

Lake Area Technical Institute

HEALTHCARE CENTER OF LEARNING

Project Outline & Bonding Proposal

Board of Technical Education Special Meeting // January 25, 2018



South Dakota Board of
Technical Education

STRATEGIC BRIEF

This document provides detailed responses to the 15 items, established in administrative rule, that the South Dakota Board of Technical Education shall consider when determining whether or not to endorse new facility bonds. The items are related to the project, the needs being met by the project and the impact of the bonding effort on Lake Area Technical Institute and the system.

Scope of the Project

The \$3,000,000 bond would support 49% of the cost of the **Healthcare Center of Learning**, which includes 26,000 square feet of new space and 43,390 square feet of renovated existing space. The other 51% would be supported through a gift from the Prairie Lakes Healthcare System.

The Center will house the following academic programs:

- Community Healthcare Workers (fall 2018 launch)
- Dental Assisting
- Licensed Practical Nursing
- Medical Assisting
- Medical/Fire Rescue
- Medical Laboratory Technician
- Occupational Therapy Assistant
- Physical Therapy Assistant
- Registered Nursing (fall 2018 launch)

The facility will also include updated laboratory space in Chemistry, Hematology and Microbiology. These labs will be relocated from another facility on campus. The Center will serve over 700 students, actively engaged in learning in healthcare-related fields. This number represents an increase in capacity of 300+ students.

Meeting Workforce Needs

Communities throughout South Dakota have tremendous workforce challenges and many of those challenges are linked to a lack of technically-skilled workers. Local and state leaders have identified technical education as a key factor in addressing workforce needs.

Lake Area Technical Institute (LATI) is uniquely positioned to meet many of those challenges, but lack of physical capacity is limiting the institution's ability to grow enrollment in programs linked to high-demand fields.

The Healthcare Center of Learning is a dynamic facility designed to create more future workers, enhance the learning environment and co-locate all healthcare laboratory space. Over time, this project can also serve as an opportunity to grow the system's overall enrollment, generating revenue to support future needs.

Overall Impact

A \$3,000,000 bond with a 20-Year term would add approximately \$225,000 in annual expenditures to the system's overall level of debt. Assuming the current \$35/credit hour facility fee and a state appropriation covering 27% of the cost, an increase of 157 full-time equivalent (FTE) enrollment would be necessary to generate new revenue to cover the new debt.

The plan to support this bonding effort relies upon a relatively conservative annual increase in FTE enrollment of less than 1%. Over the past two years, enrollment has increased across the system. The Healthcare Center of Learning will increase the capacity—and enrollment—in multiple high-need programs.

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The Healthcare Center of Learning is a dynamic facility designed to serve more future workers, enhance the learning environment and co-locate all healthcare laboratory space.

BOARD CONSIDERATIONS

According to Administrative Rule 24:10:46:02 (appendix A), if both need and bonding capacity exist, the Board of Technical Education may adopt a resolution for new facility bonds for lease purchase agreements. The rule also establishes 15 items the board may consider as part of its deliberations. LATI has prepared responses in relation to those 15 items below.

1. Identification and description of the purpose of the proposed bonds.

The \$3,000,000 bond would support 49% of the cost of the Healthcare Center of Learning, which includes 26,000 square feet of new space and 43,390 square feet of renovated existing space. The other 51% would be supported through private dollars.

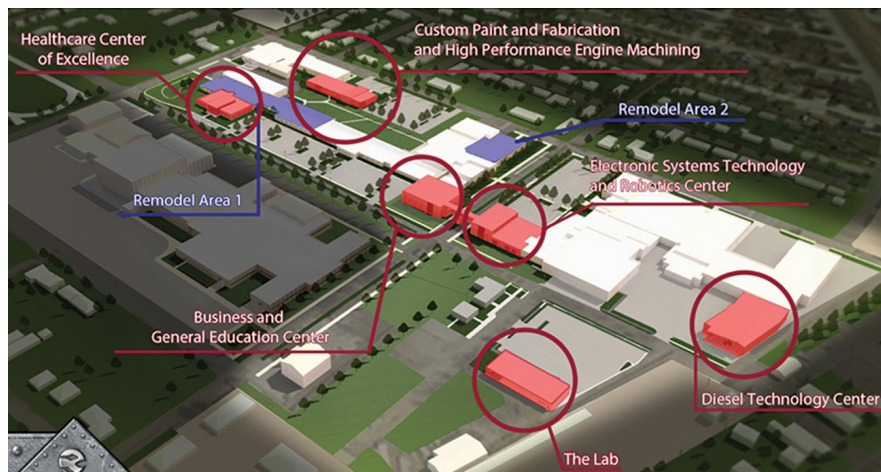
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The Center will serve over 700 students, actively engaged in learning in healthcare-related fields. This number represents an increase in capacity of 300+ students.

The image below depicts LATI's long-range build plan. The Healthcare Center of Learning is highlighted in red and located in the upper left. The renovated space (Remodel Area 1) is connected in blue. These two projects would be funded through the \$3,000,000 bond.



Source: Lake Area Technical Institute Campus Build Plan (2019-2024)

2. Availability of local, regional, and other outside support of the project.

Prairie Lakes Healthcare System of Watertown has committed \$3,100,000 to the Healthcare Center of Learning. This represents 51% of the \$6,000,000 estimated cost of the new and renovated facility.

3. Industry support for the post-secondary technical institute and the program or programs it is expanding as part of the project.

Prairie Lakes Healthcare System is committed to this partnership because of the potential impact it will have on the healthcare workforce in the region.

To illustrate the need, as of 1/22/18, there are 852 Licensed Practical Nursing (LPN) job openings in South Dakota. As of 2018, the technical institute system creates approximately 195 LPN graduates each year.

LATI’s current LPN program has a capacity of 108 students. The Center would provide an opportunity to increase student capacity to 132, creating an additional 24 potential graduates to plug into a high-demand field.

