

## SCHOOL BOARD MEETING

Wednesday, May 6, 2015

The School Board of the Sioux Falls School District 49-5 of Minnehaha County, South Dakota, was called into special session, pursuant to due notice, on Wednesday, May 6, 2015 at 4:15 p.m. in the Instructional Planning Center, 201 East 38<sup>th</sup> Street, Sioux Falls, South Dakota, with the following members present: Douglas C. Morrison, Kate Parker, Carly Reiter, Vice President Todd Thaelke and President Kent Alberty. Absent: None. Jeffrey Holcomb, President of Southeast Tech, and Rich Kluin, Vice President of Finance and Operations, were also present.

### Action ST00029

A motion was made by Todd Thaelke and seconded by Doug Morrison, five (5) votes "yes" on roll call, **approving the minutes of a meeting** held on April 1, 2015, which were furnished to the Sioux Falls Argus Leader for publication, in unapproved form, all in accordance with SDCL §13-8-35.

### Action ST00030

A motion was made by Doug Morrison and seconded by Carly Reiter, five (5) votes "yes" on roll call, **approving the agenda** as presented.

### Action ST00031

A motion was made by Todd Thaelke and seconded by Doug Morrison, five (5) votes "yes" on roll call, **approving Items A through D of the consent agenda**, as follows:

- A. Accepting the **Consolidated Report of Trust and Agency Funds** of May 6, 2015, and stating for the record that as of March 31, 2015, receipts total \$40,258,419.22 and disbursements total \$38,979,041.79 (see MRF #ST24).
- B. Accepting the **Vice President of Finance and Operations' Report** of May 6, 2015, in accordance with SDCL §13-8-35 (see MRF #ST25) and directing that detailed statement of receipts and balances on hand, as of March 31, 2015, be published as part of these minutes, in accordance with SDCL §13-8-3.
- C. **Approving financial transactions** of Southeast Tech (see MRF #ST26).
- D. Accepting the **Southeast Tech Personnel Report**, as follows:

- D.1 **CHANGE IN EMPLOYMENT STATUS.** Accepting the change in employment status, as of the effective date indicated, of the personnel identified below who were previously employed by Board Action:

| <u>Name</u>                                     | <u>Effective Date</u> |
|---|-----------------------|
| <b>Employment Contract, non-exempt, 184 Day</b> |                       |
| Fuller, Melanie                                 | 04/10/15              |

**Federal Work Study, part-time**

|                     |          |
|---------------------|----------|
| Anderson, Elisabeth | 05/07/15 |
| Ely, Jenna          | 05/07/15 |
| Johnson, Ian        | 04/23/15 |
| Noteboom, Kelsi     | 05/07/15 |
| Olsen, Jill         | 05/07/15 |
| Velasquez, Jessica  | 05/07/15 |

**Other Help, part-time**

|               |          |
|---------------|----------|
| Bork, Matthew | 08/27/14 |
|---------------|----------|

**Student Tutor, part-time**

|                  |          |
|------------------|----------|
| Sieveke, Chelsea | 03/02/15 |
|------------------|----------|

- D2. **SALARY ADJUSTMENT**

| <u>Name</u>       | <u>Prior Assignment<br/>Current Salary</u>              | <u>New Assignment<br/>Salary Adjustment</u>   |
|-------------------|---|---|
| <b>Instructor</b> |   |   |
| Whalen, Michael   | Central Svcs, Specialist<br>1.0 FTE<br>\$27.56 per hour | Instructor, 206 Day<br>1.0 FTE<br>Base, \$14,209.63<br>Stipend, \$284.00<br>Eff. 04/20/15 |
| <b>Other Help</b> |   |   |
| Johnson, Andrew   | Oper Svcs, Seasonal<br>Part-time<br>\$10.00             | Oper Svcs, Seasonal<br>Part-time<br>\$11.00<br>Eff. 05/19/15                              |

- D3. **EMPLOYMENT RECOMMENDATIONS**

| <u>Name</u>   | <u>Effective Date</u> | <u>Pay</u> |
|---|-----------------------|------------|
| <b>Instructor, 206 Day, additional days, per annual</b> |                       |            |
| Lucas, Judy   | 04/28/15              | \$3,721.63 |

D3. **EMPLOYMENT RECOMMENDATIONS** (continued)

| <u>Name</u>                               | <u>Effective Date</u> | <u>Pay</u> |
|---|-----------------------|------------|
| <b>Instructor, part-time, per hour</b>    |                       |            |
| Dirnberger, Laurie                        | 04/07/15              | \$35.00    |
| <b>Instructor, stipend, lump sum</b>      |                       |            |
| Foster, Fenecia                           | 04/24/15              | \$200.00   |
| Hoss, Sherri                              | 04/24/15              | \$630.00   |
| Pastrano, Xavier                          | 04/24/15              | \$200.00   |
| <b>Lab Assistant, part-time, per hour</b> |                       |            |
| Dumdei, Corey                             | 04/07/15              | \$30.00    |
| <b>Other Help, part-time, per hour</b>    |                       |            |
| Brinkman, Jeremy                          | 05/19/15              | \$10.50    |
| Fox, Denise                               | 04/06/15              | \$35.00    |
| Streng, Sanna                             | 05/01/15              | \$16.00    |
| <b>Other Help, stipend, lump sum</b>      |                       |            |
| Lewis, Nancy                              | 04/15/15              | \$50.00    |

