



# *South Dakota Board of Regents* **Business Affairs Council** **Manual**



**Update 07-2018**





## Accounting

- 1.1 Accounting Policies and Procedures Manual
- 1.2 Available Funds (AF) Report
- 1.3 Annual Indicator Reports
- 1.4 Quarterly Indicator Reports
- 1.5 HEFF Adjustments for HLC Ratios



# BUSINESS AFFAIRS COUNCIL MANUAL

<b>Chapter 1:</b>	<b>Accounting</b>
<b>Subject:</b>	Accounting Policies and Procedures Manual
<b>Topic:</b>	1.1
<b>Source:</b>	
<b>Related Form(s):</b>	

**Summary of Topic:**

The SDBOR Accounting Policies and Procedures Manual is located at [mytraining.sdbor.edu/resources/Banner/finance.html](http://mytraining.sdbor.edu/resources/Banner/finance.html).

**Procedure:**



## BUSINESS AFFAIRS COUNCIL MANUAL

<b>Chapter 1:</b>	<b>Accounting</b>
<b>Subject:</b>	Available Funds (AF) Report
<b>Topic:</b>	1.2
<b>Source:</b>	BAC September 2014, Item 7 BAC February 2016, Item 4
<b>Related Form(s):</b>	

### **Summary of Topic:**

During FY14 the Board Office began providing financial indicator documents to the Board on a quarterly basis. Over the last couple of years, these reports have developed into quarterly and annual reports. The basis for these reports is the Available Funds (AF) Report which was developed by the board office. This report consists of a grouping of every campus fund into 12 categories. These categories are then used to help breakdown data for the quarterly and annual analysis of cash and for reporting year-end cash balances for the Legislative Blue Book.

### **Procedure:**

The AF report shows the cash, budget, expenditures, revenue, and transfers for every fund for each campus. The funds are then sorted into twelve groups that were determined after careful consideration of GASB 54. The groups are as follows.

Attribute	Attribute Description	Special Codes		
		Med	AES	CES
G5401	Sales & Services	G5401M	G5401A	G5401E
G5402	Facilities & Admin	G5402M	G5402A	G5402E
G5403	Other Enterprises	G5403M	G5403A	G5403E
G5404	Tuition	G5404M	G5404A	G5404E
G5405	Student Fees	G5405M	G5405A	G5405E
G5406	General & Other Approp.	G5406M	G5406A	G5406E
G5407	Auxiliary System	G5407M	G5407A	G5407E
G5408	Plant	G5408M	G5408A	G5408E
G5409	Other Restricted	G5409M	G5409A	G5409E
G5410	Agency	G5410M	G5410A	G5410E
G5411	Clearing	G5411M	G5411A	G5411E
G5412	Grants & Fed Approp.	G5412M	G5412A	G5412E

Campuses are to use their own discretion when assigning an attribute. They are already assigning these classifications for financial statements and budget purposes. However, in the case of attributes G5401 through G5403, there might need to be a little more definition. G5402 Facilities and Admin are for the Grant Overhead funds. G5403 Other Enterprises is for funds that charge a fee for a specific purpose and the fee will only be used to fund those types of activities. They are not classified as committed because they are not Board approved. G5401 is a collection of all of the funds classified as Other Funds that do not fall into the first two categories mentioned.


Another group needing further explanation is the General & Other Approp attribute. This group consists of three types of funds: General Funds, HEFF, and School & Public Lands (SPL). The only fund with a cash balance in this grouping is the SPL funds. It was determined that the campuses possess authority for General Funds and HEFF. The cash for these funds reside with the state and the board office, respectively. The board office will make a manual adjustment to the cash and revenue for these funds. Cash will be reduced to zero and the revenue will be adjusted to match expenditures.

Another manual adjustment is for the GAF funds that are pledged for expenditures in the auxiliary system. The expenditures and revenue are moved to the auxiliary system grouping. Each campus has identified the fund/org combination involved in this adjustment for the board office.

Funds with attributes from G5401 to G5406 are considered unrestricted funds. Attributes G5407 through G5412 are considered restricted funds.

This report is generated using a Cognos report to generate the raw data.

The board office will send the AF Report to the university president and the vice president of finance each month.

	<h1>BUSINESS AFFAIRS COUNCIL MANUAL</h1>
<b>Chapter 1:</b>	<b>Accounting</b>
<b>Subject:</b>	Annual Indicator Reports
<b>Topic:</b>	1.3
<b>Source:</b>	
<b>Related Form(s):</b>	

**Summary of Topic:**

Because there is information that is only updated annually, a report was created which includes data metrics believed to help give the Board a better idea of how a campus is performing financially on annual basis.

**Procedure:**

The annual report includes information on the campuses’ revenue streams, expenditures, cash, credit hours, foundations, auxiliary system, all forms of long-term debt, and HLC ratios.

The cash reports consist of the cash balances at year-end for the last five years. This is taken from the available funds (AF) report. The other report is the uncommitted cash report. This report gets its beginning number from the AF Report and then the campuses list cash commitments that are pledged against the current cash balance but not yet expended. The expenditure data is also taken from the AF Report.

The revenue data is taken from the budget request worksheets that are turned into the board office every July. They show the prior year’s revenue.

Campuses prepare the auxiliary system data which should match the data submitted by the campuses for the agreed upon procedures report.

Long-term debt for the auxiliary system and academic buildings is broken down by type.

The HLC Ratios are always a year behind. For example, the HLC ratios for the FY17 annual report would be for FY16 and the four years before that. Those ratios are to be calculated using the adjustment supplied by the board office for the debt supported by the HEFF fund. The board office will supply this adjustment by the second week in November to allow campuses time to calculate the adjusted ratio.

Foundation reports are prepared using the audited financial data that was used to prepare the prior years’ financial statement. Like the HLC ratios, this data is usually a year behind.



## BUSINESS AFFAIRS COUNCIL MANUAL

<b>Chapter 1:</b>	<b>Accounting</b>
<b>Subject:</b>	Quarterly Indicator Reports
<b>Topic:</b>	1.4
<b>Source:</b>	BAC September 2014, Item 7 BAC February 2016, Item 4
<b>Related Form(s):</b>	

### **Summary of Topic:**

During FY14, the board office began providing financial indicator documents to the Board on a quarterly basis. Over the last couple of years, these reports have developed into quarterly and annual reports. The basis for these reports is the available funds (AF) report which was developed by the board office. This report consists of a grouping of every campus fund into 12 categories. These categories are then used to help breakdown data for quarterly and annual analysis of cash and for reporting year-end cash balances for the Legislative Blue Book.

### **Procedure:**

The quarterly indicators report concentrates on cash. It looks at a campus' cash balances for the 12 groups reported on in the AF report. A snapshot of the cash balance for that quarter along with the previous four years for the same quarter is one section of the report. The other section is a graph showing the number of days cash that a university has for each of the five unrestricted groups. The general fund group is not included due to immateriality.

Days cash is determined by taking the expenditures year to date and dividing by the number of days in the year for that quarter, 180 – 2<sup>nd</sup> quarter, 270 – 3<sup>rd</sup> quarter, 360 – 4<sup>th</sup> quarter. For the first quarter, the previous year's average is used as the denominator. This result is then divided in the cash balance at the end of the quarter.

The data for the current year, along with the previous four years, are displayed in the form of a graph. Each campus' days cash is then given a rating of green, yellow, or red. The values for determining the rating change each quarter. This rating system was designed using the Government Finance Officers Association's recommendation of always having at least 60 days cash in reserve. The board office then determined that there were two major revenue months each year, September and January. Each campus at the end of each quarter is to have enough cash to get to the next revenue month plus 60 days reserve. The table on the next page shows the rating system.

<b>Quarter</b>	<b>Range</b>	<b>Light Indicator</b>
Q1 July – September	> 150 days	Green
	90 – 150 days	Yellow
	< 90 days	Red
Q2 October – December	> 60 days	Green
	30 – 60 days	Yellow
	< 30 days	Red
Q3 January - March	> 150 days	Green
	90 – 150 days	Yellow
	< 90 days	Red
Q4 April – June	> 120 days	Green
	60 – 120 days	Yellow
	< 60 days	Red

Campuses that receive a yellow or red rating must provide a response as to why they believe the indicator is not green and what they are doing to improve the situation.





## BUSINESS AFFAIRS COUNCIL MANUAL

<b>Chapter 1:</b>	<b>Accounting</b>
<b>Subject:</b>	HEFF Adjustments for HLC Ratios
<b>Topic:</b>	1.5
<b>Source:</b>	BAC March 2016, Item 15
<b>Related Form(s):</b>	

### **Summary of Topic:**

Campuses' stand-alone financial statements currently do not include any debt that is serviced by general funds or HEFF. According to information received from the Higher Learning Commission (HLC), this debt should be included. That means that the HEFF revenue and cash balance for the fiscal year will also have to be allocated to the campuses.

### **Procedure:**

The board office will provide a HLC adjustment each year in the first week of November. This adjustment will allocate the following to the campuses:

- SD Building Authority Debt that is serviced by HEFF or general funds.
- Revenue to each of the campuses to cover the debt service that is related to the debt that was allocated to them. This allocation will also include other HEFF allocations for M&R.
- Any special one-time allocations will be allocated to the appropriate campus.
- If there is revenue left over after allocating all of the revenue necessary to cover each of the campus' HEFF expenditure items, each campus will be allocated revenue to the extent that what they originally contributed to the HEFF fund exceeds what they received through the expenditure allocations.