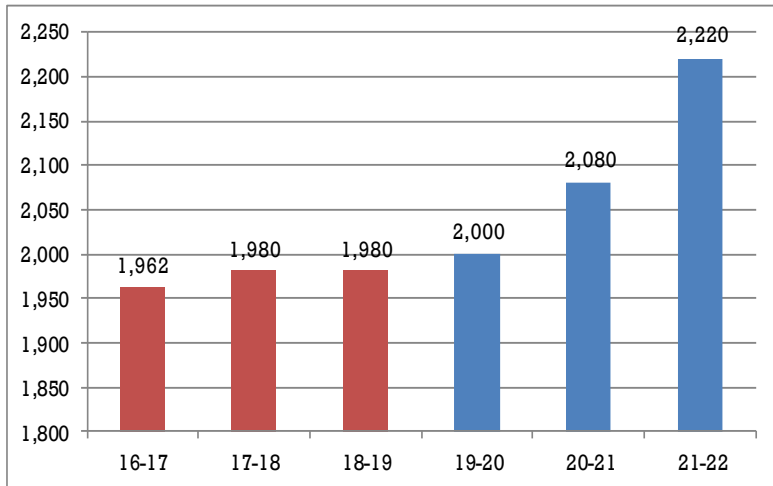
See item nine on page five for additional program capacity increases.

4. Projected five-year enrollment growth at the post-secondary technical institute due to the project.

For the purpose of forecasting enrollment to determine the feasibility of bonding support, this document considers full-time equivalent numbers.

LATI’s 2017-2018 full-time equivalent (FTE) count is 1,980. Without adding physical capacity, the institution forecasts no FTE growth.

Chart 4-1 If bonding support is secured during the 2018 Legislative Session, enabling the Center to open in the fall of 2019, LATI projects at least 1% annual growth in FTE in 2020-2022.



Source: Appendix A and Lake Area Technical Institute (2018)

5. The estimated increase in state fees charged to students needed for debt coverage.

The current facility fee is \$35/credit hour. If overall system FTE enrollment increases by 1% per year, there will be no need for an increase to the facility fee to cover the cost of the bond.

The state does require debt service coverage to remain at or above 1.03. Based on .5% FTE increases, the system falls below the 1.03 threshold for four years between 2025 and 2028 (Appendix D). Enrollment growth less than 1% or additional bonding in the system may lead to increased facility fees in the future.

Debt service calculations in Appendix D are based on a 20-year maturity date.

6. Ratio of state fees charged to students for bonding projects to total tuition and fees.
 The facility fee—which provides revenue for debt service in the system—is currently \$35/credit hour. The average cost of tuition and fees at LATI is \$198/credit (including the facility fee). The facility fee comprises approximately 17% of the tuition and fee cost per credit hour.

7. Physical capacity constraints of current facilities.
 When LATI completed a long-term campus build plan in 2007, the institution forecasted enrollment reaching 2,400+ students by 2042. Unduplicated enrollment (full-time, part-time, dual-credit) for 2017-2018 is 2,451. Overall, the campus is currently operating at approximately 25% over design capacity.

LATI is currently declining students in high-need programs because there is a lack of physical capacity, particularly laboratory space. This lack of capacity has prevented the institution from meeting demands in Diesel Technology, Licensed Practical Nursing, Physical Therapy Assistant and Occupational Therapy Assistant.

8. Historical enrollment growth of post-secondary technical institute, particularly as it relates to past expansions.
 LATI has experienced 14 consecutive years of growth. In that time, the Student Services Building and Main Entry expansion (2010) had a positive impact on the overall campus experience and contributed to enrollment growth and retention efforts.

Growth in academic programs, related to specific expansion/renovation projects include:

- Agriculture Center // 300 additional students (2012)
- Diesel Technology Facility // 100 additional students (2008)
- Energy Labs and Classrooms // 60 additional students (2008, 2012)
- Heavy Equipment Operator Labs // 35 additional students (2012)
- Welding Technology // 50 additional students (2008)

9. Anticipated demand for new and expanded curriculum.
 New and renovated space in the Center will increase the capacity for existing programs, provide high-quality instructional space for new programs and have a positive impact on retention and persistence efforts in impacted programs.

Chart 9-1 The chart below outlines the impacted programs, current capacity and new capacity (with the construction of the Center).

Program	Current Capacity	New Capacity
Community Healthcare Workers	0	96
Dental Assisting	48	72
Licensed Practical Nursing	108	132
Medical Assisting	36	72
Medical Laboratory Technician	48	72
Medical/Fire Rescue	28	40
Occupational Therapy Assistant	48	84
Physical Therapy Assistant	48	84
Registered Nursing	0	48

Overtime, as student interest and industry demands evolve, capacity may be shifted among existing programs or to new programs. As LATI prepares for fall 2018, the Registered Nursing and Physical Therapy Assistant programs are already at capacity.

10. Information on how South Dakota post-secondary 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.

The cost of technical education in South Dakota is relatively high, when compared to the cost of technical education in neighboring states and national peers. Tuition costs in South Dakota are the third most expensive in the country and the most expensive in the region.

Chart 10-1 The chart below outlines a five-year analysis of tuition costs at two-year institutions in South Dakota and in five neighboring states. While Wyoming had the largest five-year increase, South Dakota’s tuition is the highest.

State	2012-13	2013-14	2014-15	2015-16	2016-17	1-Year Change	5-Year Change
Iowa	\$4,465	\$4,520	\$4,569	\$4,776	\$4,916	3%	12%
Minnesota	\$5,640	\$5,535	\$5,436	\$5,436	\$5,377	-1%	-2%
Nebraska	\$2,732	\$2,757	\$2,791	\$2,918	\$2,979	2%	12%
North Dakota	\$4,169	\$4,229	\$4,234	\$4,443	\$4,399	-1%	5%
South Dakota	\$5,743	\$5,708	\$5,762	\$6,189	\$6,318	2%	20%
Wyoming	\$2,563	\$2,684	\$2,733	\$2,804	\$2,992	7%	21%

Source: www.collegebound.com

Chart 10-2 Each state funds higher education using a different model. The chart below is an analysis of the funding model used in South Dakota and provides a breakdown of model used to fund two-year institutions in neighboring states.

