

SOUTH DAKOTA BOARD OF REGENTS

Budget and Finance

AGENDA ITEM: 6 – J (4)

DATE: October 2-4, 2018

SUBJECT

BOR Policy 5:19 – System Funding Revisions (First and Final Reading)

CONTROLLING STATUTE, RULE, OR POLICY

None

BACKGROUND / DISCUSSION

In an attempt to transition the BOR policies into the new format, BOR Policy 5:19 has been updated to include the purpose of the policy, definitions, and put in the new format. The policy changes were reviewed by the Business Affairs Council in September 2018.

IMPACT AND RECOMMENDATIONS

There are no substantial changes to the policy.

ATTACHMENTS

Attachment I – BOR Policy 5:19 – System Funding

DRAFT MOTION 20181002_6-J(4):

I move to (1) waive the two-reading requirement of By-Laws Section 5.5.1, and (2) approve the first and final reading of BOR Policy 5:19 – System Funding as shown in Attachment I.

SOUTH DAKOTA BOARD OF REGENTS

Policy Manual

SUBJECT: System Funding

NUMBER: 5:19

A. PURPOSE

To document the current methods for allocating state appropriations and university tuition.

B. DEFINITIONS

1. State Appropriations: The dollars coming from the State as part of the general appropriation act or special legislation.

C. POLICY

1. Allocation of ~~General Fund~~ State Appropriations and University Tuition

1.1. A. ~~State Appropriations~~

~~1.~~—The Board of Regents receives state appropriations to support the universities, the medical school, the special schools, the Agricultural Experiment Station, the Cooperative Extension Service, the system office, to fund system pools and support operations, and targeted appropriations for purposes determined by the Legislature.

1.2. The institutions will receive a base general fund budget each fiscal year adjusted by any changes to base appropriations, system pools, salary policy, or other targeted appropriations or reductions. The final allocation of any dollars will be approved by the Board.

1.3. The Board may realign base budgets with approval from the Interim Appropriations Committee according to 4-8A-8.

2. B. ~~University Tuition Funding~~

2.1. Tuition for university courses is divided between the system tuition and fee fund, which receives 88.5%, and the Higher Education Facilities Fund which receives 11.5%. The first \$875,000 of medical school tuition is not subject to HEFF.

2.2. Tuition revenue deposited into the system tuition and fee fund will be returned to the institutions in the same proportion that it was earned after the transfer to the HEFF account.

- 2.3. The Board may realign tuition budgets or direct moneys to system pools in order to address system priorities or initiatives.
- 2.4. Interest earnings ~~from the System Tuition Pool~~ on the Tuition and Fee Fund will be retained ~~to keep the system tuition reserve pool at a minimum of 5% with a goal of having a 5% reserve~~ of annual tuition revenues ~~or~~ to address system initiatives or priorities.

~~2.~~ **3. University Base Budgets**

~~A.~~ **Base Budgets**

- 3.1. The university base budgets support general administrative functions and instructional activities and provide resources to support the state higher education policy goals.
- 3.2. Base budget resources may be used for any purpose consistent with Board policy, Board action, and statute.

~~43.~~ **Targeted Appropriations**

Targeted appropriations are resources appropriated by the Legislature for specific purposes. These resources are allocated and expended as provided by the Legislature or as the Board directs.

~~54.~~ **Academic Capital Facilities Budget**

The Academic Capital Facilities Budget is funded from the Higher Education Facilities Fund. Resources are used to support maintenance and repair, major renovation projects, and new construction for university academic facilities as approved by the Board and the Legislature as required by statute.

FORMS / APPENDICES:

None

SOURCE:

BOR, March 1999; October 2000; August 2010; March-April 2016; _____.