

SCHOOL BOARD MEETING

Monday, May 14, 2018

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 14, 2018 at 4:00 p.m. pm in the Instructional Planning Center, 201 East 38th Street, Sioux Falls, South Dakota, with the following members present: Cynthia H. Mickelson, Carly R. Reiter, Todd Thoenke and Vice President Kent Alberty and President Kate Parker. Absent: None.

Action ST00296

A motion was made by Cynthia H. Mickelson and seconded by Kent Alberty, five (5) votes “yes” on roll call, **approving the revision of Presiding Officer from Kent Alberty to Kate Parker of minutes of a meeting** held on April 4, 2018 and which were furnished to the Sioux Falls Argus Leader for publication, in unapproved form, all in accordance with SDCL §13-8-35.

Action ST00297

A motion was made by Cynthia. H. Mickelson and seconded by Kent Alberty, five (5) votes “yes” on roll call **approving the revised minutes of a meeting** held on April 4, 2018 and which were furnished to the Sioux Falls Argus leader for publication, in unapproved form, all in accordance with SDCL §13-8-35.

Action ST00298

A motion was made by Todd Thoenke and seconded by Carly R. Reiter five (5) votes “yes” on roll call, **approving the agenda** as presented.

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

Action ST00299

A motion was made by Kent Alberty and seconded by Todd Thoenke, five (5) 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 the Southeast Tech Institute, as follows:

Item No.	Contract Number	Contractor	Project	Cost
a.	18-014Southeast, RK	Qualified Presort	Bulk Mailing	\$70,000

A2. Authorizing Grant Application

Authorizing the administration to execute any and all documents for applications(s) for and on behalf of the District, as follows:

Southeast Tech and CTE Academy are currently implementing a 2017 Citi Pathways to Progress grant in the amount of up to \$250,000. The purpose of the grant is to get more low-to-moderate income youth (16-24) within the Sioux Falls four county region (McCook, Turner, Minnehaha and Lincoln) into internships, career exploration and skilled training options, such as apprenticeships, certificates, diplomas and degrees. Any grant award must be expended within one calendar year. The contact person for the grant is Tracy Noldner.

- B. Approving the **Consolidated Report of Trust and Agency Funds** of May 14, 2018 and stating for the record that as of March 31, 2018, receipts total \$36,641,598.82 and disbursements total \$35,916,664.59. (see MRF #ST233)
- C. Approving the **Vice President of Finance and Operation’s Report** of May 14, 2018 in accordance with the SDCL §13-8-35 (see MRF #ST234) and directing that detailed statement of receipts and balances on hand, as of March 31, 2018, 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>Name</u>	<u>Location/Position</u>	<u>Effective Date</u>
Employment Contract, 220 Days, full-time		
Kampmann, David	Academics, Instr Facilitator	06-30-18
Employment Contract, 12 Month, full-time		
Rinehart, Ronda	Finance, Accountant II	06-30-18
Federal Work Study, part-time		
Andersen, Branden	IT Student Tech	05-03-18

D1. **Resignations** (continued)

<u>Name</u>	<u>Location/Position</u>	<u>Effective Date</u>
Finstad, Joshua	Student Success	05-03-18
Harsma, Cassandra	Horticulture Tech	05-03-18
Heumiller, Rachael	Library	05-03-18
Peterson, Alyssa	Library	05-03-18
Sylvester, Lindsay	Scarborough Center	04-06-18
Tupy, Brooks	Library	05-03-18
Instructor, 186 Days, full-time		
Peterson, Anne	Nursing, RN	05-21-18
Instructor, 206 Days, full-time		
Whalen, Michael	Electrician Program	06-30-18
Zediker, Afton	Nursing, LPN	05-08-18
Other Help, part-time		
Miller, Darwin	Food Service	05-10-18
Quiver, Kyera	Food Service	04-12-18
Stubbs, Carmen	Food Service	05-02-18
Woessner, Cynthia	Finance, Clerical	03-07-18
Student Help, part-time		
Andersen, Branden	IT Student Tech	05-16-18

