South Dakota Board of
Technical Education

To: Board of Technical Education

From: Nick Wendell, Executive Director

Re: FY28 Budget Request Recommendation

Date: 7/30/26

This memo is intended to outline recommended priorities for the FY28 budget request. These recommendations were developed by the Board of Technical Education (BOTE) staff in consultation with the college presidents. The final recommended priorities will be shared with Bureau of Finance and Management (BFM) and the Office of the Governor as they work to build the recommended FY28 budget.

Recommended FY28 Budget Request Priorities

1. **Per Student Allocation (PSA)**
   The PSA is appropriated based on the Full-Time Equivalent (FTE) number from the previous academic year. In this case, I recommend we use the projected FTE number from academic year 2025-2026 to develop the FY28 request. The projected number is **6,141.75**.

   I recommend an FY28 PSA request totaling **$7,997.73**, up from $6,412.58 in FY27 (an increase of $1,585.15/FTE). The FY28 request includes the inflationary rate increase and ongoing support for equipment. The two components of the requested increase are outlined below.

   a. **Inflationary Rate Increase**
      Based on current circumstances, I recommend a requested inflationary rate increase of **4.4%**. The FY27 PSA is $6,412.58. A 4.4% increase would bring the FY27 PSA up to $6,694.73 (an increase of $282.15/FTE).

   b. **Equipment**
      Equipment is an essential component of delivering high-quality technical education and each of our budget requests since FY18 has included ongoing support for equipment. To build a more sustainable model for equipment funding, I recommend requesting **$8,000,000** in ongoing equipment funding. I recommend these dollars be appropriated to the system through the PSA and be distributed to the institutions using the funding formula. Using this mechanism would bring the FY28 PSA up to $7,997.73 (an increase of $1,303/FTE).

   In FY27, the system is set to receive a total combined appropriation of approximately $43,701,982 ($39,384,463 in PSA funding + $4,317,519 in equipment funding).

   The total requested increase in PSA support (including equipment funding) in FY28 is approximately **$5,418,076**.

2. **Maintenance and Repair (M&R)**
   Starting in FY18, the state and the system launched a multi-year plan to reach a 1% to 1% (state to system) match for annual M&R funding. The FY27 appropriation ($2,788,837) includes both ongoing ($1,189,112) and one-time ($1,599,725) funding aimed at making progress toward that goal.

I recommend we request continued support to achieve the initial 2% of total replacement value goal and full 1% to 1% match.

Continued implementation of the plan would bring the FY28 appropriation to approximately **$3,855,494** (based on the most recent replacement valuation of state-titled facilities throughout the system which is $385,549,494).

The requested M&R increase in FY28 is approximately **$1,066,657**.

3. **Tuition Assistance**
   Since FY17, the system has received approximately $10/credit hour in tuition assistance. This is a direct benefit to students and is applied to the state tuition rate total. Institutions receive funding for every credit billed. I recommend maintaining the **$10**/credit hour in the FY28 request, which will generate approximately **$1,842,525** (based on the projected **6,141.75** FTE total).

4. **Bonding Support**
   Currently, the state contributes 27% of the system's annual debt service. According to the South Dakota Healthcare and Educational Facilities Authority (SDHEFA), that total will be **$2,017,467** in FY28 (based on $7,471,101 in project debt service obligations).

   The requested decrease in bonding support in FY28 is **($2,440)**.

Summary of Requested Changes

Description	FY28 (Request)	FY27 (Actual)	Difference
PSA[1]	$49,120,058	$43,701,982	$5,418,076
M&R[2]	$3,855,494	$2,788,837	$1,066,657
Tuition Assistance	$1,842,525	$1,842,525	-
Bonding Support	$2,017,467	$2,019,907	($2,440)
Equipment[3]	-	$4,317,519	($4,317,519)
Total	**$56,835,544**	**$54,670,770**	**$2,164,774**

[1]The FY28 PSA request includes $8,000,000 in ongoing equipment funding.

[2]The system received both ongoing ($1,189,112) and one-time ($1,599,725) M&R funding in FY27.

[3]Equipment support ($4,317,519) was received as one-time funding through the supplemental bill in FY27.