State	State Aid	Tuition	Local Tax/Other
Iowa	61% (appropriations, contracts)	16%-22%	18-24% (local tax/other)
Minnesota	43%	49%	8%
Nebraska	40%	20%	40% (local tax)
North Dakota	44.5%	25.5%	30%
South Dakota (FY17)	31%	50%	19%
Wyoming	63.5%	11%	25.5%

Source: The Chronicle of Higher Education and state websites

11. Graduate placement rates of the post-secondary technical institute considering construction.

The graduate placement rate considers all respondents who are either employed, entering the military or continuing their education. According to the 2015-2016 Graduate Placement Report (Appendix B), LATT’s graduate placement rate is 98.56%.

Among 694 respondents (99% response rate), 81.41% (565) were employed and 17.15% (119) were continuing their education. Of those employed, 85% (480) were employed in South Dakota, 92% (519) were employed in their field.

Overall, 86% (603) of respondents remained in South Dakota.

12. Debt term length and payment structure of all existing bonds and new bonds being considered.

The Debt Service Coverage Projection (Current State) (Appendix C) provides an overview of all active bonds and the payment structure related to debt and revenue.

If the bond being considered has a 20-year maturity date (Appendix D), annual payments would fluctuate between a low of \$222,117.50 (2028) to a high of \$226,732.50 (2035). 27% of the annual cost is covered by a state appropriation and the remaining balance is covered by student fees.

13. Debt coverage ratio of all existing bonds and new bonds being considered.

The state of South Dakota requires debt service coverage to remain at or above 1.03. Based on annual FTE increases of less than 1% and no new bonding efforts, the system will remain above the 1.03 threshold (Appendix C).

If this bonding effort is endorsed with a 20-year maturity date and no new facility fees, the system is projected to fall below the 1.03 threshold for four years between 2025 and 2028 (Appendix D).

14. The term of bond compared to the average useful life of the asset or assets.

Typically, the average useful life of a facility is computed after the designed phase is completed. The last LATI bonded facility had a useful life of at least 28.86 years.

If the Board of Technical Education endorses this bonding effort, it can do so in one of three scenarios:

- 20-Year Term (Appendix D)
- 25-Year Term (Appendix E)
- 30-Year Term (Appendix F)

15. Capital expenditures of each post-secondary technical institute over the past ten years.

According to the South Dakota Health and Educational Facilities Authority, bonded projects at technical institutes dating back to 2008 include:

Lake Area Technical Institute

- \$11,000,000 Diesel, Energy and Welding/Automotive Addition (2008)
- \$7,750,000 Student Services Center Renovation (2010)
- \$11,500,000 Technical Laboratories (2012)

Mitchell Technical Institute

- \$6,000,000 Utility Building and Technology Addition (2008)
- \$10,750,000 Student Services Center (2010)
- \$18,500,000 Technical Laboratories (2012)

Southeast Technical Institute

- \$3,000,000 Student Services Center Renovation (2010)
- \$20,000,000 Technical Laboratories (2015)

Western Dakota Technical Institute

- \$11,500,000 Student Services Center and Technical Laboratories (2010)
- \$18,500,000 Technical Laboratories and Additional Renovations (2015)

In addition to bonded capital projects, the Watertown School District recently invested \$1,000,000+ in the construction of a Robotic/Electronics and Heavy Equipment Operator space at LATI. This facility will serve, as needed, as swing space for displaced programs during construction.

APPENDICES A-F

Appendix A (four pages)	Administrative Rule 24:10:46:02 (pages 36-39)
Appendix B (one page)	Lake Area Technical Institute Graduate Placement Report (2015-2016)
Appendix C (two pages)	Debt Service Coverage Projection (Current)
Appendix D (one page)	Debt Service Coverage Projection (20-Year Term)
Appendix E (one page)	Debt Service Coverage Projection (25-Year Term)
Appendix F (one page)	Debt Service Coverage Projection (30-Year Term)

APPENDIX A Administrative Rule

~~24:10:46:01~~24:59:04:01. 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 executive director of the ~~Office of Career and Board~~ of Technical Education. The executive director of the ~~Office of Career and Technical Education~~ shall convene a meeting of designated representatives of the technical institutes and a representative of the Department of Executive Management referenced in SDCL Chapter 1-33. Postsecondary technical institutes with new bonds for lease purchase agreement proposals shall present their rationale for issuance. The executive director of the ~~Office of Career and Technical Education~~ shall review the rationale presented and make a recommendation to the South Dakota Board of Technical 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 may be considered by the South Dakota Board of Technical Education at its next regularly scheduled meeting.

Source: 40 SDR 40, effective September 11, 2013. Transferred from 24:10:46:01

General Authority: SDCL 1-16A-94, ~~13-39-37(7)~~13-39A-24.

Law Implemented: SDCL 1-16A-93, ~~13-39-9, 13-39-37~~13-39A-24, 13-39A-25, 13-39A-26.

~~24:10:46:02~~24:59:04:02. Approval of new bonds for lease purchase agreements. The South Dakota Board of Technical Education shall propose the adoption of a resolution for new facility bonds for lease purchase agreements if it considers it necessary and feasible based upon need and capacity for additional bonding. Items that the Board of Technical Education may consider in its 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 or programs 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 or assets; and
- (15) Capital expenditures of each postsecondary technical institute over the past ten years.

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

Source: 40 SDR 40, effective September 11, 2013. Transferred from 24:10:46:02

General Authority: SDCL 1-16A-94, ~~13-39-37(7)~~13-39A-24.

Law Implemented: SDCL 1-16A-93, 1-16A-95, ~~13-39-9, 13-39-37~~13-39A-24, 13-39A-25, 13-39A-26.

~~24:10:46:03~~24:59:04:03. **Bond amount limited by pledged revenues.** The Board of Technical Education may not approve any revenue bonds for new projects that, when combined with the debt service on outstanding bonds, provide for a coverage ratio less than one hundred and three percent (103%) .~~The goal of the Board of Education is to maintain a one hundred and five percent (105%)~~ 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.

