**BOARD OF TECHNICAL EDUCATION**

**MINUTES OF THE MEETING**

**March 27, 2018**

The Board of Technical Education (BOTE) met on March 27, 2018 at 9:00am at Southeast Technical Institute (STI) in Sioux Falls with the following members present:

 Dana Dykhouse

 Doug Ekeren

 Bob Faehn

 Scott Knuppe

 Ed Mallett

 Scott Peterson

 Terry Sabers

 Diana VanderWoude

Also present during all or part of the meeting were Nick Wendell, Executive Director of The Board of Technical Education (BOTE); Mike Cartney, Lake Area Technical Institute (LATI) President; Mark Wilson, Mitchell Technical Institute (MTI) President; Bob Griggs, Southeast Technical Institute (STI) President; Ann Bolman, Western Dakota Tech (WDT) President; Laura Scheibe & Kim VanDenHemel from the Department of Education; Will Mortenson; Tracy Noldner; Jim Jacobson, VP of Academic Affairs at STI; Dr Craig Peters and other members of the public and media.

**1-Call to Order and Roll Call**

Dana Dykhouse, Chairman, called the meeting to order at 9:00am CT. Rod Bowar was excused; all other members were present. Nick Wendell introduced 2 guests: Will Mortenson, Mortenson Law Office, will give a legislative update and Laura Scheibe, Division of Career & Technical Education Director at the Department of Education, will give an update on the Career Launch program.

**2-Adoption of the Agenda**

Motion by Mallett, second by Sabers to adopt the March 27, 2018 proposed agenda. Voice vote, all present voted in favor. Motion carried.

**3-Approval of December 14, 2017 & January 25, 2018 Telephonic Minutes**

Motion by Ekeren, second by Faehn to approve the minutes with no changes. Voice vote, all present voted in favor. Motion carried.

**4-Declaration of Conflicts**

At this time, there are no declarations.

**5-Executive Director Update**

Nick Wendell, Executive Director, thanked STI and President Griggs for hosting the meeting and organizing the social on the evening of the 26th and the breakfast this morning. He stated they are ready to proceed with the application process for the Assistant Director position. Since it was the creation of a brand new position, the process took a little longer than anticipated but it should be open for applicants within a week. He is hoping to have someone hired by the May meeting or at least by the strategic planning session in June. Doug Ekeren and Diana VanderWoude will also be on the hiring committee along with Nick.

Nick also talked about the branding work and new logo for the board. He worked with a freelancer that graduated from STI to create the logo. He wanted it to show that they are a statewide technical institute system and have an open door, access to all. They made sure the colors used weren’t a reflection of any one institution in our system but represented all institutions. It needed to be a simple word mark and some imagery that were striking. The next step will be implementing it in additional identity areas. The next important thing that will need to be taken care of is creating our own website. Right now, we are listed under the Department of Education.

**6-Legislative Update**

Dykhouse asked Will Mortenson to join the board at a mic and thanked him for helping them thru the legislative session this year.

Will thanked the board and technical institute presidents for all the work they’ve done and making connections that helped session go smoother. We are losing 2 champions in Governor Daugaard and Speaker Mickelson. Please thank them if you see them as they’ve been big pusher of this board. He also stated that Nick did a great job of getting hired and moving right into session and picking up the language and what he needed to be done to make the board successful.

The Governor had originally recommended no increase to anyone; education, state employees and medical. They revised budget numbers upward after the federal tax cuts went thru. The per credit hour allocation got a 1% increase the same as K-12. This board, the staffing of it and the expenses it incurs were fully funded to the degree that was asked. Another part of the 1% increase includes a $30,000 increase in instructor salary support. The maintenance & repair funds were kept in the budget. Tuition assistance also remained steady. LATI also received $250,000 one-time funding for their health care center to go towards equipment and furnishings. For the rest of the funds, they forewent pursuing a bonding increase once HB 1318 passed. There are a few more steps and it’s not guaranteed yet but it will be a piece of the puzzle in paying for that without increasing the bonding or debt load. What are the additional steps. Mortenson explained that HB1318 passed giving HEFA, bonding authority, the ability to transfer reserves that they’ve built up to any public entity. The entities that use HEFA as their bonding source are the technical institutes and healthcare buildings. The final decision won’t be made until later this summer.

