

## SCHOOL BOARD MEETING

Wednesday, May 13, 2019

The School Board of the Sioux Falls School District 49-5 of Minnehaha County, South Dakota, was called into regular session, pursuant to due notice, on Monday, May 13, 2019 at 4:00 p.m. in the Instructional Planning Center, 201 East 38<sup>th</sup> Street, Sioux Falls, South Dakota, with the following members present: Carly R. Reiter, Todd Thaelke, Vice President Cynthia H. Mickelson and President Kent Alberty. Absent: Kate Parker.

### Action ST00383

A motion was made by Cynthia H. Mickelson and seconded by Carly R. Reiter four (4) votes “yes” on roll call **approving the minutes of a meeting** held on April 3, 2019 and which were furnished to the Sioux Falls Argus leader for publication, in unapproved form, all in accordance with SDCL §13-8-35.

### Action ST00384

A motion was made by Carly R. Reiter and seconded by Cynthia H. Mickelson four (4) votes “yes” on roll call, **approving the agenda** as presented.

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President Alberty asked about any conflicts of interest. None were brought forward.

### Action ST00385

A motion was made by Carly R. Reiter and seconded by Cynthia H. Mickelson, four (4) votes “yes” on roll call, **approving Item A through D on the consent agenda** as follows:

A. **Approving the Authorizations and Ratifications, as follows:**

**A1. Approval of Contracts**

Authorizing the President and Vice President, Finance/Operations to enter into and execute contracts for and on behalf of Southeast Technical Institute as follows:

<b>Item No.</b>	<b>Contract Number</b>	<b>Contractor</b>	<b>Project</b>	<b>Cost</b>
a.	19-022Southeast, MMF	Ruffalo Noel Levitz	Search Engine Optimization	\$59,000

**A2. Approval of Scholarship Awards**

Authorizing the administration to execute any and all documents related to the Build Dakota Scholarship program.

The Build Dakota Scholarship program provides for full ride scholarships to students meeting eligibility requirements entering programs approved by the Building Dakota Scholarship Administration Board. The scholarship funds are distributed through the South Dakota Community Foundation

- B. Approving the **Consolidated Report of Trust and Agency Funds** of May 13, 2019 and stating for the record that as of March 31, 2019, receipts total \$44,806,903.54 and disbursements total \$44,249,189.04. (see MRF #ST296)
- C. Approving the **Vice President of Finance and Operation’s Report** of May 13, 2019 in accordance with the SDCL §13-8-35 (see MRF #ST297) and directing that detailed statement of receipts and balances on hand, as of March 31, 2019, be published as part of these minutes, in accordance with SDCL §13-8-3.
- D. **Accepting the Southeast Tech Personnel Report**, as follows:
  - D1. **Resignations.** Accepting the resignation of School District Personnel as of the effective date indicated, the personnel having been previously employed by Board Action, as follows:

<u><b>Name</b></u>	<u><b>Location/Position</b></u>	<u><b>Effective Date</b></u>
<b>Custodian and Maintenance, 12 Month, full-time</b>		
Healy, Ellen*	Custodian	05-03-19
<b>Federal Work Study, part-time</b>		
Beatty, Patricia	Bookstore	04-25-19
Lubbers, Hannah	Horticulture Tech	05-02-19
Noble, Caleb	IT, Student Tech	05-02-19
Radack, Shelby	Student Success	05-02-19
Vikander, Mariah	Scarborough Center	05-02-19
Zeck, Regan	Scarborough Center	05-02-19

D1. **Resignations** (continued)

<u>Name</u>	<u>Location/Position</u>	<u>Effective Date</u>
<b>Instructor, 186 Day, full-time</b>		
Bardsley, Chase	Diesel Tech	06-30-19
Kolander, John	Construction Mgmt	06-30-19
Olson, Curt	Electronics Tech	05-09-19
Weddle, Steven	Welding Tech	05-09-19
<b>Other Help, part-time</b>		
Peters, Ryan	Custodian	08-17-18
<b>Student Help, part-time</b>		
Abbott, Bailey	IT, Student Tech	05-02-19
Radack, Shelby	Student Success	05-03-19
Schenecker, Alexis	Scarborough Center	05-03-19

\*Retirement

D2. **Involuntary Employment Termination**

<b>Instructor, part-time</b>		
Kelley, Tiffany	CNA	03-23-19
McComsey, Jacy	Surgery Tech	03-19-19
<b>Lab Assistant, part-time</b>		
Kelley, Tiffany	CNA	03-23-19

