



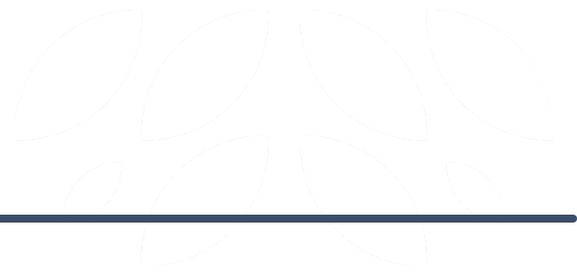
SOUTH DAKOTA
**BOARD of
REGENTS**

FY27 BUDGET REQUESTS



TABLE OF CONTENTS

FY27 GENERAL FUND BUDGET REQUEST SUMMARY	3
 BASE BUDGET REQUESTS SUMMARY	3
 ONE-TIME FUNDING REQUESTS SUMMARY	3
 CAPITAL PROJECT REQUESTS SUMMARY	3
FY27 BASE BUDGET REQUESTS	4
FY27 ONE-TIME FUNDING REQUESTS	12
FY27 OTHER FUNDS AUTHORITY REQUESTS	14



FY27 BUDGET REQUEST

FY27 BASE BUDGET REQUESTS

PRIORITY	CAMPUS	FTE	AMOUNT
1	System – Deferred Maintenance & Repair	0.0	\$17,133,495
2	System – Academic Building Insurance	0.0	\$3,985,922
3	System – Cybersecurity Technology Funding	0.0	\$2,750,000
4	System – Core Technology Funding	0.0	\$7,900,000
	TOTAL FY27 Base Budget Requests	0.0	\$31,769,417
	FY26 Base Funding	5,105.5	\$313,212,872
	FY27 Base Funding Request	0.0	\$31,769,417
	Percent Base Change	0.0%	10.14%

FY27 ONE-TIME FUNDING REQUESTS

PRIORITY	CAMPUS	FTE	AMOUNT
1	System – Academic Building Insurance	0.0	\$3,985,922
2	System – Modernize ERP	0.0	\$4,500,000
	TOTAL FY27 One-Time Funding Requests	0.0	\$8,485,922

FY27 CAPITAL PROJECT REQUESTS

PRIORITY	CAMPUS	FTE	AMOUNT
There are no Capital Project Requests for FY27			



SOUTH DAKOTA
**BOARD of
REGENTS**

FY27 BASE BUDGET REQUESTS





SYSTEM

SALARY COMPETITIVENESS

Ensuring salary competitiveness remains a critical priority for the South Dakota Board of Regents (BOR) and its institutions as we work to attract and retain a highly qualified workforce in a challenging labor market.

The 2025 SHRM State of the Workplace report highlights that 72% of organizations are still struggling to recruit full-time employees, and nearly half report retention difficulties. These challenges are especially pronounced in the public and education sectors, where compensation often lags behind private industry benchmarks.

Key barriers include:

- Limited applicant pools and low interest in certain job types
- Skills gaps, including lack of credentials or technical expertise
- Non-competitive salaries and benefits, leading to declined offers and higher turnover

The Work Institute's 2025 Retention Report reinforces that while culture and flexibility matter, compensation remains the top reason employees leave. Institutions that succeed in retaining talent consistently offer market-aligned salaries and robust benefits.

To address these persistent challenges, the BOR strongly supports additional resources for salary increases beyond the standard policy adjustments provided to State of South Dakota employees. Without targeted investment, our institutions risk falling further behind in the competition for talent—particularly in high-demand fields where private sector salaries continue to outpace public offerings.

Strategic salary enhancements are not just a budgetary consideration—they are a long-term investment in the quality, stability, and success of our public higher education system.



SYSTEM

ADDITIONAL MAINTENANCE AND REPAIR
\$17,133,495 BASE GENERAL FUNDS

The Board of Regents (BOR) continues to support the state’s target to fund Maintenance & Repair (M&R) equal to 2.00% of the total replacement value of Regental academic buildings (as well as other state buildings). During the 2025 Legislative session, a cut of \$9.1 million was made to the BOR general (M&R) fund. This will put the system at 1.23% of FY26 replacement values. The Regents strongly support the 2.00% M&R goal.