Source: 40 SDR 40, effective September 11, 2013. Transferred from 24:10:46:03.

General Authority: SDCL ~~13-39-37~~13-39A-24

Law Implemented: SDCL ~~13-39-9, 13-39-37~~13-39A-24, 13-39A-25, 13-39A-26.

~~24:10:46:04~~24:59:04:04. **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 of full-time equivalent students for the current fiscal year and the subsequent five fiscal years;

(3) Determine the estimated contributions from student tuition and fees for the next five fiscal years as follows:

(a) For each fiscal year, multiply the results of subdivision (2) above by 30 credit hours;

(b) Divide the result of subdivision (1) by the result of subdivision (3)(a) and round up to the nearest whole dollar to calculate the estimated state fees charged to students per credit hour needed for debt service coverage; and

(c) Multiply the results of subsections (a) and (b) above for each fiscal year to calculate the estimated amount of state fees charged to students pledged for each fiscal year.

Source: 40 SDR 40, effective September 11, 2013. Transferred from 24:10:46:04.

General Authority: SDCL 1-16A-94, ~~13-39-37(7)~~13-39A-24.

Law Implemented: SDCL 1-16A-43, 1-16A-93, ~~13-39-9, 13-39-37~~13-39A-24, 13-39A-25, 13-39A-26.

~~24:10:46:05~~24:59:04:05. **Maturity term of bonds issued.** When considering approval of new bonds for lease purchase agreement, the Board of Technical Education may set a target maturity term ~~between~~ of thirty ~~and forty~~ years. ~~However, the~~ The amortization cannot exceed one hundred and twenty percent (120%) of the weighted average useful life of the asset.

Source: 40 SDR 40, effective September 11, 2013. Transferred from 24:10:46:05.

APPENDIX B LATI Graduate Placement Survey (2015-2016)



LAKE AREA
TECHNICAL INSTITUTE

It's your world.

P. O. Box 730
Watertown, SD 57201
www.lakeareatech.edu

Lake Area Technical Institute 2015-16 Placement Report by Clusters

Clusters	Programs	CIP Code	Graduates	Number Responding	Number in South Dakota	Continuing Ed / Military	Not in Labor Market	Still Seeking	Total Employable	Total Employed	Employed in Field	Employed in SD	Employed in Field in SD	% Employed	% Employed in Field	Avg Hourly Salary
Agriculture, Food & Natural Resources	Agriculture (AAS)*	01.0101	138	138	117	15	1	0	122	122	116	101	95	100%	95%	\$21.83
Agriculture, Food & Natural Resources	Environmental Tech (AAS/Diploma)	03.0104	4	4	1	2	0	1	2	1	1	0	0	50%	50%	\$14.00
Architecture & Construction	Building Trades (AAS)	46.0201	7	6	6	1	0	0	5	5	5	5	5	100%	100%	\$16.08
Architecture & Construction	Heavy Equipment Operations (AAS/ Diploma)	49.0202	15	14	11	3	0	0	11	11	11	8	8	100%	100%	\$19.90
Finance	Financial Services (AAS)	52.0803	16	15	13	0	0	0	15	15	13	13	11	100%	87%	\$13.97
Health Science	Dental Assisting (AAS/Diploma)	51.0601	38	37	32	3	0	0	34	34	33	29	28	100%	97%	\$16.71
Health Science	Medical Assisting (AAS/Diploma)	51.0801	15	15	15	0	0	0	15	15	15	15	15	100%	100%	\$12.32
Health Science	Medical Lab Tech (AAS)	51.1004	9	9	7	0	0	1	9	8	8	6	6	89%	89%	\$18.14
Health Science	Occupational Therapy Asst (AAS)	51.0803	21	21	13	2	1	1	18	17	15	11	9	94%	83%	\$20.96
Health Science	Physical Therapist Asst (AAS)	51.0806	23	23	15	0	0	2	23	21	18	13	11	91%	78%	\$19.27
Health Science	Practical Nursing (Diploma)	51.3901	57	57	49	24	0	1	33	32	32	26	26	97%	97%	\$17.49
Human Services	Cosmetology (Diploma)	12.0401	29	28	27	2	0	0	26	26	24	25	23	100%	92%	
Human Services	Human Services Tech (AAS/Diploma)	44.0000	43	43	39	26	0	0	17	17	11	16	11	100%	65%	\$10.73
Information Technology	Computer Systems (AAS)	11.0701	12	11	10	1	0	0	10	10	9	9	8	100%	90%	\$17.12
Law, Public Safety, Corrections & Security	Law Enforcement (AAS)	43.0107	12	12	11	0	0	0	12	12	10	11	10	100%	83%	\$19.72
Law, Public Safety, Corrections & Security	Med/Fire Rescue (AAS)	51.0904	3	3	2	0	0	0	3	3	3	2	2	100%	100%	\$22.26
Manufacturing	Energy Operations (AAS)	15.0613	5	5	4	1	0	1	4	3	3	2	2	75%	75%	\$20.18
Manufacturing	Energy Technology (AAS)	15.1001	9	9	8	1	0	0	8	8	5	7	5	100%	63%	\$25.93
Manufacturing	Precision Machining (AAS/Diploma)	48.0501	25	25	24	2	0	0	23	23	22	22	21	100%	96%	\$22.86
Manufacturing	Electronics/Robotics (AAS)	15.0405	12	12	11	2	0	0	10	10	9	9	8	100%	90%	\$22.01
Manufacturing	Welding Technology (AAS/Diploma)	48.0508	48	48	45	24	0	0	24	24	20	21	17	100%	83%	\$16.90
Marketing	Business Associate/Entrepreneurship (AAS/Diploma)	52.1401	35	34	30	5	1	0	28	28	25	25	22	100%	89%	\$13.53
Transportation Distribution & Logistics	Automotive (AAS)	47.0604	21	20	19	1	0	0	19	19	18	19	17	100%	95%	\$17.15
Transportation Distribution & Logistics	Aviation Maintenance (AAS/Diploma)	47.0608	11	11	4	2	1	0	8	8	7	2	1	100%	88%	\$19.26
Transportation Distribution & Logistics	Custom Paint & Fabrication Technology	47.0603	20	20	19	2	0	1	18	17	14	16	13	94%	78%	\$15.78
Transportation Distribution & Logistics	Diesel Technology (AAS)	47.0605	73	73	65	2	0	2	71	69	65	61	57	97%	92%	\$20.58
Transportation Distribution & Logistics	High Performance Engine Machining (AAS/Diploma)	47.0615	7	7	6	0	0	0	7	7	7	6	6	100%	100%	\$17.44
TOTALS			708	700	603	121	4	10	575	565	519	480	437	98%	90%	

* Wage figures do not necessarily include bonuses, overtime, or the earnings of graduates who are self-employed farmers.
**Cosmetology salaries are heavily comprised of commission, tips, and retail sales so accurate salary data is not available.

2015-2016 LATI Graduates

Graduates	708	
Graduates Responding	700	99% of Total Graduates
Graduates Not in the Labor Market*	4	1% of Graduates Responding
Graduates in the US Armed Forces	2	0% of Graduates Responding
Total Seeking Placement (Grads Responding - Not in Labor Market - Military)	694	99% of Total Graduates Responding
Graduates Reporting Continuing Education	119	17.15% of Graduates Seeking Placement
Graduates Employed	565	81.41% of Graduates Seeking Placement
- Graduates employed in South Dakota	480	85% of Total Graduates Employed
- Graduates employed in a training-related field	519	92% of Total Graduates Employed
- Graduates employed in a training-related field in South Dakota	437	84% of Total Graduates Employed in training-related field
Graduates Seeking Employment	10	<1.4% of Graduates Seeking Placement

OVERALL GRADUATE PLACEMENT RATE (Employed or Continuing Education) = 98.56%

*"Not in Labor Market" is self-reported status and includes such cases as chronic illness, raising families, or severe injury

APPENDIX C Debt Service Coverage Projection (Current)

TECHNICAL EDUCATION PROGRAM
 HISTORICAL DEBT SERVICE COVERAGE WITH PROJECTED DEBT COVERAGE ON CURRENT DEBT OUTSTANDING
 WITH 2017 ENROLLMENT PER BTE, AS OF JUNE 30, 2017

Assumes Prepayment of Series 2007 and 2014A

Fiscal Year	Student Facility Fee Revenues	27% of Debt Service State Appropriation	Discounted 8.7% for 2013 7.2% after 2013 IRS Interest Rebates	Other Account Interest Income	Bonded Capitalized Interest	Program Expenses	Debt Service	Debt Service Coverage
(actual) 2015	\$4,759,271	\$2,216,941 *	\$686,891	\$60,000	\$29,917	\$96,819	\$6,650,824	1.151
(actual) 2016	\$4,877,713	\$2,752,187	\$683,168	\$60,000	\$0	\$115,820	\$8,256,562	1.000
(actual) 2017	\$5,905,836	\$2,270,322 **	\$678,585	\$60,000	\$0	\$115,729	\$8,408,601	1.046
(projected) 2018	\$6,074,250	\$2,328,546	\$669,004	\$60,000	\$0	\$150,000	\$8,624,244	1.041
(projected) 2019	\$6,074,250	\$2,327,362	\$661,033	\$60,000	\$0	\$150,000	\$8,619,859	1.041
(projected) 2020	\$6,074,250	\$2,317,668	\$652,273	\$60,000	\$0	\$150,000	\$8,583,955	1.043
(projected) 2021	\$6,074,250	\$2,314,482	\$642,751	\$60,000	\$0	\$150,000	\$8,572,154	1.043
(projected) 2022	\$6,074,250	\$2,311,896	\$632,395	\$60,000	\$0	\$150,000	\$8,562,578	1.043
(projected) 2023	\$6,074,250	\$2,255,454	\$622,270	\$60,000	\$0	\$150,000	\$8,353,534	1.061
(projected) 2024	\$6,074,250	\$2,493,821	\$608,074	\$60,000	\$0	\$150,000	\$9,236,373	0.984
(projected) 2025	\$6,074,250	\$2,550,455	\$588,314	\$60,000	\$0	\$150,000	\$9,446,130	0.966
(projected) 2026	\$6,074,250	\$2,558,932	\$567,232	\$60,000	\$0	\$150,000	\$9,477,525	0.961
(projected) 2027	\$6,074,250	\$2,547,006	\$544,427	\$60,000	\$0	\$150,000	\$9,433,355	0.962
(projected) 2028	\$6,074,250	\$2,537,187	\$518,516	\$60,000	\$0	\$150,000	\$9,396,988	0.962
(projected) 2029	\$6,074,250	\$2,522,905	\$490,181	\$60,000	\$0	\$150,000	\$9,344,093	0.963
(projected) 2030	\$6,074,250	\$2,515,384	\$460,520	\$60,000	\$0	\$150,000	\$9,316,236	0.962
(projected) 2031	\$6,074,250	\$2,498,000	\$429,487	\$60,000	\$0	\$150,000	\$9,251,851	0.963
(projected) 2032	\$6,074,250	\$2,485,995	\$396,863	\$60,000	\$0	\$150,000	\$9,207,388	0.963
(projected) 2033	\$6,074,250	\$2,469,042	\$362,538	\$60,000	\$0	\$150,000	\$9,144,599	0.964
(projected) 2034	\$6,074,250	\$2,454,756	\$326,621	\$60,000	\$0	\$150,000	\$9,091,688	0.964
(projected) 2035	\$6,074,250	\$2,437,482	\$288,965	\$60,000	\$0	\$150,000	\$9,027,713	0.965
(projected) 2036	\$6,074,250	\$2,424,210	\$249,569	\$60,000	\$0	\$150,000	\$8,978,556	0.964
(projected) 2037	\$6,074,250	\$1,714,265	\$204,155	\$60,000	\$0	\$150,000	\$6,349,131	1.245
(projected) 2038	\$6,074,250	\$1,700,484	\$152,418	\$60,000	\$0	\$150,000	\$6,298,090	1.244
(projected) 2039	\$6,074,250	\$1,672,958	\$98,506	\$60,000	\$0	\$150,000	\$6,196,143	1.252
(projected) 2040	\$6,074,250	\$1,436,184	\$35,519	\$60,000	\$0	\$150,000	\$5,319,199	1.402
(projected) 2041	\$6,074,250	\$946,542	\$0	\$60,000	\$0	\$150,000	\$3,505,713	1.977
(projected) 2042	\$6,074,250	\$942,606	\$0	\$60,000	\$0	\$150,000	\$3,491,134	1.984
(projected) 2043	\$6,074,250	\$941,035	\$0	\$60,000	\$0	\$150,000	\$3,485,316	1.987

