

SOUTH DAKOTA BOARD OF REGENTS

Budget and Finance

**REVISED
AGENDA ITEM: 6 – C
DATE: December 4-6, 2018**

SUBJECT

FY20 Governor’s Recommended Budget

CONTROLLING STATUTE, RULE, OR POLICY

[SDCL 4-7-7](#) – Annual Budget Estimates Submitted by Budget Units

[SDCL 4-7-9](#) – Preparation and submission of budget report to Legislature

BACKGROUND / DISCUSSION

On the first Tuesday of December every year, the Governor presents his recommended budget for the next fiscal year to the State Legislature and the public. Out-going Governor Dugaard gave his FY20 budget address on Tuesday, December 4, 2018 at 1:00 pm. Revenues are meeting expectations for FY19 and the FY20 general fund budget is expected to grow by \$52.9 million. This does not include any projections for growth resulting from the e-commerce sales tax revenue.

A salary policy of 2.3% has been proposed by the Governor for FY20, with no increase to pay for performance funding.

The Governor is proposing an increase to health insurance premiums for FY20. The proposal includes a \$20 increase to the high deductible plan and \$40 increase to the low deductible plan. For the first time in the State’s history, all employees will have a health insurance premium.

As this is Governor Dugaard’s final budget address, incoming Governor Kristi Noem will release her budget recommendations early in January 2019.

IMPACT AND RECOMMENDATIONS

Base General Funding

The Governor is proposing base general fund increases of approximately \$4,080,862 for the Board of Regents. M&R funding of \$3.98 million and continued funding of the SD Opportunity Scholarship represent the proposed increases to the base budget. That amount is offset by a proposed reduction of (\$223,892) to the campus utility budgets and a (\$4,873) reduction in general fund lease payments, for a net increase in general funds of \$3,851,917.

INFORMATIONAL ITEM

These base increases do not include proposed salary policy or any increases to health insurance expenses. Further details are found in Attachment I.

One-Time Funding

The Governor has proposed no one-time dollars for the Board of Regents in FY20.

Proposed FY18 General Bill Amendment

The Governor's budget recommendation also includes an amendment to the FY19 General Bill, decreasing utility funding by (\$286,340). This decrease is based on FY18 actual Energy Cap expenditure data reported by the campuses.

ATTACHMENTS

Attachment I – FY20 Budget Request Summary - Governor's Recommended

South Dakota Board of Regents FY20 Board of Regents Request and Governor's Recommended				
	Base General Fund	FTE	Base General Fund	FTE
FY19 Base General Fund Budget	\$213,390,517	5,184.2	\$213,390,517	5,184.2
Priorities	Requested		Recommended	
The Dakota Promise (year 1)	\$1,056,971	0.0	\$0	0.0
Salary Competitiveness	\$3,009,210	0.0	\$0	0.0
General Fund M&R	\$3,980,682	0.0	\$3,980,682	0.0
Inflation Increase	\$211,119	0.0	\$0	0.0
South Dakota Opportunity Scholarship	\$100,000	0.0	\$100,000	0.0
Base Budget Maintenance				
Post-Secondary Scholarship	TBD	0.0	TBD	0.0
Veterinary Students Scholarship	\$0	0.0	\$0	0.0
Utilities	(\$223,892)	0.0	(\$223,892)	0.0
Lease Adjustment	(\$4,873)	0.0	(\$4,873)	0.0
FY20 Requested and Recommended	\$8,129,217	0.0	\$3,851,917	0.0
FY20 Total Base Funding Recommended	\$221,519,734	5,184.2	\$217,242,434	5,184.2
Increase without Salary Policy	3.7%	0.0%	1.8%	0.0%
FY20 One-Time General Fund Requests				
	\$0	0.0	\$0	0.0
FY20 Tuition Fund Authority Requests				
Authority Changes	\$1,700,000	12.5	\$1,700,000	12.5
FY20 Federal and Other Fund Authority Requests				
Authority Changes	\$1,350,000	5.0	\$1,350,000	5.0
FY20 Informational Federal and Other Fund Authority Requests				
Authority Changes	\$1,330,500	8.0	\$1,330,500	8.0