The estimated FY27 projected M&R % is as follows:

FY27 PROJECTED M&R %	
M&R/Critical Deferred Maintenance Fee	\$3.57
Projected Credit Hours	504,004
Projected Fee Revenue	\$1,799,294
Projected HEFF Revenue	\$12,000,000
General Fund M&R Revenue	\$13,634,092
TOTAL M&R FUNDING	\$27,433,386
Replacement Value	\$2,228,344,049
% of Replacement Invested in M&R	1.23%
ADDITIONAL FUNDING NEEDED FOR 2.00%	\$17,133,495

Additional General Funds of \$17,133,495 would bring the M&R funding to the 2.00% of replacement value for FY27 that the state strives for.



SOUTH DAKOTA
**BOARD of
REGENTS**

SYSTEM

ACADEMIC BUILDING INSURANCE

\$3,985,922 BASE GENERAL FUNDS +

\$3,985,922 ONE-TIME GENERAL FUNDS

The Board of Regents campuses are part of the South Dakota Property and Casualty Captive Insurance (Captive Insurance), which was established in 2015 to provide property insurance to the State’s buildings.

Since FY20, insurance premiums for academic buildings on Board of Regents campuses have surged by nearly 500%. The campuses have been using tuition and fee funds to cover property insurance costs, but they have only received expenditure authority to manage these cost increases.

This request aims to allocate general funds for the increase in insurance premiums since FY20, allowing the campuses to participate in the inflationary increases moving forward, similar to other state agencies.

Insurance costs, in particular, have become a growing burden on institutional budgets. As premiums continue to rise—driven by market volatility, increased claims, and broader inflationary trends—colleges and universities are forced to divert funds away from core educational activities to cover these essential but non-instructional expenses.

By securing general fund support to offset escalating insurance premiums, the Board of Regents can ensure that tuition and fee revenues remain focused on academic priorities. This approach will help preserve the financial health of our campuses and support their mission to deliver high-quality, affordable education to South Dakota students.

	FY20	FY21	FY22	FY23	FY24	FY25	6-Year Change	% Change
BHSU	\$ 57,206	\$ 89,131	\$ 127,122	\$ 186,603	\$ 270,162	\$ 317,357	\$ 260,151	455%
DSU	\$ 50,210	\$ 77,235	\$ 114,818	\$ 158,049	\$ 222,308	\$ 286,379	\$ 236,169	470%
NSU	\$ 54,694	\$ 90,639	\$ 127,780	\$ 241,910	\$ 344,545	\$ 423,993	\$ 369,299	675%
SDSMT	\$ 82,612	\$ 132,266	\$ 189,091	\$ 272,487	\$ 390,639	\$ 460,954	\$ 378,342	458%
SDSU	\$ 369,936	\$ 550,685	\$ 844,481	\$ 1,091,973	\$ 1,561,157	\$ 1,997,637	\$ 1,627,701	440%
USD	\$ 185,972	\$ 309,570	\$ 584,876	\$ 769,139	\$ 1,120,006	\$ 1,300,232	\$ 1,114,260	599%
Total	\$ 800,630	\$ 1,249,526	\$ 1,988,168	\$ 2,720,161	\$ 3,908,817	\$ 4,786,552	\$ 3,985,922	498%



SYSTEM

CYBERSECURITY TECHNOLOGY FUNDING
\$2,750,000 BASE GENERAL FUNDS

Network security has long been a top priority for the South Dakota Board of Regents (BOR). As one of the five most targeted sectors by cybercriminals, higher education must continuously manage, monitor, and mitigate cybersecurity risks to protect sensitive data and ensure uninterrupted academic operations.

While ransomware attack rates in higher education declined slightly—from 79% in 2023 to 66% in 2024—the cost of recovery has surged, with the average recovery cost rising from \$1.06 million in 2023 to \$4.02 million in 2024. This dramatic increase reflects the growing sophistication of attacks and the expanding scope of damage they cause.

Regental universities are stewards of vast amounts of sensitive information, including financial records, academic histories, and proprietary research. This makes them high-value targets for cybercriminals seeking financial gain or to cause disruption. A successful cyberattack can halt operations, compromise data, and impose significant financial burdens on already constrained budgets.

In FY23, the Governor and Legislature recognized this risk and authorized \$5.1 million in one-time general funds to strengthen cybersecurity across the Regental system. That investment laid the groundwork for critical upgrades in software, services, and infrastructure.

