

**FY21 School District Budget
EXECUTIVE SUMMARY**

Purpose: To present the FY21 budget based on current assumptions and projections. The budget will be presented for preliminary adoption in July 2020, with final adoption in September 2020.

Not unlike most entities developing budgets in uncertain times, Southeast Tech is equally faced with many of those same challenges. The eventual impact on state support and fall enrollment is largely unknown. State funding and enrollments represent a significant portion of our overall revenue stream, with even marginal downward adjustments resulting in a potential significant impact on our ability to operate. The situation will remain dynamic into September with clarity coming from legislative action later this summer, and actual enrollment this Fall.

The FY21 budget is being presented to the School Board on our current knowledge base and the assumptions that come with it. The 2020 legislature provided for a two-percent increase in the per-student-allocation (PSA). Additionally, the legislature provided \$1.5 million for equipment purchases, with the funds to be disbursed across the four technical institutes. For the purposes of this presentation, Southeast has removed those additional legislative funding mechanisms pending the upcoming legislative special session.

The State Board of Technical Education (BOTE) approved the FY21 tuition rate at the March 2020 meeting. The approved tuition rate will remain unchanged for FY21 and is set as \$121 per credit. The BOTE approved an increase of \$1 per credit for the state facility fee and shifted the \$1 per credit fee for Program Outreach to Maintenance and Repair.

On a local level, Southeast is not requesting an increase in local fees and is not currently planning for any additional program charges.

Year-to-year student enrollment projections are currently ahead of where they were at this time last year. The latest enrollment figures for 1st year students show an increase of 1,208 credits over the same time last year.

**POSTSECONDARY FUND
OVERVIEW**

	Budgeted	Projected		Budgeted	
	FY20	FY20	Change	FY21	Change
Revenue	\$24.61M	\$TBD	\$TBD	\$23.63M	(\$0.98M)
Expense	\$25.51M	\$TBD	\$TBD	\$23.63M	(\$1.88M)
Fund Balance Change	(\$0.90M)	\$TBD	\$TBD	\$0.00	\$0.90M
Fund Balance	\$4.10M	\$TBD	\$TBD	\$TBD	\$TBD

Final projections for FY20 will be calculated over the next several weeks and presented with the tentative budget in July 2020.

At the close of the current fiscal year (FY20), total credits are expected to fall slightly short of the original budget estimates. The impact of summer enrollments will be projected at the end of May 2020.

Enrollments (credits) from February 2019 through January 2020 serve as the foundation (baseline) for measuring enrollment trends for the subsequent budget year. FY21 credit projections are reflective of the recent (one-year) upward trend in enrollments. The largest increases in enrollment are coming from the dual enrollment and new programs in Dental Assisting and Veterinarian Technician.

Program enrollments (FTE based) by division for FY20 and FY21 are provided in the following table.

Program Enrollments	FTE				
	Division	FY20	FY21	Change	% Change
	<i>Agriculture</i>	47.67	66.83	+19.16	+40.19%
	<i>Architecture & Construction</i>	176.98	202.03	+25.05	+14.15%
	<i>Arts, A/V Technology</i>	53.55	50.46	-3.09	-5.77%
	<i>Business, Management</i>	348.53	313.37	-35.16	-10.09%
	<i>Health Science</i>	565.51	580.83	+15.32	+2.71%
	<i>Human Services</i>	33.52	34.83	+1.31	+3.91%
	<i>Information Technology</i>	235.46	248.20	+12.74	+5.41%
	<i>Law, Public Safety</i>	55.29	64.28	+8.99	+16.26%
	<i>Manufacturing</i>	59.96	52.40	-7.56	-12.61%
	<i>Marketing, Sales & Service</i>	52.68	54.50	+1.82	+3.45%
	<i>STEM</i>	77.92	53.64	-24.28	-31.16%
	<i>Transportation, Distribution</i>	139.36	148.84	+9.48	+6.80%
	<i>Program Prep</i>	24.49	18.39	-6.51	-26.14%
	<i>Dual Credit/Concurrent</i>	65.67	93.27	+27.60	+42.03%
	Totals	1,936.59	1,981.87	+45.28	+2.34%

IMPACT TO STUDENTS:

The FY21 budget presentation reflects no increase in the per credit tuition rate, which was established by the State Board of Technical Education (BOTE) in March of 2020.

The BOTE did increase the State Facility Fee by \$1 per credit. The State Facility Fee is used to pay the debt service on bonds issued to construct facilities on the four technical institute campuses.

