

SOUTH DAKOTA BOARD OF REGENTS

Budget and Finance

AGENDA ITEM: 7 – A
DATE: December 13-14, 2023

SUBJECT

FY25 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 every December, the Governor presents the recommended budget for the next fiscal year to the State Legislature and the public. Governor Noem gave her FY25 budget address on Tuesday, December 5, 2023, at 1:00 pm. In the address, Governor Noem stated that South Dakota revenues remain strong and continue to exceed projections, but she is committed to budgeting conservatively and prioritizing people over programs. Her FY25 recommended budget includes an additional \$115.6 million in on-going revenues, while the FY24 revenues have been revised to include an additional \$79.4 million in one-time revenues.

The Governor is recommending a 4% market adjustment for state employees and a small increase for state employee health insurance for FY25.

IMPACT AND RECOMMENDATIONS

Base General Funding

The Governor is proposing a base general fund decrease of \$442,519 for the Board of Regents (BOR). The proposed budget includes a \$2,077,874 base increase for maintenance and repair funding, to get to 1.75% of replacement value; a \$75,062 increase for system-wide utilities; and a reduction of \$3,452 for the critical deferred maintenance lease payment. Additionally, a base transfer of \$2,592,003 in general funds from the six universities to the Department of Military is recommended to streamline the National Guard tuition assistance reimbursement process. Further details are found in Attachment I.

Proposed FY24 General Bill Amendments

A reduction of \$266,486 in general funds for system-wide utilities adjustments has been recommended in the FY24 General Bill amendment.

(Continued)

INFORMATIONAL ITEM

Proposed FY24 Emergency Special Appropriations

Also recommended is a special appropriation of \$6,034,444 in general funds for the Center for Quantum Information Science Technology, which will utilize the expertise in physics, mathematics, and computer science found at Dakota State University, South Dakota School of Mines and Technology, South Dakota State University, and the University of South Dakota to advance in the groundbreaking area of quantum computing, which enables the resolution of intricate and massive problems that surpass the capabilities of conventional computers.

ATTACHMENTS

Attachment I – FY25 Budget Request Summary – Governor's Recommended

South Dakota Board of Regents FY25 Board of Regents Request and Governor's Recommended				
	Base General Fund	FTE	Base General Fund	FTE
FY24 Base General Fund Budget	\$303,315,186	5,064.4	\$303,315,186	5,064.4
Priorities	Requested		Recommended	
System - Tuition Freeze	\$4,239,120	0.0	\$0	0.0
System - Additional General Fund Maintenance and Repair	\$6,611,976	0.0	\$2,077,874	0.0
BHSU - Base Funding Gap	\$926,406	5.0	\$0	0.0
System - Center for Civic Engagement	\$880,096	3.0	\$0	0.0
System - Transfer National Guard Tuition Assistance Prgm to Dept of Military	\$0	0.0	(\$2,592,003)	0.0
Base Budget Maintenance				
Utilities Adjustment	(\$143,141)	0.0	\$75,062	0.0
Lease Adjustment	(\$3,452)	0.0	(\$3,452)	0.0
FY25 Requested and Recommended	\$12,511,005	8.0	(\$442,519)	0.0
FY25 Total Base Funding Recommended	\$315,826,191	5,082.4	\$302,872,667	5,074.4
Increase without Salary Policy	4.0%	0.4%	-0.1%	0.2%
One-Time General Fund Requests				
System - Support for HEFF-Bonded Debt Retirement	\$10,778,927	0.0	\$0	0.0
Center for Quantum Information Science Technology	\$6,034,444	5.0	\$6,034,444	0.0
System - Utilities Adjustments	(\$482,933)	0.0	(\$266,486)	0.0
FY25 Tuition Fund Authority Requests				
Authority Changes	\$0	0.0	\$0	0.0
FY25 Federal and Other Fund Authority Requests				
Authority Changes	\$4,700,000	2.0	\$4,700,000	2.0
FY25 Informational Federal and Other Fund Authority Requests				
Authority Changes	\$11,630,000	8.0	\$11,630,000	8.0

* The Governor is recommending an FY24 Emergency Special Appropriations for this one-time funding request.

** The Governor is recommending FY24 General Bill Amendment for these one-time funding requests.