To sustain and build on this progress, the BOR is now requesting \$2.75 million in ongoing base general funds. This funding will ensure continued protection of institutional networks, data, and intellectual property—safeguarding the educational mission and maintaining public trust.

Cybersecurity is not a one-time fix; it requires continuous investment to stay ahead of evolving threats. This request represents a proactive step to protect South Dakota’s public universities and the communities they serve.



SYSTEM

CYBERSECURITY TECHNOLOGY FUNDING (continued)
\$2,750,000 BASE GENERAL FUNDS

The table below shows the anticipated uses for this annual cybersecurity technology funding.

DESCRIPTION	AMOUNT
Firewall Maintenance	\$625,000
Privileged Account Management	\$75,000
Security Information & Event Management	\$350,000
Backup	\$150,000
Security Assessment	\$235,000
Multi-Factor Authentication	\$275,000
Managed Detection Response	\$700,000
Employee Cybersecurity Training	\$340,000
Annual Total	\$2,750,000



SYSTEM

CORE TECHNOLOGY FUNDING
\$7,600,000 BASE GENERAL FUNDS

The South Dakota Board of Regents (BOR) is requesting \$7.6 million in ongoing base general funds to support the core technology infrastructure that powers academic, administrative, and research operations across the Regental system. This investment is essential to sustain and modernize the digital backbone of our public universities and to meet the growing demands of a rapidly evolving technological landscape.

In 2025, higher education institutions face unprecedented challenges in managing complex IT environments. The rise of artificial intelligence and data-driven decision-making has significantly increased the need for scalable, secure, and integrated technology systems. At the same time, cyber threats are becoming more sophisticated, requiring constant vigilance and proactive investment in security infrastructure.

Modern core technology is no longer a luxury - it is a necessity. Systems such as enterprise resource planning (ERP), student information systems (SIS), identity and access management, and learning management platforms are essential for delivering services to students, faculty, and staff. These systems must be continuously updated, secured, and integrated to ensure reliability, compliance, and user satisfaction.

The total cost of maintaining core technology infrastructure across the Regental system now exceeds \$20 million annually. While institutions have absorbed much of this cost through internal reallocations and one-time funding, this approach is not sustainable. Without stable, recurring support, institutions risk falling behind in system upgrades, security protections, and service delivery - ultimately impacting student success and institutional effectiveness.

The requested \$7.6 million in base funding will provide a reliable revenue stream to support shared services and ensure that all campuses have access to modern, secure, and efficient technology. It will also enable the BOR to respond more effectively to emerging needs, such as AI integration, data privacy regulations, and digital accessibility standards.

By investing in core technology, the state is not only supporting operational continuity but also enabling innovation, protecting institutional data, and ensuring that South Dakota's public universities remain competitive and resilient in a digital-first world.

SYSTEM

CRITICAL DEFERRED MAINTENANCE
LEASE PAYMENT ADJUSTMENT
(\$5,279) BASE GENERAL FUNDS



The 2007 Legislature (HB1101) authorized the South Dakota Building Authority (SDBA) to provide \$8.6M in revenue bonds for critical maintenance and repair of certain academic buildings. The legislature appropriated general funds to the Board of Regents to pay the annual lease payment, which is repaid by the M&R fee revenue dollars. Securing a general fund appropriation provided the Board of Regents the full faith and credit of the state, thus securing a very favorable bond rating.

According to the current lease payment schedule, the FY27 critical deferred maintenance lease payment is \$615,330, a decrease of \$5,279. The table below provides the payment adjustments for the life of the bonds and the necessary adjustments in funding.

CRITICAL DEFERRED MAINTENANCE

FY	GENERAL FUNDS	DIFFERENTIAL
FY23	\$630,965	
FY24	\$628,427	(\$2,538)
FY25	\$624,975	(\$3,452)
FY26	\$620,609	(\$4,366)
FY27	\$615,330	(\$5,279)



SOUTH DAKOTA
**BOARD of
REGENTS**

FY27 ONE-TIME FUNDING REQUESTS





SOUTH DAKOTA
**BOARD of
REGENTS**

SYSTEM

MODERNIZING ERP: TRANSITION TO CLOUD
\$4,500,000 ONE-TIME GENERAL FUNDS

The South Dakota Board of Regents (BOR) is requesting \$4.5 million in one-time general funds to begin the transition of its enterprise resource planning (ERP) system—Ellucian Banner—to a cloud-based environment. This transition is not optional; Ellucian, the system’s vendor, is phasing out support for on-premises deployments, requiring all customers to migrate to the cloud.