The most over-arching policy is oversight and figuring out the role this board plays, the role the school boards play, the role the administration at the technical institutes play and the state administration generally plays. This will probably come up every year but the board needs to have an idea of what they want this to look like. Everything is grounded in SB65 which is the governing statutes.

He also stated that campus speech was an issue. There was some legislation that purported that and the board spoke against that because they felt it didn’t promote free speech but opened the institutions to law suits. Mortenson encouraged the institutions to promote diverse opinions on campus. This is something the presidents need to work on more than the board.

HB1099 was a governor’s bill this year that was to codify a program that he had been running that sets a lower tuition rate for high school students taking dual credit courses. There are 3 ways this is paid. It’s a lower rate so the technical institutes are eating some of the cost off the top, the student pays 1/3 of the cost and general funds pay 2/3 of the cost. There were some other ideas on how this could be paid for that will come up in the future.

Our tuition is the highest in the region compared to others nearby. The tobacco tax will be on the ballot in November 2018. Rough estimates are that it would generate about 20 million dollars of which about 2/3 would be allocated to this board in support of tuition release for technical institute students.

**7-Tuition Setting Proposal (2018-2019 Academic Year)**

Wendell thanked the 4 institute presidents for coming together and giving the board a sense of what their needs are locally and what is needed across the system. They also need to find a consensus that will work for all of them and that is what’s recommended today.

He listed the revenue and expenditure considerations that helped them reach the recommendation.

Revenue Impacts

* 1% increase in the per student allocation ($3,522.26/FTE in FY19)
* 1% increase in instructor salary support funding ($3,030,000 in FY19)
* Maintenance and Repair funding, part of a multi-year plan ($233,000 in FY19)
* 1.2% increase in employee salary policy (average increase across the system)
* Projected increase of 20 full-time equivalent students (5,985 FTE in FY19)
* Level tuition buy-down (10.00/credit hour in FY19, requested $15.00/credit hour)
* Level facility fee ($35.00/credit hour in FY19)

Expenditure Impacts

* 1.7% inflationary increase to a variety of costs (i.e. utilities, maintenance, service contracts, etc) totaling approximately $312,957 ($128,864 more than the 1% increase in PSA)
* Increased salary and benefits totaling approximately $684,275 ($169,230 more than the 1.2% increase supported by state appropriations)
* Institutions have more than $1,900,000 in M&R related needs in FY19 ($1,667,000 more than the $233,000 appropriated by the state)
* More than $400,000 in potential equipment and supply costs for new and expanding programs

Dykhouse asked if the salary support funding would need to be acted on every year or if it was now in the base funding. Wendell stated it was in the base funding.

Sabers asked what the increase was last year vs this year. Wendell stated the projection was 200 FTE but he is not sure what they landed on. He will find the answer. Dykhouse stated they would need to take a longer look at these numbers at their strategic planning session in June. They could talk about where they’ve been, where they’re at now and the projections because the student numbers and student growth have a significant impact on bonding.

Wendell explained that the budget system had requested a $5.00/credit hour increase to tuition buy-down but that was not granted. So, they will remain at level funding in that area. The facility fee also remained level at $35.00/credit hour.

The institutions have covered some major M&R expenses on their campuses and will continue to need to do that.

With all those considerations, a $2.00/credit hour increase is being proposed for the 2018-2019 academic year. In the past 5 years, the increase has been $5.00/credit hour. The consensus in FY19 was to increase tuition by a lower amount, thus acknowledging affordability concerns in the market. If you use the projected FTE of 5,985 the increase would generate approximately $355,200 in additional tuition revenue in FY19.

Wendell also explained the types of fees that contribute to the overall tuition and fee number that a student pays.

* Tuition Fee: The largest amount is tuition which they are proposing at $116/credit hour. This is where the $10.00 tuition fee buy-down comes into play otherwise they would need to ask for $126/credit hour.
* Facility Fee: $35/credit hour; They are used for the technical institutes’ payment on debt service coverage to pay down debt on facilities constructed through bond proceeds.
* M&R Fee: $5/credit hour; These fund the upkeep of land and facilities on the campuses.
* Postsecondary Transition Fee: $1/credit hour; They are used to support staff and activities designed to assist students in the transition to the postsecondary education. Formerly known as the Technology Fee.
* Total Tuition and State Fees (assessed to students): $157/credit hour

Wendell is recommending passage of this proposal.

