

**FY17 School District Budget  
EXECUTIVE SUMMARY**

**Purpose:** To hold a public hearing and receive tentative approval of the FY17 Southeast Technical Institute Budget.

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Southeast Tech began its initial budget process in October 2015. Between October 2015 and April 2016, 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 two School Board members and community members representing key industry segments. The Southeast Tech Council met on May 17th to review the FY17 preliminary budget prepared by Southeast Tech and formulate a recommendation for approval by the Sioux Falls School District Board of Education.

**Post-Secondary Fund**

	<b>Budgeted FY16</b>	<b>Projected FY16</b>	<b>Change</b>	<b>Budgeted FY17</b>	<b>Change</b>
<b>Revenue</b>	\$22.9M	\$22.9M	\$-	\$22.4M	(\$0.5M)
<b>Expense</b>	<u>\$24.3M</u>	<u>\$23.7M</u>	<u>(\$0.6M)</u>	<u>\$22.4M</u>	<u>(\$1.3M)</u>
	(\$1.4M)	(\$0.8M)	\$0.6M	\$-	\$0.8M
<b>New Building Investment</b>	<u>(\$1.0M)</u>	<u>(\$1.0M)</u>	<u>\$-</u>	<u>(\$1.4M)</u>	<u>(\$0.4M)</u>
<b>Fund Balance Change</b>	<u>(\$2.4M)</u>	<u>(\$1.8M)</u>	<u>\$0.6M</u>	<u>(\$1.4M)</u>	<u>\$0.4M</u>
<b>Fund Balance</b>	\$6.2M	\$6.5M	\$0.3M	\$5.2M	(\$1.3M)

The FY17 budget presented to the School Board is balanced at the operating level. The FY17 budget spends into the fund balance by \$1.4 million to complete the building and renovation project that is currently underway.

Credits are projected to increase from 55.7k to 56.2k or 1% due to program expansions in Automotive Technician, Diesel Technician, and Electrician programs.

The impact of the FY17 budget to Southeast Tech students is an increase of \$10 per credit to maintain services at their existing levels. One-half of the increase (\$5 / credit) is retained at the local level to fund the operations of Southeast Tech. The remaining one-half of the increase (\$5 / 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 a 4.5% increase over FY16 per credit fees.

The Post-Secondary budget has 2.25 FTE less than FY16 primarily achieved through attrition and non-replacement of contract positions.

## Budget Highlights

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

- \$281k increase in fees from increases in per credit amounts paid by students. This represents a \$5 fee increase.
- \$540k placeholder allocation from House Bill 1182 to fund instructor salary enhancements. Final distribution of funds will be based on Administrative Rules formulated by the SD Department of Education.
- \$270k decrease due to proposed fund balance transfer from book store enterprise fund being cancelled.
- \$1,051k reduction in other state and federal revenue due to the FY16 one-time grant of 900k from the Governor's Office of Economic Development (GOED) and a 200k reduction in projected FY17 Federal TAACCCT 3 grant reimbursements.

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

- \$193k increase in salaries of all types was achieved through a combination of attrition, a reduction in adjunct instruction, and part time staffing levels. A \$540 thousand increase in salaries for STI Instructors is being provided through HB1182, pending final rules. Classified staff will receive salary increases as provided in the K-12 negotiated agreements.
- \$619k increase in health insurance and other benefits increases associated with the increase in full time salaries and projected benefit enrollments.
- \$306k decrease in Purchased Services through a reduction in travel and professional services provided by 3<sup>rd</sup> parties.
- \$232k decrease in Supplies through reductions in classroom supplies, software, other supplies, and food purchases.
- \$450k decrease in expenses to due operational efficiencies to be identified. Budgeted task.
- \$176k decrease in Dues and Fees due to the FY16 one-time transfer of \$146k and the elimination of the on-going annual operating subsidy of \$30k to the Childcare Enterprise Fund.
- \$882k decrease in equipment and improvements due to one-time equipment purchases through the GOED grant and one-time technology equipment purchases for the new building.