This shift represents a significant operational change for the Regental system. The ERP platform is central to managing student academic records, student billing and accounts receivable, financial aid, human resources, payroll, grants, accounting, budget, and other core administrative functions. Moving to the cloud will ensure continued vendor support, access to new features and security updates, and alignment with industry best practices for system performance and data protection.

The full cost of this transition is estimated between \$12 million and \$18 million, with implementation expected to take 24 to 48 months. The initial \$4.5 million request will fund early-stage planning, vendor coordination, infrastructure readiness, and the first phases of migration. This phased approach allows the BOR to manage risk, maintain continuity of operations, and ensure a smooth transition across all institutions.

This effort is similar in scope - though smaller in scale - to the State of South Dakota’s transition to the BISON system, which modernized the state’s financial and HR systems through a cloud-based platform. Just as the BISON project was essential for ensuring long-term sustainability and efficiency at the state level, the BOR’s ERP cloud migration is a critical step in ensuring that South Dakota’s public universities remain operationally resilient and technologically current in a rapidly evolving digital landscape.



SOUTH DAKOTA
**BOARD of
REGENTS**

FY27 OTHER BASE AUTHORITY REQUESTS





SOUTH DAKOTA
**BOARD of
REGENTS**

SYSTEM

OTHER FUND AUTHORITY ADJUSTMENTS
\$13,002,000 FUNDING REQUEST
19.0 FTE

BHSU is requesting \$525,000 in additional other PS authority and \$575,000 in additional other OE authority due to inflationary and increased costs for operating expenses funded by student fees, room and board fees, academic and athletic camps, and grants and contracts. The increased expenses are being supported by rate increases and higher demand and/or usage.

NSU is requesting \$427,000 in additional other PS authority to cover the personal service expenses for community assistants (CAs) employed in the residence halls, who now receive a monthly salary. This authority request will also cover the expense of a Director of Sponsored Programs, which has been identified as an area in need of an individual to focus their efforts full-time to assist faculty in developing grant proposals, and managing pre-award processes and post-award requirements.

SDSMT is requesting \$1,000,000 in additional other OE authority due to inflationary increases on products and services funded by student fees like the special discipline fee, parking fee, and tablet PC program fee and operating increases on things like negotiated lease and food service agreements that are funded by room and board fees. The increased expenses are being supported by revenues from increased fee rates and enrollment increases.

SDSD is requesting \$25,000 in additional other PS authority for summer outreach programming like Hands in Motion. The requested authority will ensure SDSD has the necessary authority to pay the faculty and staff conducting this programming.

SDSU is requesting \$1,590,000 and 19.0 FTE in additional other PS authority and \$5,910,000 in additional other OE authority due to inflationary increases as well as increased freshmen enrollment and overall retention, which have increased both revenues and expenditures in areas like student fees, food service, residential life, and the bookstore.

USD is requesting \$350,000 in additional other PS authority and \$2,600,000 in additional other OE authority due to increased expenses (and corresponding revenues) for various business services, clinical operations, and public service activities as well as increases in electronic bookstore and athletic ticket sales. Additional OE authority is also requested for increased operating costs related to the new aquatics facility for things like utilities and insurance and for increases seen to student meal plan rates.

SYSTEM

OTHER FUND AUTHORITY ADJUSTMENTS *(continued)*
\$13,002,000 FUNDING REQUEST
19.0 FTE



FY27 FUNDING REQUEST – BASE AUTHORITY

UNIVERSITY	AMOUNT	FTE
Black Hills State University	\$1,100,000	
Northern State University	\$427,000	
South Dakota School of Mines & Technology	\$1,000,000	
South Dakota Services for the Deaf	\$25,000	
South Dakota State University	\$7,500,000	19.0
University of South Dakota	\$2,950,000	
TOTAL OTHER FUND AUTHORITY REQUEST	\$13,002,000	19.0



SOUTH DAKOTA
**BOARD of
REGENTS**

NOTES:

