



Legislative Research Council

MINUTES

Legislative Planning Committee

Fourth Meeting
2014 Interim
November 17, 2014

Room 413
State Capitol
Pierre, South Dakota

The fourth meeting of the Legislative Planning Committee was called to order by Representative Scott Munsterman, Chair, at 10:00 a.m. (CST), on Monday, November 17, 2014, in Room 413 of the State Capitol in Pierre, South Dakota.

A quorum was determined with the following members answering the roll call: Representative Scott Munsterman, Chair; Senator Mike Vehle, Vice Chair; Senators Corey Brown, Ryan Maher, Bruce Rampelberg, and Billie Sutton; and Representative Kristin Conzet. Members excused: Senator Tom Jones and Representatives Brian Gosch, Jacqueline Sly, and Susan Wismer. Staff members present included Clare Charlson, Principal Research Analyst; David Ortbahn, Chief Analyst of Research and Legal Services; Amanda Jacobs, Research Analyst; and Traci Thompson, Legislative Secretary.

(NOTE: For purpose of continuity, the following minutes are not necessarily in chronological order. Also, all referenced documents distributed at the meeting are attached to the original minutes on file in the Legislative Research Council (LRC). This meeting was web cast live. The archived web cast is available at the LRC web site at <http://legis.sd.gov/>.)

Approval of Minutes

SENATOR BROWN MOVED, SECONDED BY REPRESENTATIVE CONZET, TO APPROVE THE MINUTES OF SEPTEMBER 8, 2014. The motion prevailed unanimously on a voice vote.

Opening Remarks

Chair Munsterman welcomed the members of the committee and said that he would like the meeting to be an informal brainstorming session. He began by handing out a draft outline of the information the committee has already received and asked those in attendance to help identify other areas that may not have been included (**Document 1**). He noted that he would like to share with the full legislative body, some preliminary information on what the committee has learned.

Information Review and Planning

The local need of a school district is calculated by multiplying the per student allocation (PSA) times the fall enrollment of a school district. A small school adjustment is applied in those districts where enrollment is 600 students or less. School districts also receive additional limited English proficiency (LEP) funding for each student that scores below a certain benchmark on a language proficiency assessment.

Local need is funded through local effort and state funds. Local effort is the revenue generated through local property taxes and currently accounts for 46.2% of the local need. State aid is calculated by subtracting the total local effort from the local need. The state funding currently provides for 53.8% of the total local need.

There is also other revenue that school districts receive which is provided outside of the state aid to education formula. Representative Munsterman said that he would like to see the total dollar amount listed for each source of other revenue.

Senator Bruce Rampelberg questioned whether the funding formula should be reviewed. He said that many of his constituents question the fairness of the formula and wonder if there would be a better way to determine funding for schools.

Senator Corey Brown stated that he would like to include in the committee outline, a chart that shows the total school reserves over the previous twenty years.

In regard to capital outlay funds, the committee discussed three debt limitations:

1. The South Dakota Constitution dictates that the total indebtedness of a school district may not exceed ten percent of the taxable valuation;
2. School districts may issue capital outlay certificates equaling up to 1.5% of the district's taxable valuation without a public hearing; and
3. Accumulated unpaid principal balances from issuances from the capital outlay fund may not exceed three percent of a district's taxable valuation.

It was suggested that examples of each of these items be included for easier understanding.

Senator Brown felt it was necessary to include information that explains how the capital outlay fund levy is different from other tax levies. Senator Rampelberg suggested that information be added about the availability of opting out of the property tax limitations. **Senator Billie Sutton** asked that information be provided to show capital outlay fund flexibility spending in the school districts since it began in 2009. **Senator Mike Vehle** asked that a chart be included showing how much money was spent on those items from the capital outlay fund. Senator Sutton noted that it would be a good idea for the committee to keep apprised of the work of the Governor's Capital Outlay Workgroup.

The committee next discussed the foundational support that is state-funded and provided to school districts through the Department of Education. There are five areas of support: technology, information system, assessment portal, evaluation software, and professional training. Representative Munsterman said that he would like to get a brief synopsis from the Department of Education showing examples of each area and the total amount of revenue spent on each item.

Senator Rampelberg said that with technology being such a huge factor in today's world, he was interested in knowing how well this is being utilized in schools across the state and if any improvements could be made.

The total revenue spent on K-12 education was also examined. The committee discussed possible benchmarks that could be used to understand the relationship between the revenue and the expenditures.