D3. **Employment Recommendations**

<u>Name</u>	<u>Location/Position</u>	<u>Effective Date</u>	<u>Amount</u>
<b>Clerical, Class III, 12 Month, full-time, per hour</b>			
Duus, Kristi	Nursing Program Level K, Step 1	04-29-19	\$17.60
<b>Lab Assistant, part-time, per hour</b>			
Roemen, Dale	Law Enforcement	04-23-19	\$30.00
<b>Other Help, part-time, per hour</b>			
Norberg, John	Custodian, Seasonal	05-06-19	\$12.00
<b>Student Help, part-time, per hour</b>			
Roth, Destinee	Scarborough Center	05-13-19	\$10.50

D3. **Employment Recommendations** (continued)

<u>Name</u>	<u>Location/ Position</u>	<u>Effective Date</u>	<u>Current Pay</u>	<u>Proposed Pay</u>
<b>Adjunct Instructor, 2019 Spring Session, Addendum to Lump Sum Budget</b>				
Bardsley, Chase	Diesel Tech	03-11-19	\$0.00	\$864.00
Hitzemann, Leonard	Nursing Clinical	03-26-19	6,300.00	8,820.00
Hunking, Debra	Gen Ed, English	03-25-19	0.00	1,012.50
Kessler, Teniesha	Bus Adm, Comm	03-25-19	4,245.55	6,270.55
Peters, Dennis	Insurance	03-11-19	2,700.00	5,400.00
Pothast, Lee	Diesel Tech	03-11-19	0.00	5,184.00
Rock, Paige	Nursing Clinical	04-03-19	10,084.40	11,344.40
Shotkoski, Kevin	Diesel Tech	03-11-19	0.00	2,160.00
VanOverbeke, Jeffrey	Bus Adm, Comm	03-25-19	8,100.00	9,112.50

Action ST00386

Rich Kluin, Vice President of Finance and Operations presented the FY20 budget report (see MRF #ST298) as follows:

Southeast Tech began its initial budget process in December 2018 with the establishment of budget guidelines and timelines for completion. Between December 2018 and May 2019, administration, professional, and classified staff developed program budgets at the cost center level for presentation to the Southeast Tech Council. The Southeast Tech Council includes one School Board member and community members representing key industry segments. The Southeast Tech Council met on May 7, 2019 to review the FY20 preliminary budget prepared by Southeast Tech and to formulate a recommendation for approval by the Sioux Falls School District Board of Education.

The FY20 budget is being presented to the School Board with a requested use of reserves to provide resources for unforeseen one-time expenditures that will be incurred during FY20. Projected FY20 revenues are insufficient to cover planned expenditures inclusive of the one-time projects. Terry Avenue extension for Jefferson High School, Technology Center/New Tech High, and single year payouts of Early Retirement benefits have been identified as one-time expenditures for which the use of existing cash reserves are being requested.

Year-to-year student admit data for this year has been comparable to the prior year.

**POSTSECONDARY FUND OVERVIEW**

	<b>Budgeted</b>	<b>Projected</b>		<b>Budgeted</b>	
	<b>FY19</b>	<b>FY19</b>	<b>Change</b>	<b>FY20</b>	<b>Change</b>
<b>Revenue</b>	\$23.62M	\$21.92M	(\$1.70M)	\$24.74M	\$1.12M
<b>Expense</b>	\$23.62M	\$22.70M	\$0.92M	\$25.71M	\$2.09M
<b>Fund Balance Change</b>	<u>\$-</u>	<u>(\$0.78M)</u>	<u>(\$0.78M)</u>	<u>(\$0.97M)</u>	<u>(\$0.97M)</u>
<b>Fund Balance</b>	\$5.0M	\$4.2M	(\$0.8M)	\$3.2M	(\$1.8M)

At the close of the current fiscal year (FY19), total credits are expected to fall short of the original budget estimates by approximately 6.5 percent, the equivalent of 3,954 credits. Projected FY19 results serve as the foundation (baseline) for measuring enrollment trends for budgeting purposes. FY20 credit projections are reflective of the recent (one-year) downward trend in enrollments.

Program enrollments (FTE based) by division for FY19 and FY20 are provided in the following table.