Campuses will use this information to adjust their stand-alone statements so that they properly reflect the financial statement activity associated with the HEFF fund. These adjusted financial statements are what the campuses will use to calculate their HLC ratios.



## **Budget & Expenditure Authority**

- 2.1 Budget Request Guidelines
- 2.2 Budgeting FTE
- 2.3 Consumer Price Index and Meals Away from Home
- 2.4 Expenditure Authority Utilization
- 2.5 Off-Campus Continuous Authority
- 2.6 10-Year M&R List
- 2.7 Coaching Contract Salaries



## BUSINESS AFFAIRS COUNCIL MANUAL

<b>Chapter 2:</b>	<b>Budget &amp; Expenditure Authority</b>
<b>Subject:</b>	Budget Request Guidelines
<b>Topic:</b>	2.1
<b>Source:</b>	
<b>Related Form(s):</b>	

### **Summary of Topic:**

Campus budget requests are submitted annually to the board office in accordance with the guidelines and procedures developed to assist institutions in the proper organization and order. The Board of Regents and Executive Director may identify system priorities, which will be passed along to the campuses.

### **Procedure:**

Campuses should use the templates provided and follow the instructions within the budget request guidelines, and any special instructions regarding system priorities, when submitting the budget proposal for their campus.



# BUSINESS AFFAIRS COUNCIL MANUAL

<b>Chapter 2:</b>	<b>Budget &amp; Expenditure Authority</b>
<b>Subject:</b>	Budgeting FTE
<b>Topic:</b>	2.2
<b>Source:</b>	BAC Manual 2011 Revision, Operating Budget Guidelines, 2011
<b>Related Form(s):</b>	

**Summary of Topic:**

To ensure FTE numbers are comparable throughout the system, SDCL 2-14-2 shall apply:

Full-time equivalent" or "FTE", a number which designates staffing level where one full-time equivalent position is equal to the number of days, Monday through Friday, in a fiscal year, multiplied by eight hours per day. It excludes: paid overtime hours; hours paid to an employee assigned to a light duty position as approved by the commissioner of the Bureau of Personnel due to a temporary partial disability as defined in subdivision 62-1-1(8); hours paid for accumulated annual leave and sick leave upon employee termination; hours paid to work-study students enrolled in postsecondary educational institutions or postsecondary students employed pursuant to chapter 3-6B; hours paid to students enrolled in and employed by postsecondary educational institutions; and hours paid to members of boards and commissions pursuant to § 4-7-10.4.

For purposes of salary computation a nine-month or more per year full-time teaching or research faculty person, or the equivalent thereof, at the institutions under the jurisdiction of the Board of Regents shall be considered one full-time equivalent.

**Procedure:**

Non-Instructional Administrator – Typical positions include president, superintendents, vice presidents and business managers.

Instructional Administrator – Typical positions include academic department chairs and deans.

Faculty – Positions in the faculty classification are comprised primarily of professors, assistant professors, associate professors, and instructors.

Graduate Assistants – These positions are staffed by students enrolled in graduate programs that also grade papers, supervise labs and teach courses under the supervision of permanent faculty members.

Career Service – A position covered by the State’s Career Service Act. Typical positions include secretaries, custodians, and computer programmers.

Part-Time Temporary – Part-time temporary employees are primarily student employees.

In 2010, HB1052 removed all student labor FTE and graduate assistant FTE from the state side of reporting. Student and Graduate Assistant FTE utilization will continue to be tracked through system reports specifically written to report said utilization.

PZRFTEU – Employees not including Students.

PZRFTED – Employee Detail.

PZRFTSU – Employees only including Students.

PZRFTSD – Student Detail.

PZRFTGD – Employees only including Graduate Assistants.

### **FTE Calculation**

1. Faculty (including Clinical) and Instructional Administration 9-12 month with standard workload = 1.0 FTE.
2. Non-Instructional Administration, Professional, and Career Service working 40 hours a week or 12 months = 1.0 FTE.
3. Faculty on Sabbatical – 50% sabbatical for a full year (9 or 12 month contract) will utilize only .50 FTE.
4. Non-work-study, Part-time Clerical, Temporary, and Labor 40 hours a week = 1.0 FTE.
5. Work-study Labor, Graduate Assistants, and Student Interns (Chapter 3-6B only) - excluded in the FTE calculations.



## BUSINESS AFFAIRS COUNCIL MANUAL

<b>Chapter 2:</b>	<b>Budget &amp; Expenditure Authority</b>
<b>Subject:</b>	Consumer Price Index and Meals Away from Home
<b>Topic:</b>	2.3
<b>Source:</b>	BAC November 2011, Item #10
<b>Related Form(s):</b>	BLM website: <a href="http://dlr.sd.gov/lmic/menu_cpi.aspx">http://dlr.sd.gov/lmic/menu_cpi.aspx</a>

### **Summary of Topic:**

The Consumer Price Index (CPI) rate is used for adjustments to most fees depending on salary policy. The meals-away-from-home rates are used for room & board plans.

### **Procedure:**

The Bureau of Finance and Management forwards the CPI rate to the board office on the U measurement. The CPI-U measures consumer price inflation for all US residents of urban areas, which account for about 87% of the U.S. population coverage. The previous fiscal year's actual inflation rate is used for the current year.

The meals-away-from-home portion is figured by using the Bureau of Labor Statistics (BLS) website. The table is created using "all urban consumers" and "Midwest-size Class D" as parameters. The previous fiscal year's average is also used to figure this percentage.

The CPI and meals-away-from-home calculations are updated annually and the supporting worksheets are located at S:\Budget & Finance\Budget\CPI.



## BUSINESS AFFAIRS COUNCIL MANUAL

<b>Chapter 2:</b>	<b>Budget &amp; Expenditure Authority</b>
<b>Subject:</b>	Expenditure Authority Utilization
<b>Topic:</b>	2.4
<b>Source:</b>	BAC April 1992, May 1994, May 2002, May 2011
<b>Related Form(s):</b>	

### **Summary of Topic:**

Campuses are not required to utilize expenditure authority for certain transactions. The following list details these transactions.

### **Procedure:**

1. Agency Fund Transactions: Cash is generated by other establishments, usually student organizations, and is held by the institution. The transactions are not a part of normal campus operations.
2. Private Bookstore Activity: A bookstore is a normal campus function if the university owns and operates the bookstore. Therefore, expenditure authority should be utilized. USD is the only campus to enter into an operating agreement with a private vendor to operate the bookstore and does not expend dollars towards the operation.
3. Clearing Accounts: A clearing account is a central account that records and holds transactions until revenues and expenditures can be distributed in total to the appropriate campus accounts.
4. Indirect Costs: Indirect costs are costs that can be charged legitimately to a specific activity but are not necessarily caused by that specific activity. Indirect costs include general administration and general institutional expenses, depreciation and use allowance, and operating expenses.
5. Loan Fund and Student Loan Activity: Transactions within this fund type usually exchange one asset for another and therefore do not utilize expenditure authority. Administrative and collection related transactions should utilize expenditure authority.
6. Maintenance & Repair Fee Transactions: BAC determined that the M&R fee equivalent captured from tuition are Plant Funds. Expenditure of said funds do not utilize expenditure authority. (Source: BAC May 1994)
7. Scholarships and Financial Aid: Campuses no longer have to utilize expenditure authority when it comes to scholarship awards.
8. Campuses are required to utilize expenditure authority for all other transactions not listed above, specifically, but not limited to:

- a. Food Service Contracts: Revenue for food service flows into the universities from the students and a portion of the revenue is retained on the campus. All appropriate transactions utilize authority.
- b. Subcontracts: In the past some campuses did not utilize expenditure authority for any flow-through grant funds, including state agencies. The reason was expenditure authority was utilized at two different agencies for the same dollars. To remain consistent amongst all grants and contracts transactions, expenditure authority is to be utilized.





# BUSINESS AFFAIRS COUNCIL MANUAL

<b>Chapter 2:</b>	<b>Budget &amp; Expenditure Authority</b>
<b>Subject:</b>	Off-Campus Continuous Authority
<b>Topic:</b>	2.5
<b>Source:</b>	BAC September 2016, Item 13
<b>Related Form(s):</b>	

**Summary of Topic:**

Beginning with FY18, the Board of Regents combined and reorganized on-campus and off-campus tuition to “tuition funds” with continuous appropriated spending authority. All of the spending restrictions associated with tuition remain in place.

**Procedure:**

**Revenues:** Revenue from all tuition types will be tracked separately with appropriate account codes established in Banner and on CAS. (Undergraduate Resident, Graduate Resident, Undergraduate Self-Support, Graduate Self-Support, Undergraduate State employee, Undergraduate Child of Alumni, etc.)

**Expenditures:** After the attention that the University Centers received during the 2017 legislative session and the new reporting regulations established in HB1005 (§ 13-51-14), the System must be able to answer questions regarding how the off-campus tuition funds are being spent and whether off-campus is truly off-campus or if it is being subsidized by on-campus (state-support) tuition and fees. Off-campus tuition expenditures will need to be tracked separately from on-campus tuition expenditures. A separate budget for off-campus tuition is required.

