SUBJECT: 2014 Legislative Overview

The 2014 South Dakota Legislature ended with Veto Day March 31, 2014. Major legislative achievements this session:

- Nine of 11 bills pre-filed on behalf of the Board of Regents were enacted.
  - Bills passed were:
    - HB1019 – Distance education state authorization reciprocity
    - HB1021 – Judicial review of student discipline and residency cases
    - HB1022 – Transfer ownership of daycare center to BHSU
    - SB15 – Authorize construction of SDSU football stadium
    - SB16 – Acquire 135-acre farm north of SDSU campus
    - SB17 – Acquire housing properties and storage building for SDSU
    - SB18 – Authorizes construction of NSU greenhouse
    - SB19 – Amendments to 2012 capital plan for BHSU Jonas Hall science renovation, NSU Johnson Fine Arts Center renovation and addition, and acquisition and renovation of Madison Community Hospital building for DSU information systems program
    - SB20 -- SDSU building demolition
  - Bills killed were:
    - HB1023 – Criminal background checks (bill tabled at our request)
    - HB1020 – Funding for American Indian education and outreach coordinator; appropriators indicated some support for including this in next year’s base funding request.

- The budget for the fiscal year beginning July 1, 2014, as recommended by Gov. Daugaard, was adopted. The general budget bill (Senate Bill 187) included these notable additions to the BOR base budget:
  - Increase of $6.4 million (3.6 percent) in new money on the general fund base for BOR; this does not include the FY 2015 employee compensation package, which adds about $7 million more.
includes $3,955,862 in the BOR base budget for a tuition buy-down for resident students; supports salary policy, health insurance and benefits, and operating inflation to zero out tuition and fee increases for state-supported resident students in the coming year.

Employee compensation package included 3 percent salary policy and a 3 percent movement to midpoint (midpoint adjustment applies only to employees covered by Civil Service Act). In addition, the state covered the general-fund portion of an 18.6 percent increase in health insurance.

Other BOR increases in the FY15 base budget include:

- $1,647,447 for a HEFF maintenance and repair match by the state. This is the second year of an expected four-year base increase to bring the university system’s maintenance and repair budget up to 2 percent of replacement cost;
- $1,161,671 for utilities’ funding;
- $1,036,515 to expand the USD School of Medicine class size by 11 students per year;
- $313,416 to meet Gov. Daugaard’s request for a faster Comprehensive Annual Financial Report, to be audited and issued no later than Dec. 31 each year. This funding supports additional financial reporting capabilities and audit staff;
- $260,000 to pay mentors of Doctor of Nursing Practice students at SDSU in practice settings;
- $159,120 to support growth in e-learning courses at NSU’s E-Learning Center;
- $111,000 to support mentorship of five new physician assistant students at USD.

The public university system also received about $9.6 million in one-time general funds through amendments to the current FY14 budget (House Bill 1040). Among the priorities for one-time funding this year:

- Covering a shortfall in the state health insurance program, including $4.5 million in state general funds specifically to address the health insurance shortfall for tuition- and fee-funded employees.
- $350,000 for technology upgrades at the USD law school library.
- $275,000 in additional funding support for the need-based and critical teaching need scholarship programs created in 2013.
- $235,250 for the Governor’s faster Comprehensive Annual Financial Report initiative.

Other one-time funds were received through special appropriations that carried emergency clauses:

- House Bill 1112 — Complete the new swine teaching and research facility at SDSU with $2,037,000 in general funds (funding for this project also includes $1 million from HEFF and $2,483,000 in private funds).
House Bill 1175 — $1 million for planning and infrastructure to expand the Graduate Education and Applied Research Center and the USD Research Park, both located at University Center-Sioux Falls.

Senate Bill 53 — $464,000 for shale research at School of Mines.

Additional details about approved budgets can be found in Board agenda items entitled FY15 Budget Summary and FY14 General Bill Amendments. A summary description of key legislation that passed this year follows.

South Dakota Board of Regents
2014 Legislative Summary

HB 1019
SPONSOR: Board of Regents
SUBJECT: Provides for a multi-state state authorization reciprocity agreement for distance education activities
- Permits South Dakota to participate in a state-based solution to regulation of distance education delivery across state lines.
- Creates special process that allows institutions to apply in their home state for authorization to participate in a multi-state reciprocity system.
- Governor’s Executive Order will be used to approve South Dakota’s participation in the multi-state system, with the Board of Regents designated to handle administrative and oversight functions on behalf of the state.