(projected) 2044	\$6,074,250	\$940,306	\$0	\$60,000	\$0	\$150,000	\$3,482,616	1.988
(projected) 2045	\$6,074,250	\$938,966	\$0	\$60,000	\$0	\$150,000	\$3,477,653	1.991
(projected) 2046	\$6,074,250	\$938,263	\$0	\$60,000	\$0	\$150,000	\$3,475,047	1.992
(projected) 2047	\$6,074,250	\$1,219,626	\$0	\$60,000	\$0	\$150,000	\$4,517,134	1.595
Totals	\$197,770,320	\$66,981,268	\$12,250,275	\$1,980,000	\$29,917	\$4,828,368	\$244,581,977	

APPENDIX D Debt Service Coverage Projection (20-Year Term)

TECHNICAL EDUCATION PROGRAM
 HISTORICAL DEBT SERVICE COVERAGE WITH PROJECTED DEBT COVERAGE ON CURRENT DEBT OUTSTANDING
 WITH 2017 ENROLLMENT PER BTE, AS OF JUNE 30, 2017

Assumes Prepayment of Series 2007 and 2014A

Fiscal Year	Student Facility Fee Revenues	27% of Debt Service State Appropriation	Discounted 8.7% for 2013 7.2% after 2013 IRS Interest Rebates	Other Account Interest Income	Bonded Capitalized Interest	Program Expenses	Debt Service	Debt Service Coverage
(actual) 2015	\$4,759,271	\$2,216,941 *	\$686,891	\$60,000	\$29,917	\$96,819	\$6,650,824	1.151
(actual) 2016	\$4,877,713	\$2,752,187	\$683,168	\$60,000	\$0	\$115,820	\$8,256,562	1.000
(actual) 2017	\$5,905,836	\$2,270,322 **	\$678,585	\$60,000	\$0	\$115,729	\$8,408,601	1.046
(projected) 2018	\$6,263,250	\$2,334,608	\$669,004	\$60,000	\$0	\$150,000	\$8,646,698	1.061
(projected) 2019	\$6,284,171	\$2,388,063	\$661,033	\$60,000	\$0	\$150,000	\$8,844,676	1.045
(projected) 2020	\$6,326,197	\$2,377,749	\$652,273	\$60,000	\$0	\$150,000	\$8,806,478	1.052
(projected) 2021	\$6,431,328	\$2,375,256	\$642,751	\$60,000	\$0	\$150,000	\$8,797,246	1.064
(projected) 2022	\$6,599,565	\$2,371,953	\$632,395	\$60,000	\$0	\$150,000	\$8,785,010	1.083
(projected) 2023	\$6,662,908	\$2,316,105	\$622,270	\$60,000	\$0	\$150,000	\$8,578,166	1.109
(projected) 2024	\$6,726,357	\$2,554,999	\$608,074	\$60,000	\$0	\$150,000	\$9,462,960	1.036
(projected) 2025	\$6,774,164	\$2,610,743	\$588,314	\$60,000	\$0	\$150,000	\$9,669,418	1.022
(projected) 2026	\$6,822,078	\$2,619,638	\$567,232	\$60,000	\$0	\$150,000	\$9,702,363	1.022
(projected) 2027	\$6,843,851	\$2,608,058	\$544,427	\$60,000	\$0	\$150,000	\$9,659,473	1.026
(projected) 2028	\$6,865,733	\$2,597,158	\$518,516	\$60,000	\$0	\$150,000	\$9,619,105	1.028
(projected) 2029	\$6,887,724	\$2,583,104	\$490,181	\$60,000	\$0	\$150,000	\$9,567,050	1.032
(projected) 2030	\$6,909,825	\$2,575,729	\$460,520	\$60,000	\$0	\$150,000	\$9,539,739	1.033
(projected) 2031	\$6,944,375	\$2,558,410	\$429,487	\$60,000	\$0	\$150,000	\$9,475,594	1.039
(projected) 2032	\$6,979,096	\$2,546,385	\$396,863	\$60,000	\$0	\$150,000	\$9,431,055	1.043
(projected) 2033	\$7,013,992	\$2,529,324	\$362,538	\$60,000	\$0	\$150,000	\$9,367,866	1.048
(projected) 2034	\$7,049,062	\$2,514,889	\$326,621	\$60,000	\$0	\$150,000	\$9,314,405	1.052
(projected) 2035	\$7,084,307	\$2,498,700	\$288,965	\$60,000	\$0	\$150,000	\$9,254,445	1.057
(projected) 2036	\$7,119,729	\$2,485,077	\$249,569	\$60,000	\$0	\$150,000	\$9,203,989	1.061
(projected) 2037	\$7,155,327	\$1,774,739	\$204,155	\$60,000	\$0	\$150,000	\$6,573,106	1.376
(projected) 2038	\$7,191,104	\$1,700,484	\$152,418	\$60,000	\$0	\$150,000	\$6,298,090	1.422
(projected) 2039	\$7,227,059	\$1,672,958	\$98,506	\$60,000	\$0	\$150,000	\$6,196,143	1.438
(projected) 2040	\$7,263,195	\$1,436,184	\$35,519	\$60,000	\$0	\$150,000	\$5,319,199	1.625
(projected) 2041	\$7,299,511	\$946,542	\$0	\$60,000	\$0	\$150,000	\$3,505,713	2.327
(projected) 2042	\$7,336,008	\$942,606	\$0	\$60,000	\$0	\$150,000	\$3,491,134	2.346
(projected) 2043	\$7,372,688	\$941,035	\$0	\$60,000	\$0	\$150,000	\$3,485,316	2.360
(projected) 2044	\$7,409,552	\$940,306	\$0	\$60,000	\$0	\$150,000	\$3,482,616	2.372
(projected) 2045	\$7,446,600	\$938,966	\$0	\$60,000	\$0	\$150,000	\$3,477,653	2.385
(projected) 2046	\$7,483,833	\$938,263	\$0	\$60,000	\$0	\$150,000	\$3,475,047	2.398
(projected) 2047	\$7,521,252	\$1,219,626	\$0	\$60,000	\$0	\$150,000	\$4,517,134	1.915
Totals	\$224,836,661	\$68,137,110	\$12,250,275	\$1,980,000	\$29,917	\$4,828,368	\$248,862,872	

