				
State Appropriations	2,697,587	2,763,390	2,799,698	2,848,337
Federal Grants and Contracts				
School and Public Lands	97,959	97,959	97,959	97,959
Other Sales and Services	365,664	134,580	150,000	200,000
Total	3,161,210	2,995,929	3,047,657	3,146,296

SD SCHOOL FOR THE BLIND AND VISUALLY IMPAIRED – SUPERINTENDENT, DR. MARJORIE KAISER

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.

	Actual FY2014	Actual FY2015	Budgeted FY2016	Agency Request FY2017	Gov Rec FY2017	Gov Rec Inc/Dec FY2017	% Change From FY2016
Personal Services							
Employee Salaries	2,038,922	2,024,902	2,178,552	2,178,552	2,178,552	0	0.0%
Employee Benefits	707,642	679,847	722,095	722,095	722,095	0	0.0%
FTE	45.3	44.5	52.6	52.6	48.6	(4.0)	(7.6%)
Funding Types							
General	2,516,472	2,485,928	2,643,735	2,643,735	2,643,735	0	0.0%
Federal	230,092	218,821	212,317	212,317	212,317	0	0.0%
Other	0	0	44,595	44,595	44,595	0	0.0%
Total PS	2,746,564	2,704,749	2,900,647	2,900,647	2,900,647	0	0.0%
Operating Expenses							
Travel	37,705	49,377	50,244	50,244	50,244	0	0.0%
Contractual Services	256,983	275,788	310,723	304,270	300,198	(10,525)	(3.4%)
Supplies & Materials	211,228	160,056	226,718	226,718	226,718	0	0.0%
Grants And Subsidies	0	220	0	0	0	0	0.0%
Capital Outlay	86,972	84,655	116,000	116,000	116,000	0	0.0%
Funding Types							
General	239,254	357,708	270,207	263,754	259,682	(10,525)	(3.9%)
Federal	26,946	29,814	37,683	37,683	37,683	0	0.0%
Other	326,688	182,574	395,795	395,795	395,795	0	0.0%
Total OE	592,888	570,096	703,685	697,232	693,160	(10,525)	(1.5%)
Totals							
Funding Types							
General	2,755,726	2,843,636	2,913,942	2,907,489	2,903,417	(10,525)	(0.4%)
Federal	257,038	248,635	250,000	250,000	250,000	0	0.0%
Other	326,688	182,574	440,390	440,390	440,390	0	0.0%
Total	3,339,452	3,274,846	3,604,332	3,597,879	3,593,807	(10,525)	(0.3%)

Budget Notes

Utilities – Reduction of **\$10,525** from general funds for utilities based on BFM's utility spreadsheet and includes increases/decreases for electricity, heat-contracted, water and sewer.

FTE Reduction – Reduction of **4.0 FTE's** to align the budget with anticipated expenditures.

SDSBVI Revenue Sources

Extracted from the Governor's Budget Book

	ACTUAL FY 2014	ACTUAL FY 2015	ESTIMATED FY 2016	ESTIMATED FY 2017
REVENUES				
State Appropriations	2,755,726	2,843,636	2,913,942	3,043,254
Federal Grants and Contracts	261,142	232,998	240,000	50,000
School and Public Lands	96,531	120,565	120,000	120,000
Other Sales and Services	164,475	37,581	150,000	150,000
Total	3,277,874	3,234,780	3,423,942	3,363,254

Governor's Recommended Compensation Plan and Billings Pool (page 21 of the Governor's FY17 Budget Book)

For FY17, the Governor recommended the funding for the state employee compensation plan and bureau billings be placed in a pool in BFM to be distributed to each agency. *Therefore, individual agency personal services and contractual services budgets do not reflect budget increases for the compensation plan, bureau billings, or the decrease for health insurance.*

- Below are the estimated distributions for employee compensation for FY17. BFM will distribute dollars from the Pool after calculating the increase for salary policy and the decrease for employee health insurance. The distributed amount to the agency will be in addition to the agency's appropriated personal services budget.