Action ST00032

Lon Hird, Director of Academics and Training Solutions Institute, **presented an overview of the City of Sioux Falls Workforce Development Pilot Project.** (see MRF #ST27) In an effort by the City of Sioux Falls to encourage new and innovative ways to address skills and work shortages in the region, a Workforce Development Pilot Program has been created.

Training Solutions Institute's proposal included designing and delivering training programs that will expose ESL citizens to job place environments, situations, functions and tools. Language specific classes will be held for each topic. Real world examples, and materials will be used whenever possible to accurately represent and model the targeted industries. Interpreters will be used to improve comprehension.

Specific training will be offered in order to improve employability. Training options will include: Forklift operation, Class B CDL, Basic Welding and Basic Construction Concepts. TSI will partner with John Morrell, Inc., the Multi-Cultural Center, Lutheran Social Services and Southeast Tech's ABE program. The desired outcome of this project is to add 40 individuals to the entry-level workforce in the City of Sioux Falls. TSI was awarded \$99,408 for this training effort.

Following general discussion, a motion was made by Doug Morrison and seconded by Carly Reiter, five (5) votes "yes" on roll call, **acknowledging the Training Solutions Institute – City of Sioux Falls Grant report.**

Action ST00033

Jim Rokusek, Director of Admissions, and Chellee Nemec, Institutional Advancement Officer, **presented an update on the Build Dakota Scholarship program and the launch of the Sponsor-A-Scholar program.** Build Dakota is a new scholarship program created through a \$50 million dollar investment funded by a \$25 million donation from T. Denny Sanford and a \$25 million contribution from the South Dakota Future Fund. Scholarships will be awarded to skilled scholars entering high-need workforce programs at the South Dakota technical institutes.

Southeast Tech received 270 Build Dakota Scholarship applications. Scholarship awards to support tuition, fees, books and other required expenses have been offered to 47 students in 13 different program areas at Southeast Tech.

The Sponsor-A-Scholar program matches individuals that applied for but were not selected for the Build Dakota Scholarship with companies that are willing to invest in their education and career by providing them with financial assistance for tuition as well as employment after graduation. Companies will invest in a \$1,000 scholarship through the Southeast Tech Foundation for the first semester for a student. The second and third semester will be a direct sponsorship of a student at \$1,000 per semester and the fourth semester will be sponsored at \$2,000. Companies will also provide the student with a paid internship and or employment while they are attending school. Companies will also have the opportunity to establish a mentorship with the student. (see MRF #ST28)

Following general discussion, a motion was made by Kate Parker and seconded by Carly Reiter five (5) votes “yes” on roll call, **acknowledging the Build Dakota Scholarship and Sponsor-A-Scholar program.**

Action ST00034

Rich Kluin, Vice President of Finance and Operations, **presented the FY15 Third Quarter Financials.**

The FY15 Third Quarter Financials for the Post-Secondary Vocational, Bookstore, Training Solutions Institute and Childcare funds were reviewed. (see MRF #ST29)

Following general discussion, a motion was made by Doug Morrison and seconded by Todd Thaelke, five (5) votes “yes” on a roll call, **acknowledging the FY 15 Third Quarter Financials report.**

Action ST00035

Rich Kluin, Vice President of Finance and Operations, **presented the FY16 budget report** (see MRF#30) as follows:

STI began its initial budget process in October 2014. The School Board adopted guidelines and a timeline for the budget process in November 2014. The budget timeline was amended in

February 2015 to allow for key actions of the legislature and State Board of Education to be finalized in advance of STI's budget compilation. Between October and April, committees comprised of administration, professional, and classified staff developed program budgets at the cost center level which were then presented to the STI Council. The STI Council includes two School Board members and community members representing key industry segments. The STI Council met in April to review the committee recommendations.