**Fund Hierarchy:** Fund hierarchies for the six universities were re-organized to have both on-campus tuition funds and off-campus tuition funds to roll up to Fund Level Tuition XSTUIT. The Finance and Budget Modules agreed to the hierarchy change and new fund hierarchy standard as illustrated in the table below. (*X= Institution’s Smart Code*)

### Fund Hierarchy

Fund Type	Fund Level 1	Fund Level 2	Fund Level 3	Fund Level 4	Fund Level 5
NX-Unrestricted	Non-Appropriated Funds				
	XN-Unrestricted Non-Appropriated Funds				
		XNA-Current Non-Appropriated Funds			
			XSTUIT-Tuition		
				XSELFU-Off-Campus Tuition	
					X30111 – Data Entryable Fund
					830114 – Data Entryable Fund
				XSTATU-On-Campus Tuition	
					X37000 – Data Entryable Fund



## BUSINESS AFFAIRS COUNCIL MANUAL

<b>Chapter 2:</b>	<b>Budget &amp; Expenditure Authority</b>
<b>Subject:</b>	10-Year M&R List
<b>Topic:</b>	2.6
<b>Source:</b>	BAC March 2013, Item 6
<b>Related Form(s):</b>	

### **Summary of Topic:**

A template is provided annually to each campus to submit their respective 10-year M&R lists. Each campus will use the template provided and will submit the 10-year M&R list with their annual budget request. BOR Policy 6:6 details the guidelines regarding maintenance and repair projects.

### **Procedure:**

The 10-year M&R list format will include columns for the following:

1. Fiscal Year Planned
2. Building Name
3. Project Name
4. M&R Category
5. M&R Class
6. Estimated Cost
7. Cumulative Cost



## BUSINESS AFFAIRS COUNCIL MANUAL

<b>Chapter 2:</b>	<b>Budget &amp; Expenditure Authority</b>
<b>Subject:</b>	Coaching Contract Salaries
<b>Topic:</b>	2.7
<b>Source:</b>	BAC May 2017, Item 4
<b>Related Form(s):</b>	

### **Summary of Topic:**

For several institutions, the contract period for athletic coaches align with the completion of the season or a calendar year. This allows coaching contracts to be renewed or non-renewed at the end of the athletic seasons versus at the end of the fiscal year.

### **Procedure:**

BOR Policy 4:46 states that all salary policy for benefit eligible employees must be applied through the salary policy increase and decisions concerning all salary adjustments must be implemented in accordance with legislative process and Board of Regents policies. Institutions shall follow the regular salary policy cycle regardless of the off-cycle contract period.



## Bonds

None at this time.



# BUSINESS AFFAIRS COUNCIL MANUAL

<b>Chapter 3:</b>	<b>Bonds</b>
<b>Subject:</b>	
<b>Topic:</b>	3. __
<b>Source:</b>	BAC Meeting (Date, Item #)
<b>Related Form(s):</b>	

**Summary of Topic:**

No items at this time.

**Procedure:**



## **Personnel & Human Resources**

None at this time.



# BUSINESS AFFAIRS COUNCIL MANUAL

<b>Chapter 4:</b>	<b>Personnel &amp; Human Resources</b>
<b>Subject:</b>	
<b>Topic:</b>	4. __
<b>Source:</b>	BAC Meeting (Date, Item #)
<b>Related Form(s):</b>	

**Summary of Topic:**

No items at this time.

**Procedure:**



## **Facilities**

### **(includes M&R and Utilities)**

- 5.1 Building Use Code Definitions
- 5.2 Integrated Resource Planning (IRP)
- 5.3 HEFF and General Fund M&R Allocation Calculation
- 5.4 Athletic Buildings Eligible for HEFF
- 5.5 Energy CAP - Tracking of Utilities Usage
- 5.6 Utilities - Performance Contracting
- 5.7 Insured Properties
- 5.8 Renting Property from Foundations
- 5.9 President's Houses
- 5.10 Residence Hall Designed Capacity
- 5.11 Drainage and Street Maintenance Fees





## BUSINESS AFFAIRS COUNCIL MANUAL

<b>Chapter 5:</b>	<b>Facilities (Includes M&amp;R and Utilities)</b>
<b>Subject:</b>	Building Use Code Definitions
<b>Topic:</b>	5.1
<b>Source:</b>	BAC April 2015, Item #6
<b>Related Form(s):</b>	

### **Summary of Topic:**

Each year campuses add buildings to their inventory. This information is used in a variety of ways. The use code (how the building is being used) is one of the pieces of information that is provided for the building. Campuses have to be careful not to accidentally use a code that indicates who owns the building.

### **Procedure:**

Campuses should limit themselves to one of the five codes listed below for the building use code.

ACAD – These are buildings used directly and in support of the academic purpose of the campus. These would include research buildings, museums and president’s homes. (With the exception of W.H Over Museum at USD)

AUX – These are buildings that are included in the Auxiliary System.

RVFAC – These are revenue buildings that are not included in the auxiliary system and may include leased buildings.

LEASE – These are buildings that are leased by the university.


NBLDG – This code is used by campuses to describe outdoor locations.

MUS – The only building that should use this code is W.H. Over Museum.

RVACX – These buildings have both academic and revenue space. Campuses should notify the board office of the percentage split for these type of buildings.

AUXAC – These buildings have both academic and auxiliary space.

If a campus believes that one of these five codes does not fit their building use type, they should contact the finance department at the board office in Pierre.

	<h2>BUSINESS AFFAIRS COUNCIL MANUAL</h2>
<b>Chapter 5:</b>	<b>Facilities</b>
<b>Subject:</b>	Integrated Resource Planning (IRP)
<b>Topic:</b>	5.2
<b>Source:</b>	Western Area Power Administration Contract
<b>Related Form(s):</b>	

**Summary of Topic:**

Western Area Power Administration (WAPA) is the primary supplier of electrical energy to the six universities. The regental system has an obligation to meet the requirements of the small customer integrated resource plan (IRP) and is required to spend at least 1.4mils of the institutions' consumption towards energy conservation projects annually.

**Procedure:**


The Bureau of Administration, Office of Energy Management (EOM), will calculate the total kWh of WAPA power consumption from the prior year and determine the amount to be spent towards energy conservation projects. Projects must be approved by the Office of Energy Management in order to fulfill the Board of Regents' WAPA commitment. When the projects are submitted to EOM for approval, an estimate of the kWh and kW savings associated with the project must be included.

The institutions have three funding sources for energy conservation projects:

- 1) System IRP funds;
- 2) State Energy Plan (SEP) funds (federal grant dollars) through Bureau of Administration (BOA); and
- 3) HEFF & institutional funds.

SEP funds can assist with project funding up to fifty percent of the project costs. The balance of funding comes from either of the other two funding sources. An institution cannot supplant other funds committed to an approved project with the SEP funds. This means, if an M&R (HEFF or M&R Fee) project has already been approved by the Board, the institution cannot request SEP dollars to aid in the project. However, with a bit of planning, a SEP project can be approved by BOA prior to having the project placed on the M&R project list for Board approval.

The board office will maintain a schedule of the IRP requirements based on a federal fiscal year (October 01 – September 30) and map the same to a fiscal year (July 01 – June 30). The schedule will also pair institutions to project years. Institutions may swap project years. However, the swap does not alleviate an institution's requirement to participate in meeting the regental system's WAPA commitment.

	<h2>BUSINESS AFFAIRS COUNCIL MANUAL</h2>
<b>Chapter 5:</b>	<b>Facilities</b>
<b>Subject:</b>	HEFF and General Fund M&R Allocation Calculation
<b>Topic:</b>	5.3
<b>Source:</b>	2011 BAC Manual
<b>Related Form(s):</b>	

**Summary of Topic:**

The Board of Regents’ goal is to invest two percent of the academic building replacement values for maintenance and repair to insure a safe, efficient, comfortable, and appropriate environment for a contemporary education. Funding sources include the Higher Education Facilities Fund (HEFF), general fund appropriations, and the M&R fee component. Both HEFF and the general fund M&R appropriations are pooled at the system level and are to be used for maintenance and repair (M&R) needs of the universities. HEFF may also be used for long-term indebtedness for capital improvements and new construction.

The projects are categorized by building integrity, campus infrastructure, energy and utility savings, programmatic suitability, or public health, safety and compliance. Projects are also classified as maintenance, repair, renovation, or alteration according to Board Policy 6:6.

**Procedure:**

Annually the general fund M&R appropriations and the HEFF M&R funds are allocated utilizing a formula based on 50% of the replacement values and 50% of the gross square footage for academic buildings. Board Policy 6:6 requires that up to 5% of the M&R allocation may be assigned towards planning and design to assist the universities in determining appropriate work scope of each proposed project.