HB 1021
SPONSOR: Board of Regents
SUBJECT: Provides for judicial review of Board of Regents’ decisions involving student discipline and residency classification
- Eliminates an exemption from the state’s Administrative Procedures Act to assure public university students the opportunity to seek judicial review of disputes involving discipline or residency classification.
- A 2011 South Dakota Supreme Court decision affirmed this right to appeal an administrative proceeding to circuit court.

HB 1022
SPONSOR: Board of Regents
SUBJECT: Authorizes purchase of improved property by Black Hills State University
- Allows BHSU to acquire ownership of a 7,200 square-foot building, currently owned by the university’s foundation.
- The Little Jacket Learning Center was established in 1986 to provide child-care and preschool services for the children of students, faculty, and staff; currently licensed to serve 60 children ages 4 weeks to 12 years old.
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- Transfer of facility to the state authorized for the good and valuable consideration of $1.

HB 1040
SPONSOR: Bureau of Finance and Management
SUBJECT: Revises the FY14 General Appropriations Act
- Revises the current Fiscal Year 2014 budget, making generally routine adjustments to spending and full-time equivalent (FTE) authorizations.
- Appropriates nearly $1.9 million to fully cover the health insurance shortfall on tuition- and fee-funded BOR employees. This is in addition to $2.6 million the Governor had previously requested for health insurance shortfall costs pertaining to these employees.
- Authorizes $350,000 for technology upgrades at the USD School of Law library.
- Provides $275,000 in the BOR Central Office to supplement financial support for the need-based and critical teaching needs scholarship programs created by the 2013 Legislature.
- Added 27.3 FTE in the current year’s budget at SDSM&T, as the university transitions from contracted custodial and maintenance support to in-house staffing.

HB 1101
SPONSOR: Office of the Governor
SUBJECT: Revises board of director provisions for the Science and Technology Authority
- Adds the president of South Dakota School of Mines & Technology as an ex-officio, non-voting member of the state’s Science and Technology Authority.
- The authority operates the Sanford Underground Research Facility at the former Homestake Gold Mine.

HB 1112
SPONSOR: Office of the Governor
SUBJECT: Appropriates general funds and HEFF funds for construction of a swine teaching and research facility at South Dakota State University (emergency clause)
- Completes funding of the new swine teaching and research facility at SDSU, at a total cost of $5,520,000.
- $2,037,000 of the estimated cost will be covered by state general funds; $1 million comes from the Higher Education Facilities Fund (HEFF); and $2,483,000 from private donations.

HB1175
SUBJECT: Expand University of South Dakota Research Park facilities in Sioux Falls (emergency clause)
- Appropriates $1 million for expansion of the Graduate Education and Applied Research Center and the University of South Dakota Research Park, both located at University
Center-Sioux Falls.
- Funding will be directed to planning and infrastructure needs.

**HB 1206**
SPONSOR: Office of the Governor
SUBJECT: Authorize payment of lease rental obligations on bonds held by the South Dakota Building Authority *(emergency clause)*
- Authorizes paying off bond commitments by the state of South Dakota on several construction projects statewide, including the state’s share of a 2008 bond issue for upgrades to science facilities and laboratories in the public university system.

**SB 15**
SPONSOR: Board of Regents
SUBJECT: Authorize construction of a football stadium facility at South Dakota State University *(emergency clause)*
- Authorizes construction of a new 19,340-seat football stadium at SDSU to replace the 11,000-seat Coughlin Alumni Stadium, built in 1962.
- No state general funds are used in this project. Facility cost is capped at $65 million: $27 million will come from private gifts, no more than $36 million from bond proceeds, and $2 million from institutional funds.
- Annual debt service on the facility is estimated at $2.8 million.

**SB 16**
SPONSOR: Board of Regents
SUBJECT: Authorize purchase of improved real property in Brookings County for SDSU
- Permits SDSU to acquire an improved 135-acre farm north of Brookings; the university already owns land on three sides of this property, currently used for agricultural research and instruction.
- Property will be used in crop rotations to support the teaching, research, and Extension missions of the university and the Agricultural Experiment Station.
- No state general funds are used to acquire this property; source of funding is indirect funds received from sponsored research and public service activities, royalty funds, and income from sales and services.

