

SOUTH DAKOTA BOARD OF REGENTS

Budget and Finance

AGENDA ITEM: 7 – A
DATE: December 9-10, 2020

SUBJECT

FY22 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 her recommended budget for the next fiscal year to the State Legislature and the public. Governor Noem gave her FY22 budget address on Tuesday, December 8, 2020 at 1:00 pm. In the address, Governor Noem stated that South Dakota finished FY20 with a \$19 million surplus and general fund revenues are currently up by 19.4% year over year, even with the ongoing COVID-19 pandemic. With the increased general fund revenues in FY21, the FY21 revenue projection has been adjusted to account for a \$62 million increase. The ongoing revenues are expected to decrease slightly by \$1.4 million in FY22.

A 2.4% market adjustment for state employees has been proposed by the Governor for FY22. Additionally, a change to the state’s health insurance plan has been proposed, which will decrease the employer paid portion of the state employee health insurance plan and provide employees with more options. The savings from this proposed change would go toward reinvestment in state employees by raising the artificial minimums and equitably addressing salary compression issues for longer term employees.

IMPACT AND RECOMMENDATIONS

Base General Funding

The Governor is proposing a base general fund increase of \$3,518,686 for the Board of Regents. The proposed increase includes \$3,654,196 in base general funds for maintenance and repair, while reducing the system utilities allocation by \$129,267 and the critical deferred maintenance lease payment by \$6,243. Further details are found in Attachment I.

Proposed FY21 General Bill Amendment

The Governor’s budget recommendation also includes an amendment to the FY21 General Bill that provides \$90,000 for the BHSU – West River Health Sciences Center, \$453,200

INFORMATIONAL ITEM

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for SDSU Precision Ranching, and \$355,000 for equipment upgrades at USD's Animal Resource Center, resulting in \$898,200 of one-time general funds for the Regental system.

ATTACHMENTS

Attachment I – FY22 Budget Request Summary – Governor's Recommended

**South Dakota Board of Regents
FY22 Board of Regents Request and Governor's Recommended**

	Base General Fund	FTE	Base General Fund	FTE
FY21 Base General Fund Budget	\$228,232,125	5,160.2	\$228,232,125	5,158.2
Priorities	Requested		Recommended	
General Fund M&R	\$0	0.0	\$3,654,196	0.0
South Dakota Opportunity Scholarship	\$100,000	0.0	\$0	0.0
Base Budget Maintenance				
DSU Respiratory Program Shift to SDSU	(\$70,000)	0.0	(\$70,000)	0.0
SDSU Respiratory Program Shift from DSU	\$70,000	0.0	\$70,000	0.0
Utilities		0.0	(\$129,267)	0.0
Lease Adjustment	(\$6,243)	0.0	(\$6,243)	0.0
FY22 Requested and Recommended	\$93,757	0.0	\$3,518,686	0.0
FY22 Total Base Funding Recommended	\$228,325,882	5,160.2	\$231,750,811	5,158.2
Increase without Salary Policy	0.0%	0.0%	1.5%	0.0%
One-Time General Fund Requests				
BHSU - West River Health Sciences Center	\$90,000	0.0	\$90,000	0.0
BHSU - Paraprofessional Education Program	\$276,000	0.0	\$0	0.0
SDSMT - Mineral Industries Building	\$19,000,000	0.0	\$0	0.0
SDSU - Precision Ag - Berg Agricultural Hall Remodel	\$2,000,000	0.0	\$0	0.0
SDSU AES - Precision Ranching	\$453,200	0.0	\$453,200	0.0
SDSU Extension - Rural Prosperity and Workforce Development	\$100,000	0.0	\$0	0.0
USD - Upgrade Equipment in Animal Resource Center	\$355,000	0.0	\$355,000	0.0
FY22 Tuition Fund Authority Requests				
Authority Changes	\$165,416	-3.0	\$165,416	-3.0
FY22 Federal and Other Fund Authority Requests				
Authority Changes	\$1,613,250	3.0	\$1,613,250	3.0
FY22 Informational Federal and Other Fund Authority Requests				
Authority Changes	\$815,000	-2.0	\$815,000	-2.0