The academic buildings’ replacement values used in the annual allocation are the insurance replacement values effective January 1<sup>st</sup> of the current calendar year. (i.e. January 2018 replacement values to be used for the FY19 M&R allocations determined March 2018)

The formula for determining annual allocation is as follows:

1. Disbursement factor for academic gross square feet x M&R appropriation.  
(academic gross square feet (as reported in the current fact book) / total system academic gross square feet x .5)
2. Disbursement factor for academic replacement value x M&R appropriation.  
(academic replacement value (as reported in the current fact book)/ total system academic replacement value x .5)

3.	Sample:	
1)	Statewide M&R appropriation for fiscal year	\$4,976,884
2)	System wide academic gross square footage	4,963,569
3)	System wide academic replacement value	\$540,584,850
		<u>University</u>
4)	Institution's academic gross sq. ft.	477,252
5)	Current fiscal year institutional gross square footage disbursement factor -- (line 4/ line 2) * .5	4.81%
6)	Current fiscal year square footage portioned M&R funds line 5 * line 1 total	\$239,266
7)	Institution's academic replacement value	\$37,575,636
8)	Institutional replacement value for current fiscal year disbursement factor -- (line 7/ line 3) * .5	3.48%
9)	Current fiscal year replacement value portioned M&R funds -- line 8 * line 1 total	\$172,970
10)	Institution's M&R funds line 6 + line 9	\$412,236



## BUSINESS AFFAIRS COUNCIL MANUAL

<b>Chapter 5:</b>	<b>Facilities (Includes M&amp;R and Utilities)</b>
<b>Subject:</b>	Athletic Buildings Eligible for HEFF
<b>Topic:</b>	5.4
<b>Source:</b>	
<b>Related Form(s):</b>	


**Summary of Topic:**

With many athletic facilities recently coming online in the system, the question has risen as to an athletic facility’s eligibility for HEFF and whether the building’s value should be used in the calculation. There is precedent that HEFF funds have been used for M&R projects on athletic facilities, turf for football fields and track repairs. That does not mean that the value of the facility will be used in the HEFF calculation.

**Procedure:**

The value of outdoor structures will not be included in the calculation. HEFF is based on physical structures. Athletic facilities will be subject to the same phase in rules as other facilities.

The SDSU football stadium is not eligible for HEFF as it was required to generate its own 2% M&R fund from operations.

 PUBLIC UNIVERSITIES & SPECIAL SCHOOLS	<b>BUSINESS AFFAIRS COUNCIL MANUAL</b>
<b>Chapter 5:</b>	<b>Facilities</b>
<b>Subject:</b>	EnergyCAP – Tracking of Utilities Usage
<b>Topic:</b>	5.5
<b>Source:</b>	BAC May 2015, Item 4
<b>Related Form(s):</b>	

**Summary of Topic:**

EnergyCap is the software used by the state to help determine a campus’ utility needs for each budget cycle. For some campuses, this is the only reason they put information into the software. Others use it to help determine bill-backs and to do some analysis.

Using HEFF funds, a majority of the academic buildings at each of the campuses were metered for both electricity and heating. These meters were to help the campuses begin tracking and analyzing their data in a more detailed manner. Campuses can use the data to compare each building to its prior year information to see if cost saving measures are having the desired effect or to help them become aware of a problem if there is an unusual spike in usage.

This information can also be useful when looking at comparisons between campuses. Sometimes looking at campuses in total can be misleading because of the nature of classes taught and the age of the infrastructure and buildings. The detailed building information allows us to look at the factors for each building and then take the data and make comparisons with those differences in mind.

The board office will be working with all of the universities to make sure that all buildings that have meters are detailed in EnergyCap. This needs to be done to help physical plant directors make more informed decisions on how to make their campuses as efficient as possible.

One other feature that the board office is exploring is the ability to load a campus’ utility budget onto EnergyCap. This feature can then be used to track how a campus is actually performing according to their forecasted usage. A campus would know if they were behind or ahead of budget on each utility and could plan accordingly if additional funds were to be needed.

**Procedure:**

For state-owned buildings, the university shall receive permission from the Bureau of Administration and conform to all state laws and rules as they apply to renovating or retrofitting state-owned buildings before submitting a request for proposals under § 1-33B-3 and sections 6 to 8. The Bureau of Administration shall review the proposal and notify the governmental unit of its findings within thirty days.

Upon approval, universities may solicit submissions of qualifications to enter into an energy performance contract by providing public notice to qualified energy service providers. The notice shall invite qualified energy service providers to submit qualifications and proposals for investment grade energy audits. Governmental units shall utilize chapter 36-18A to determine the minimum educational qualifications of a qualified energy service provider. The governmental unit shall comply with procurement procedures for professional services provided under §§ 5-18D-17 to 5-18D-22

The competing energy service companies conduct high-level technical audits of the selected facility and then provide a list of potential energy conservation measures that detail upfront cost, energy savings, and projected payback. An energy service company is selected after a comprehensive review of the submitted proposals by the Bureau of Administration technical review committee.



## BUSINESS AFFAIRS COUNCIL MANUAL

<b>Chapter 5:</b>	<b>Facilities</b>
<b>Subject:</b>	Utilities – Performance Contracting
<b>Topic:</b>	5.6
<b>Source:</b>	SDCL Title 1; Chapter 33B; Sections 1 through 27
<b>Related Form(s):</b>	

### **Summary of Topic:**

Energy savings performance contracting is any facility remodel or construction that provides any or all of the following: energy-efficient, renewable-energy, distributed-generation measures. The contract is often accompanied with guarantees that the future energy savings produced by a project will be sufficient to finance the full cost of the project.

The 2016 Legislative Session passed HB1032 with revised provisions regarding guaranteed energy savings contracts and the selection process of an energy service company (ESCO).

### **Definitions:**

1. Cost-effective or cost-effectiveness – The sum of guaranteed cost savings are equal to or exceed any financing repayment obligation each year of a finance term.
2. Cost-saving measure – A cost-effective improvement, repair, or alteration of equipment, fixtures, or furnishings added to or used in a facility that is designed to reduce energy consumption, water consumption, or operation and maintenance costs. The term also includes vehicle acquisitions, changes to utility rate or tariff schedules, or fuel source changes that result in costs savings.
3. Energy performance contract – A contract between a governmental unit and a qualified energy service provider for evaluation, recommendation, and implementation of one or more cost-saving measures, evaluation of cost-effectiveness, and guaranteed cost savings.
4. Finance term – The length of time for repayment of funds borrowed for an energy performance contract.
5. Governmental unit – State government or any political subdivision of the state.
6. Guarantee period – The period of time from the effective date of a contract until guaranteed cost savings are achieved.
7. Operation and maintenance cost savings – A measurable decrease in operation and maintenance costs as a direct result of cost-saving measures, calculated using baseline operation and maintenance costs. The term does not include the shifting of personnel costs or similar short-term cost savings that cannot be definitively measured.
8. Qualified energy service provider or provider – A person, business, or state agency with experience in the design, implementation, or installation of cost saving measures, who can



demonstrate the financial capabilities of completing the obligations stipulated to in an energy performance contract.

9. Utility cost savings – Expenses for utilities that are eliminated or avoided on a long-term basis as a result of equipment installed or modified, or services performed by a qualified energy service provider. The term includes expenses for natural gas, propane or similar fuels, electricity, water, waste water, and waste disposal.

SDCL 1-33B provides the following statutory guidance: An energy conservation measure means a training program or facility alteration intended to reduce either energy consumption or operating costs, or both, or increase operating revenues through

1. Building envelope improvements such as thermal insulation, window replacement, door replacement, weather stripping, or other modifications that reduce energy consumption;
2. Automated or computerized energy control systems;
3. Replacement of modification to increase the energy efficiency of the lighting, heating, air conditioning, or ventilating systems;
4. Energy recovery systems;
5. Repair or maintenance items, when included in energy efficiency improvements of the building, if overall measures meet the fifteen-year payback;
6. Energy source conversions which provide either operational or energy cost savings, or both;
7. Other energy or utility-related improvements in facilities, systems, or technology that improve energy or metering efficiency or increase operating revenues.

### **Procedure:**

For state-owned buildings, the university shall receive permission from the Bureau of Administration and conform to all state laws and rules as they apply to renovating or retrofitting state-owned buildings before submitting a request for proposals under § 1-33B-3 and sections 6 to 8. The Bureau of Administration shall review the proposal and notify the governmental unit of its findings within thirty days.

Upon approval, universities may solicit submissions of qualifications to enter into an energy performance contract by providing public notice to qualified energy service providers. The notice shall invite qualified energy service providers to submit qualifications and proposals for investment grade energy audits. Governmental units shall utilize chapter 36-18A to determine the minimum educational qualifications of a qualified energy service provider. The governmental unit shall comply with procurement procedures for professional services provided under §§ 5-18D-17 to 5-18D-22.

The competing energy service companies conduct high-level technical audits of the selected facility and then provide a list of potential energy conservation measures that detail upfront cost, energy savings, and projected payback. An energy service company is selected after a comprehensive review of the submitted proposals by the Bureau of Administration technical review committee.



## BUSINESS AFFAIRS COUNCIL MANUAL

<b>Chapter 5:</b>	<b>Facilities (Includes M&amp;R and Utilities)</b>
<b>Subject:</b>	Insured Properties
<b>Topic:</b>	5.7
<b>Source:</b>	BAC September 2015, Item 19
<b>Related Form(s):</b>	

### **Summary of Topic:**

Campuses are responsible for adding new properties as they are purchased, completed, and/or transferred from foundations or the SD Building Authority.

### **Procedure:**

All buildings with a value greater than \$100,000 will be insured. The exception is any building that is scheduled for replacement, sale, or demolition.



## BUSINESS AFFAIRS COUNCIL MANUAL

<b>Chapter 5:</b>	<b>Facilities (Includes M&amp;R and Utilities)</b>
<b>Subject:</b>	Renting Property from Foundations
<b>Topic:</b>	5.8
<b>Source:</b>	BAC December 2015, Item 12
<b>Related Form(s):</b>	

### **Summary of Topic:**

There has been more than one occasion where the universities have rented property from the Foundations and then later ended up buying the property for market value. These are certainly not arm's length transactions.

### **Procedure:**

On an annual basis, campuses will provide an inventory of properties owned by the Foundation that are rented by the universities, excluding presidents' houses. Information provided should include annual cost and how long the university has been renting the property. A copy of the lease document should be included for all leases entered into during the current fiscal period.