## Enterprise Funds

### Bookstore Fund

	FY16	FY17	Change
<b>Revenue</b>	\$2.33M	\$2.47M	\$0.14M
<b>Expense</b>	<u>\$2.59M</u>	<u>\$2.44M</u>	\$0.15M
	(\$0.26M)	\$0.33M	

### TSI Fund

	FY16	FY17	Change
<b>Revenue</b>	\$574K	\$0K	(\$574K)
<b>Expense</b>	<u>\$596K</u>	<u>\$0K</u>	(\$596K)
	(\$22K)	\$0K	

### Scarborough Fund

	FY16	FY17	Change
Revenue	\$431K	\$286K	(\$145K)
Expense	<u>\$301K</u>	<u>\$286K</u>	(\$15K)
	\$130K	\$0K	

### Food Service Fund

	FY16	FY17	Change
Revenue	\$0K	\$545K	\$545K
Expense	<u>\$0K</u>	<u>\$573K</u>	\$573k
	\$0K	(\$33K)	

#### Budget Highlights:

##### *Enterprise Funds*

- The Training Solutions Institute Fund will be closed at the end of FY16. The CDL program will be transferred to the Post-Secondary Vocational Fund. Testing Center operations will be incorporated into the Admissions/Academic Support areas and run by existing Post-Secondary Vocational Fund staff.
- A Food Service Fund will be established with the opening of a food court in the new building.

Southeast Tech's FY17 budget provides for expansion in the Auto, Diesel and Electrician programs, maintains operations at current service levels for remaining programs, and provides for the operation of the new facility through increased custodial staffing, utility and supply costs.

The 5-year projection forecasts a stable fund balance in the \$4.5 to \$5.0 million range through FY21, representing an approximate 20% of prior year balances.

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#### **Administrative Recommendation to School Board:**

Acknowledge the public hearing and tentatively approve the FY17 Southeast Technical Institute budget to allow Human Resources to offer employee contracts, with the understanding that the budget will be brought forward for adoption and certification of levies at the annual meeting held July 11, 2016.

