

SOUTH DAKOTA BOARD OF EDUCATION MINUTES

Date: Thursday January 29, 2015 - 3:00 p.m. Central Standard Time (Telephonic)

Location: Public listening place:
MacKay Building, Conference Room 4, Second Floor
800 Governors Drive, Pierre, South Dakota

Public telephonic access:
1-866-410-8397/conference code: 8381998525

Present
at public
listening
place: Donald Kirkegaard, President
Julie Mathieson, Member

Present
via phone: Kelly Duncan, Member
Glenna Fouberg, Member
Marilyn Hoyt, Member
Terry Sabers, Member
Deb Shephard, Member
Patricia Simmons, Vice-President

Absent: Stacy Phelps, Member

DOE Staff: Melody Schopp, Laura Scheibe, Tiffany Sanderson, Tami Darnall, Bobbi Rank,
Ferne Haddock, and Holly Farris.

Others in
Attendance: Kelsey Hanson, Don Templeton, Dustin Christopherson, Jim Terwilliger, and
other members of the public present by telephone.

Call to Order, Pledge of Allegiance, and Roll Call:

President Kirkegaard called the meeting to order at approximately 3:02 p.m. CST.

Adoption of Agenda:

Motion by Fouberg, second by Hoyt, to adopt the January 29, 2015, proposed agenda. Roll call vote, all present voted in favor. Motion carried.

Technical Institute Facility Fees for FY 2016 and 2017:

Tiffany Sanderson, DOE, presented information on the technical institute facility fees for fiscal years 2016 and 2017. Technical schools are expanding by utilizing bonding project funds, and

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facility fee increases will help support the amount bonded. In bonding projects going forward, the state supports one-third of the cost for debt service coverage and the technical schools, in part by using facility fees, cover two-thirds of the cost for debt service coverage. The proposed facility fee for FY 2016 is \$30/credit hour. The proposed facility fee for FY 2017 is \$35/credit hour. The proposed fee amounts were formulated taking into account the amount of debt due to bonds for facilities at all the technical institutes across the state.

Dustin Christopherson, South Dakota Health and Education Facilities Authority (SDHEFA), presented information on the formulation of technical institute facility fees for fiscal years 2016 and 2017. Debt service coverage projections were made at 1.19 times the current rate because no new bonds would start until August 2015, with the first payments due in fiscal year 2017. Zero percent enrollment growth was used to formulate the fee rates. The assumption that the state would continue to service one-third of the debt service coverage was also made.

In response to Board questions, Christopherson discussed debt service amounts at Western Dakota Technical Institute and Southeast Technical Institute (STI). Christopherson and Don Templeton, executive director of the SDHEFA, also discussed the effects of decreasing and/or increasing enrollment on proposed fee amounts and future debt service. Jim Terwilliger, Bureau of Finance and Management, explained that the projected plan of 20 years provides better interest rates. Sanderson discussed the impact dual credit students may have on enrollment statistics and, in turn, expansion and fee amounts.

Board members expressed concern about fee increases and enrollment projections, but also noted that the current interest rates for the bonds indicate that this is a good time to implement the bonds and that improvements have had a positive impact on the technical institutes across the state.

Motion by Shepard, second by Duncan, to adopt the resolution to approve the following facility fees at the post-secondary technical institutes: \$30 per credit hour for fiscal year 2016 and \$35 per credit hour for fiscal year 2017 and thereafter for bonds outstanding. Roll call vote, all present voted in favor. Motion carried.

Southeast Technical Institute—Bonding Project Approval:

Tiffany Sanderson and STI president Jeff Holcomb (via phone), , presented information on the STI Bonding Project Approval and provided an updated application. Holcomb noted that the bonding project was informed by forums with industry partners and that demand in the areas in the application is high.

Motion by Simmons, second by Mathieson, to approve the STI bonding resolution as presented. Roll call vote, all present voted in favor. Motion carried.

Proposed Accountability Rule Changes—First Reading:

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Laura Scheibe, DOE, summarized proposed rule changes to ARSD 24:55 which stem from the most recently approved ESEA flexibility waiver.

Motion by Mathieson, second by Duncan, to move the proposed changes to a public hearing. Roll call vote, all present voted in favor. Motion carried.

Adjournment

Meeting adjourned at 4:02 p.m. CST.

DRAFT