## BUSINESS AFFAIRS COUNCIL MANUAL

<b>Chapter 5:</b>	<b>Facilities (Includes M&amp;R and Utilities)</b>
<b>Subject:</b>	Presidents' Houses
<b>Topic:</b>	5.9
<b>Source:</b>	BAC October 2016, Item 15
<b>Related Form(s):</b>	

### **Summary of Topic:**

Each time a president is hired there are different expectations or understandings about what they need to provide or what the university should provide. During this time, the question of who can pay for what is generally asked and what is allowed under current statute. There taxability of the residence to the president is also addressed.

### **Procedure:**

There is a law prohibiting the purchase of furniture for state-provided housing. The statute is part of a 4-part chapter that addresses State-Owned Housing Facilities (SDCL 5-16):

- Part 1 prohibits using state funds to construct, purchase, or otherwise secure living quarters for state employees (except as provided in Part 3)
- Part 2 directs CEOs and Boards to eliminate or discontinue providing living quarters for state employees (except as provided in Part 3)
- Part 3 provides that CEOs of state institutions are exempt from the directives contained in Part 1 and Part 2
  - University Presidents fall within this exemption and therefore there is no issue with using state funds to provide university presidents with living quarters
- Part 4 prohibits providing, supplying, or otherwise making available any new, additional, or replacement furnishings, furniture, or other nonpermanent equipment, other than floor coverings and window drapes, for such living quarters (lodging, or domicile for the residency or occupancy of state employees) provided to state employees.

In applying this chapter to the house provided to the presidents, areas of the residence should be defined as public or private (living quarters). Universities are allowed to only be buying furniture for areas that are clearly for public use. They may provide floor coverings and window drapes for other areas of the house. When a new president is hired their contract will spell out very clearly what they are responsible for and what the university or foundation are providing.

Campuses will maintain a list of all of the property in the house and who owns it – president, foundation, or university. The above statute does not apply to foundations.

The general counsel for the board office has determined that the residence provided to the university presidents meets the conditions necessary to be considered untaxable. This ruling was based on the information provided by the campuses as to the current use of the residences.



## BUSINESS AFFAIRS COUNCIL MANUAL

<b>Chapter 5:</b>	<b>Facilities (Includes M&amp;R and Utilities)</b>
<b>Subject:</b>	Residence Hall Designed Capacity
<b>Topic:</b>	5.10
<b>Source:</b>	
<b>Related Form(s):</b>	

### **Summary of Topic:**

In preparing the utilization figures for the Fact Book, it was determined that the designed capacity, not the current capacity, would be used as the denominator for the percentage calculation. This helps give the board a consistent view of how many beds are available in the system.

### **Procedure:**

The definition for designed capacity is the current structural designed capacity of the building and permanent changes. Permanent changes would include decisions to offer rooms that were previously double rooms or triple rooms as singles or changing rooms to alternate uses. If the decision is permanent and will not be reversed regardless of enrollment levels, it should be reflected in designed capacity.

For the purpose of fact book reporting, the universities will only need to report designed capacity which would be determined by policy or building design. The capacity will be reported for traditional halls as well as apartments. Apartments and married student housing units available to families will be considered to have a capacity of one regardless of the designed capacity of the space. However, if an apartment is designed for only students and not families, the capacity should be the total number for which the space is designed.



## BUSINESS AFFAIRS COUNCIL MANUAL

<b>Chapter 5:</b>	<b>Facilities (Includes M&amp;R and Utilities)</b>
<b>Subject:</b>	Drainage and Street Maintenance Fees
<b>Topic:</b>	5.11
<b>Source:</b>	BAC May 2011, Item 17
<b>Related Form(s):</b>	

### **Summary of Topic:**

Municipalities may charge an annual storm drainage fee for the purpose to construct, operate and maintain facilities needed in managing runoff water. Assessments against the property are on a per-square-foot basis and the amount may vary dependent upon the type of improvements that are on the property or may be placed on the property.

### **Procedure:**


Campuses should confirm with the Office of the State Engineer as they are aware of such assessments and that an agency is under obligation to pay it. The Bureau of Administration (BOA) confirmed that the State has a special assessment fund to cover such billings the first year the agency receives such a billing. This fund does not have a large balance and is administered on a first-come, first-serve basis. All subsequent annual assessments will need to be included in the institution's budget.



## Shared Services

- 6.1 Regents Information Systems
- 6.2 Accounts Payable Shared Services
- 6.3 Shared Payroll Center Shared Services
- 6.4 Purchasing Shared Services
- 6.5 Shared International Employee Services
- 6.6 Shared Student Receivable Services
- 6.7 Export Control Shared Services
- 6.8 Enrollment Services Center
- 6.9 Electronic University Consortium/Academic Initiatives



	<h2>BUSINESS AFFAIRS COUNCIL MANUAL</h2>
<b>Chapter 6:</b>	<b>Shared Services</b>
<b>Subject:</b>	Regents Information Systems
<b>Topic:</b>	6. 1
<b>Source:</b>	BAC June 2016, Item 11-e
<b>Related Form(s):</b>	

**Summary of Topic:**

The focus of the Regents Information Systems (RIS), initially formed in 1971 and known as Higher Education Computing Services (HECS), has been to improve student success, achieve efficiencies, and improve services through the support and use of integrated systems. In this integrated environment, students, faculty, and staff exist as a single entity within the systems and either receives or is provided services from the systems.

RIS supports major areas of the student and business functions for the institutions and the Regental system. Human Resource and Finance areas utilize Banner, SciQuest, PeopleAdmin and partner software systems. The student area is managed by the Colleague software product. Additional software products and initiatives maintained and supported by RIS include: student retention solutions, an online learning management system, student card purchasing and fee payment services, wireless internet access, identity management, document imaging, electronic transcripts, electronic e-books and online learning projects, and an alert system to better inform the campus populations in case of emergency.

The RIS offices reside at the University Center-Sioux Falls.

**Procedure:**

The Regents Information Systems (RIS) Operating Budget, RIS Systems Budget, RIS Capital Budget, and REED are funded with a combination of general appropriations and campus allocations (Other Funds). The Other Funds come from two sources: the central IT operations fee and a portion of the technology fee that remains on campus.

RIS budget allocations are to be based on the prior year's actual budgeted expenditures. Fund sources include general, continuously appropriated federal, other (including fees), continuously Appropriated Other Restricted Funds, HEFF operating, School & Public Lands, and Tuition. Not included are HEFF M&R, bonds, capital projects or financial aid transactions. Actual expenditures are taken from the prior fiscal year's CAS Final Available Funds by Budget Unit Report as noted on screen shot on the following page.

BA20JB60		AVAILABLE FUNDS			FINAL MONTHLY	
BUDGET UNIT 1520		AS OF: 06/30/2017				
		FY YEAR REMAINING: 0.0%				
		PAY DAYS REMAINING: 0				
BUDGET UNIT NAME UNIVERSITY OF SOUTH DAKOTA						
COMP	ORIGINAL APPROPRIATION	APPROPRIATION TRANSFERS	YEAR-TO-DATE COMMITMENTS	YEAR-TO-DATE ENCUMBRANCES	YEAR-TO-DATE EXPENDITURES	AVAILABLE APPROPRIATIONS
9022	0.00	0.00	0.00	0.00	315,307.31	
9023	0.00	0.00	0.00	0.00	5,490,760.42	
9024	0.00	0.00	0.00	0.00	2,446,902.17	
9025	0.00	0.00	0.00	0.00	3,393,913.56	
1000-B	37,318,319.00	1,107,216.00-	0.00	0.00	36,144,810.99	66,292.01
1000-S-8	835,887.16	0.00	0.00	0.00	135,337.59	700,549.57
3085-B	87,983.00	0.00	0.00	0.00	87,983.00	0.00
9041-B	72,478,138.00	3,606,164.00-	0.00	0.00	51,074,298.02	17,797,675.98
9041-S-7	35,782,859.27	0.00	0.00	0.00	5,395,120.31	30,387,738.96
9042-B	13,547,785.00	2,000,000.00	0.00	0.00	8,089,081.50	7,458,703.50
9050-B	629,877.00	393,836.00-	0.00	0.00	236,041.00	0.00
9065	0.00	0.00	0.00	0.00	105,375,879.54	
9026-I	20,045,638.00	18,666,527.00	0.00	0.00	35,049,547.86	3,662,617.14
BUDGETED TOT	144,107,740.00	15,559,311.00	0.00	0.00	130,681,762.37	28,985,288.63
ALL COMP TOT	180,726,486.43	15,559,311.00	0.00	0.00	253,234,983.27	60,073,577.16

The funding allocation to the institutions for RIS Other Funds personal services and operating expense is based on the following:

- RIS Office Operations – Billed back through budget allocation
- Banner & System Maintenance – Billed back through budget allocation
- REED – Billed back to institutions based on bandwidth subscriptions
- Colleague – Billed back through budget allocation based on head count
- RIS Capital Investments – Each year \$354,450 or an amount determined by BAC is billed back through the budget allocation.