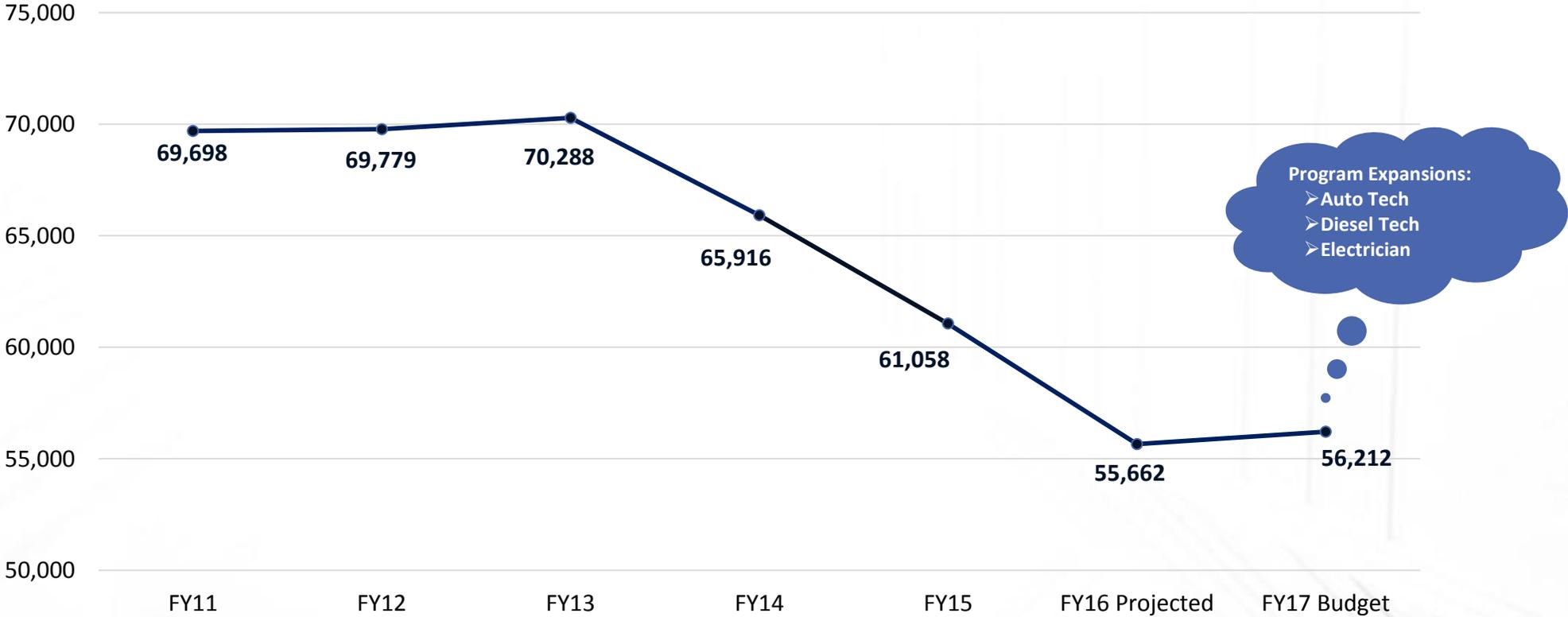


# **FY17 Budget Summary**

05.26.17

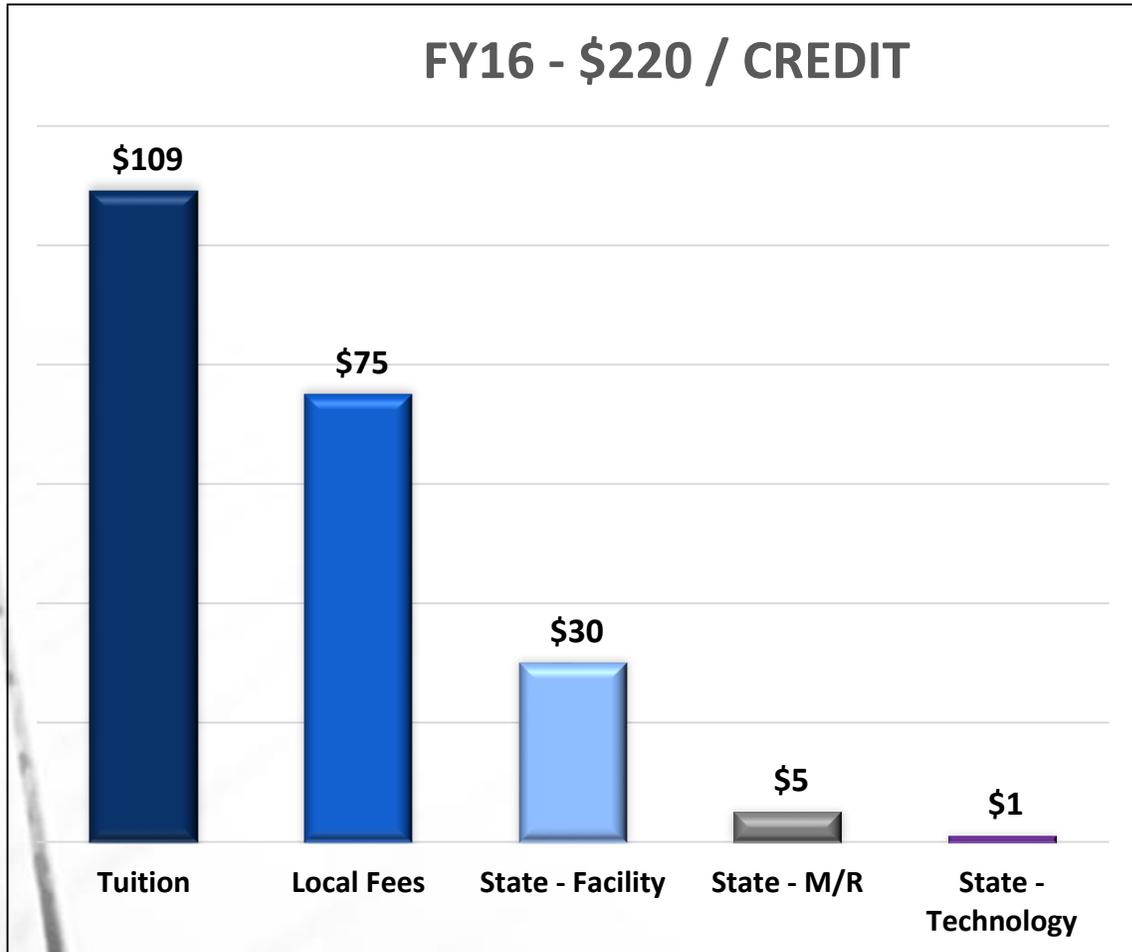
<b>Post-Secondary Fund - Summary</b>					
	<b>Budgeted FY16</b>	<b>Projected FY16</b>	<b>Change (Budget – Projected)</b>	<b>Budgeted FY17</b>	<b>Change (Budget – Budget)</b>
<b>Revenue</b>	<b>\$22.9M</b>	<b>\$22.9M</b>	<b>\$-</b>	<b>\$22.4M</b>	<b>(\$0.5M)</b>
<b>Expense</b>	<b><u>\$24.3M</u></b>	<b><u>\$23.7M</u></b>	<b><u>(\$0.6M)</u></b>	<b><u>\$22.4M</u></b>	<b><u>(\$1.3M)</u></b>
	<b>(\$1.4M)</b>	<b>(\$0.8M)</b>	<b>\$0.6M</b>	<b>\$-</b>	<b>\$.8M</b>
<b>New Building Investment</b>	<b><u>(\$1.0M)</u></b>	<b><u>(\$1.0M)</u></b>	<b><u>\$-</u></b>	<b><u>(\$1.4M)</u></b>	<b><u>(\$.4M)</u></b>
<b>Fund Balance Change</b>	<b><u>(\$2.4M)</u></b>	<b><u>(\$1.8M)</u></b>	<b><u>\$0.6M</u></b>	<b><u>(\$1.4M)</u></b>	<b><u>\$.4M</u></b>
<b>Fund Balance</b>	<b>\$6.2M</b>	<b>\$6.5M</b>	<b>\$0.3M</b>	<b>\$5.2M</b>	<b>(\$1.3M)</b>