FY17 Salary Policy Component	Object	General	Federal	Other	Total
Health Insurance	PS	(\$507,441)	(\$115,203)	(\$671,229)	(\$1,293,873)
Market Adjustment	PS	\$4,085,170	\$878,822	\$5,512,007	\$10,476,000
Movement Towards Market Value	PS	\$603,380	\$35,230	\$385,715	\$1,024,325
Health Insurance	OE	(\$6,824)	(\$4)	(\$6,969)	(\$13,797)
Market Adjustment	OE	\$85,302	\$67,865	\$1,994	\$155,161
Movement Towards Market Value	OE	\$37	\$0	\$18,838	\$18,875
Total		\$4,259,624	\$866,710	\$5,240,356	\$10,366,691

- Recommended FY17 - 2.7% market adjustment for all permanent employees (except Career Bands); 0%-2.7% market adjustments for Career Bands; 2.5% movement toward market value for General Pay Structure and PACE; 0% to 4.5% pay for performance for Career Bands; decrease of \$275 per benefitted employee for the employer-paid portion of the health insurance plan.
- Recommended FY16 – 2% market adjustment for all permanent employees (except Career Bands); 0%-6.6% market adjustments for Career Bands; 2.5% movement toward market value for General Pay Structure and PACE; 0% to 4.5% pay for performance for Career Bands; 0% health insurance.
- FY15 – 3% across-the-board/market adjustment for all permanent employees (including Career Bands); 3% adjustment toward job worth for PACE; 0%-4.5% pay for performance for Career Bands; targeted compensation adjustments for a small number of hard-to-fill, below market vocational jobs; 18.6% health insurance.

- FY14 – 3% across-the-board for all permanent employees (except Career Bands); 3.5% to 4% market adjustment for Career Bands; 3.5% adjustment toward job worth for PACE; 0%-4.5% pay for performance for Career Bands; 14.7% health insurance.
2. Below are the estimated increases to the bureau billings for FY17. The amount distributed from the BFM pool to the agency will be in addition to the agency's appropriated contractual services budget.

Estimated FY17	General	Federal	Other	Total
Bureau Billing Adjustments	22	-	2,552	2,574

Interagency Billings

The Board of Regents used the following sources of funds in FY15 to pay for central services from the state's internal service bureaus.

Bureau Name	General	Federal	Other	Total
Bureau of Finance and Management	2,732	-	313,116	315,848
Bureau of Administration	120,255	24,401	2,070,193	2,214,850
Bureau of Information and Telecommunication	2,089,137	1,135	2,419,111	4,509,383
Bureau of Human Resources	634	-	1,497	2,131
Total FY15 Interagency Payments	2,212,758	25,536	4,803,918	7,042,211

CAPITAL IMPROVEMENT PROJECTS

During the 2012 Legislative Session, the Board of Regents requested approval for a number of building construction projects and infrastructure upgrades as part of a new 10-year Capital Improvement Plan. The projects are part of the **\$184.0 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), 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 2012 10-year plan, and the total project cost for each, include:

Black Hills State University

- Jonas Science Renovation, \$4,200,000
- E.Y. Berry Library Renovation, \$4,500,000

Dakota State University

- Information Systems Building, \$11,400,000

Northern State University

- Johnson Fine Arts Center Renovation and Addition, \$13,800,000

South Dakota School of Mines and Technology

- Research Center, \$37,040,000

South Dakota State University

- New Headhouse and Greenhouses, \$4,414,000
- 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, \$4,630,756

The University of South Dakota

- Science, Health, and Research Lab Building, \$12,599,085
- Patterson Hall Renovation, \$6,500,000
- Dakota Hall, \$7,500,000

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.

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

Capital Improvement Projects, cont.

South Dakota Board of Regents Capital Improvement Projects - December 2015

Facility Name	Legislative Action/YR	Fund Type	Legislative / Approved Amount	Project Status	Projected Completion Date
BLACK HILLS STATE UNIVERSITY					
Academic Facilities					
E.Y. Berry Library Renovation	HB1051-2012	HEFF Private	\$3,000,000 <u>\$1,500,000</u> \$4,500,000	Facility Statement	2022
Infrastructure Repair and Upgrade	HB1051-2012	HEFF HEFF M&R	\$4,000,000 <u>\$500,000</u> \$4,500,000	Construction	2016
Jonas Science Renovation	HB1051-2012 SB19-2014	HEFF Private Local / Federal	\$1,250,000 \$2,500,000 <u>\$450,000</u> \$4,200,000	Construction	2016
Revenue Facilities					
None					
DAKOTA STATE UNIVERSITY					
Academic Facilities					
Energy Efficiency and ADA Compliance	HB1051-2012	HEFF	\$1,275,000	Construction	2016
Information Systems Building (aka Beacom Institute of Technology)	HB1051-2012 SB19-2014 SB110-2015	HEFF Private	\$6,000,000 <u>\$5,400,000</u> \$11,400,000	Facility Statement	2017
Revenue Facilities					
Trojan Center Student Union Renovation		Student Fees Food Service Vendor	\$5,000,000 <u>\$2,500,000</u> \$7,500,000	Program Plan	2017
Hospital Renovation (University Housing- Student Services)		Rent Revenues	\$7,000,000	Facility Statement	2017
NORTHERN STATE UNIVERSITY					
Academic Facilities					
Johnson Fine Arts Center	HB1051-2012 SB19-2014	HEFF Private	\$5,000,000 <u>\$7,000,000</u> \$12,000,000	Construction	2016
New Science and Math Building				Facility Statement	
Revenue Facilities					
New Residence Hall		Rent Revenues	\$7,000,000	Facility Statement	2017

Capital Improvement Projects, cont.