**SB 17**
SPONSOR: Board of Regents
SUBJECT: Authorize purchase of improved real property in the city of Brookings for SDSU
- Authorizes SDSU to acquire three residential structures on the south side of the campus, along with an 8,000 square-foot storage facility.
- Location of the three houses adjacent to campus will support their use as housing for guests, adjunct faculty, and others who have assignments at SDSU lasting from several weeks on up to two semesters.
Storage facility is being leased by the university; it will continue to be used to support storage functions for residence halls and the student union.

No state general funds are used to acquire these properties; source of funding is grant and contract indirect recovery funds, royalty funds, and income from sales and services.

SB 18
SPONSOR: Board of Regents
SUBJECT: Authorizes construction of a greenhouse at Northern State University
- Authorizes construction of a 960 square-foot greenhouse at an estimated cost of $750,000.
- Greenhouse will be used for year-round, hands-on plant study and laboratory instruction, supporting NSU’s biology, environmental science, and science education programs.
- No state general funds are used for this project; source of funding is the Higher Education Facilities Fund (HEFF).

SB 19
SPONSOR: Board of Regents
SUBJECT: Increases spending authority for building projects at BHSU and NSU, authorizes acquisition/renovation of improved real property at Dakota State University (emergency clause)
- Amends the 2012 Capital Construction Plan to accommodate increased donations for the BHSU Jonas Hall science renovation, increased donations for the renovation and addition to the Johnson Fine Arts Center at NSU, and the acquisition and renovation of the Madison Community Hospital into an information systems building at DSU.
- Total amount of the Jonas Hall project increased to $4.2 million; all increased costs funded by private donations.
- Total amount of the Johnson Fine Arts Center project increased to $12 million; all increased costs funded by private donations.
- Total amount of the information systems building project at DSU increased to $13 million and 87,000 square feet; all increased costs are funded by a grant and private donations.

SB 20
SPONSOR: Board of Regents
SUBJECT: Authorizes demolition of buildings on the SDSU campus
- Authorizes demolition of the Tompkins Alumni Center and the Alvilda Myre Sorensen Center on the west side of the SDSU campus; site may become the future location of a University House to be planned and financed by the SDSU Foundation.
- No state general funds are used for this demolition; source of funding is private sources through the SDSU Foundation.

SB 53
SPONSOR: Department of Labor & Regulation (Rep. Lust)
SUBJECT: Funds certain programs and projects providing economic benefits to South
Dakotans (*emergency clause*)

- Substantially amended bill provides funding for four special economic development projects across South Dakota.
- Includes $464,000 for a shale research facility at South Dakota School of Mines & Technology.

**SB 97**  
**SPONSOR:** Sen. Al Novstrup, Rep. Greenfield  
**SUBJECT:** Revokes professional or trade licensure obtained through false degrees

- Permits revocation of a professional or trade license obtained in connection with someone holding a false academic degree or falsely claiming to have a valid academic degree.

**SB 182**  
**SPONSOR:** Office of the Governor  
**SUBJECT:** Revises dual education credit provisions

- Supports and expands dual credit opportunities for high school students who want to get a jump start on postsecondary education at the public universities and technical institutes.
- Expands dual credit opportunities to include freshmen students, also permits the state to pay all or part of the tuition and fees for a course approved for credit toward high school graduation.
- These changes coincide with the Governor’s plan to combine state funds with discounts from the universities and technical schools to make entry-level postsecondary courses available to high school students for $40 per credit.

**SB 187**  
**SPONSOR:** Committee on Appropriations  
**SUBJECT:** General budget bill for FY 2015

- General budget bill for the operations of state government and its institutions for the fiscal year starting July 1, 2014.
- Increase of $6.4 million (3.6 percent) in new money on the general fund base for BOR; this does not include the FY 2015 employee compensation package, which adds about $7 million more.
- Includes $3,955,862 in the Board of Regents’ base budget for a tuition buy-down for resident students; supports salary policy, health insurance and benefits, and operating inflation to zero out tuition and fee increases for state-supported resident students in the coming year.
- Employee compensation package included 3 percent salary policy and a 3 percent movement to midpoint (midpoint adjustment applies only to employees covered by Civil Service Act). In addition, the state covered the general-fund portion of an 18.6 percent increase in health insurance.
- Other BOR increases in the budget include:
  - $1,647,447 for a Higher Education Facilities Fund (HEFF) maintenance and repair match by the state; this is the second year of an expected four-year base increase to
bring the university system’s maintenance and repair budget up to 2 percent of replacement cost;
  o $1,161,671 for utilities’ funding;
  o $1,036,515 to expand the USD School of Medicine class size by 11 students per year;
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