



Rising Construction Costs

Board of Regents

Overview

As inflation continues to raise construction costs, projects that have previously been funded by the legislature are being impacted. Governor Noem's recommended budget includes \$6,750,000 in one-time funding to address inflationary cost overruns in several construction projects within the Board of Regents. Due to historic inflation and supply chain issues, construction costs are now increasing at a rate of 2-3% per month, or 25-40% annually. Typical annual cost increases for construction projects are 5-6%.

Project Description

The below projects are all experiencing inflationary cost overruns and have previously received support from the legislature:

Campus	Project	Original Appropriation	Total Cost Overrun	General Funds Recommended
SDSMT	Mineral Industries Building	34,000,000	5,000,000	2,750,000
SDSU	Bioproducts Facility	20,000,000	3,000,000	3,000,000
SDSU	Dairy Unit	15,000,000	2,000,000	1,000,000
Total		\$ 69,000,000	\$ 10,000,000	\$ 6,750,000