<b>Program Enrollments</b>	<b>FTE</b>			
	<b>Division</b>	<b>FY19</b>	<b>FY20</b>	<b>Change</b>
Business	462.26	441.18	-21.08	-4.56%
Electronics	52.31	32.69	-19.62	-37.51%
Engineering	154.77	144.55	-10.22	-6.60%
Health/Science	505.72	525.24	+19.52	+3.86%
Horticulture	46.75	47.67	+0.92	+1.97%
Human Services	105.43	88.81	-16.62	-15.76%
Industrial	143.83	137.61	-6.22	+4.32%
Information Technology	217.97	235.36	+17.39	+7.98%
Media	55.66	53.55	-2.11	-3.79%
Transportation	147.21	139.36	-7.85	-5.33%
Program Prep	54.50	24.90	-29.60	-54.30%
Dual Credit	74.34	65.67	-8.67	11.66%
<b>Totals</b>	<b>2,020.75</b>	<b>1,936.59</b>	<b>-84.16</b>	<b>-4.16%</b>

**IMPACT TO STUDENTS:**

The FY20 budget includes a \$5 / credit increase in the tuition rate, which was approved by the State Board of Technical Education in March of 2019. The FY20 budget also includes a proposed increase in local fees of \$3 / credit. The impact of the FY20 budget to Southeast Tech students is an overall increase of \$8 / credit, which represents a 3.3 percent increase over the FY19 per credit charges incurred by students.

<b>Charges to Students</b>	<b>FY19</b>	<b>FY20</b>	
<b>Tuition/Fees</b> (all credits)	<b>Per Credit</b>	<b>Per Credit</b>	<b>Change</b>
Tuition	\$116.00	\$121.00	+\$5.00
Local/State Fees	124.00	127.00	+\$3.00
<b>Total</b> (all credits)	<b>\$240.00</b>	<b>\$248.00</b>	<b>+\$8.00</b>
<b>Program Specific</b>	<b>Per Credit</b>	<b>Per Credit</b>	<b>Change</b>
LPN Courses	\$25.00	\$50.00	+\$25.00
RN Courses	\$25.00	\$50.00	+\$25.00
<b>Program Specific</b>	<b>Per Semester</b>	<b>Per Credit</b>	<b>Change</b>
HVAC	\$100.00	\$10.00	**
Law Enforcement	\$100.00	\$10.00	**
Plumbing/Mechanical	\$100.00	\$10.00	**
Welding	\$100.00	\$10.00	**

\*\* Dependent individual student course enrollments.

Program specific fees initially implemented during FY18 in higher cost programs will increase in the Registered Nursing and Licensed Practical Nursing programs. Nursing program specific fees will be increase from \$25 / credit to \$50 / credit. Program fees in the HVAC, Law Enforcement, Plumbing, and Welding are moving away from a per semester fee in favor of per credit fees that will be applied to program specific courses. On average, this change in methodology should be revenue/cost neutral from the perspective of the institute/student.

### **IMPACT TO STAFF:**

Staffing levels will be reduced in the FY20 budget by a total of 3.0 FTE through a combination of resignations and retirements. Categorical adjustments and reallocation of existing staff resources are included in the proposed budget and summarized as follows:

- Decrease in Administrators of 1.0 FTE through retirement. The Director of Industry Relations position will not be filled at the administrative level.
- Decreases Executive Assistant by 1.0 FTE. The sole occupant of this employment category was reclassified to an Employment Contract thereby eliminating Executive Assistant as a class of employment at Southeast Tech.
- There were no changes in the total number of Clerical positions; however, a clerical position was added in the Foundation and eliminated in Financial Aid. The Southeast Tech Foundation is providing reimbursement for the Foundation clerical position.
- There are no changes in the total number of Specialist positions; however, a specialist position was added during FY19 within the ABE program. The ABE position is funded through a federal grant. Additionally, the specialist position in the Testing Center was reclassified in FY19 to an employment contract.
- The total number of instructors is being decreased by 3.0 FTE. There were retirements in Early Childhood and the General Education programs. Additionally, there were resignations in the LPN, General Education, and Diesel programs. Instructors will be hired in the LPN and General Education programs to replace the resigning instructors.
- The total number of staff identified as Employment Contract will increase by 2.0 FTE. This increase includes the two aforementioned reclassifications, the FY19 addition of a Financial Aid Director position and the revised Community Relations position. Two positions are being vacated within this classification. A marketing position that is open due to resignation, and an unfilled academic support position.

### **Salary Considerations:**

The FY20 budget does not include an annual adjustment to the various salary schedules. The FY20 salary schedules that will be presented for approval in June will be the same as the FY19 schedules. Additionally, funding is not currently provided for lane advancements and/or step increases for all full time instructional and support staff.

The FY20 budget does including funding for a lump sum distribution (stipends) to full time employees contingent upon reaching/exceeding revenue targets. Distributions would be made semi-annually following a thorough review of revenue projections and progression towards meeting or exceeding revenue goals.

