

HB 1098

Draft Rules Package – BOE First Reading Draft

CHAPTER 24:10:42

POSTSECONDARY PROGRAMS

Section

- 24:10:42:01 Repealed.
- 24:10:42:02 Transferred.
- 24:10:42:03 to 24:10:42:08 Repealed.
- 24:10:42:09 Transferred.
- 24:10:42:10 to 24:10:42:21 Repealed.
- 24:10:42:22 Contents of applications for new postsecondary programs, program expansions, and continuing programs.
- 24:10:42:23 Application for new or expanded programs.
- 24:10:42:24 Application for continuing programs.
- 24:10:42:25 Approval criteria for new or expanded programs.
- 24:10:42:26 Tuition.
- 24:10:42:27 Set-asides.
- 24:10:42:28 Formula for funding.
- 24:10:42:29 Yearly revision of formula for funding.
- 24:10:42:30 Application for new bonds for lease purchase agreements.
- 24:10:42:31. Approval of new bonds for lease purchase agreements.
- 24:10:42:32. Bond amount limited by pledged revenues.
- 24:10:42:33. Projection of contribution from state fees charged to students.
- 24:10:42:34. Maturity term of bonds issued.

24:10:42:26. Tuition. The South Dakota Board of Education shall determine the rate of tuition and state fees charged to students at postsecondary technical institutes annually, and the rate is effective for the fiscal year beginning July 1.

State fees charged to students at postsecondary technical institutes pledged for the payment of lease purchase agreements referenced in SDCL 13-39-66 to 13-39-68, inclusive, may not exceed twenty percent of total tuition and fees.

General Authority: SDCL [13-39-37\(2\)](#), [13-39-38](#), HB1098 Section 2.

Law Implemented: SDCL [13-39-39](#), [13-39-39.1](#), [1-16A-43](#).

24:10:42:27. Set-asides. The Office of Career and Technical Education shall set aside facility funds; a minimum of \$1,650,000 before distributing funds through the formula prescribed in § 24:10:42:28. Beginning on July 1, 2014, the set aside shall be an amount that is equal to or greater than fifty percent of the projected state fees charged to students pledged for the payment of lease purchase agreements.

General Authority: SDCL [13-39-13](#), [13-39-19](#), [13-39-37\(3\)](#).

Law Implemented: SDCL [13-39-19](#), [13-39-37](#) to [13-39-39](#), [1-16A-43](#) HB1098 Section 6.

24:10:42:30. Application for new bonds for lease purchase agreements. An application for a new bond for lease purchase agreement for the postsecondary technical institutes must be submitted to the director of the Office of Career and Technical Education. The director of the Office of Career and Technical Education shall convene a meeting of the technical institute directors and presidents and a representative of the Department of Executive Management referenced in SDCL 1-33 . Technical institutes with new bonds for lease purchase agreement proposals shall present their rationale for issuance. The director of the Office of Career and Technical Education shall review the rationale presented and make a recommendation to the South Dakota Board of Education on all applications which were submitted as to which projects should be considered for approval or disapproval. All proposals for projects must go through this process before they can be considered by the South Dakota Board of Education at its next regularly scheduled meeting.

General Authority: SDCL [13-39-37\(7\)](#), [HB 1098 Section 2](#).

Law Implemented: SDCL [13-39-9](#), [13-39-37](#), [HB1098 Section 1](#).

24:10:42:31. Approval of new bonds for lease purchase agreements. The South Dakota Board of Education shall propose the adoption of a resolution for new facility bonds for lease purchase

agreements when they consider it necessary and feasible based upon need and capacity for additional bonding. Items that the BOE may consider in their deliberations are:

- 1) Identification and description of the purpose of the proposed bonds;
- 2) Availability of local, regional, and other outside support of the project;
- 3) Industry support for the postsecondary technical institute and the program(s) it is expanding as part of the project;
- 4) Projected five-year enrollment growth at the postsecondary technical institute due to the project;
- 5) The estimated increase in state fees charged to students needed for debt coverage;
- 6) Ratio of state fees charged to students for bonding projects to total tuition and fees;
- 7) Physical capacity constraints of current facilities;
- 8) Historical enrollment growth of postsecondary technical institute, particularly as it relates to past expansions;
- 9) Anticipated demand for new and expanded curriculum
- 10) Information on how South Dakota postsecondary technical institutes total tuition and fees, state appropriation, and local taxing authority appropriation compare to those of other regional two year colleges and technical institutes;
- 11) Graduate placement rates of the postsecondary technical institute considering construction;
- 12) Debt term length and payment structure of all existing bonds and new bonds being considered;
- 13) Debt coverage ratio of all existing bonds and new bonds being considered;
- 14) The term of bond compared to the average useful life of the asset(s)
- 15) Capital expenditures of each postsecondary technical institute over the past 10 years

New bonds for lease purchase agreements for postsecondary technical institutes must receive approval by adoption of a resolution from the South Dakota Board of Education and must be approved by the legislature before being issued.

General Authority: SDCL [13-39-37\(7\)](#), [HB1098 Section 2](#).

Law Implemented: SDCL [13-39-9](#), [13-39-21](#), [13-39-37](#), [HB1098 Sections 1 and 3](#).

24:10:42:32. Bond amount limited by pledged revenues. The Board of Education may not approve any revenue bonds for new projects, that when combined with the debt service on outstanding bonds, provides for a coverage ratio less than 1.03 times. The goal of the Board of Education will be to maintain a 1.05 times coverage for the estimated receipts, rentals, and other payments, including appropriations by the Legislature, student fee payments, or other balances or revenues pledged under the applicable bond indenture.

General Authority: SDCL [13-39-37](#).

Law Implemented: SDCL [13-39-9](#), [13-39-37](#), [1-16A-43](#).

24:10:42:33. Projection of contribution from state fees charged to students. For purposes of forecasting anticipated contributions from student tuition and state fees charged to students for bonding projects, the following calculations shall be used:

- 1) Calculate the estimated amount of revenue needed to be raised from state fees charged to students for debt service for the next five fiscal years;
- 2) Estimate the number full-time equivalent students for the current fiscal year and subsequent five fiscal years;
- 3) To determine the estimated contributions from student tuition and fees for the next five fiscal years:
 - a) For each fiscal year, multiply the results of (2) above by 30 credit hours;
 - b) Divide the result of (1) by (3)(a) and round up to the nearest whole dollar to calculate the estimated state fee charged to students per credit hour needed for debt service coverage
 - c) Multiply the results of (a) and (b) above for each fiscal year to calculate the estimated amount of student fees pledged for each fiscal year.

General Authority: HB1098 Section 2; [SDCL 13-39-37\(7\)](#). HB1098 Section 2.

Law Implemented: HB1098; SDCL [13-39-9](#), [13-39-37](#), [1-16A-43](#), HB1098.

24:10:42:34. Maturity term of bonds issued. When considering approval of new bonds for lease purchase agreement, the Board of Education may set a target maturity term between thirty and forty years. However, the amortization cannot exceed 120% of the weighted average useful life of the asset.

General Authority: HB1098 Section 2; [SDCL 13-39-37\(7\)](#), HB1098 Section 2

Law Implemented: HB1098; SDCL [13-39-9](#), [13-39-37](#), [1-16A-39](#), [1-16A-43](#).