



South Dakota Board of Technical Education

DRAFT

To: Board of Technical Education

From: Nick Wendell, Executive Director, Board of Technical Education

Re: FY27 Budget Request Recommendations

Date: 7/31/25

This memo is intended to outline recommended priorities for the FY27 budget request. These recommendations were developed by the Board of Technical Education (BOTE) staff and the college presidents. The final recommended priorities will be shared with the Bureau of Finance and Management (BFM) and the Office of the Governor as they work to build the recommended FY27 budget.

Recommended FY27 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 2024-2025 to build our FY27 request. That number is **5,912**.

I recommend an FY27 PSA request totaling **\$6,992.14**, up from \$6,324.04 in FY26 (an increase of \$668.10/FTE). The FY27 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 an inflationary rate increase of **2.5%**. The PSA for FY26 is \$6,324.04. A 2.5% increase would bring the FY27 PSA up to **\$6,482.14** (an increase of \$158.10/FTE). This increase will cover growing costs associated with many of the basic operations of an institution (i.e. labor, utilities, safety and security, technology, and communication).

b. Equipment

Equipment is an essential component of delivering high-quality technical education and each of our budget requests since FY18 has included ongoing equipment support. To build a more sustainable model for equipment funding, I recommend requesting **\$3,000,000** in ongoing equipment funding. I recommend these dollars be distributed using the funding formula, which would bring the FY27 PSA up to **\$6,992.14** (an increase of \$510.00/FTE). Institutions have submitted equipment planning forecasts for FY27. The forecasts were used to determine the need and to identify priorities.

The total requested increase in PSA support from the state is approximately **\$3,949,652** in FY27.

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 Maintenance and Repair (M&R) funding. The FY26 appropriation (\$1,801,861) included both ongoing (\$977,854) and one-time (\$824,007) 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 a full 1% to 1% match. Continued implementation of the original plan would bring the FY27 appropriation to approximately **\$3,841,070** (based on a current replacement valuation of \$384,107,016).

The requested increase in M&R support from the state is approximately **\$2,039,209** in FY27.

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 FY27 request, which will generate approximately **\$1,831,820**.

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 **\$2,019,907** in FY27, which is the same as the FY26 state contribution total.

Summary of Requested Increases

Description	FY27 (Request)	FY26 (Actual)	Difference
PSA	\$41,337,532	\$37,387,880	\$3,949,652
M&R ¹	\$3,841,070	\$1,801,861	\$2,039,209
Tuition Assistance	\$1,831,820	\$1,831,820	-
Bonding Support	\$2,019,907	\$2,019,907	-
Equipment ²	-	\$4,000,000	(\$4,000,000)
Total	\$49,030,328	\$47,041,468	\$1,988,860

¹The system received both ongoing (\$977,861) and one-time (\$824,007) M&R support in FY26. The \$1,801,861 total above includes both.

²Equipment support was received as one-time funding in FY26. The FY27 PSA total includes \$3,000,000 in ongoing equipment support.