D2. **Involuntary**

<u>Name</u>	<u>Location/Position</u>	<u>Effective Date</u>
Federal Work Study, part-time		
Markel, Cacie	Career Ed/Marketing	05-03-18

D3. **Employment Recommendations**

<u>Name</u>	<u>Location/Position</u>	<u>Effective Date</u>	<u>Actual Pay</u>
Custodian, 12 Month, full-time, per hour			
Avdic, Darko	Custodian 1.0 FTE, Level I, Step 6	05-07-18	\$16.02
Federal Work Study, part-time, per hour			
Nakamoto, Isaac	Library	05-07-18	\$10.00
Student Help, part-time, per hour			
Nakamoto, Isaac	Library	04-23-18	\$10.00

D3. Employment Recommendations (continued)

<u>Name</u>	<u>Location/Position</u>	<u>Effective Date</u>	<u>Amount</u>
Instructor, FY2018 Overload, Lump Sum Pay			
Amor, Patrick	Automotive Tech	07-01-17	\$3,780.00
Bardsley, Chase	Diesel Tech	07-01-17	1,260.00
Borgen, Cory	Sports Turf	07-01-17	1,620.00
Burchatz, Ronald	Collision/Repair & Refinish	07-01-17	7,740.00
Castardo, Ruby	Surg Tech	07-01-17	3,780.00
Cummings, Debborah	Pharmacy Tech	07-01-17	4,500.00
Entringer, Stephanie	Nursing	07-01-17	720.00
Hanson, Mylynn	Health Core	07-01-17	4,860.00
Hoier, Patrick	Cardiovascular Invasive	07-01-17	15,480.00
Johnson, Shaina	Welding Tech	07-01-17	900.00
Kramer, Jaclyn	Nursing	07-01-17	2,520.00
Lease, Sara	Nursing	07-01-17	8,100.00
Merritt, Jason	Automotive Tech	07-01-17	6,480.00
Olson, Curtis	Electronic Tech	07-01-17	4,785.25
Pepper, Dustin	Nursing	07-01-17	540.00
Peterson, Anne	Nursing	07-01-17	360.00
Post, Sherri	Health Core	07-01-17	4,785.25
Schlepp, Jeffrey	Architectural Tech	07-01-17	5,580.00
Schroeder, Johnnie	Mechanical Eng Tech	07-01-17	1,260.00
Talbot, Jeffrey	Law Enforcement	07-01-17	2,340.00
Tunge, Paul	HVAC	07-01-17	2,160.00
Zediker, Afton	Nursing	07-01-17	720.00

Action ST00300

Rich Kluin, Vice President of Finance and Operations presented the FY19 budget report (see MRF #ST235) as follows:

Southeast Tech began its initial budget process in December 2017 with the establishment of budget guidelines and timelines for completion. Between December 2017 and May 2018, 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 8, 2018 to review the FY19 preliminary budget prepared by Southeast Tech and to formulate a recommendation for approval by the Sioux Falls School District Board of Education.

The FY19 budget being presented to the School Board is balanced at the operating level. Projected revenues are sufficient to cover planned expenditures throughout FY19. The FY19 budget does not plan to use the fund balance to cover operating costs. Year-to-year comparison of student admit data is continuing to trend positively with a significant increase in the number of admittances as of the end of April 2018, as compared to April 2017.

Post-Secondary Fund

	Budgeted FY18	Projected FY18	Change	Budgeted FY19	Change
Revenue	\$21.20M	\$21.79M	\$0.59M	\$23.62M	\$2.42M
Expense	\$21.20M	\$22.27M	(\$1.07M)	\$23.62M	\$2.42M
Fund Balance Change	\$-	(\$0.48M)	(\$0.48M)	\$-	\$-
Fund Balance	\$5.5M	\$4.8M	(\$0.7M)	\$4.8M	(\$0.7M)

Total credits for the current fiscal year (FY18) are expected to exceed budgeted credits by approximately five percent or 2,790 credits. Projected FY18 results serve as the foundation (baseline) for FY19 projections in credits. Overall, the projected credits for FY19 are increasing by seven percent over the number of credits adopted in the FY18 budget which is reflective of the FY18 baseline (projected) credits and program expansions in the LPN and RN programs which are projected to provide an additional 1,180 credits. The budget-to-budget difference in credits is 3,970, increasing from an FY18 adopted budget of 56,650 credits to a FY19 projected total of 60,620 credits.

