

# SOUTH DAKOTA BOARD OF REGENTS

## Policy Manual

**SUBJECT:** Employee Compensation

**NUMBER:** 1:24

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### Employee Compensation

- A. The Board exercises ultimate authority to determine compensation for employees subject to such limitations as may have been written into law. SDCL Title III contains limitations on Board control over salaries paid to employees who are subject to the Civil Service Act and on non-academic leaves, insurance and retirement benefits. SDCL § 3-18-3 requires that salaries for administrators, faculty members and other staff excluded from the Civil Service Act be determined only on the basis of institutional priorities, program needs, performance meeting or exceeding expectations, or internal or external market considerations. Compensation policies for unionized employees may be subject to negotiations as provided under SDCL ch 3-18.
- B. Unless otherwise specifically authorized under law, no employee may accept any salary, emolument, perquisite or other form of compensation for performance of duties without prior Board approval.
- C. After receiving the express approval of the Board, private funds may be used to supplement compensation payable to designated positions occupied by employees appointed by the Board. In keeping with SDCL § 13-52-6, such donations may not be used to supplant compensation provided from state or federal sources.
- D. Effective December 10, 2002, foundations may request Board authorization to accept, or to apply, donations to supplement compensation for designated positions under the control of the Board.
  - 1. No donations may be used to compensate Board or institutional employees unless the Board and the foundation have formerly agreed to provide a compensation supplement for the designated position.
  - 2. When working with potential donors, foundations should observe the following requirements:
    - a. Acceptance of donations for such purposes shall be contingent upon approval by the full Board of an agreement between the foundation

and the Board to supplement compensation for the designated position.

- b. If the donor proposes to establish an endowment to supplement compensation for designated positions, the donor must irrevocably agree to dedicate the endowment to the support of the position in perpetuity or for a specified term of years. The minimum funding levels for an endowment donor must be at an amount reasonably projected to generate income at the amount approved by the Board.
  - c. If the donor proposes a gift or gifts to supplement compensation for designated positions without the funding of an endowment to support the position, the donor must irrevocably agree to contribute annually, either in perpetuity or for a specified term of years, an amount approved by the Board.
  - d. The donor must agree that the donations or their earnings will be transferred to the Board for its use to supplement compensation for designated positions in accordance with the Board's policies. The donor must acknowledge that Board retains the right to appoint, supervise or terminate any holders of the benefited position and to determine their salaries and other terms and conditions of employment.
3. The Executive Director shall have the duty to approve as to style and form any agreement between a donor and a foundation providing for a gift or gifts to supplement compensation for designated positions.
  4. The foundation must enter into a separate agreement with the Board to guarantee that it will adopt endowment management practices and distributable income policies that are consistent with the goal of distributing from the endowment, or otherwise paying from contributions made to the foundation, an annual compensation supplement amount in the sums approved in the donation agreement or agreements.
- E. No negotiations or commitments to current or prospective employees implying privately funded compensation supplements may be undertaken until all necessary agreements have been formally approved by the Board.

**SOURCE: BOR, December 2002.**