Bob Faehn asked; if the tobacco initiative passes this year, when would we start seeing revenue from that? Do we know how much per credit it would affect each student and how much per credit hour? Wendell stated collection of that tax would start July 1, 2019 so it would have an impact on FY20 budget but he hadn’t figured out the per credit reduction. Faehn asked if he could figure that and bring it back to the board.

Mike Cartney, president of LATI, stated the need is there for more money but the presidents tried to be mindful of cost to students. Dykhouse stated the 20 full time student increase seemed rather modest. Is there potential to exceed that? Bob Griggs, president of STI, stated last year was a good year for them. They increased by 6% each semester. Due to the strong employment demand, a lot of programs are already filling up. Ann Bolman, president of WDT, stated that their biggest enrollment increase is in the dual credit area. With those students, they don’t get the fees and it takes a lot more students to equal 1 full time FTE. Since they are now off probation, they won’t need to include that information in every student’s letter/packet so that should help recruitment numbers.

Terry Sabers asked what percentage of dual credit students attend a technical institute after high school graduation? Bolman stated that WDT had recently figured that and they are 20%. The downside is the most popular dual credit courses are the general education courses and those are not the hooks to getting them to come to the institute after graduation. Dykhouse asked where the other 80% are going. Bolman stated that, speaking only of the Rapid City area, most of them are going onto the regental institutions in and out of state.

Sabers stated that he hopes the institutions are working with the high schools that have the CTE programs and making sure the students are aware of the opportunities. Also making sure that the Career Coaches are promoting the in-state institutions.

Dykhouse stated they should table where the dual credit students are going and have a more lengthy and in-depth conversation about it at their strategic planning session. Wendell stated there are several topics that they will need to be looked at deeper in the next year and dual credit courses are at the top of that list.

Dykhouse asked for a motion to approve tuition setting for the next year at our technical institutions.

Motion by VanderWoude, second by Sabers to approve the tuitions setting as proposed. Roll call vote:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Name | AYE | NAY | ABSTAIN | EXCUSED |
| R. Bowar |   |  |  | X |
| D. Dykhouse | X |  |  |  |
| D. Ekeren | X |  |  |  |
| B. Faehn | X |  |   |  |
| S Knuppe | X |  |  |  |
| E. Mallett | X |  |  |  |
| S. Peterson | X |  |  |   |
| T. Sabers | X |  |  |  |
| D VanderWoude | X |  |  |  |
| **Total** | 8 | 0 | 0 | 1 |

Motion carried.

**8-Career Launch Presentation**

Laura Scheibe spoke on the governor’s initiative, Career Launch. The goals of this initiative are to increase student awareness about career opportunities and help meet the state’s demand for a skilled workforce. She explained the need for the program comes from industry having a difficult time filling vacancies, youth participation in the workforce declining and student engagement in school is decreasing. In 2015, only half of 16-19 year olds in SD were engaged in the workforce and that number continues to decline. The National Gallop Research indicates that in 2017, only about 1/3 of high school students indicated they were “engaged” in their studies in high school. We know real world relevance increases engagement while allowing students to find their path sooner but we also know that our school counselors are overloaded. They are wearing many hats and even though this is the part of their job they really want to do, they just don’t have time to get to it.

The program was launched in January 2018 with 12 FTE. They are state employees, 11 career advisors and 1 coordinator, who are overseeing 4 pilot districts (Sioux Falls, Yankton, Brookings & Rapid City). The 12 FTE are supported by Department of Labor & Regulation, Department of Education and the governor’s office. Each district is in a different place and has unique needs so each project looks different in each community. Overall, the goal of the program is to change the ecosystem where everyone is involved and engaged in work-based learning and career exploration.