SOUTH DAKOTA SCHOOL OF MINES & TECHNOLOGY

Academic Facilities

Chemistry/Chemical Engineering Building Repair & Renovation	HB1021-2015	HEFF M&R HEFF Bonds	\$519,000 <u>\$6,040,000</u> \$6,559,000	Construction	2016
---	-------------	------------------------	--	--------------	------

Utility Infrastructure and Chiller Installation	HB1051-2012	HEFF HEFF M&R	\$2,740,000 <u>\$500,000</u> \$3,240,000	Final Inspection	2016
---	-------------	------------------	--	------------------	------

Revenue Facilities

None

SOUTH DAKOTA STATE UNIVERSITY

Academic Facilities

Animal Disease Research & Diagnostic Lab - Addition & Renovation				Program Plan	
--	--	--	--	--------------	--

Harding Hall - Renovation & Addition		Student Fees Private HEFF M&R	\$5,000,000 \$3,700,000 <u>\$3,300,000</u> \$12,000,000	Facility Statement	2018
--------------------------------------	--	-------------------------------------	--	--------------------	------

New Cow / Calf Research & Education Unit	HB1016-2012 HB1051-2013	HEFF 2014 Bonds Local	\$900,000 \$2,000,000 <u>\$1,732,500</u> \$4,632,500	Construction	2016
--	----------------------------	-----------------------------	---	--------------	------

New Headhouse New Greenhouse	HB1051-2012	HEFF Private/Local	\$1,000,000 <u>\$3,414,000</u> \$4,414,000	Final Inspection Design	2015 2016
---------------------------------	-------------	-----------------------	--	----------------------------	--------------

New Football Stadium	SB15-2014	Venue Revenue Donations Local	\$36,000,000 \$27,000,000 <u>\$2,000,000</u> \$65,000,000	Construction	2016
----------------------	-----------	-------------------------------------	--	--------------	------

Performing Arts Center - Theater & Music Education Addition	HB1051-2012	HEFF Private	\$13,000,000 <u>\$20,103,713</u> \$33,103,713	Facility Statement	2017
---	-------------	-----------------	---	--------------------	------

Plant Science Research Support Facility	SB27-2015	Local Grant Private	\$2,900,000 \$1,100,000 <u>\$500,000</u> \$4,500,000	Program Plan	
---	-----------	---------------------------	---	--------------	--

Swine Education and Research Facility	SB10-2013 HB1112-2014	Donations HEFF M&R General Funds	\$3,863,000 \$1,000,000 <u>\$2,037,000</u> \$6,900,000	Construction	2016
---------------------------------------	--------------------------	--	---	--------------	------

Capital Improvement Projects, cont.

Utility Tunner (North), Steam / Condensate Infrastructure Repair & Modernization	HB1051-2012	HEFF HEFF M&R M&R	\$7,000,000 \$10,202,000 <u>\$232,000</u> \$17,434,000	Construction	2019
Utility Repairs & Upgrades - Water, Sanitary Sewer, Storm Sewer	HB1051-2012	HEFF HEFF M&R	\$5,000,000 <u>\$5,043,000</u> \$10,043,000	Facility Statement	2022
Visual Arts Facility	HB1051-2012	HEFF Private	\$7,500,000 <u>\$4,900,000</u> \$12,400,000	Facility Statement	2022
Revenue Facilities					
Brown Hall - Renovations		Rent Revenues M&R 2011 Bond Proceeds Bond Interest 2015 Bond Refinancing	\$7,000,000 \$536,000 \$464,000 \$750,000 <u>\$1,000,000</u> \$9,750,000	Construction	2016
Student Wellness Center Addition		GAF		Facility Statement	2018
UNIVERSITY OF SOUTH DAKOTA					
Academic Facilities					
Dakota Hall	HB1051-2012	HEFF	\$7,500,000	Program Plan	2022
Facilities Management Building - New				Facility Statement	
Mechanical Overhaul & Modernization	HB1051-2012	HEFF HEFF M&R	\$8,000,000 <u>\$2,000,000</u> \$10,000,000	Construction	2016
Patterson Hall Infrastructure Upgrade	HB1051-2012	HEFF	\$6,500,000	Construction	2015
Science, Health and Research Lab Building	HB1051-2012	Bond Proceeds HEFF M&R Foundation Local	\$8,695,000 \$1,500,000 \$2,983,795 <u>\$2,100,000</u> \$15,278,795	Construction	2017
Sports Performance Enhancement Facility SB8-2013		Private, Rentals, & Athletic Sponsorships Foundation Overhead Local	\$22,700,000 \$30,010,423 \$2,100,000 <u>\$3,700,000</u> \$58,510,423	Construction	2017
Revenue Facilities					
None					