## BUSINESS AFFAIRS COUNCIL MANUAL

<b>Chapter 6:</b>	<b>Shared Services</b>
<b>Subject:</b>	Account Payable Shared Services
<b>Topic:</b>	6. 2
<b>Source:</b>	BAC November 2013, Item 5
<b>Related Form(s):</b>	

### **Summary of Topic:**

The Accounts Payable Shared Services Center (APSS) is managed on the campus of South Dakota State University (SDSU) for the Regental system. APSS' primary function is to manage a daily single-check processing and printing cycle for the Regental system. The operation is responsible for processing all routine direct invoice and purchase order payments, handle check printing and distribution, responding to inquiries from vendors, and maintaining the vendor file for all BOR entities.

### **Procedure:**

Annually the operating costs for this shared center are submitted to the board office and reviewed by BAC. The costs are allocated to the institutions based on the calculations outlined below. The annual billing for all shared centers or services is prepared by the board office.

The allocation of costs for the APSS are as follows:

Accounts Payable Shared Service Center (APSS)	Percentage of total annual operating budget for all institutions
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## BUSINESS AFFAIRS COUNCIL MANUAL

<b>Chapter 6:</b>	<b>Shared Services</b>
<b>Subject:</b>	Shared Payroll Center Shared Services
<b>Topic:</b>	6. 3
<b>Source:</b>	BAC November 2013, Item 5
<b>Related Form(s):</b>	

### **Summary of Topic:**

The Shared Payroll Center (SPC) is managed on the campus of South Dakota State University. SPC provides two valuable functions for the institutions: a knowledge center and a central payroll processing center. As a knowledge center, the SPC ensures consistent practices, policies and the usage of the software system. As the central payroll processing center, the SPC is responsible for running payroll and the final processing and reporting on behalf of the Regental institutions.

### **Procedure:**

Annually the operating costs for the shared center are submitted to the board office and reviewed by BAC. The costs are allocated to the institutions based on the calculations outlined below. The annual billing for all shared centers or services is prepared by the board office.

The allocation of costs for the SPC are as follows:

Shared Payroll Center (SPC)	Percentage of total annual operating budget for all institutions
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## BUSINESS AFFAIRS COUNCIL MANUAL

<b>Chapter 6:</b>	<b>Shared Services</b>
<b>Subject:</b>	Purchasing Shared Services
<b>Topic:</b>	6. 4
<b>Source:</b>	BAC November 2013, Item 5
<b>Related Form(s):</b>	

### **Summary of Topic:**

The Purchasing Shared Service model for procurement utilizes a system-level manager and specialized buyers at each institution. The system-level purchasing manager oversees and provides direction and training to the institutional purchasing staff. The procurement process is streamlined; this model provides greater customer service and savings realized on the shared-service designated commodity purchases and new system-wide contracts.

### **Procedure:**

Annually the operating costs for this shared service are submitted to the board office and reviewed by BAC. The costs are allocated to the institutions based on the calculations outlined below. The annual billing for all shared centers or services is prepared by the board office.

The allocation of costs for shared procurement services are as follows:

Shared Procurement Services

Actual number of purchase orders processed through the Shared Procurement Center



## BUSINESS AFFAIRS COUNCIL MANUAL

<b>Chapter 6:</b>	<b>Shared Services</b>
<b>Subject:</b>	Shared International Employee Services
<b>Topic:</b>	6.5
<b>Source:</b>	BAC November 2013, Item 5
<b>Related Form(s):</b>	

### **Summary of Topic:**

As a support center for alien employment, the Shared International Employment Services (SIES) located at SDSU assures compliance with federal regulations as they relate to the employment of nonresident aliens. SIES monitors work eligibility and documentation, expiration dates, and the authorization of renewal or termination of employment. In addition, SIES provides guidance to understanding the rules governing tax treaties and is responsible for preparing the IRS Form 1042s on behalf of the Regental system.

### **Procedure:**

Annually the operating costs for this shared center are submitted to the board office and reviewed by BAC. The costs are allocated to the institutions based on the calculations outlined below. The annual billing for all shared centers or services is prepared by the board office.

The allocation of costs for the SIES are as follows:

Shared International Employee Services (SIES)	Percentage of total annual operating budget for the six universities
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## BUSINESS AFFAIRS COUNCIL MANUAL

<b>Chapter 6:</b>	<b>Shared Services</b>
<b>Subject:</b>	Shared Student Receivable Services
<b>Topic:</b>	6. 6
<b>Source:</b>	BAC November 2013, Item 5
<b>Related Form(s):</b>	

### **Summary of Topic:**

The Shared Student Receivable Services utilize a system-level manager that oversees and provides direction and training for student billings and receivables for the Colleague Student Information System. This service is on the campus of the University of South Dakota.

### **Procedure:**

Annually the operating costs for this shared service are submitted to the board office and reviewed by BAC. The costs are allocated to the institutions based on the calculations outlined below. The annual billing for all shared centers or services is prepared by the board office.

The allocation of costs for the shared student receivable services are as follows:

Shared Student Receivable Services	Total headcount for the current fall semester
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# BUSINESS AFFAIRS COUNCIL MANUAL

<b>Chapter 6:</b>	<b>Shared Services</b>
<b>Subject:</b>	Export Control Shared Services
<b>Topic:</b>	6. 7
<b>Source:</b>	BAC November 2013, Item 5
<b>Related Form(s):</b>	

**Summary of Topic:**

Export control (EC) provisions govern what instruments, technologies, data, software and materials can be accessed by foreign nationals studying, visiting, or working in the United States, as well as, what items can be transferred abroad to certain destinations based on the type of item, end use, end user, and country destination. The regulatory scheme requires certain technologies to be controlled when 1) the nature or type of technology has potential military applications; 2) the nature or type of technology raises some sort of trade/economic protection issue; and/or 3) there are concerns about the country, organization, individual or “end user” of the technology requiring control.

While government enforcement efforts historically focused on the corporate business sector, during the past decade there has been significant increase in the level of enforcement among leading higher educational and non-academic research institutions. The system export control officer position was created in 2015 to develop, implement, monitor, and enhance internal policies and procedures to facilitate export compliance within the system. Implementing an effective compliance education and training program for system personnel is another service provided by the export control officer. The office resides at the SDSM&T campus.

**Procedure:**

Annually the operating costs for this shared service are submitted to the board office and reviewed by BAC. The costs are allocated to the institutions based on the calculations outlined below. The annual billing for all shared centers or services is prepared by the board office.

The allocation of costs for the export control service are as follows:

Export Control Services	Percentage of costs as determined by the Research Affairs Council
BHSU	8.40%
DSU	10.80%
NSU	6.30%
SDSM&T	21.10%
SDSU	33.50%
USD	19.90%





## BUSINESS AFFAIRS COUNCIL MANUAL

<b>Chapter 6:</b>	<b>Shared Services</b>
<b>Subject:</b>	Enrollment Services Center
<b>Topic:</b>	6.8
<b>Source:</b>	BAC November 2013, Item 5
<b>Related Form(s):</b>	

### **Summary of Topic:**

The Enrollment Services Center (ESC) provides centralized admissions processing, document imaging, and financial aid verification services to students and the six public universities in South Dakota. The center is located in Vermillion on the campus of the University of South Dakota.

### **Procedure:**

ESC receives an annual appropriation through the general bill.



## BUSINESS AFFAIRS COUNCIL MANUAL

<b>Chapter 6:</b>	<b>Shared Services</b>
<b>Subject:</b>	Electronic University Consortium/Academic Initiatives
<b>Topic:</b>	6.9
<b>Source:</b>	BAC November 2013, Item 5
<b>Related Form(s):</b>	

### **Summary of Topic:**

The Electronic University Consortium (EUC) was created in 2000 by the South Dakota Board of Regents to coordinate distance education course offerings from the six public universities. The mission of the EUC is to leverage state technology investments and make effective use of the unique strength of each public university to better serve the people of South Dakota. Specifically, the EUC was designed to: 1) create a convenient, integrated “one-stop” statewide student services website and single point-of-contact for electronic information and access to statewide distance education for the six universities; 2) provide statewide distance education information to the citizens of South Dakota and beyond; 3) manage curriculum investment and development across institutions by maximizing resources and eliminating duplication costs; 4) coordinate delivery of statewide distance education courses, programs, and certificates; 5) ensure quality statewide distance education through course and program review and assessment; 6) facilitate identification of courses and programs needed for state economic development and job skills for the citizens of South Dakota.

### **Procedure:**

The general fund support for EUC was cut in FY11. The only fund source available to fund operations comes from the dedicated fee. In March 2001, the off-campus tuition rate (self-support tuition rate) was inflated to cover the EUC operating budget. Annually this component of the off-campus rate is inflated to meet the budgeted needs. The EUC component on all courses delivered electronically or via distance is remitted monthly to the board office at the same time tuition is deposited to the system tuition fund.



## Tuition & Fees

- 7.1 Timeline
- 7.2.1 Mandatory Fees - General Activity Fee
- 7.2.2 Mandatory Fees - General Activity Fee Intramurals
- 7.3 Discipline Fees
- 7.4 Other Fees or Charges
- 7.5 Common Business Practices - Student Billing
- 7.6.1 University Managed Resources - Deposits to the System Tuition Fund and HEFF
- 7.6.2 University Managed Resources - Return of Tuition Funds
- 7.6.3 University Managed Resources - System Tuition Fund
- 7.6.4 University Managed Resources - Credit Hour Production
- 7.6.5 University Managed Resources - Fee Equivalencies with Off-Campus Tuition
- 7.7.1 Other - Treasure Offset Program (TOP) and VA Debt Management
- 7.7.2 Other - Technical Institutes
- 7.7.3 Other - peerTransfer



## BUSINESS AFFAIRS COUNCIL MANUAL

<b>Chapter 7:</b>	<b>Tuition &amp; Fees</b>
<b>Subject:</b>	Timeline
<b>Topic:</b>	7.1
<b>Source:</b>	Board office
<b>Related Form(s):</b>	

### **Summary of Topic:**

Throughout the fiscal year, the board office requests tuition and fee data from the institutions. The goal is to assist the board office and institutions with planning and preparing for the tuition and fee request cycle.