If revenue targets are not met or expenditures are outpacing appropriated amounts, salary stipends will not be issued and the resultant savings will be used to minimize or eliminate any negative effects on Southeast's overall financial position.

### IMPACT TO SOUTHEAST:

Preliminary results for FY19 will not be known until August 2019; however, early projections are pointing towards expenditures exceeding revenues for FY19. Expenditures are in line with appropriated amounts. Revenues are projected to come in lower than FY19 budget amounts, with the largest variances in the tuition and fees categories. The shortfall (expenditures in excess of revenues) is currently projected at approximately \$778,000. The FY20 budget request addresses the FY19 potential shortfall by limiting the use of existing reserves to the approximate net of the aforementioned one-time events and the FY19 projected loss.

Certain revenues associated with the Vet Tech are being carried forward to FY20. The GOED grant and Southeast Tech Foundation proceeds from the Now Capital Campaign are included in the FY20 revenue estimates. Additionally, the NOW Campaign will also provide funding for the Electrician lab expansion, the Dental Assisting Renovation, and HUB improvements. Revenue projections for FY20 also include one-time funds from the Department of Education.

### Revenue (Post-secondary Fund)

Sources	FY19	FY20	+/-	Notes
Tuition	\$7,173,215	\$7,287,248	+\$114,033	Tuition +\$5/cr., Corporate Ed. +83k
Fees	6,074,266	6,115,660	+41,394	Local Fees +\$3/cr., Program Fees
State Aid	7,163,173	7,454,606	+291,433	\$420k one time
Other State	1,418,525	1,454,309	+35,784	\$500k GOED Carryforward
Federal Sources	985,459	939,366	-46,093	-\$30k ABE
Local Sources	1,032,758	\$1,492,525	+459,767	Sales +130k, Donations +237k,
Existing Cash	0	965,017	+965,017	Use of existing cash
<b>Total</b>	<b>\$23,847,396</b>	<b>\$25,708,731</b>	<b>+\$1,861,335</b>	

Increases in expenditures are primarily associated with the one-time events related to site improvements and early retirement payouts.

**Expenditures (Post-secondary Fund)**

<b>Uses</b>	<b>FY19</b>	<b>FY20</b>	<b>+/-</b>	<b>Notes</b>
Full time Wages	\$10,093,934	\$10,630,512	+\$536,578	\$500k Early Retirement Payout
Part time Wages	1,495,588	1,404,237	-91,351	Adjunct – Course Consolidations
Benefits	3,557,587	3,588,942	+31,355	Projected participation rates
Services	3,211,254	3,382,673	+171,419	Increases from \$3k - \$41k all categories
Supplies	1,554,548	1,619,143	+64,595	Supplies +\$81k, Noncap. Equip -\$24k
Capital Equipment	656,184	678,330	+22,146	Perkins, IT, Operational Services
Capital Improvements	1,656,827	2,846,140	+1,189,313	\$575k Terry Avenue, \$410k Tech Center Parking Lot
Other	1,621,474	1,558,754	-62,720	BOR
<b>Total</b>	<b>\$23,847,396</b>	<b>\$25,708,731</b>	<b>+\$1,861,335</b>	

**Fund Balance (Post-secondary Fund)**

The five-year projection forecasts a declining fund balance over the next five years. The assumptions include an annual increase in tuition/fee of \$8 / credit. Program enrollments remain constant, with the only projected growth in dual enrollment credits. State aid (per student allocation) is projected to grow at 2.5 percent annually. The actual state aid received is a function of the per student allocation, technical system enrollments, and enrollments in specific programs at each technical institute. A slight increase of two percent (2.0%) annual growth was projected for the sales of goods and services, which would include facility rentals and outside work performed by the various transportation programs. Projections in the remaining revenue categories reflect no annualized growth.

Expenditure growth is projected at two percent (2.0%) annually for all fulltime wage categories, four percent (4.0%) annually for medical/dental insurances, and two percent (2.0%) for all remaining operating categories. Projections for capital equipment and capital improvements are reflective of the respective five-year capital plans.

The 5-year projections reflect a conservative approach that potentially understates revenue growth and overstates expenditure growth. Between FY14 and FY18, the annual decline in revenues was less than 50 basis points (-0.498%). During this same period of time, expenditures declined on an annual basis by approximately 4 basis points (-0.037%).

The five-year outlook based upon the above assumptions reflects a declining fund balance through FY24. As a result, future annual budgets will require careful consideration and development, with ongoing monitoring and adjustment to maintain the fiscal viability of Southeast Tech.