The BOTE also redirected \$1 per credit from Program Outreach to Maintenance and Repair. Southeast is not proposing an increase to local fees at this time. The current impact of the FY21 budget to Southeast Tech students is an overall increase of \$1 per credit, which represents a 0.4% increase over the FY20 per credit charges incurred by students.

Charges to Students	FY20	FY21	
Tuition/Fees (all credits)	Per Credit	Per Credit	Change
Tuition	\$121.00	\$121.00	+\$0.00
Local/State Fees	127.00	128.00	+\$1.00
Total (all credits)	\$248.00	\$249.00	+\$1.00
Program Specific	Per Credit	Per Credit	Change
LPN Courses	\$50.00	\$50.00	+\$0.00
RN Courses	\$50.00	\$50.00	+\$0.00
HVAC	\$10.00	\$10.00	**
Law Enforcement	\$10.00	\$10.00	**
Plumbing/Mechanical	\$10.00	\$10.00	**
Welding	\$10.00	\$10.00	**
Enrollment Specific	Per Credit	Per Credit	Change
Online Fees	\$50.00	\$50.00	**

** Dependent individual student course enrollments.

IMPACT TO STAFFING LEVELS:

Southeast is looking to increase staff levels in the FY21 budget by a total of 6.0 FTE. Proposed additions of the FY21 budget are reflected in the following table.

Staffing Changes		FY20	FY21	
Academics	Class	FTE	FTE	Change
Instructor - DMS	1171	-	1.00	+1.00
Instructor - Vascular	1171	-	1.00	+1.00
Instructor - ENDT	1171	1.00	-	-1.00
Instructor – Gen. Ed.	1171	1.00	-	-1.00
Instructor – Gen. Ed.	1171	0.50	1.00	+0.50
Instructor – Health Core/Phleb.	1171	1.00	-	-1.00
Instructor – Construction Mgmt.	1171	-	1.00	+1.00
Instructor – Law Enforcement	1171	-	1.00	+1.00
Instructor - Dental	1171	0.50	1.00	+0.50
Instructor – Vet Tech	1171	0.50	1.00	+0.50
Academic Dean	1110	-	1.00	+1.00
Associate Dean – LPN/RN	1191	-	1.00	+1.00
Associate Dean – HLC/IR/Gen. Ed.	1191	-	1.00	+1.00
Perkins Consortium Director	1191	-	1.00	+1.00
Academics - Subtotal		4.50	11.00	+6.50

Staff Changes Continued on Next Page

Staffing Changes - Continued		FY20	FY21	
Enrollment Management	Class	FTE	FTE	Change
Associate Registrar	1191	-	1.00	+1.00
Enrollment Management - Subtotal		0.00	1.00	+1.00
Student Affairs	Class	FTE	FTE	Change
Executive Director	1110	0.50	-	-0.50
Instructor – HLC TOSA	1172	0.50	-	-0.50
Student Affairs - Subtotal		1.00	-	-1.00
Administration	Class	FTE	FTE	
Executive Director	1110	0.50	-	-0.50
Administration - Subtotal		0.50	-	-0.50

Salary Considerations:

The FY21 budget does not include an annual adjustment to the various salary schedules. The FY21 salary schedules that will be presented for approval in June will be the same as the FY20 schedules. Additionally, funding is not currently provided for lane advancements and/or step increases for all full time instructional and support staff.

IMPACT TO SOUTHEAST:

Preliminary results for FY20 will not be known until August 2020. Projections for how FY20 will end will be presented in July 2020 as part of the FY21 preliminary adoption request. In general terms, revenues are projected to exceed expenditures at the close of FY20. The positive variance will largely be due to timing differences between when construction projects are budgeted and actual expenditures are incurred. The funds necessary to complete the projects will be reserved and a supplemental appropriation presented in September 2020.

The FY20 budget called for the use of existing reserves to cover one-time expenditures for the early retirement incentives and the extension of Terry Avenue. The approved use of existing cash in FY20 was \$885,633.

