

**SOUTH DAKOTA BOARD OF REGENTS**

**Full Board**

**AGENDA ITEM: 13**

**DATE: April 1-2, 2015**

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**SUBJECT: 2015 Legislative Overview**

The 2015 South Dakota Legislature ended with Veto Day March 30, 2015. Major legislative achievements this session:

- All nine bills filed on behalf of the Board of Regents were enacted.
  - Bills passed will:
    - HB1021 – Authorize bonding to finance a portion of the SDSM&T chemistry/chemical engineering building renovation
    - HB1022 – Purchase improved property adjacent to BHSU
    - SB23 – Revise ownership and management provisions at the South Dakota Art Museum on the SDSU campus
    - SB24 – Demolish single-family housing units on the SDSU campus
    - SB25 – Acquire agricultural property in Moody County through lease-purchase for use and benefit of SDSU Agricultural Experiment Station
    - SB26 – Demolish the veterinary isolation building at SDSU
    - SB27 – Contract for replacement of the plant science research support facility at SDSU
    - SB28 – Sell extraneous SDSU real property to the city of Brookings
    - SB110 – Revise the Regents’ capital construction plan to authorize construction of a new information system building at DSU
- The budget for the fiscal year beginning July 1, 2015, was adopted on the final day of the regular session March 13. The state’s \$4.3 billion budget (contained within *House Bill 1208*) gave modest funding increases to K-12 education, state employees, and health care providers. This came at a time when state revenues were lower than forecast for both FY15 and FY16. Highlights include the following:
  - Increase of \$3.4 million (1.8 percent) in new money on the general fund base for BOR; this does not include the FY 2016 employee compensation package.

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**RECOMMENDED ACTION OF THE EXECUTIVE DIRECTOR**

Information only.

- The legislature agreed to a 2 percent salary policy for state employees, as proposed by Gov. Dugaard, but trimmed the recommended movement to market for Civil Service employees from 2.5 percent to 2 percent, saving about \$876,000 in general funds.
- Legislators agreed to fund an increase (\$6,500 over four years of study) for the South Dakota Opportunity Scholarship, but only for new students who enter into the scholarship program after July 1, 2015. Current students will continue to receive the present value of SDOS, which is \$5,000. This saved the general fund about \$1 million.
- Efforts to fund a tuition freeze or buy-down for resident, “state-support” students were tabled, after appropriators agreed to the lower revenue estimates for FY16.
- Other BOR increases in the FY16 base budget include:
  - \$2,055,512 for a HEFF maintenance and repair match by the state. This is the third year of an expected four-year base increase to bring the university system’s maintenance and repair budget up to 2 percent of replacement cost;
  - \$1,230,803 for utilities’ funding; and
  - \$80,800 to pay mentors of Rapid City-based Doctor of Nursing Practice students from SDSU in practice settings.
- In the closing days of the session, a record number of conference committees settled differences between House and Senate versions of several bills. Actions of interest to higher education include:
  - HB1147: Increased the Opportunity Scholarship award from \$5,000 to \$6,500 over four years, but applied the higher award only to students first receiving the scholarship after July 1, 2015.
  - HB1228: Created an obligation recovery center in the state Bureau of Administration to collect debts owed to the state and to crime victims. The final version of this bill assures that BOR may use this center to collect any final debt owed within its system, but is not mandated to participate.
  - SB54: Approved state aid to special education funding within the Department of Education that includes \$200,000 for the Summer Program at South Dakota School for the Blind & Visually Impaired. This was a recommendation by Gov. Dugaard’s administration so that the state could leverage local funding through K-12 property tax levies.
  - SB55: Approved one-time funding adjustments for the current budget year (FY15), including:
    - An extra \$160,709 for utilities’ funding, and
    - Authority for 20 “other-funded” FTE to cover more self-support course offerings at the University of South Dakota.
  - SB91 and SB92: Approved additional one-time funds for the need-based grant

- program (\$150,000) and the Critical Teaching Needs Scholarship program (\$150,000).
- SB174: Approved \$3.95 million in general funds to finish renovation of the Ross Shaft at the Sanford Underground Research Facility, which will facilitate new underground research and science projects.