**ENTERPRISE FUNDS:**

<b>Bookstore Fund:</b>	<b>FY19</b>	<b>FY20</b>	<b>Change</b>
Revenue	\$2.62M	\$2.44M	(\$0.18M)
Expense	\$2.61M	\$2.46M	(\$0.15M)
	<u>\$0.01M</u>	<u>(\$0.02M)</u>	<u>(\$0.03M)</u>

  

<b>Food Service Fund:</b>	<b>FY19</b>	<b>FY20</b>	<b>Change</b>
Revenue	\$345K	\$411K	\$66K
Expense	\$342K	\$423K	\$81K
	<u>\$3K</u>	<u>(\$12K)</u>	<u>(\$15K)</u>

  

<b>Childcare Fund:</b>	<b>FY19</b>	<b>FY20</b>	<b>Change</b>
Revenue	\$309K	\$323K	\$14K
Expense	\$319K	\$323K	\$4K
	<u>(\$10K)</u>	<u>\$0K</u>	<u>(\$10K)</u>

**Budget Highlights (Enterprise Funds):**

Operating subsidies from the Post-Secondary fund are included for the Food Service Fund (\$85k) and the Childcare Fund (\$39k). The FY20 operating expenditures in these funds are expected to exceed operating revenues.

**PROGRAM AREAS (Highlights and Initiatives)**

The following provides a snapshot, on a functional level, of the major initiatives that are being funded and supported with the proposed FY20 budget.

**Academics:**

- Medical Assistant Diploma
- Dental Assisting Diploma
- Construction Certificates
- Dual Credit Expansion
- LPN Expansion - Huron

**Information Technology:**

- Document Imaging Software
- Campus Scheduling Software Update
- Phone System Software Update
- Two-Factor Authentication
- Server Replacements

**Enrollment Management:**

Launch Website, SEO/Website Analytics  
Expand Recruitment Communications  
Lawrence & Schiller Marketing Campaign  
ACT/NRCCUA Predictive Recruitment Modeling  
Pilot Revised Student Success Offerings

**Administration:**

Expand Campus Safety Measures  
Implement NEOGOV Applicant Software  
Restructure Community/Industry Relations  
Expand NOW Capital Campaign  
Explore Partnership Opportunities

**Student Affairs:**

Develop and Expand Campus Life  
Promote Civic Engagement  
Support for Institutional Accreditation  
Conduct Satisfaction Surveys  
Support Diversity Outreach

**Finance/Operations:**

Transition to Obligation Recovery Center  
Explore/Implement New Bookstore Model  
Implement Financial Edge Software  
Support New SFSD Financial Software  
Oversee Design/Construction Projects

Following general discussion, a motion was made by Todd Thaelke and seconded by Carly R. Reiter, four (4) votes “yes” on roll call, **acknowledging the public hearing and tentatively approving the FY20 Southeast Tech Budget.**

Action ST00387

A motion was made by Carly R. Reiter and seconded by Todd Thaelke, four (4) votes “yes” on roll call, **approving the review of policies and revision of regulations** on the following Southeast Tech policies and regulations (see MRF #299), as presented:

- Policy ECA/STI Video Surveillance
- Policy ECE/STI ECE-R/STI Seat Belt Use
- Policy GBAAA/STI Employee Conflict of Interest
- Policy IHDA/STI Adult/Community Education
- Policy IHDB/STI Adult High School/GED Programs
- Policy IHDC/STI Adult Vocational/Career Education
- Policy JICFA/STI JICFA-R/STI Hazing
- Policy JIH/STI Student Searches
- Policy JKA/STI Corporal Punishment
- Policy KL/STI Relations with Other Governmental Authorities
- Policy KLG/STI KLG-R/STI Relations with Law Enforcement Authorities

continued

Monday, May 13, 2019

Action ST00388

A motion was made by Cynthia H. Mickelson, and seconded by Carly R. Reiter, four (4) votes “yes” on roll call, **acknowledging the first reading of Policy/Regulation GBEA/STI Nepotism, KLC/STI KLC-R/STI Relations with Social Service Agencies/Investigating Child Abuse and IB/STI IB-R/STI Academic Freedom** (see MRF #ST300), with the understanding the policy and accompanying regulation will return on the agenda of the School Board meeting to be held Monday, July 8, 2019 for second reading and amendment.

Action ST00389

On motion by Todd Thoenke and seconded by Carly R. Reiter, four (4) votes “yes” on roll call, the School board **adjourned** at 4:56 p.m.

KENT ALBERTY

Presiding Officer

TODD VIK

Business Manager