

**SOUTH DAKOTA BOARD OF REGENTS**

**Budget and Finance**

**AGENDA ITEM: 7 – D (5)**

**DATE: March 30-April, 2016**

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**SUBJECT: BOR Policy 6:3 – Higher Education Facilities Fund  
(Recommended Emergency Approval)**

The recommended changes to the Higher Education Facilities Fund policy follow changes that were approved this session and relate to rolling the university support fee (USF) into tuition. Because the revenue base that HEFF is now applied to is significantly more, the percentage needs to be reduced. The 11.5% also reflects the payoff of the 2008 A-3 SDM&T Chemical Engineering Bond at a cost of \$8,612,640, resulting in annual savings of \$704,077. The savings are redirected to the cost of the tuition freeze.

The original HEFF statute limited investments in new facilities until there was at least \$3.0M available for maintenance and repair. The amount was increased to \$15.0M to reflect where we are at today.

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**RECOMMENDED ACTION OF THE EXECUTIVE DIRECTOR**

I move approval of the emergency implementation of the changes to BOR policy 6:3 keeping the policy in-line with the emergency approval provided in the 2016 legislation.

## SOUTH DAKOTA BOARD OF REGENTS

### Policy Manual

**SUBJECT:** Higher Education Facilities Fund

**NUMBER:** 6:3

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SDCL § 13-53-15 provides that of the tuition and fees collected, ~~eighty-eight and one-half~~ percent shall be deposited in the BOR system tuition and fee fund and ~~eleven and one-half~~<sup>twenty</sup> percent shall be deposited into the higher education facilities fund (HEFF). SDCL § 13-53-15.3 requires that the first one hundred seventy-five thousand dollars of medical school higher education facilities fund shall be deposited in the BOR system tuition and fee fund. The remaining state medical school tuition collection in each fiscal year shall be allocated in accordance with § 13-53-15.

As provided in § 13-51-2 expenditures from HEFF are restricted to the following categories as authorized by the Legislature.

- A. Lease-purchase payments to the South Dakota Building Authority;
- B. Maintenance and Repair for existing facilities;
- C. Maintenance and Repair for the Sanford School of Medicine in Sioux Falls;
- D. Appropriated rent payments to other private or public parties for educational facilities;  
and
- E. Build and equip new facilities.

No funding may be provided in any year for (D) or (E) until the level of annual appropriations reaches ~~three~~ <sup>fifteen</sup> million dollars for maintaining and repairing existing facilities per § 13-51-2.

In conjunction with the budget request cycle, the Board shall review the cash flow and the unobligated cash balance of the HEFF to determine the appropriate level of funding for each category.

The Board has established a \$1.0 million ~~dollar~~ minimum balance in unobligated cash for emergencies.

**SOURCE:** BOR, January 1981; April 1992; October 1996; December 2003;  
December 2011; March-April 2016.