Some of the things the career advisors are doing is facilitating internships and we’ve seen the number of students placed in internships increase in every district. They are teaching students soft skills so they can succeed in the internships and working closely with industries to recruit students. They are also working on organizing career fairs and refining Personal Learning Plans. A Personal Learning Plan is something each student has that guides their 4-year path thru high school. They are even helping to look at Build Dakota scholarship applications, working with middle school CTE courses and also presenting to middle and high school students

Dykhouse asked if the 77% that graduated from high school were enrolling in both 2-year and 4-year institutions. Scheibe stated yes, when the Department of Education refers to college they are encompassing both technical institutes and Board of Regents institutions.

Sabers asked what the future plans were for this program. Is there additional funding or expansion? Scheibe stated they are still working that out. They have funding for the 12 FTE but expanding is still in discussion.

VanderWoude asked if there had been discussion on funding sustainability to engage some of the business and industry partners in that as more of a public/private partnership model. Scheibe stated they have looked at how to do that but don’t have exact plans at this point.

Sabers asked if a student does an internship or apprenticeship, does that allow for any credit towards their classes. Cartney stated at LATI, they are given pre-apprenticeship hours that work towards their internship model or they count as work experience. Some situations will allow them to get dual course credit.

**9-Funding Plan for the Healthcare Center of Learning, Lake Area Technical Institute**

This was covered in the legislative update.

**10-Proposed Rule on Capital Asset Purchases**

Wendell stated at the December 14, 2017 meeting, the board discussed the need to define what constitutes a “major renovation” and to establish a minimum threshold that would require an institution to obtain state-level approval to make large purchases. A smaller subcommittee comprised of board members Scott Knuppe and Terry Sabers was formed. The discussion today is to look at the language and maybe some threshold amounts. Whether it becomes a policy or administrative rule can be decided at the May 2018 meeting.

The following language regarding requests and approvals is recommended:

1. Purchases of capital assets with a per unit cost of between $250,000 and $500,000 must be approved by the Executive Director of the Board of Technical Education prior to a purchase order being issued.
2. Purchases of capital assets with a per unit cost exceeding $500,000 must be approved by the Board of Technical Education prior to a purchase order being issued.
3. All capital asset requests must be submitted to the Board of Technical Education Executive Director for approval on a standard Capital Asset Request form.

Knuppe stated a couple things they discussed were that there would be some level of approval process thru the board for larger amounts and that it would still allow the presidents to operate their institutions. They also looked at what the Board of Regents has for guidelines and their approval process. What they’ve proposed for this board aligns with what the Board of Regents uses. Anything under $250,000 the presidents would be able to handle themselves. They also created a form the presidents would need to complete along with any supporting documentation when submitting a request.

One of the main things the board would want to know is the funding source. Does the institution have the funding and is there any external funding? They added an extra line that the Board of Regents doesn’t have asking what other actions have been taken to avoid, reduce, delay, minimize or extend the life of the current asset to avoid spending the money.

Sabers added they didn’t define what a capital asset is. Is that a reality improvement or major piece of equipment? Going back to the first line it references major renovation which he stated could also mean a real estate renovation. Sabers suggested they further discuss the definition of a capital asset. He also asked the institute presidents if they already have a definition in rule for a capital asset. Cartney stated he would defer to Laura Scheibe as capital assets are well defined in the K-12 budget process so he would assume the local control side would still use that terminology but he is not sure it would apply to this board. Bolman stated at WDT, the local level (Rapid City Schools) has very standard definitions for those terms but she didn’t know if that was consistent statewide or if each local district could establish their own definition.

Sabers asked if they currently used approximately these same amounts or if they are smaller. Bolman stated there are different things that come into play for each district. One thing is how long the unit will be in place and used. Different processes are used if it will be grant funded.

Ed Mallett asked if most requests for capital assets are following IRS code for more hard assets and not renovations. Bolman stated that they are.

Mallett also asked if the supporting documentation would be pretty well outlined and specific to have continuity amongst all 4 institutions. Bolman stated she thought the board needed to let them know what they needed for documentation so they knew what to provide. They could also supply what they currently use for their local requests. If the board wants more or less than that, they just need to let them know what they are looking for.