APPENDIX E Debt Service Coverage Projection (25-Year Term)

TECHNICAL EDUCATION PROGRAM
 HISTORICAL DEBT SERVICE COVERAGE WITH PROJECTED DEBT COVERAGE ON CURRENT DEBT OUTSTANDING
 WITH 2017 ENROLLMENT PER BTE, AS OF JUNE 30, 2017

Assumes Prepayment of Series 2007 and 2014A

Fiscal Year	Student Facility Fee Revenues	27% of Debt Service State Appropriation	Discounted 8.7% for 2013 7.2% after 2013 IRS Interest Rebates	Other Account Interest Income	Bonded Capitalized Interest	Program Expenses	Debt Service	Debt Service Coverage
(actual) 2015	\$4,759,271	\$2,216,941 *	\$686,891	\$60,000	\$29,917	\$96,819	\$6,650,824	1.151
(actual) 2016	\$4,877,713	\$2,752,187	\$683,168	\$60,000	\$0	\$115,820	\$8,256,562	1.000
(actual) 2017	\$5,905,836	\$2,270,322 **	\$678,585	\$60,000	\$0	\$115,729	\$8,408,601	1.046
(projected) 2018	\$6,263,250	\$2,335,018	\$669,004	\$60,000	\$0	\$150,000	\$8,648,215	1.061
(projected) 2019	\$6,284,171	\$2,380,251	\$661,033	\$60,000	\$0	\$150,000	\$8,815,744	1.048
(projected) 2020	\$6,326,197	\$2,370,098	\$652,273	\$60,000	\$0	\$150,000	\$8,778,140	1.055
(projected) 2021	\$6,431,328	\$2,366,425	\$642,751	\$60,000	\$0	\$150,000	\$8,764,539	1.067
(projected) 2022	\$6,599,565	\$2,364,677	\$632,395	\$60,000	\$0	\$150,000	\$8,758,063	1.085
(projected) 2023	\$6,662,908	\$2,307,668	\$622,270	\$60,000	\$0	\$150,000	\$8,546,919	1.112
(projected) 2024	\$6,726,357	\$2,545,439	\$608,074	\$60,000	\$0	\$150,000	\$9,427,553	1.038
(projected) 2025	\$6,774,164	\$2,602,800	\$588,314	\$60,000	\$0	\$150,000	\$9,640,000	1.024
(projected) 2026	\$6,822,078	\$2,610,594	\$567,232	\$60,000	\$0	\$150,000	\$9,668,865	1.025
(projected) 2027	\$6,843,851	\$2,599,305	\$544,427	\$60,000	\$0	\$150,000	\$9,627,055	1.028
(projected) 2028	\$6,865,733	\$2,590,059	\$518,516	\$60,000	\$0	\$150,000	\$9,592,813	1.030
(projected) 2029	\$6,887,724	\$2,574,935	\$490,181	\$60,000	\$0	\$150,000	\$9,536,798	1.034
(projected) 2030	\$6,909,825	\$2,567,889	\$460,520	\$60,000	\$0	\$150,000	\$9,510,701	1.035
(projected) 2031	\$6,944,375	\$2,550,910	\$429,487	\$60,000	\$0	\$150,000	\$9,447,816	1.041
(projected) 2032	\$6,979,096	\$2,537,887	\$396,863	\$60,000	\$0	\$150,000	\$9,399,583	1.045
(projected) 2033	\$7,013,992	\$2,521,231	\$362,538	\$60,000	\$0	\$150,000	\$9,337,894	1.050
(projected) 2034	\$7,049,062	\$2,507,202	\$326,621	\$60,000	\$0	\$150,000	\$9,285,933	1.055
(projected) 2035	\$7,084,307	\$2,490,088	\$288,965	\$60,000	\$0	\$150,000	\$9,222,548	1.060
(projected) 2036	\$7,119,729	\$2,476,932	\$249,569	\$60,000	\$0	\$150,000	\$9,173,824	1.063
(projected) 2037	\$7,155,327	\$1,767,062	\$204,155	\$60,000	\$0	\$150,000	\$6,544,674	1.381
(projected) 2038	\$7,191,104	\$1,753,271	\$152,418	\$60,000	\$0	\$150,000	\$6,493,595	1.387
(projected) 2039	\$7,227,059	\$1,725,691	\$98,506	\$60,000	\$0	\$150,000	\$6,391,448	1.402
(projected) 2040	\$7,263,195	\$1,488,818	\$35,519	\$60,000	\$0	\$150,000	\$5,514,141	1.577
(projected) 2041	\$7,299,511	\$998,920	\$0	\$60,000	\$0	\$150,000	\$3,699,705	2.219
(projected) 2042	\$7,336,008	\$994,681	\$0	\$60,000	\$0	\$150,000	\$3,684,002	2.237
(projected) 2043	\$7,372,688	\$939,848	\$0	\$60,000	\$0	\$150,000	\$3,480,918	2.362
(projected) 2044	\$7,409,552	\$940,306	\$0	\$60,000	\$0	\$150,000	\$3,482,616	2.372
(projected) 2045	\$7,446,600	\$938,966	\$0	\$60,000	\$0	\$150,000	\$3,477,653	2.385
(projected) 2046	\$7,483,833	\$938,263	\$0	\$60,000	\$0	\$150,000	\$3,475,047	2.398
(projected) 2047	\$7,521,252	\$1,219,626	\$0	\$60,000	\$0	\$150,000	\$4,517,134	1.915
Totals	\$224,836,661	\$68,244,312	\$12,250,275	\$1,980,000	\$29,917	\$4,828,368	\$249,259,918	

