Bill Brief – Senate Bill 20

BOARD OF REGENTS – REALIGNMENT OF GENERAL FUNDS

What does this bill do?
• Senate Bill 20 would allow the Board of Regents to realign general funds at year’s end for the efficient and effective use of funds provided by the Legislature.
• The Legislature appropriates utility dollars to the universities and special schools with the intent that those dollars be used for utilities. Nearly every year there is a need to realign the appropriation among the campuses, as some are short funded and others have excess dollars. This bill would allow the Board of Regents to realign those dollars at year end to make sure utility budgets are appropriately utilized.

Why is this necessary?
• Utility budgets are estimates projected a year in advance, based on the previous year’s end and then they are revisited mid-year. For example, the utility budgets for Fiscal Year 2017 were estimated using the FY15 expenditures and projected forward using what is known about future rates and growth in use. The estimate is then revisited mid-year of FY17 and adjusted in the General Bill Amendment.
• For FY17, the original budget was estimated at $10,660,975. The utility budget is now being reduced by $3,022,139 based on the latest information. This same level of volatility is contained in each of the institution’s budgets.
• In the past, regents’ staff has gone to the Special Interim Committee to get approval of the utility realignment as is currently required by SDCL 4-8A-8. The funds are carried over and realigned the following year. The Board of Regents has approval to realign its utilities for FY17, as it was approved by the Special Interim Committee and included in a Letter of Intent.

What will change?
• By removing the word “institution” from SDCL 4-8A-8, the realignment of utility dollars could be done moving forward without seeking approval by the Special Interim Committee.
• The Board of Regents would still process a transfer, which would be approved by Bureau of Finance & Management and reported to the Legislature.