The FY19 budget includes a \$2 / credit increase in the tuition rate, which was approved by the State Board of Technical Education in March of 2018. The FY19 budget also includes a proposed increase in local fees of \$3 / credit. The impact of the FY19 budget to Southeast Tech students is an overall increase of \$5 / credit, which represents a 2.1% increase over the FY18 per credit charges incurred by students.

Program specific fees implemented in FY18 in higher cost program areas are not being increased. The FY19 proposed budget will modify the methodology for program specific fees in the RN/LPN programs moving away from the per semester per student fee to a per credit fee on program specific courses. The change in methodology is anticipated to be revenue neutral.

The FY19 Post-Secondary Fund budget maintains the total FY18 staffing levels of 164 FTE. Categorical adjustments and reallocation of existing staff resources are reflected in the FY19 proposed budget.

- Increases of Administrators of 2.0 FTE (reclassified from Employment Contract positions) to establish a Vice President of Enrollment Management and a Nursing Programs Administrator as required by the South Dakota Board of Nursing.
- Decreases Clerical by 4.0 FTE (3.0 FTE were reclassified to Employment Contract positions in the Marketing and Business Office areas. 1.0 FTE was a planned reduction in Admissions).
- Decreases Specialist by 1.0 FTE (reclassified to an Employment Contract position in Human Resources).
- There were no changes in the total number of Instructor FTE's; however, retiring instructors in the Business and Landscape program areas are not being replaced. The adjunct budgets in these program areas are being increased to reflect the reductions in instructional staff. One additional instructor in both the LPN and RN programs is being provided for projected enrollment growth in the LPN program and the remote offering of the RN program in Huron.

Budget Highlights (FY18 Adopted Budget to FY19 Proposed Budget)

Revenue (Post-secondary Fund)

- \$656k increase in tuition revenue that is reflective of the increase in the total number of credits and the unit cost increase of \$2 / credit for tuition rates.
- \$492k increase in fee that is reflective of the increase in the total number of credits and the unit cost increase of \$3 / credit for local fees.
- \$809k increase in state revenue sources, due to in part to a 1% increase in the per student allocation. Additional state aid is also projected from the distribution formula as established by administrative rule. Increases in state revenues also includes a \$500k matching grant from the Governor's Office of Economic Development (GOED) for renovation/addition to the Ed Wood Building to house a Vet Tech program.
- Federal revenue remains relatively unchanged with small increases in the ABE (Adult Basic Education) program and federal work study.
- \$518k increase in local sources of revenues that reflect capital campaign donations of \$500k to provide the local match to the GOED grant for the Ed Wood renovations.

Expenditures (Post-secondary Fund)

- \$297k increases in personnel costs for full time salaries and early retirement benefits. The increase is reflective of a 2.01% increase to FY18 salary schedules. Targeted salary adjustments are also being provided for Instructors fulfilling lane change requirements, and staff assuming additional duties and responsibilities associated with the various categorical reclassifications.
- \$61k increase in Adjunct/Instructor hourly to provide additional resources for online support and various HLC requirements.
- \$250k increase in Professional Services to provide for architecture/engineering fees for the Ed Wood renovation and the web page redesign per the Stamats consulting report/recommendation.
- \$109k increase in Repair/Maintenance categories to provide for new maintenance/service contracts on various simulator equipment.
- \$212k increase in Supplies spread across all cost centers, but focused in the Classroom Supplies categories.
- \$159k increase in Non-capitalized equipment categories, primarily in the academic program areas.
- \$130k increase in miscellaneous categories to provide operating subsidies for the Food Service and Childcare enterprise funds.
- \$875k overall increase in Capital Improvements as detailed in the proposed FY19 – FY23 Capital Improvements Plan. The majority of the infrastructure increase is directed towards the Ed Wood Building renovation for the proposed Vet Tech program.
- \$125k increase in Capital Equipment as identified in the FY19 – FY23 capital equipment plan. The majority of the equipment purchases in FY19 are in the academic program areas. Funding for the proposed academic equipment purchases is provided for through the Perkins grant.