Cartney also asked about equipment for a new build. When the build is approved, is the equipment for the building approved at the same time or do they need to come back for that approval? Mallett stated he thought it would be inclusive with the hard and soft assets. Dykhouse stated that should be included in the proposal.

Scott Peterson asked if Nick was comfortable with his level of approval, $250,000 to $500,000. Wendell stated he was comfortable with the level and that he may even have proposed at a prior meeting this amount so the institutions didn’t have to wait for the board to convene again to make a decision. Peterson also asked if it would be appropriate to have the Chairman of the Board involved in the discussion with Wendell. Dykhouse stated it could be handled that way or they could just have Wendell report at the next board meeting. Mallett stated he felt like the officers should at least be apprised of the situations thru e-mail since they would be getting the most public comment.

Cartney stated the institutions already give a 5-year plan to the Department of Education at the beginning of every year and he assumed that would continue with this board. That is an established form and process that would continue. These requests would be exceptions to those plans. Wendell asked what the frequency of projects in the $250,000-$500,000 range would be. Cartney stated they would be far and few between.

Mallett asked about the dollar amounts that are used at the local level before they need to get their approval. Griggs said their level is $15,000. Cartney stated all contracts have to go thru their school board. He must go thru a bid process. If it’s a hard asset, $25,000, and if it’s a building asset, $50,000. Bolman stated WDT is required to get 3 quotes on any request that is $10,000-$25,000. Sabers stated the local districts are controlling that very well so he doesn’t feel like it would be good for the board to go that low in their approval amounts. VanderWoude asked if there is opportunity to find some consistency in the local controls. Cartney stated LATI is consistent with the Watertown School District (K-12) so you would be asking them to adjust how they process their requests.

Ekeren stated earlier the question was if this should be in policy or rule and he suggested leaving it in policy in case it needed to be modified. Sabers suggested getting a further definition of a capital asset to add to the proposal. Wendell stated he would prefer to bring back a definition at the May 2018 meeting. Dykhouse suggested it be tabled and brought back in May.

Cartney asked about SB65 and if it was pertaining to the state buildings that the technical institutes are responsible for at this time. Mortenson stated the language was transferred over directly from the Board of Education and references new construction and major renovation. It also talks about the submission of build plans for new construction or major renovation. He is just seeing it in depth today but he thinks it is referring to building assets as opposed to equipment assets.

Knuppe asked if the board could also define supporting evidence and what the institutes need to provide so they are not doubling up on paperwork. Dykhouse agreed and tabled the decision to the May 2018 meeting. He also asked that the new definitions and examples of supporting documentation be brought to that meeting.

**11-Proposed Updates to the General Education Requirements**

Wendell stated the chief academic officers from each of the institutions have collaborated to develop potential new language for the administrative rule related to general education requirements. The proposed change is designed to better meet student and industry needs and to strengthen the opportunity for articulation agreements with the six universities in the Board of Regents system. This would require a change to administrative rule so they may need to prepare for a public hearing at the May 2018 meeting. Wendell also gave one update to the proposal that’s not reflected in the paperwork the board currently has in front of them. In the proposed change they want to add that “2 must come from mathematics & communication”. Wendell introduced Jim Jacobson, VP of Academic Affairs at STI, to talk more on the proposal.

Jacobson stated he is also representing the other three institutions and wanted to introduce Dr Craig Peters, administrator working with general education team at STI, who was instrumental in writing this proposal. Jacobson stated the math & communication requirements were in response to the advisory committees. The common theme they hear is the graduates have incredible technical skills but they want to see the institutions enforce the soft skills. These requirements align with the Board of Regents’ requirements with the one difference being they do not require a computer credit.

Dykhouse asked how many credits the typical mathematics course would have. Jacobson stated 3-4 depending on the class.

Jacobson stated this agreement would apply to transferrable general education requirements but all 4 institutions also require non-transferrable general education requirements for many programs. They call them applied general education requirements because the projects will relate to their profession.

Sabers agreed that communication skills were very important for all students to learn. So many people are communicating thru e-mail these days and it’s still important to know how to communicate thru that means. Jacobson agreed that there are several more ways of communicating now and all students need to have that skill.