# Enrollments – by credits

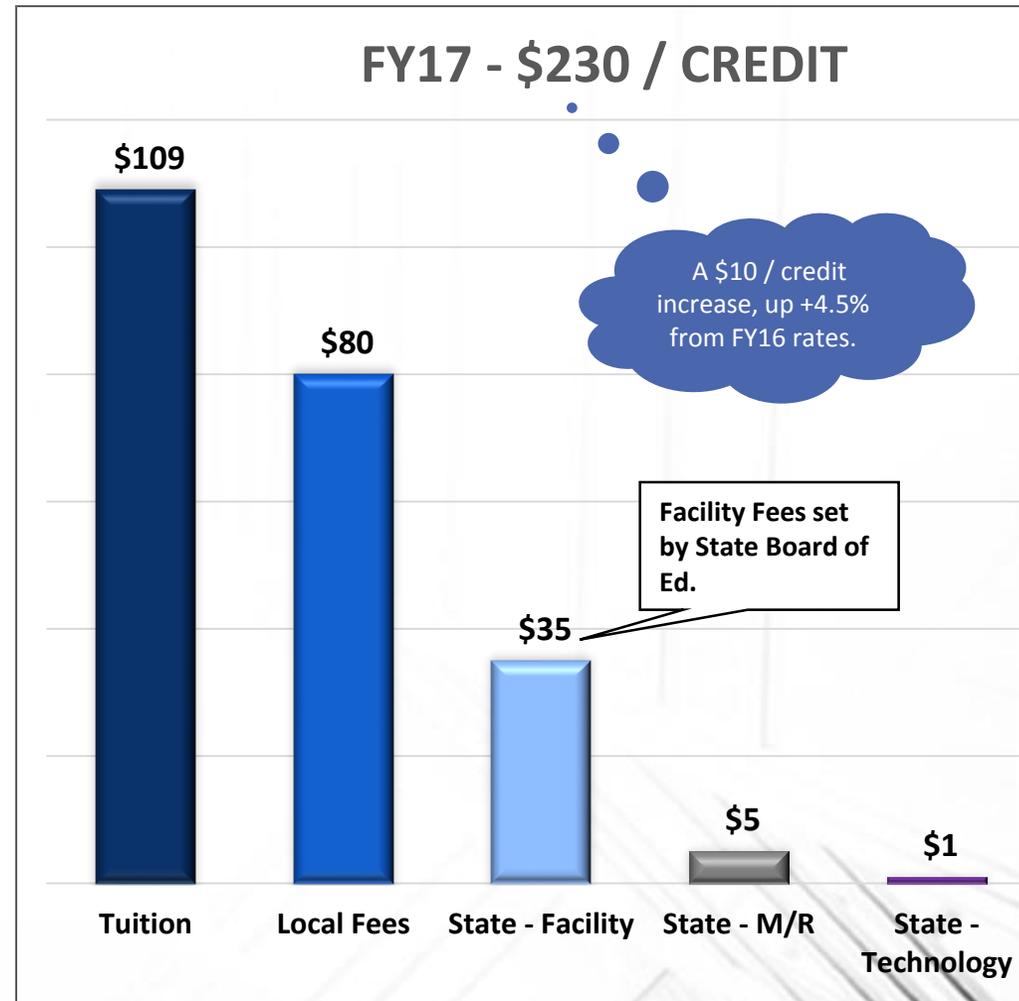


# Student Charges – per credit

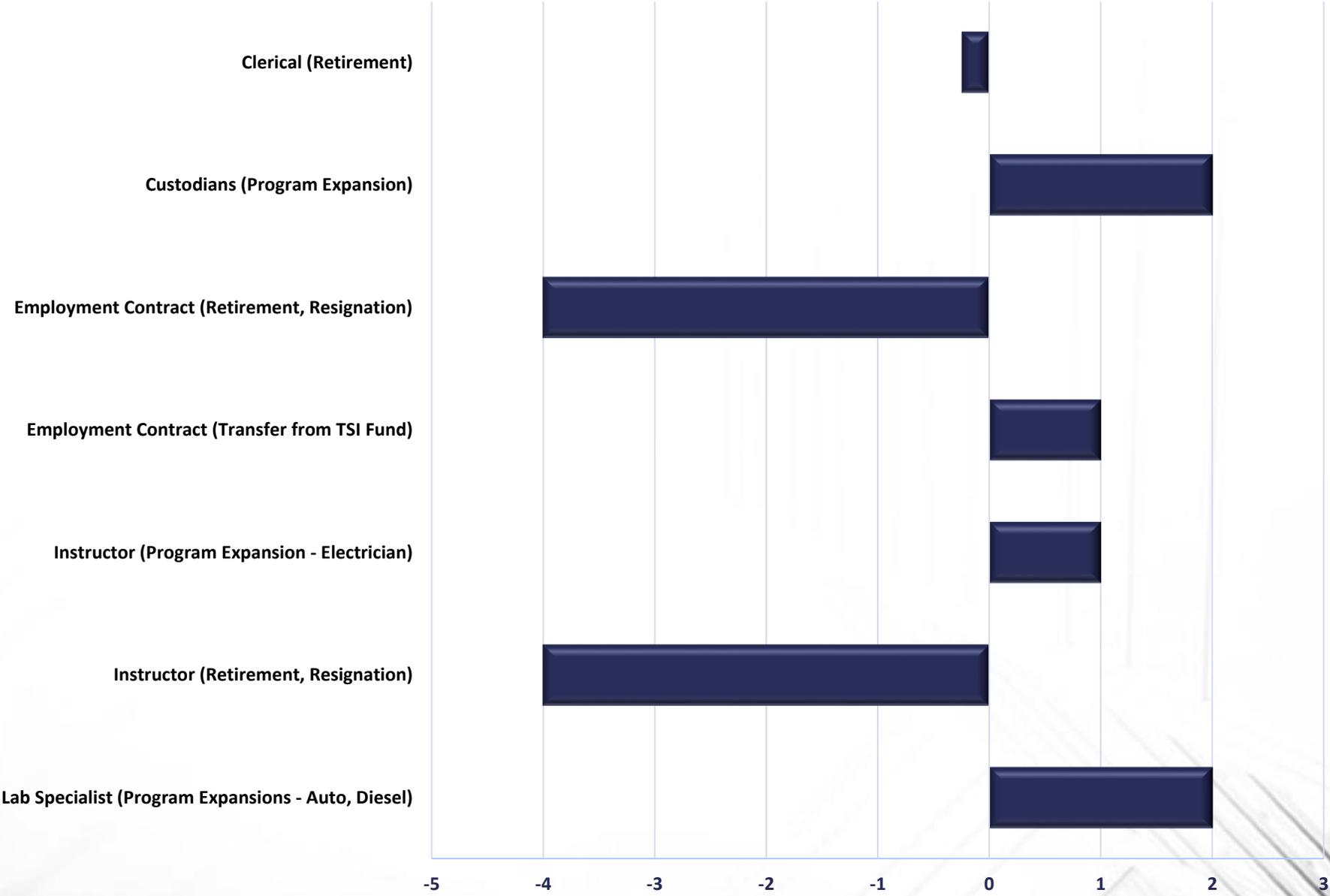
FY16 - \$220 / CREDIT



FY17 - \$230 / CREDIT



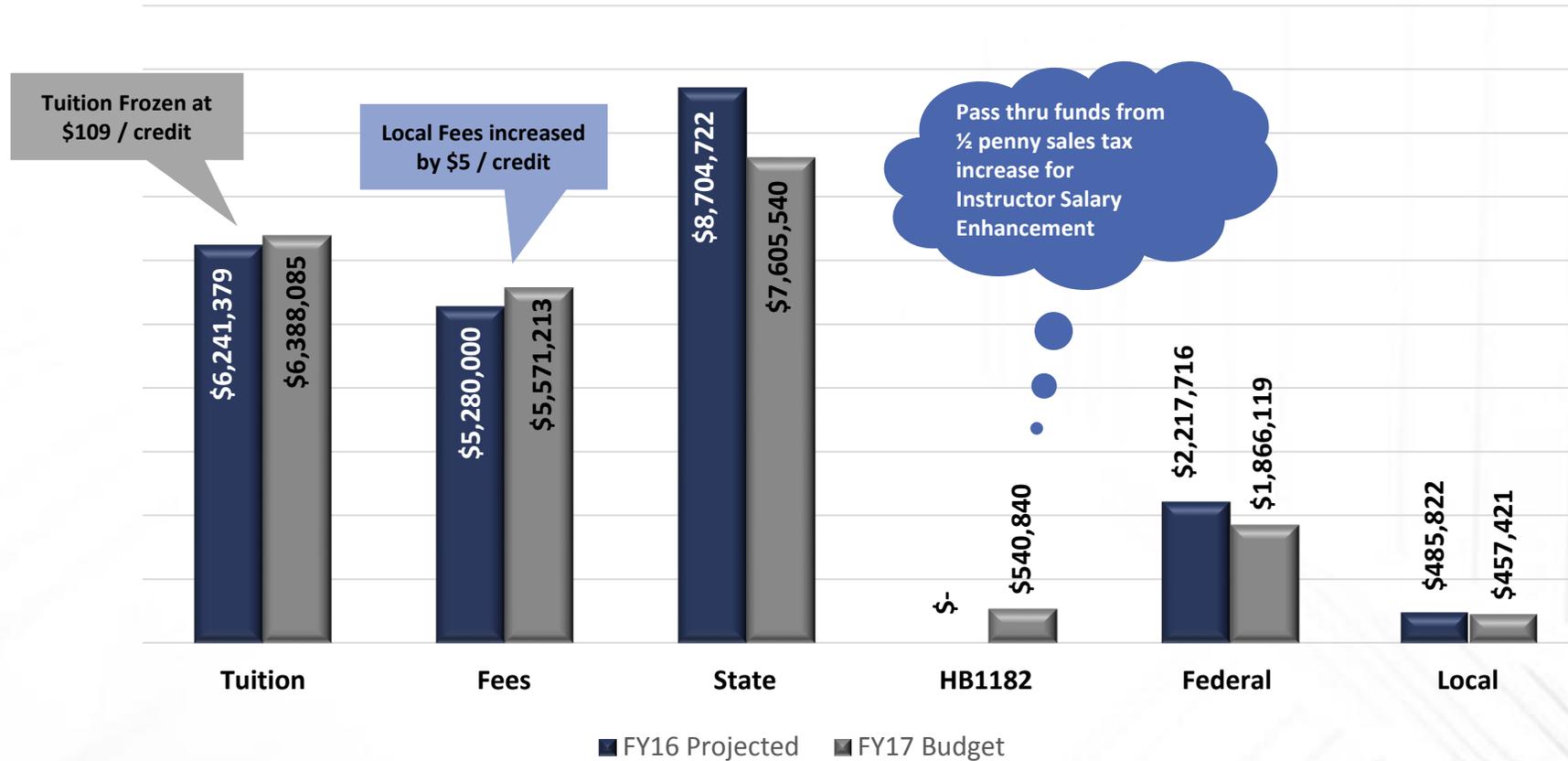
# PSVF Staff Changes



# PSVF Revenue – by Category

FY16 Projected - \$22,929,639

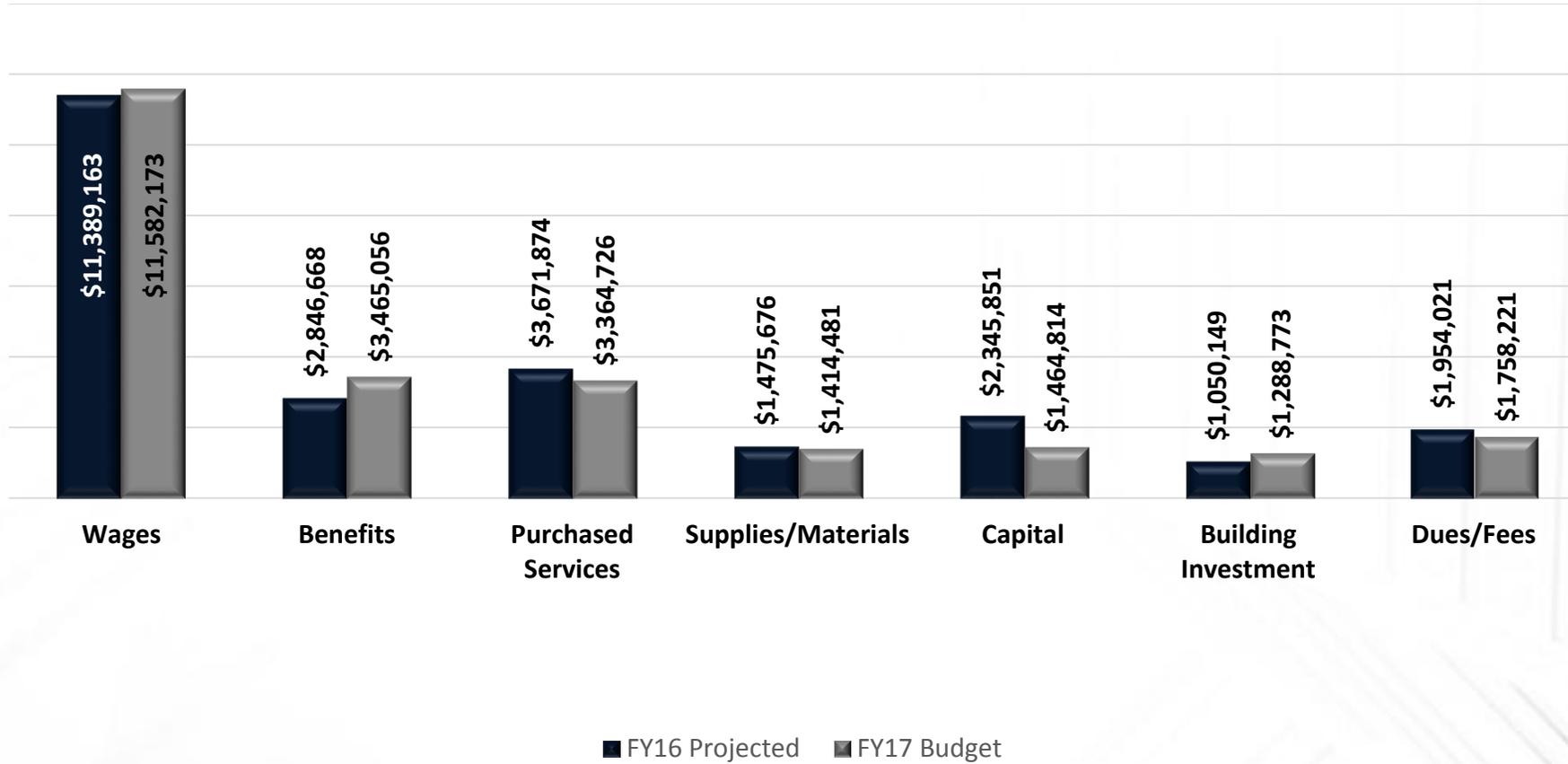
FY17 Budget - \$22,429,218



# Expenditures - by Category

FY16 Projected – \$24,733,401

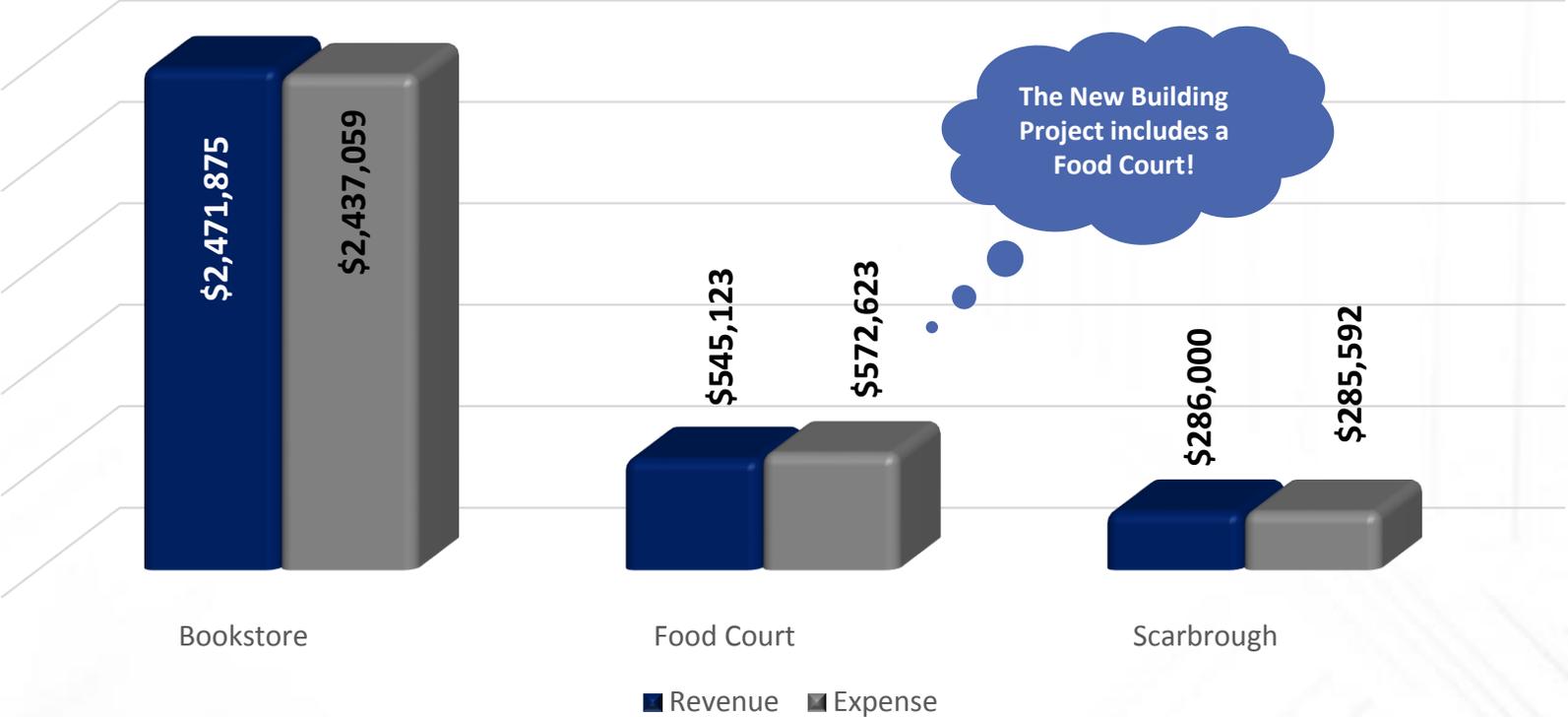
FY17 Budget – \$23,717,991\*



\*Includes \$.4M efficiency task.

