

**Synopsis:** The Board of Regents is responsible for management and long-range planning of the physical plant at the state universities and special schools. The regents utilize the Higher Education Facilities Fund, which receives 20 percent of tuition, for the purpose of maintaining, renovating, and replacing academic facilities. The board has developed its second 10-year capital improvement plan, which identifies capital improvement priorities through fiscal year 2015. Approval of the 10-Year Capital Plan authorizes the identified capital projects to be completed as funding is available.

Investments in the public higher education system's facilities can come from different sources – state appropriations, outside gifts, federal government appropriations or grants, and the 20 percent of tuition dollars deposited in the Higher Education Facilities Fund (HEFF). In addition, each institution has student fees dedicated to maintenance and repair. The sum of these resources accounts for the financial capacity of the system to acquire and maintain its physical plant.

## **What is HEFF?**

The primary source of money for the system's facilities is HEFF. The fund receives 20 percent of tuition dollars. This fund supports new construction, major renovations and remodeling, and the ongoing maintenance and repair project needs of the universities.

The proposed 10-year plan has been in the works since the Board of Regents began reviewing capital improvement requests in October 2003. There were capital improvement requests from the universities totaling \$277 million out of HEFF. This plan addresses \$65.1 million of the HEFF requests. An additional \$35.7 million is expected to come from private fundraising or federal grants and is included in the plan, making the total 10-year request \$100.8 million.

## **Capital improvement priorities**

The Board of Regents' priority is to renovate current space, or replace it when that is the best alternative.

HEFF's capacity to support the long-term needs of the regental system was determined using the following assumptions:

- The 20 percent contribution from tuition and fees collections is inflated by 3 percent per year. The average increase has been 4.9 percent over the past 10 years.
- Annual interest is calculated at 4.0 percent interest on the ending cash balance, plus a \$3 million balance for unexpended plant funds.
- The maintenance and repair allocation to the institutions is inflated by 4 percent per year starting in FY00. This attempts to address maintenance and repair problems at the universities.
- Debt financing is at 4.5 percent interest for 25 years.

## South Dakota Board of Regents Proposed 10-Year Capital Plan

Institution	Project	Type	HEFF	Other Funds	Total
SDSU	Shepard Hall	New/Renovation	\$24,000,000	\$6,000,000	\$30,000,000
USDSU	Classroom Building	New	\$7,700,000		\$7,700,000
USDSU	Graduate Education and Research Center	New	\$2,000,000	\$13,000,000	\$15,000,000
USD	Business School	Replacement	\$5,400,000	\$8,700,000	\$14,100,000
USD	Slagle	Renovation	\$4,600,000	\$2,000,000	\$6,600,000
SDSMT	Chemistry	New/Replacement	\$10,000,000	\$6,000,000	\$16,000,000
NSU	Lincoln and Graham Hall	Renovation	\$3,000,000		\$3,000,000
DSU	Utility Infrastructure	Renovation	\$3,000,000		\$3,000,000
BHSU	Woodburn Hall	Renovation	\$5,400,000		\$5,400,000
<b>Total</b>			<b>\$65,100,000</b>	<b>\$35,700,000</b>	<b>\$100,800,000</b>

- In 2001, the board submitted its first 10-year capital project plan (HB1068), which received overwhelming support by the Legislature. While the plan had projects scheduled through 2011, all of the projects funded with HEFF have been completed or are scheduled, except for the SDSU Shepard Hall Renovation project.
- The SDSU Shepard Hall Renovation project initially planned for 2009 as a \$20 million project was deferred to the next 10-year cycle. The project was to be funded with \$11.8 million of HEFF and \$8.2 million of private funds, but project needs and costs exceeded those funding levels. The board deferred the project and made it the top priority for the next 10-year plan.
- The NSU projects to remodel Seymour Hall and Mewaldt-Jensen were revised in the 2004 legislative session (SB189), allowing NSU to build a Technology Center Addition onto Mewaldt-Jensen. The cost of the project remained at \$7 million and is scheduled for 2005.

### Proposed Institutional or Other Funded Projects

Institution	Project	Type	HEFF	Other Funds	Total
SDSU	Pugsley Center Addition	New Construction		\$502,289	\$502,289
SDSD	Myklebust Recreation Center	Renovation		\$566,520	\$566,520
Subtotal from HEFF projects (shown above)			\$65,100,000	\$35,700,000	\$100,800,000
<b>Total All Projects</b>			<b>\$65,100,000</b>	<b>\$36,768,809</b>	<b>\$101,868,809</b>

**South Dakota Board of Regents  
First 10-Year Capital Plan (2001) Status**

<b>Institution</b>	<b>Project</b>	<b>FY Funded</b>	<b>HEFF</b>	<b>Other Funds</b>	<b>Total</b>
BSHU	Cook Classroom Renovation	2002	\$8,250,000		\$8,250,000
DSU	Technology Classroom Building Renovation	2002	\$2,500,000		\$2,500,000
SDSM&T	Devereaux Library 1 <sup>st</sup> & 4 <sup>th</sup> Floor Remodel	2003	\$881,000		\$881,000
SDSM&T	Upgrade Electrical Distribution	2003	\$784,000		\$784,000
SDSM&T	Mineral Industries Air Conditioning	2003	\$376,000		\$376,000
USD	Lee Medicine & Science Hall Replacement	2003	12,500,000	\$19,500,000	\$32,000,000
NSU	Technology Center Addition to Mewaldt-Jensen	Planned for 2005	\$7,000,000		\$7,000,000
SDSU	Shepard Hall Renovation	Deferred	\$11,800,000	\$8,200,000	\$20,000,000
SDSU	Solberg Hall Renovation	2002		\$7,570,000	\$7,570,000
USD	New Business School	Deferred		\$12,800,000	\$12,800,000
USD	Old Armory Renovation	2003		\$2,200,000	\$2,200,000
USD	Al Neuharth Media Center	2002		\$4,200,000	\$4,200,000
USD	Slagle Auditorium	Deferred		\$3,500,000	\$3,500,000
<b>Total</b>			<b>\$44,091,000</b>	<b>\$57,970,000</b>	<b>\$102,061,000</b>