Knuppe wanted to clarify that the 15 credit hours in this proposal are different than the applied general education requirements. Jacobson stated they would still be required to take 15 general education credit hours but depending on which program they were in the student could decide if they wanted to take the applied requirements or the Board of Regents approved transferrable requirements.

Knuppe asked if the group discussed having more than one math or communication requirement rather than just one of each. Jacobson stated they did but the total number of credits a student will take for any given degree or diploma must be balanced and they have to really watch how many credits is in each program. They are also trying to be cost sensitive about what they are charging each student to obtain the degree. Peters stated even though it’s not required most students (about 75%) take two communication classes. Sabers stated there are also math classes that apply more closely to your program. Tracy Noldner stated for the Higher Learning Commission they need to have 15 credits and they need to stay somewhat general. It just allows more flexibility.

Sabers asked if the students taking dual credit courses are taking the basic English. Peters stated they can take either the general or applied course. He also stated they have dual and concurrent credit courses. For a dual credit course, the student comes onto the campus and takes the course. Those credits count for their program credit and high school credit. For concurrent credit, the high school teacher teaches the course. The instructor is approved by the association and the curriculum is approved by the faculty and administration of the institution and they are given credit towards their program and high school credit.

Ekeren asked if this proposal is passed in May, when would it become effective and how do you deal with students who are already enrolled versus new students. Jacobson stated that some programs may want to change their curriculum sheets but not very many since they already have flexibility to offer students choices. He stated one of the options listed, Natural Sciences, STI doesn’t offer so most students would continue to choose from the options they already have. Wendell stated if passed in May it would need to go before the Interim Rules Committee. He thought they would have another meeting that would give this board time to implement it as a new administrative rule by July 1st. Cartney stated the institutions also have a process when a new curriculum is brought in. This would just change the requirements and as the institution changed the curriculum they would roll in the latest changes. Each institution has a process in place to decide if the current students will get the new or old curriculum.

VanderWoude asked if Natural Sciences isn’t offered but is listed in the proposal would it be added. Jacobson stated not necessarily. It would depend on what new programs were to come forward at a given institute. He stated the goal was to take the Board of Regents categories and adopt them so it’s more seamless when it comes to articulation agreements. Peters stated one other reason was the ease of transferring from a college or university to a technical institute.

Dykhouse thanked them for their presentation and stated this topic would be back at the May meeting for approval.

**12-Computer Aided Design Program Name Change, Western Dakota Technical Institute**

Bolman stated WDT would like to change the name of the Computer Aided Drafting program to Computer Aided Design. She stated the idea came up during the advisory committee meeting for the program. It was noted that new software the students were learning and with the 3-D design portion that drafting wasn’t really capturing what they were learning. The name change more accurately reflects what the students are learning. This is just notification so no approval needed by the board.

**13-Stragic Planning Session**

Dykhouse stated the board is planning an offsite strategic planning session at Sutton Bay June 3rd-5th. It will be hosted by Sutton Bay and First Premier Bank at no cost to the board members. Saturday there will be golf for anyone interested. Sunday will have a short program followed by a dinner with the board and technical institute presidents. All day Monday and Tuesday morning they will conduct their strategic planning session. Dykhouse and Wendell have roughed out ideas of what they would like to discuss but would also like input from the board so please send your ideas, structure, questions or items you’d like to see included to Wendell. Wendell stated the real goal is to come away with a vision moving forward and some action steps attached to each of those items but also for each board member to come away with a greater appreciation for the breadth of the system and the way the 4 institutions are functioning. Sunday night will set the stage from a budget perspective and understanding the lay of the land so we can do big dreaming on Monday walking away Tuesday with some language around some of those pieces. Wendell wants to approach it from a sky’s the limit perspective, talking about what the big dreams are and start putting some action around them.

**14-Dual Credit Advisory Task Force**

Wendell stated he was just invited to the first meeting of this task force which will be March 29, 2018. He will be attending to get an understanding of what that group will look like and a better insight of the questions the board will be asked about dual credit.

**19-Adjournment**

Dykhouse thanked everyone for being there and stated the next meeting will be May 16th in Rapid City. Motion by Mallett, second by Sabers to adjourn. Voice vote, all in favor. Motion carried. Adjourned at 12:21pm CT.