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 FY11-FY15 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.

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 26.9% 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 2004-2014												
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<i>Entering Regental</i>	3,000	2,961	2,929	2,925	2,950	2,934	2,736	2,940	2,834	2,708	2,763	2,610
<i>% Enter Regental</i>	30.0%	31.0%	31.0%	32.0%	32.0%	33.0%	31.5%	32.9%	31.7%	30.2%	31.1%	29.1%
<i>ACT Composite</i>	22.2	22.5	22.5	22.7	23.2	23.1	23.0	22.9	23.0	23.0	23.0	23.1
<i>Remedial English</i>	17%	13%	14%	13%	9%	14%	13.6%	13.2%	13.7%	12.4%	13.8%	14.4%
<i>Remedial Math</i>	30%	27%	25%	25%	21%	22%	24.2%	25%	23.1%	21.7%	21.9%	22.0%
<i>Both Remedial</i>	34%	32%	31%	30%	26%	27.9%	29.1%	29.6%	28.4%	26.6%	26.4%	26.9%
<i>Average GPA</i>	2.73	2.79	2.82	2.82	2.85	2.80	2.84	2.77	2.83	2.88	2.89	2.92

Major Budget Changes in 2015 Session

HEFF M&R Match – The Governor recommended and the Legislature approved \$2,055,512 from general funds for year three of the four year plan. With a state investment over a four-year period, the M&R allocation at the end of the four year period will equal approximately 2%. The funding is used for maintenance and repair of campus infrastructure and academic buildings, including upgrades, renovations and beautification. Today, BOR invests a total of \$20M annually, \$3.4M from general funds, \$16M from HEFF, and \$971,000 from a \$1.60 per on-campus credit hour fee. HEFF receives 20% of each tuition dollar.

SD Opportunity Scholarship program – The Governor recommended and the Legislature appropriated \$1,274,001 from general funds to grow the South Dakota Opportunity Scholarship from \$5,000 per student to \$6,500 per student.

Major Budget Changes in 2014 Session

FY15 Tuition Freeze

The Governor recommended and the Legislature approved \$3,955,862 to freeze in-state, resident tuition and fees for one year. This amount included 3% salary policy, 18.61% health insurance increase, and 1.67% inflation increase for operating expenses. All tuition and all fees were frozen for FY15. Room and board costs were adjusted to meet maintenance and inflationary needs. Non-residents on average experienced a 5.7% increase in mandatory tuition and fees.

Benefits of the tuition freeze:

- Affordability and access are important goals and this supports those individuals that can least afford an education.
- State funding support represents 52% of educational costs for FY15 – an improvement of 3%
- This funding saved each South Dakota undergraduate resident student \$438.

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 are 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.

The current critical teaching needs occupations are: 1) Teaching K-12 Special Education; 2) High School Math or Science, and 3) High School Career and Technical Education.

At the end of the 2014 Legislative Session, the legislature approved a one-time allocation of \$100,000 to be made available for applicants this current academic year. That in combination with the \$54,973 in interest earned from the Education Enhancement Trust Fund, a total of 19 students were able to be awarded scholarships in FY15. For future years, if students were to receive full tuition and fees as specified in the bill (approximately \$8,200) then roughly seven scholarships would be awarded annually.

Critical Teaching Needs Scholarship Awards FY15

Institution	HS Math	HS Science	HS CTE	K-12 Special Education	Total
DSU	1	0	0	3	4
Mount Marty	3	0	0	0	3
SDSU	2	0	5	0	7
USD	1	2	0	2	5
Total	7	2	5	5	19

- **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. In FY15, there was \$175,000 available and \$54,779 in interest for a total of \$229,779. In FY16, it is anticipated that there will be around \$55,000 in interest available in the fund.

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).