### Post-Secondary Fund:

|         | <u>FY15</u>     | <u>FY16</u>     | <u>Change</u> |
|---------|-----------------|-----------------|---------------|
|         | (Base)          |                 |               |
| Revenue | \$21.19M        | \$20.74M        | (\$ .45M)     |
| Expense | <u>\$20.21M</u> | <u>\$20.97M</u> | \$ .76M       |
|         | \$ 0.98M        | (\$ 0.23M)      |               |
|         | (TAACCCT Grant) |                 |               |
| Revenue | \$ 2.65M        | \$ 1.08M        | (\$ 1.57M)    |
| Expense | <u>\$ 2.65M</u> | <u>\$ 1.08M</u> | (\$ 1.57M)    |
|         | -               | -               |               |
|         | (Capital)       |                 |               |
| Revenue | \$ 5.91M        | \$ 0.83M        | (\$ 5.08M)    |
| Expense | <u>\$ 7.31M</u> | <u>\$ 3.29M</u> | (\$ 4.02M)    |
|         | (\$1.40M)       | (\$2.46M)       |               |
|         | (Total)         |                 |               |
| Revenue | \$29.75M        | \$22.65M        | (\$ 7.10M)    |
| Expense | <u>\$30.17M</u> | <u>\$25.34M</u> | (\$ 4.83M)    |
|         | (\$ .42M)       | (\$ 2.69M)      |               |

The FY16 budget presented to the School Board is in line with the five-year fund balance requirements to maintain a positive cash flow in the post-secondary vocational fund. The FY16 five-year plan spends into the fund balance by \$2.7 million. The projected fund balance is projected at \$6.2 million (27.02%) at the end of FY16. The recommendation projects a decline in the fund balance through FY20 and finishes that year with a \$4.2 million (15.45%) fund balance.

### Budget Highlights

#### *Revenue (Post-secondary Fund)*

- \$42 thousand increase in tuition and fees - \$1.28 million in tuition and fees from increases in per credit amounts paid by students offsets by a 10 percent reduction in FY16 projected credits as compared to FY15 budgeted credits.
- \$63 thousand reduction from all other revenue sources which includes Local Sources (-\$162 thousand), Other State Revenue (+264 thousand), Federal Revenue (-\$165 thousand).
- \$428 thousand reduction in projected state aid resulting from lower FY15 enrollments.

*Expenditures (Post-secondary Fund)*

- \$155 thousand—increase in salaries - 2.0% (for classified staff) to match inflationary state aid increase per negotiated agreements and 2.67% for STI instructors per negotiated agreement.
- \$72 thousand—increase in health insurance and other benefits increases.
- \$373 thousand—increase in purchased services for architect fees during the construction phase of the new building, additional advertising and promotion of STI's programs, and a strategic planning consultant.
- \$220 thousand—increase in supplies provides for the purchase of recruitment software and the replacement of wireless access points.
- \$215 thousand—decrease in dues and fees for projected internally awarded scholarships.
- \$152 thousand provides for an operating transfer to the Scarbrough enterprise fund to offset a projected negative cash balance and to provide additional operating support of the child care center.

Reductions in the FY16 Capital revenue and expense budgets from FY15 reflect that bond proceeds from the Health and Education Facility Authority (HEFA) for new building construction costs will be received and directly disbursed by the bond trustee and not pass through STI's financial reporting system as was budgeted for in FY15. The sale of bonds and construction was delayed and no bond proceeds were received and no construction costs were incurred by STI in FY15. STI's FY16 capital expenditure budget includes the portion of the new building costs, above available HEFA funding, that is being paid from post-secondary funds.

STI's FY16 budget maintains operations at current service levels through the use of additional per credit fees and existing cash balances. Additional resources are being provided to expand marketing and recruitment efforts to increase enrolled credits lost over the last two years. Additional resources are being provided to develop a strategic plan to guide the activities of STI over the next several years

During FY16, STI will conduct a study of program costs. The goal of this study is to more closely align program revenues generated through tuition and fees with direct and allocated program expenditures. STI will propose a FY17 budget that is reflective of program revenues and expenses and this study.

The impact of the FY16 budget to STI students is an increase of \$23 per credit to maintain services at their existing levels. The majority of the increase (\$21/credit) is retained at the local level to fund the operations of STI. The remaining increase (\$2/credit) is to provide for the costs of building construction and related debt service for facilities funded by the Health and Education Facility Authority. The increase in per credit fees represents an 11.67% increase over FY15 per credit fees. The use of existing cash reserves covers all FY16 operating expenses and prevents what would have otherwise been the charging of an additional \$25 per credit in student fees.

President Alberty explained that this was the time set for a public hearing (see FY15 Legal Publication #118). President Alberty called for the public to come forward with questions, testimony or comments. No one spoke.

Following general discussion, a motion was made by Carly Reiter and seconded by Todd Thaelke, five (5) votes "yes" on roll call, **acknowledging the public hearing and tentatively approving the FY16 Southeast Tech budget** to allow Human Resources to offer employee contracts, with the understanding that the budget will be brought forward for adoption at the annual meeting.

continued

Wednesday, May 6, 2015

Action ST00036

On motion by Carly Reiter and seconded by Todd Thaelke, five (5) votes "yes" on roll call, the School board **adjourned** at 5:07 p.m.

KENT ALBERTY

Presiding Officer

TODD VIK

Business Manager