### **Procedure:**

The outline below provides a general timeline for various tuition and fee data requests as well as the request cycle for setting tuition and fees. The board office will provide a summary of due dates early fall via e-mail.

#### Data Requests:

1. Tuition (On and Off-Campus)
  - a. Current Year's Projected Credit Hours and Revenue – fall term after census date
  - b. Current Year's Projected Credit Hours and Revenue – spring term after census date
  - c. Previous Year's Actual Credit Hours and Revenue – end of spring term
2. Fees
  - a. Fee Budgets for the Current Fiscal Year
    - i. After current fiscal year's base budget is loaded
  - b. Prior Year's Actual Fee Revenue– end of fiscal year
  - c. Current Year's Projected Fee Revenue
    - i. Submitted after fall term census date

#### Request Cycle

1. Tuition
  - a. Projected Credit Hours for Next Fiscal Year – spring term after census date
2. Fees
  - a. Discipline Fees
    - i. Justification narrative submitted to the board office by the 1<sup>st</sup> week of December
    - ii. Potential notification to Board in December
    - iii. Discussions with executive director/CEO, presidents and VP for finance begin

- iv. Board item prepared and ready for review by 3<sup>rd</sup> week of March
- b. Housing Rates
  - i. Template forwarded to campuses 1<sup>st</sup> week of January
  - ii. Justification above CPI and changes to the template due in the board office by 2<sup>nd</sup> week of February
  - iii. Board item prepared and ready for review by 2<sup>nd</sup> week of March
- c. Food Service Rates
  - i. Template forwarded to campuses 1<sup>st</sup> week of January
  - ii. Justification above CPI and changes to the template due in the board office by 2<sup>nd</sup> week of February
  - iii. Board item prepared and ready for review by 2<sup>nd</sup> week of March



## BUSINESS AFFAIRS COUNCIL MANUAL

<b>Chapter 7:</b>	<b>Tuition &amp; Fees</b>
<b>Subject:</b>	Mandatory Fees – General Activity Fee (GAF)
<b>Topic:</b>	7.2.1
<b>Source:</b>	BAC January 2014, February 2015 BOR March-April 2015
<b>Related Form(s):</b>	

### **Summary of Topic:**

The general activity fee (GAF) supports student functions related to the co-curricular and extracurricular activities and operations and payment of debt incurred for the construction, maintenance, repair, and equipping of student unions, athletic facilities and wellness facilities as approved by the Board. Examples of activities funded by GAF are student organizations, cultural events, homecoming, student government, yearbooks, student newspapers, campus radio and television stations, child care, student activities, athletics, intramurals, student health services, and the operational and debt expenses for student unions. The general activity fee shall be assessed on all state-support courses delivered on campus.

### **Procedure:**

GAF guidelines are detailed in BOR Policy 5:5:4.



## BUSINESS AFFAIRS COUNCIL MANUAL

<b>Chapter 7:</b>	<b>Tuition &amp; Fees</b>
<b>Subject:</b>	Mandatory Fees – General Activity Fee (GAF) Intramurals
<b>Topic:</b>	7.2.2
<b>Source:</b>	BAC March 2017
<b>Related Form(s):</b>	


### **Summary of Topic:**

The general activity fee (GAF) supports student functions related to the co-curricular and extracurricular activities and operations and payment of debt incurred for the construction, maintenance, repair, and equipping of student unions, athletic facilities and wellness facilities as approved by the Board. Examples of activities funded by GAF are student organizations, cultural events, homecoming, student government, yearbooks, student newspapers, campus radio and television stations, child care, student activities, athletics, intramurals, student health services, and the operational and debt expenses for student unions. The general activity fee shall be assessed on all state-support courses delivered on campus.

### **Procedure:**

GAF guidelines are detailed in BOR Policy 5:5:4.

GAF is to cover the cost of intramural participation unless approval is given to the contrary. COPS did not feel that it was necessary for specific language to the BOR policy given that the policy already indicates that the campuses cannot charge a fee that does not have Board approval. COPS suggested that when these issues are identified, the campuses should be told they must stop per Board policy.

	<h2>BUSINESS AFFAIRS COUNCIL MANUAL</h2>
<b>Chapter 7:</b>	<b>Tuition &amp; Fees</b>
<b>Subject:</b>	Discipline Fees
<b>Topic:</b>	7.3
<b>Source:</b>	BAC January 2014, February 2015, April 2015
<b>Related Form(s):</b>	

**Summary of Topic:**

South Dakota traditionally assessed discipline fees to support incremental costs of instructional equipment and other operating costs, including salary enhancement, for the benefit of students enrolled in higher cost disciplines. Over fiscal years 2014 and 2015 the Business Affairs Council, with support from the Academic Affairs Council and endorsement from the university presidents, undertook the process of streamlining the discipline fee structure to simplify the structure and to provide equity in fees charged on courses across the system resulting in transparency of our tuition and fee structure.

The discipline fees across institutions are based on common prefix codes. Lab fees are no longer assessed on courses.


**Procedure:**

Discipline fees are aligned with the respective program course prefixes. Course prefixes are grouped by sciences, mathematics/statistics/computer science, engineering (STEM), health and wellness, fine arts, and business (undergraduate and graduate). The remaining disciplines are campus specific.

The discipline fee approval process begins with the submitting a request the request to the Academic Affairs Council (AAC) in accordance with AAC Policy 3.1 as posted on the Board of Regents' website.

AAC's recommendation is forwarded to BAC. Institutions are to submit the justifications to assess discipline fees on certain courses during the tuition and fee process. Said requests will be reviewed by the executive director/CEO with a final recommendation to forward or not to forward to the Board for final approval.



	<h2>BUSINESS AFFAIRS COUNCIL MANUAL</h2>
<b>Chapter 7:</b>	<b>Tuition &amp; Fees</b>
<b>Subject:</b>	Other Fees or Charges
<b>Topic:</b>	7.4
<b>Source:</b>	BAC November 2015, BAC June 2016
<b>Related Form(s):</b>	

**Summary of Topic:**

The Board has authorized the universities to charge certain fees and to retain the revenue for the specified uses. An institution shall not assess any fee or mandatory charge for any special purpose unless authorized by the Board. Non-mandatory charges by an institution are student elected and therefore allowed.

**Procedure:**

**Testing Fees:**

Institutions are not allowed to charge a testing fee to off-campus students to take a proctored exam. A testing charge would be considered mandatory and, therefore, requires Board approval. Whether it is labeled a testing fee or a charge, testing fees charged to any student beyond those listed on the BOR approved tuition and fee schedule are not Board sanctioned.

Starting July 1, 2017 the following rules apply:

1. None of the universities can charge proctoring or testing fees for BOR students to other universities or to students.
2. Only the centers have been approved to charge the universities for testing/proctoring services. The fees are to be assessed on a per student, per course basis no matter how many tests are administered for each course. If a student is taking multiple distance courses from the same campus, the main campus would be charged \$25.00 for each course. The student is not to be charged.
3. The centers are not to charge testing fees for courses taken at the centers.
4. The universities are free to charge fees to non-BOR students for testing/proctoring services at whatever rate they deem appropriate.

**Orientation Fees:**

Campuses are not allowed to charge an orientation fee if students are required to attend. If orientation is optional for parents and students, a fee may be charged to cover costs.

Housing Deposits:

Universities may charge a housing deposit to a student living in a dorm or apartment operated by the university. Making a portion of the housing deposit a processing or administrative fee is not acceptable. Making the housing deposit non-refundable if the student doesn't show is acceptable and should be part of the contract if the campuses choose to do so.



## BUSINESS AFFAIRS COUNCIL MANUAL


<b>Chapter 7:</b>	<b>Tuition &amp; Fees</b>
<b>Subject:</b>	Common Business Practices – Student Billing
<b>Topic:</b>	7.5
<b>Source:</b>	BAC 2011 Manual Chapter 3
<b>Related Form(s):</b>	

### **Summary of Topic:**

The following outlines the procedures for student tuition and fee billing.

### **Procedure:**

1. Students may pre-register for courses for the entire academic year without making a financial commitment at the time of pre-registration.
2. All students will receive a bill no later than two weeks prior to the start of the term from their home location or university center. These billings will reflect pending financial aid as of the billing date and the aid will be shown as a credit to calculate the net amount due.
3. A student's bill shall be paid in full or other financial commitment made no later than the day after the census date of the current term. Other financial arrangements may include payment plans, deferments for financial aid, or third party payments. If no financial commitment is made at that time, a late charge will be assessed and the student will be subject to withdrawal in accordance with BOR Policy.
4. The home institution will credit any financial aid to the student bill and disburse refunds and payments to other campuses as soon as possible after collection.
5. Loans, which are processed with electronic funds transfer (EFT), will be processed upon confirmation of attendance, and any excess balance will be distributed in accordance with federal financial aid requirements.
6. Students will be allowed to make class schedule changes without a drop/add fee through the census day of the course.