Revenue (Post-secondary Fund)

Sources	FY20	FY21	+/-	Notes
Tuition	\$7,287,248	\$7,382,346	+\$95,098	Enrollment (+), Corporate Ed (-)
Fees	6,115,660	6,208,843	+93,183	Enrollment (+)
State Aid	7,378,067	7,088,315	-289,752	One Time (-), FY20 Enrollments (+)
Other State	1,530,848	423,955	-1,106,893	GOED (-), BOR (-)
Federal Sources	970,044	992,663	+22,619	Perkins (+)
Local Sources	1,339,768	\$1,532,320	+192,552	Laptop Sales (+), Foundation (-)
Existing Cash	885,633	0	-885,663	Early Retirement (-), Street Extension (-)
Total	\$25,507,268	\$23,628,442	-\$1,878,826	

Decreases in expenditures are primarily associated with the one-time events related to site improvements, early retirement payouts, and changes in the Board of Regents general education agreement.

Expenditures (Post-secondary Fund)

Uses	FY20	FY21	+/-	Notes
Full time Wages	\$10,695,030	\$10,461,332	-\$233,698	ERI (-500k), FTE Additions (+)
Part time Wages	1,374,237	1,453,066	+78,829	Instruction (+)
Benefits	3,589,054	3,770,821	+181,767	FTE Additions & Enrollments (+)
Services	3,379,271	3,043,524	-335,747	Contract Instruction (-), Architect Fees (-)
Supplies	1,664,482	2,106,130	+461,648	Laptops (+), Noncapitalized Equip (-)
Capital Equipment	436,976	483,500	+46,524	Perkins (Dental, Vet Tech), IT
Capital Improvements	2,830,414	1,491,019	-1,339,395	Terry Avenue (-), Addition (-)
Other	1,557,804	819,050	-738,754	BOR (-), Bad Debt (+)
Total	\$25,507,268	\$23,628,422	-\$1,878,826	

Fund Balance (Post-secondary Fund)

The 5-year projection will be presented at the July 2020 meeting. The FY20 budget presentation included a projected FY19 deficit of \$778,883. The actual deficit for FY19 following the annual audit was \$686,658, resulting in a little better financial position heading into FY20 that what was originally projected.

ENTERPRISE FUNDS:

Bookstore Fund:	FY20	FY21	Change
Revenue	\$2.44M	\$1.70M	(\$0.74M)
Expense	\$2.46M	\$1.69M	(\$0.77M)
	<u>(\$0.02M)</u>	<u>\$0.01M</u>	<u>\$0.03M</u>

Food Service Fund:	FY20	FY21	Change
Revenue	\$411k	\$415k	\$4k
Expense	\$423k	\$428k	\$5k
	<u>(\$12k)</u>	<u>(\$13k)</u>	<u>(\$1k)</u>

Childcare Fund:	FY20	FY20	Change
Revenue	\$325k	\$328k	\$3k
Expense	\$325K	\$328K	\$3k
	<u>\$0k</u>	<u>\$0k</u>	<u>\$0k</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 FY21 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 FY21 budget.

Academics:

Medical Assistant Diploma ✓
Dental Assisting Diploma ✓
Construction Certificates ✓
Dual Credit Expansion ✓
LPN Expansion – Huron ✓
FY21 – Leadership Assignments
FY21 – New Program Development

Information Technology:

FY20 - Document Imaging Software ~
Campus Scheduling Software Update ✓
Phone System Software Update ✓
Two-Factor Authentication ✓
Server Replacements ✓
FY21 – Data Storage Replacement
FY21 – Distance Delivery Classrooms

Enrollment Management:

Website, SEO/Website Analytics ~
Expand Recruitment Communications ~
Lawrence & Schiller Marketing Campaign ~
ACT/NRCCUA Predictive Recruitment Modeling ~
Pilot Revised Student Success Offerings ~
FY21 – Leadership Transition
FY21 – Production Logo/Brand Materials

Administration:

FY20 - Expand Campus Safety Measures ~
Implement NEOGOV Applicant Software ✓
Restructure Community/Industry Relations ✓
FY20 - Expand NOW Capital Campaign ~
FY20 - Explore Partnership Opportunities ~

Student Affairs:

Develop and Expand Campus Life ~
Promote Civic Engagement ~
Support for Institutional Accreditation ~
Conduct Satisfaction Surveys ~
Support Diversity Outreach ~
FY21 – Leadership Transition

Finance/Operations:

Transition to Obligation Recovery Center ✓
FY20 - Explore New Bookstore Model ~
Implement Financial Edge Software ✓
Support New SFSD Financial Software ✓
Oversee Design/Construction Projects ✓
FY21 – Leadership Transition

Administrative Recommendation to School Board:

Acknowledge the presentation of the FY21 budget based upon current assumptions and authorize the recruitment for proposed new positions, with offers tendered after the adoption of the preliminary budget in July 2020 and/or final budget adoption in September 2020.