

SOUTH DAKOTA BOARD OF REGENTS

Budget and Finance

AGENDA ITEM: 7 – P

DATE: December 6-8, 2016

SUBJECT: System Tuition Pool Condition Statement

Attached you will find a System Tuition Pool Condition Statement. The balance as of June 30, 2016, in the fund was \$3,183,372. Interest earnings on FY16 money was posted in September and the first \$250,000 SDSM&T loan installment has been paid. The current balance is \$3,643,242. The current goal of the pool is 5% of tuition revenue or \$10,315,698. The reserve is currently at 2.13%.

At the end of FY13, the executive director transferred \$2,500,000 from the tuition reserve to SDSM&T to cover a cash shortfall. The current plan from SDSM&T is to have that amount paid back in ten quarters at \$250,000 per quarter. SDSM&T's payback is on target. Here is the payback plan by year:

FY16 - \$750,000
FY17 - \$1,000,000
FY18 - \$750,000

The Board's reserve is available to address emergencies as well as other Board priorities and critical needs. The reserve pool is not growing commensurate with the tuition and fee revenues generated by the campuses. Today, the institutions get back all of their revenues from the tuition pool. The tuition reserve pool only grows by the amount of interest earned through investment.

INFORMATIONAL ITEM

**South Dakota Board of Regents
Tuition Condition Statement
June 30, 2016**

FY16 Actual

<u>Beginning Cash Balance:</u> ⁽¹⁾	\$2,277,302
<u>Revenue:</u>	
Actual Interest Earnings (on FY15 money)	\$156,070
Installment of SDSM&T Loan	\$750,000
<u>Ending Cash Balance and Reserve</u> ⁽²⁾	<u>\$3,183,372</u>

FY17 Projected

<u>Beginning Cash Balance:</u>	\$3,183,372
<u>Revenue:</u>	
Actual Interest Earnings (on FY16 money)	\$209,869
Installment of SDSM&T Loan	\$1,000,000
<u>Ending Cash Balance and Reserve</u> ⁽¹⁾	<u>\$4,393,241</u>
% of On-Campus Tuition Revenue	2.13%

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|---|--------------|
| (1) <i>Beginning Cash Balance Reflects the Loan to SDSM&T</i> | \$2,500,000 |
| <i>Balance of Loan to SDSM&T as of 06/30/2016</i> | \$1,750,000 |
| (2) <i>Board's Reserve Goal of 5% of Tuition Base</i> | \$10,315,698 |