Additional details about approved budgets can be found in Board agenda items entitled *FY16 Budget Summary* and *FY15 General Bill Amendments*. A summary description of key legislation that passed this year follows.

## South Dakota Board of Regents 2015 Legislative Summary

### HB 1021

SPONSOR: Board of Regents

SUBJECT: Authorize bonding to finance a portion of the South Dakota School of Mines & Technology chemistry/chemical engineering building renovation project

- Repeals previous authorization for a new research center at School of Mines and instead authorizes issuance of South Dakota Building Authority bonds for the chemistry building renovations.
- Restores and renovates about 7,000 square feet of unused or poorly utilized space to support growth of the applied biological sciences major at SDSM&T.
- Updates the building for ADA accessibility, along with improvements to HVAC, mechanical, and electrical systems.

### HB 1022

SPONSOR: Board of Regents

SUBJECT: Purchase improved property in Spearfish adjacent to Black Hills State University

- Authorizes purchase of three pieces of land, adjacent to the BHSU campus, from the Black Hills State University Foundation.
- Property will be landscaped and signed as entrance points to the campus; additional parking may be added in the future.
- No state general funds are used in this project. Appraised value of the three properties is \$45,000, to be paid for by administrative overhead funds.

### HJR1003

SPONSOR: Rep. Mickelson, Sen. Rave

SUBJECT: Submits to voters at the November 2016 General Election a constitutional amendment relating to the authority of the Board of Regents

- Clarifies that Board of Regents' oversight extends only to state educational institutions that offer academic or professional degrees of associate of arts, associate of sciences, and baccalaureate degrees or greater.
- Clarifies that postsecondary technical institutes offering career- and technical-focused associate of applied science degrees and certificates shall be separately governed as determined by the Legislature.

HB1147

SPONSOR: Office of the Governor

SUBJECT: Increase the amount of annual awards given to South Dakota Opportunity Scholarship recipients

- For students who first receive an Opportunity Scholarship award after July 1, 2015, the annual award shall be \$1,300 each for the first, second, and third year of attendance, and \$2,600 for the fourth year of attendance.

HB1208

SPONSOR: Committee on Appropriations

SUBJECT: General budget bill for FY 2016

- General budget bill for the operations of state government and its institutions for the fiscal year starting July 1, 2015.
- Increase of \$3.4 million (1.8 percent) in new money on the general fund base for BOR; this does not include the FY 2016 employee compensation package.
- Employee compensation included a 2 percent salary policy and a 2 percent movement to market (this adjustment applies only to employees covered by Civil Service Act).
- Other BOR increases in the budget include:
  - \$2,055,512 for a Higher Education Facilities Fund (HEFF) maintenance and repair match by the state; this is the third year of an expected four-year base increase to bring the university system's maintenance and repair budget up to 2 percent of replacement cost;
  - \$1,230,803 for utilities' funding;
  - \$80,800 to pay mentors of Rapid City-based Doctor of Nursing Practice students from SDSU in practice settings.

SB23

SPONSOR: Board of Regents

SUBJECT: Revise provisions regarding ownership and management of South Dakota Art Museum at South Dakota State University

- Clarifies SDSU's responsibilities related to the operations, facility, and holdings of the South Dakota Art Museum.
- Recognizes the museum's original donor, South Dakota Federation of Women's Club, and assures that the club will have access to the facility.

SB24

SPONSOR: Board of Regents

SUBJECT: Demolish single-family housing structures at South Dakota State University

- Authorizes demolition of 10 single-family, wood-frame structures used for family student housing.
- No state general funds are used in this project. Rental revenues from the residential life system at SDSU will pay for demolition costs estimated at \$250,000.

