

MINUTES OF BOARD MEETING OF SOUTH DAKOTA FREEDOM SCHOLARSHIP BOARD

First Premier Bank Board Room, 500 S Minnesota Avenue, Sioux Falls, South Dakota

The meeting was called to order by Chairman Dana J. Dykhouse at 11:00 a.m. CDT, Thursday, August 3, 2023, at the First Premier Bank Board Room in Sioux Falls, South Dakota. Members present were Dana J. Dykhouse, Chris Houwman, Miles Beacom, and Diana VanderWoude. Phyllis Heineman was absent. Others present were Stephanie Judson, Elli Haerter, and Brandy Drew of the South Dakota Community Foundation; and Cash Anderson of May Adam.

Agenda

Beacom moved and VanderWoude seconded to approve the agenda after it was amended to include the following: add deceased student policy for discussion and action item; add action item asterisk to item #6 approve disbursements to universities for the 2023-2024 scholarship year; add an asterisk to denote action for items #11 student exceptions, #12 student deferments and #13 student deferments shifting away from bachelor's degrees. The motion carried with a voice vote.

Minutes

Houwman moved and Beacom seconded to approve the minutes from April 24, 2023. The motion carried with a voice vote.

Program discussion

Stephanie Judson gave the Board an update on the endowment fund as well as the fund projections, noting there's no significant change since the last review in April. Haerter shared YTD operational expenses as compared to the 2023 budget. Operational expenses are funded by the PREMIER Scholarship Fund. With regard to projections, Beacom suggested that the next report include the prior year's university allocations and disbursements.

Haerter gave the operations update, specifically that the 2022-23 reconciliation is underway and due September 15. This data will be the basis of the report to the Legislature that is due November 1, 2023. Meanwhile 1,104 students scholarship offers have been made by the 10 universities so far for the 2023-24 year. As of 8/1/2023 more than 640 have completed their paperwork. She shared that the work with Sumption and Wyland on project management, communications channel, and team building went well. Haerter also shared that SD Community Foundation is learning lots about student data and the data security required. We will report back next meeting about potential future needs related to this. Lastly, Haerter read thank you messages from several Freedom Scholarship recipients that had been received in the past month.

Lunch Break

Chair Dykhouse declared a break for lunch at 11:45. Chair declared meeting back in session at 11:55 am.

Report to the Legislature Discussion. The board discussed how the 2022-2023 report to the Joint Committee on Appropriations (JCA) of the State Legislature would look. To meet the requirements of the report, universities will also be reporting to Freedom Scholarship about the number of students who are no longer in good standing in the program. This data might be more difficult to portray because sometimes students transfer to another university and sometimes they drop out altogether or decide to go to a technical college. Just because a student doesn't get a subsequent scholarship does not mean they're not still pursuing their degree at the same institution; it just means they fell out of the requirements.

Scholarship Servicer Agreement Discussion

Though this was not an action item, the board did discuss the servicer agreement, noting that it was not yet ready for approval. The board discussed its desire to use the scholarship servicer's preferred third-party collection entity and not the State of South Dakota's Office of Recoveries, at least initially. The board members present prefer using the same third-party collection entity as Build Dakota.

Employment Requirement and Tracking Discussion

Haerter presented information about a possible partnership with SD Department of Labor to passively track between 80-95% of new graduates' employment. This would not track folks who are self-employed, work for the federal government or a few other entities but would track the bulk of students. Haerter explained some of the trade-offs with method tracking and also described a secondary method that would be used to track self-employment and others who fall outside of the passive tracking method. She also explained some of the data security concerns SD Community Foundation needs to consider. The board is favorable about this method of employment tracking if SD Community Foundation concerns are also met.

Action Items

2023 Disbursement to Universities

Miles Beacom motioned and Diana VanderWoude seconded to authorize and approve the following disbursements to the ten university partners for the 2023-2024 scholarship year based on the allocations approved in October 2022 to be paid 50% in August and 50% in December except for Mount Marty University and Dakota Wesleyan University, which will be paid at 100% in August.

2023-2024 Freedom Scholarship

Allocations

Disbursements by university to be paid in August and December 2023.

PREMIER Funds	Approved by Board 10/11/2022	8/1/2023 Disbursement	12/1/2023 Disbursement
Augustana	\$ 370,000	\$ 185,000.0	\$ 185,000.0
BHSU	\$ 470,000	\$ 235,000.0	\$ 235,000.0

DSU	\$ 405,000	\$ 202,500.0	\$ 202,500.0
NSU**	\$ 340,000	\$ 170,000.0	\$ 170,000.0
SDSM&T	\$ 310,000	\$ 155,000.0	\$ 155,000.0
SDSU	\$ 1,700,000	\$ 850,000.0	\$ 850,000.0
USD	\$ 1,200,000	\$ 600,000.0	\$ 600,000.0
USF	\$ 285,000	\$ 142,500.0	\$ 142,500.0
	\$ 5,080,000	\$ 2,540,000.0	\$ 2,540,000.0

**plus \$4,000
for each
disbursement

Freedom Scholarship Fund	Approved by Board 10/11/2022	8/1/2023 Disbursement	12/1/2023 Disbursement
DWU	\$ 70,000	\$ 70,000	0
Mount Marty	\$ 50,000	\$ 50,000	0
	\$ 120,000	\$ 120,000	0

Freedom Scholarship Fund	Initially Approved by Board 10/11/2022; Board approved to redistribute funds on 1/31/2023
Presentation	\$ 30,000
Redistribute to NSU**	\$ 8,000.00
Balance remaining for redistribution	\$ 22,000

Beacom motioned and VanderWoude seconded to enter into executive session at 12:30 pm for student matters (SDCL 1-25-2(2)) to discuss exceptions and deferments and consult with legal counsel (SDCL 1-25-2(3)). Motion carried on a voice vote. Chairman Dykhouse declared executive session over at 1:12 pm. No votes were taken while in the executive session.

Student Exceptions and Deferments

Beacom moved and Houwman seconded to act on the following 28 exceptions and 6 deferments:

- Approve two students for exceptions to the Freedom Scholarship requirements, allowing them to receive scholarships in 2022-2023, 2023-2024 and future years.
- Decline one student for an exception of the Freedom Scholarship requirements and reverted to debt;
- Decline two students for an exception for the Freedom Scholarship requirements for 2022-2023 and granted same students continuing education deferment until graduation and then revert to debt unless they complete a bachelor's degree on-time.
- Decline one student for an exception to the Freedom Scholarship requirements for the 2023-2024 year.
- Remand 22 exception requests back to the universities for further decision
- Approve three students a deferment for the employment requirement for graduate school;
- Approve one student for a continuing educational deferment for graduate school and then revert to debt.
- Approve two students for continuing educational deferments for technical college and then revert to debt.

Motion carried on a voice vote.

Policy concerning the death of a student

Motioned by Beacom and seconded Houwman to approve a policy such that upon receipt of official information that a student actively receiving a scholarship or student that has been reverted to debt has passed away, the student's scholarship obligations or debt shall be discharged. Motion carried on a voice vote.

Next Meeting

The Freedom Scholarship Board has planned the next meetings for October 23, 2023 11-1 pm in the Board Room at First PREMIER Bank.

Motion by Beacom seconded Dykhouse to adjourn the meeting. Motion carried with a voice vote. The meeting adjourned at 1:20 pm.

Phyllis Heineman, Secretary/Treasurer