APPENDIX F Debt Service Coverage Projection (30-Year Term)

TECHNICAL EDUCATION PROGRAM
 HISTORICAL DEBT SERVICE COVERAGE WITH PROJECTED DEBT COVERAGE ON CURRENT DEBT OUTSTANDING
 WITH 2017 ENROLLMENT PER BTE, AS OF JUNE 30, 2017

Assumes Prepayment of Series 2007 and 2014A

Fiscal Year	Student Facility Fee Revenues	27% of Debt Service State Appropriation	Discounted 8.7% for 2013 7.2% after 2013 IRS Interest Rebates	Other Account Interest Income	Bonded Capitalized Interest	Program Expenses	Debt Service	Debt Service Coverage
(actual) 2015	\$4,759,271	\$2,216,941 *	\$686,891	\$60,000	\$29,917	\$96,819	\$6,650,824	1.151
(actual) 2016	\$4,877,713	\$2,752,187	\$683,168	\$60,000	\$0	\$115,820	\$8,256,562	1.000
(actual) 2017	\$5,905,836	\$2,270,322 **	\$678,585	\$60,000	\$0	\$115,729	\$8,408,601	1.046
(projected) 2018	\$6,263,250	\$2,335,375	\$669,004	\$60,000	\$0	\$150,000	\$8,649,538	1.061
(projected) 2019	\$6,284,171	\$2,374,929	\$661,033	\$60,000	\$0	\$150,000	\$8,796,034	1.049
(projected) 2020	\$6,326,197	\$2,364,891	\$652,273	\$60,000	\$0	\$150,000	\$8,758,855	1.056
(projected) 2021	\$6,431,328	\$2,361,340	\$642,751	\$60,000	\$0	\$150,000	\$8,745,704	1.069
(projected) 2022	\$6,599,565	\$2,359,720	\$632,395	\$60,000	\$0	\$150,000	\$8,739,703	1.087
(projected) 2023	\$6,662,908	\$2,302,846	\$622,270	\$60,000	\$0	\$150,000	\$8,529,059	1.114
(projected) 2024	\$6,726,357	\$2,540,759	\$608,074	\$60,000	\$0	\$150,000	\$9,410,218	1.040
(projected) 2025	\$6,774,164	\$2,598,268	\$588,314	\$60,000	\$0	\$150,000	\$9,623,215	1.026
(projected) 2026	\$6,822,078	\$2,606,217	\$567,232	\$60,000	\$0	\$150,000	\$9,652,655	1.026
(projected) 2027	\$6,843,851	\$2,595,090	\$544,427	\$60,000	\$0	\$150,000	\$9,611,445	1.029
(projected) 2028	\$6,865,733	\$2,584,663	\$518,516	\$60,000	\$0	\$150,000	\$9,572,828	1.032
(projected) 2029	\$6,887,724	\$2,569,750	\$490,181	\$60,000	\$0	\$150,000	\$9,517,593	1.036
(projected) 2030	\$6,909,825	\$2,562,923	\$460,520	\$60,000	\$0	\$150,000	\$9,492,306	1.037
(projected) 2031	\$6,944,375	\$2,544,821	\$429,487	\$60,000	\$0	\$150,000	\$9,425,261	1.043
(projected) 2032	\$6,979,096	\$2,533,421	\$396,863	\$60,000	\$0	\$150,000	\$9,383,043	1.047
(projected) 2033	\$7,013,992	\$2,517,009	\$362,538	\$60,000	\$0	\$150,000	\$9,322,254	1.052
(projected) 2034	\$7,049,062	\$2,501,872	\$326,621	\$60,000	\$0	\$150,000	\$9,266,193	1.056
(projected) 2035	\$7,084,307	\$2,485,056	\$288,965	\$60,000	\$0	\$150,000	\$9,203,910	1.061
(projected) 2036	\$7,119,729	\$2,472,198	\$249,569	\$60,000	\$0	\$150,000	\$9,156,289	1.065
(projected) 2037	\$7,155,327	\$1,761,275	\$204,155	\$60,000	\$0	\$150,000	\$6,523,241	1.384
(projected) 2038	\$7,191,104	\$1,747,835	\$152,418	\$60,000	\$0	\$150,000	\$6,473,463	1.391
(projected) 2039	\$7,227,059	\$1,720,606	\$98,506	\$60,000	\$0	\$150,000	\$6,372,615	1.405
(projected) 2040	\$7,263,195	\$1,484,084	\$35,519	\$60,000	\$0	\$150,000	\$5,496,609	1.581
(projected) 2041	\$7,299,511	\$994,565	\$0	\$60,000	\$0	\$150,000	\$3,683,573	2.227
(projected) 2042	\$7,336,008	\$989,353	\$0	\$60,000	\$0	\$150,000	\$3,664,269	2.247
(projected) 2043	\$7,372,688	\$987,856	\$0	\$60,000	\$0	\$150,000	\$3,658,726	2.260
(projected) 2044	\$7,409,552	\$987,135	\$0	\$60,000	\$0	\$150,000	\$3,656,056	2.272
(projected) 2045	\$7,446,600	\$985,736	\$0	\$60,000	\$0	\$150,000	\$3,650,873	2.285
(projected) 2046	\$7,483,833	\$986,274	\$0	\$60,000	\$0	\$150,000	\$3,652,867	2.294
(projected) 2047	\$7,521,252	\$1,267,432	\$0	\$60,000	\$0	\$150,000	\$4,694,194	1.853
Totals	\$224,836,661	\$68,362,749	\$12,250,275	\$1,980,000	\$29,917	\$4,828,368	\$249,698,571	