SB25

SPONSOR: Board of Regents

SUBJECT: Authorize lease-purchase agreement to acquire Moody County agricultural property for the Agricultural Experiment Station at South Dakota State University

- Authorizes lease-purchase agreement for agricultural property in Moody County to be used by the Agricultural Experiment Station for research activities.
- Property to be acquired by the SDSU Foundation through a charitable remainder trust agreement with the property's donors.
- No state general funds are used in this project. Revenues from grant and contract indirect recovery, royalty payments, and sales of agricultural services will be used to make annual lease payments.

SB26

SPONSOR: Board of Regents

SUBJECT: Demolish veterinary isolation building at South Dakota State University

- Authorizes demolition of a small masonry building that formerly served as a large-animal housing and surgical facility for the Animal Disease Research and Diagnostic Laboratory; currently used for general storage.
- No state general funds are used in this project. Revenues from animal disease research and diagnostic service fees will be used to fund demolition costs estimated at \$70,000.

SB27

SPONSOR: Board of Regents

SUBJECT: Contract to replace plant science research support facility at South Dakota State University

- Authorizes construction of seed processing and storage facilities for crop production and plant science research at SDSU.
- The new 21,250 square-foot facility, designed as a specialized warehouse, is estimated to cost \$4.5 million.
- No state general funds are used in this project. Sources of funding include facilities and administration overhead, Foundation Seed Stock Division revenues, service center recoveries, and a \$500,000 grant from South Dakota Crop Improvement Association.

SB28

SPONSOR: Board of Regents

SUBJECT: Sell extraneous South Dakota State University real property to the city of Brookings (*emergency clause*)

- Authorizes SDSU to sell a small parcel of property to the city of Brookings that is no longer used by the university. The two lots are adjacent to the railroad right of way, and formerly used as a railroad spur for unloading coal. Property has been unused by SDSU for at least 35 years.
- City street department plans to use the property; emergency clause allowed the sale transaction to occur immediately, so that the city might replace a street department facility destroyed by fire.

SB33

SPONSOR: Department of Veterans Affairs

SUBJECT: Extend resident tuition eligibility to spouses and children of active duty military personnel and of qualifying veterans.

- If a veteran has established a South Dakota residence, resident tuition provisions also apply to the spouse or child of that veteran.
- Resident tuition rates apply to the spouse and children of military personnel who are stationed for active duty in South Dakota.

SB54

SPONSOR: Bureau of Finance and Management

SUBJECT: Revise state aid to special education formula

- Identifies \$200,000 within the state aid to special education formula to fund the summer education program at South Dakota School for the Blind & Visually Impaired.

SB55

SPONSOR: Bureau of Finance and Management

SUBJECT: Revise the FY15 general appropriations act

- Approves one-time funding adjustments for the current budget year, including:
  - An extra \$160,709 for utilities' funding, and
  - Authority for 20 FTE ("other" funds) to provide self-support instruction at the University of South Dakota.

SB91

SPONSOR: Sen. Rave, Rep. Cronin

SUBJECT: Appropriate funds for the South Dakota need-based grant program

- Additional \$150,000 in one-time funds for need-based grants to qualifying college students.

SB92

SPONSOR: Sen. Rave, Rep. Cronin

SUBJECT: Appropriate funds for the South Dakota Critical Teaching Needs Scholarship program

- Additional \$150,000 in one-time funds for scholarships to students entering critical teaching fields in South Dakota.

SB110

SPONSOR: Sen. Parsley, Rep. Leslie Heinemann

SUBJECT: Revise authority to construct an information systems building at Dakota State University

- Ten-year capital plan approved in 2012 authorized a new academic building for information systems at DSU; plans changed in 2014, when DSU was authorized to acquire the Madison Community Hospital facility and renovate it into the information systems building.
- Subsequent analysis finds the hospital property not suitable for renovation as an academic building; authority is again granted to construct a new building at the same price tag (\$11.4 million) as it would cost to renovate.
- Hospital facility still will be acquired for student support services space at DSU.

SB174

SPONSOR: Office of the Governor

SUBJECT: Renovate the Ross Shaft at Sanford Underground Research Facility

- Approved \$3.95 million in general funds to finish renovation of the Ross Shaft at the Sanford Underground Research Facility for new underground research and science projects.