# Southeast Tech – Enterprise Funds

## FY17 Proposed Budget



**PSVF (FY16 – FY21)**

<b>Category</b>	<b>FY16 Projected</b>	<b>FY17 Budget</b>	<b>FY18 Projected</b>	<b>FY19 Projected</b>	<b>FY20 Projected</b>	<b>FY21 Projected</b>
<b>Revenue:</b>						
Operating Revenue	\$22,929,639	\$22,429,218	\$23,435,119	\$24,553,224	\$25,726,166	\$26,896,074
Non-Operating	0	0	5,000	5,000	5,000	5,000
<b>Total Revenue</b>	<b>\$22,929,639</b>	<b>\$22,429,218</b>	<b>\$23,440,119</b>	<b>\$24,558,224</b>	<b>\$25,731,166</b>	<b>\$26,901,074</b>
<b>Expenses:</b>						
Operating	21,337,401	21,584,657	21,227,314	21,848,351	22,492,900	23,162,104
Operating Efficiency		(449,715)				
Capital	2,345,851	1,294,276	2,924,984	3,124,053	3,067,308	2,783,457
Capital – Investment in New Building	1,050,149	1,288,773				
<b>Total Expenses</b>	<b>\$24,733,401</b>	<b>\$23,717,991</b>	<b>\$24,152,298</b>	<b>\$24,972,404</b>	<b>\$25,560,208</b>	<b>\$25,945,561</b>
<b>FB Increase/(Decrease)*</b>	<b>\$(1,803,762)</b>	<b>\$(1,288,773)</b>	<b>\$(712,179)</b>	<b>\$(414,180)</b>	<b>\$170,958</b>	<b>\$955,514</b>
<b>Fund Balance – Total</b>	<b>\$6,479,456</b>	<b>\$5,190,683</b>	<b>\$4,478,503</b>	<b>\$4,064,323</b>	<b>\$4,235,281</b>	<b>\$5,190,795</b>
<b>FB as % of PY Expenses:</b>	<b>26%</b>	<b>20%</b>	<b>19%</b>	<b>17%</b>	<b>17%</b>	<b>20%</b>
<b>Reserved Fund Balance:</b>						
Capital	\$1,901,950	\$613,177	\$613,177	\$613,177	\$613,177	\$335,403
Contingency	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
BOR	\$267,319	\$200,000	\$150,000	\$100,000	\$50,000	-
Operating	\$2,810,187	\$2,877,506	\$2,215,326	\$1,851,146	\$2,072,104	\$3,355,392
<b>Operating FB as % of PY Exp.</b>	<b>11.29%</b>	<b>11.63%</b>	<b>9.34%</b>	<b>7.66%</b>	<b>8.30%</b>	<b>13.13%</b>

\*FY16 Budget included a planned use of Fund Balance of \$2.4M.