	<b>BUSINESS AFFAIRS COUNCIL MANUAL</b>
<b>Chapter 7:</b>	<b>Tuition &amp; Fees</b>
<b>Subject:</b>	University Managed Resources – Deposits to the System Tuition Fund and HEFF
<b>Topic:</b>	7.6.1
<b>Source:</b>	2011 BAC Manual
<b>Related Form(s):</b>	

**Summary of Topic:**

Beginning with FY11, the Regental systems adopted University Managed Resources (UMR) funding model where the institutions now retain 88.5% of the tuition and system fee revenue generated at their institution. This model eliminated the need for annual budget adjustments throughout the year and simplified the annual base set process. Each university has to manage their actual tuition revenue and can no longer rely on an allocation from a system pool to meet their budget needs.

In order to establish a starting point for the proposed model, general funds were realigned with tuition and fee revenues. The realignments were implemented in FY12. (Ref: BAC 05/19/2011 Agenda Item 20)

**Procedure:**

Campuses will remit tuition collections weekly to the system tuition fund, the system technology fund, EUC/academic initiatives fund, and to HEFF. Remittances will be based on actual distribution of collections. Remittances are only required if the total for the week is \$20,000 or greater. All tuition funds shall be remitted to the system funds prior to the end of the fiscal year. Undistributed tuition and fees at the end of the year shall remain on campus until the next fiscal year at which time the funds shall be remitted to the system funds. Tuition not remitted to the system tuition fund or to HEFF will be reported as tuition and HEFF revenues at the institution.

Campuses are to post the revenue to the appropriate revenue account codes on Banner at the time tuition and fees are transferred to the system pools. In addition, the campuses are to post to accounts on CAS in accordance with the BOR accounting policy & procedures manual.



## BUSINESS AFFAIRS COUNCIL MANUAL

<b>Chapter 7:</b>	<b>Tuition &amp; Fees</b>
<b>Subject:</b>	University Managed Resources – Return of Tuition Funds
<b>Topic:</b>	7.6.2
<b>Source:</b>	2011 BAC Manual
<b>Related Form(s):</b>	

### **Summary of Topic:**

Beginning with FY11, the Regental Systems adopted University Managed Resources (UMR) funding model where the institutions now retain 88.5% of the tuition and system fee revenue generated at their institution. This model eliminated the need for annual budget adjustments throughout the year and simplified the annual base set process. The university has to manage their actual tuition revenue and can no longer rely on an allocation from a system pool to meet their budget needs.

In order to establish a starting point for the proposed model, general funds were realigned with tuition and fee revenues. The realignments were implemented in FY11.

### **Procedure:**

The tuition funds may be returned as requested by the university. All tuition funds at the system level will be reconciled and all tuition will be returned to the university at the end of the fiscal year.



## BUSINESS AFFAIRS COUNCIL MANUAL

<b>Chapter 7:</b>	<b>Tuition &amp; Fees</b>
<b>Subject:</b>	University Managed Resources – System Tuition Fund
<b>Topic:</b>	7.6.3
<b>Source:</b>	2011 BAC Manual; BAC September 2011
<b>Related Form(s):</b>	

### **Summary of Topic:**

The balance of dollars remaining in the system tuition pool after all current fiscal year tuition revenue has been returned to the universities serves as a reserve for the Board. The Board's reserve is available to address emergencies as well as other Board priorities and critical needs. The reserve pool only grows by the amount of interest earned through investment.

### **Procedure:**

Interest earnings are based on the daily average balance and remains in the pool to meet the Board's five percent reserve requirement. Allocation of the reserve dollars can only be authorized by the Board.



## BUSINESS AFFAIRS COUNCIL MANUAL

<b>Chapter 7:</b>	<b>Tuition &amp; Fees</b>
<b>Subject:</b>	University Managed Resources – Credit Hour Projections
<b>Topic:</b>	7.6.4
<b>Source:</b>	2011 BAC Manual
<b>Related Form(s):</b>	

### **Summary of Topic:**

Tuition and system fee projections submitted from the campuses are to be projected on an academic year basis. Tuition and fee revenue reported on financial statements are to be reported on a fiscal year basis.

### **Procedure:**

The universities will provide projected credit hours and revenue by AR Code for the fall and spring terms of the current academic year after census date. The board office will provide the appropriate template.



## BUSINESS AFFAIRS COUNCIL MANUAL

<b>Chapter 7:</b>	<b>Tuition &amp; Fees</b>
<b>Subject:</b>	University Managed Resources – Fee Equivalencies with Off-Campus Tuition
<b>Topic:</b>	7.6.5
<b>Source:</b>	BAC March 2017, Item 5
<b>Related Form(s):</b>	BOR Policy 5:5:2

### **Summary of Topic:**

Starting with FY19, the equivalent for the system technology, the campus technology, the central IT, maintenance and repair, salary competitiveness, and the critical maintenance M&R bond fees are to be captured on all on-campus and off-campus courses taken by on-campus students.

The system technology fee would be remitted to the board office. The campus technology fee, central IT, and salary competitiveness fees would not result in a transfer of money, but the revenue projections would better reflect available sources. The critical maintenance and repair and M&R fee would result in a higher commitment from the campuses to local M&R.

The number of credits used to support bonding and student activities are to include all hours taken by on-campus students. The student GAF committees should be provided estimates that include the off-campus hours taken by on-campus students.

### **Procedure:**

The campuses are responsible for directing the equivalencies to the correct funds.





## BUSINESS AFFAIRS COUNCIL MANUAL

<b>Chapter 7:</b>	<b>Tuition &amp; Fees</b>
<b>Subject:</b>	Other – Treasury Offset Program (TOP) and VA Debt Management
<b>Topic:</b>	7.7.1
<b>Source:</b>	BAC March 2013
<b>Related Form(s):</b>	

### **Summary of Topic:**

The Treasury Offset Program (TOP) is a centralized offset program, administered by the Bureau of the Fiscal Service's Debt Management Services (DMS), to collect delinquent debts owed to federal agencies and states (including past-due child support), in accordance with 26 U.S.C. § 6402(d) (collection of debts owed to federal agencies), 31 U.S.C. § 3720A (reduction of tax refund by amount of the debts), and other applicable laws.

Debts owed by a state will only stop payments from the federal government up until the debt balance is cleared. If an entity is indebted to any federal agency, payments will not be disbursed to that entity through the Fedwire system, but can be disbursed through the ACH process. While this might hold up an institution's payment from being received by a day, a payee will receive the funds, less the amount owed to the federal government. States owe many types of nontax debts to the federal government, including, for example, grant overpayments, loans, overpayments on projects, and debts owed to Medicare.

The state of South Dakota has been locked out and not allowed to draw federal funds as a result of campuses having outstanding payments to the VA debt management office.

### **Procedure:**

- The campuses are to use ACH as the method of payment on all VA debt management payments in order to expedite processing.
- The campuses are to monitor any outstanding balances from the VA debt management center on a monthly basis.
- The campuses are to manage their settlement with the VA.

The board office will not monitor this issue.



## BUSINESS AFFAIRS COUNCIL MANUAL

<b>Chapter 7:</b>	<b>Tuition &amp; Fees</b>
<b>Subject:</b>	Other – Technical Institutes
<b>Topic:</b>	7.7.2
<b>Source:</b>	
<b>Related Form(s):</b>	

**Summary of Topic:**

The Board of Regents has entered into articulation agreements with the four South Dakota technical institutes to enable South Dakota’s higher education resources to be more effectively managed in the delivery of the state’s postsecondary education services. The agreements provide a seamless higher education interface between the six public universities and the four technical institutes, thereby greatly facilitating the educational objectives of South Dakota students and citizens.

**Procedure:**

In accordance with the articulation agreements:

- The Board of Regents will establish tuition rates for students that take general education courses at the technical institutes. The technical institute rates are set equal to the highest tuition and mandatory fee cost at our comprehensive universities.
- The technical institutes will retain all fees.
- The technical institutes will collect the tuition and remit to the universities.
- As a condition of enforceability of this memorandum of understanding, the Board of Regents and/or the state of South Dakota (an appropriation through the board office) shall provide the following funding to the technical institutes to insure that the technical institute is held financially harmless in the agreement and shall suffer no adverse financial effects because of it.

Watertown School District (LATI)	\$50,000
Rapid City Area Schools (Western Dakota Tech)	\$45,000
Mitchell School District (MTI)	\$12,000
Sioux Falls School District (STI)	<u>\$225,000</u>
Total	\$322,000



## BUSINESS AFFAIRS COUNCIL MANUAL

<b>Chapter 7:</b>	<b>Tuition &amp; Fees</b>
<b>Subject:</b>	Other – peerTransfer
<b>Topic:</b>	7.7.3
<b>Source:</b>	AR/CR Module
<b>Related Form(s):</b>	

### **Summary of Topic:**

The Board of Regents has entered into an agreement with peerTransfer Education Corp. for the processing of international payments for tuition and other fees from the country of origin via a payor-initiated domestic or international payment method. After received in the custodial account, the funds will be converted, reconciled and deposited by peerTransfer into the university’s account.

### **Procedure:**

The services from peerTransfer shall be provided to the university without charge. The university acknowledges and agrees that peerTransfer’s compensation for the service is included in the amount quoted to the payor (student, parent or third party).

The term of the agreement is three years unless otherwise terminated. Thereafter the agreement will automatically renew for additional periods of one year unless either party notifies the other party in writing of its election not to review the agreement at least ninety days prior to the current expiration date.

An electronic copy of the agreement is held at the board office.