Fund Balance (Post-secondary Fund)

The 5-year projection forecasts a stable fund balance in the \$3.3 to \$4.8 million range through FY23. The 5-year projection forecasts inflationary growth in operating expenditures and forecasts capital expenditures in line with the 5-Year Capital Equipment and Capital Improvement plans.

5-year revenue forecasts are conservative in their approach as they do not fully reflect the recent upswing in enrollments. Projections for Fall 2018 enrollments represent the third consecutive semester of increases over prior years. Additionally, revenue forecasts do not include projections for new program additions.

The projected fund balance percentage falls below 15% in FY22; however, the fund balance is projected to increase to 16% the following fiscal year.

Enterprise Funds

Bookstore Fund

	FY18	FY19	Change
Revenue	\$2.55M	\$2.62M	\$0.07M
Expense	\$2.55M	\$2.61M	\$0.06M
	<u>\$0.00M</u>	<u>\$0.01M</u>	<u>\$0.01M</u>

Food Service Fund

	FY18	FY19	Change
Revenue	\$342K	\$345K	\$3K
Expense	\$378K	\$342K	(\$36K)
	<u>(\$36K)</u>	<u>\$3K</u>	<u>\$39K</u>

Childcare Fund

	FY18	FY19	Change
Revenue	\$276K	\$309K	\$33K
Expense	\$280K	\$320K	\$40k
	<u>(\$4K)</u>	<u>(\$11K)</u>	<u>(\$7K)</u>

Budget Highlights (Enterprise Funds):

- Operating subsidies from the Post-Secondary fund are included for the Food Service and Childcare Fund. The FY19 operating expenditures are expected to exceed operating expenditures.
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- Adjustments to operating expenses in the Food Service fund have been implemented to reduce the differential between operating revenues and expenditures. Full time staff in the Food Service fund was reduced from 2.0 FTE to 1.0 FTE.
- A customer survey has been recently completed for the Food Service fund. The results from this survey instrument will be reviewed over the summer and recommendations to increase utilization of the facility will be implemented on a continuous basis.
- Personnel costs represent the largest single expenditure in the Childcare Fund. Ratios of staff to children under care by specific age group are mandated by the State.

Summary:

Southeast Tech's FY19 proposed budget maintains operations at current service levels for the majority of programs. The proposed budget supports program revisions in the following areas, with emphasis and priority given to enrollment and community outreach activities.

1. Admissions/Recruitment – Established a Vice President for Enrollment Management that will oversee and direct all activities related to student recruitment and enrollment. Program areas will include Admissions, Financial Aid, Marketing, and Career Coordination.
2. Student Success/Retention – Included as a part of the Enrollment Management concept. This program will oversee all functions relating to student retention. Program areas include: Tutoring, Co-curricular Activities, Student Groups, Student Government & Activities, and Student Success.
3. Institutional Effectiveness & Student Affairs – Redirected resources from Student Success will establish an Executive Director of Institutional Effectiveness that oversees all matters related to accreditation and the Higher Learning Commission. This position will also oversee program areas related to student well-being, which includes: Housing, Disability Services, and Counseling.
4. Community Outreach – Redirected resources from Academic Administration and Marketing to the President's oversight to continue to promote and support community engagement activities.

President Parker explained that this was the time for a public hearing. President Parker called for the public to come forward with questions, testimony or comments. No one spoke.

Following general discussion, a motion was made by Todd Thaelke and seconded by Cynthia H. Mickelson, five (5) votes "yes" on roll call, **acknowledging the public hearing and tentatively approving the FY19 Southeast Tech Budget.**

continued

Monday, May 14, 2018

Action ST00301

On motion by Todd Thielke and seconded by Kent Alberty, five (5) votes "yes" on roll call, the School board **adjourned** at 4:42 p.m.

KATE PARKER

Presiding Officer

TODD VIK

Business Manager