The next topic discussed was workforce development with regard to teachers and administrators. **Representative Kristin Conzet** stated that she would like to see a pie chart showing the correlation between the money being spent on administrators' salaries and the money being spent on teachers' salaries. Representative Munsterman said that he was hoping to illustrate the current demand situation. **Mr. Wade Pogany, Executive Director, Associated School Boards of South Dakota**, stated that his organization provides a teacher placement service which can produce at any time, a snapshot of the number of open teaching positions in the state. Mr. Pogany said that the School Administrators of South Dakota will soon release survey data examining the teacher shortage. He also stated that there would be useful information in the Professional Records Forms (PRF) that are compiled by the Department of Education which keep track of every teacher in the state.

In response to questions regarding what was being done in the state to help recruit teachers, **Mr. Mitch Richter, South Dakota United School Association**, said that job fairs were a good recruitment tool, but the bigger issue was the lack of students going into the profession. When other professions pay more, it is more challenging to find those willing to become educators. He further stated that the university system knows how many teachers will be graduating, but when other administrators from all over the United States show up and offer much larger salaries and benefits, it's hard to keep our graduates in South Dakota.

When asked if succession planning was being done, **Mr. Robert Monson, Executive Director, School Administrators of South Dakota**, said there were 913 teachers eligible for retirement and nowhere near that number of students entering the field to replace them. He agreed with Mr. Richter that a huge obstacle in hiring teachers is the higher salaries being offered in neighboring states.

The committee shared ideas on how to change the mindset that some people have regarding not only the teaching profession, but teaching in South Dakota. It was mentioned that Ms. Joy Smolnisky with the South Dakota Budget and Policy Institute has done a lot of research and has data on how teachers' salaries in South Dakota compare to those in other states.

Mr. Pogany emphasized that the teacher shortage is a multi-faceted problem, but that he believes the bottom line is still the low salaries paid to teachers. He also stated that he would like to see more recruiting.

Senator Brown stated that while he felt that low salaries need to be part of the discussion, he felt the number one issue was the recognition of the workforce shortage. He also stated that he would like to see high school mentoring programs set up to encourage students who are interested in the teaching profession.

In regard to scholarships, it was noted that twenty Critical Teaching Needs Scholarships were offered to quality candidates this year.

When asked if the teacher shortage is an issue nationwide, Mr. Monson said that, not only are teachers in short supply across the country, but the entire workforce is declining.

Senator Brown asked about teacher certification and if there would be any way to make it easier for educators from other states to teach in South Dakota. Mr. Monson said that currently there is a test that must be passed in order for someone to teach in South Dakota and there is no reciprocity given for those that are certified in other states, but the idea could be examined. Mr. Monson noted that, in making such a change, it would be important not to substitute quantity for quality.

Representative Munsterman addressed the issue of the limited number of candidates for teaching positions and the percentage of those who didn't meet the standards and wondered if there are certain areas of concern that could be addressed at the university level to help remedy the problem. Mr. Monson said that expanding student teaching to a full year has been very helpful in preparing new teachers to go into the classroom.

At 12:00 p.m. the committee recessed for lunch and reconvened at 12:45.

The committee discussed possible dashboard indicators. Representative Munsterman said that the three items listed were goals that came out of the committee's work on workforce development. They include: Career and Life Ready, Workforce Development, and Financial Sustainability.

Representative Munsterman asked the committee if it would be appropriate to ask the Department of Education for its goals.

Senator Brown asked how success could be judged and what indicators could be used to see if additional dollars are achieving the desired results.

Mr. Pogany responded by saying that it would be difficult to answer that question because each school district sets its own goals. There are state measures including ACT test scores and other assessments that can be used for comparison. He also mentioned the School Performance Index (SPI) accountability program that was put in place two years ago. However, there isn't a specific state goal that each district must meet. Each district has different needs and sets its own goals.

Senator Vehle said that he would like to look at three areas for dashboard indicators: teacher competency; manpower; and a comparison of where we were, where we are, and where we want to be. He stated he would like to see a graph that shows the number of teachers who will be retiring over the next four years, and how many students are currently enrolled in teacher training programs in the state. Senator Vehle felt that if we had a way of showing students how many teaching opportunities will be available in the near future, it would entice students to go into the field. He also wanted to look at the number of students taking remedial classes in post-secondary education.

Mr. Richter asked if anyone had information on what other industries are doing to attract workers. He said that lots of data could be given, but the bottom line is that money drives the issue.

Representative Munsterman reiterated that there needs to be a way to measure success in schools.

Senator Brown mentioned that he once measured a school's success by graduation rates, but after learning more about remediation rates, he felt those would be a better indicator of success.

Mr. Pogany told the committee that this is a complex issue and if only a couple of indicators are used to measure a school district's success, it could be very misleading.

Senator Rampelberg said that improved student performance could not be expected without putting aside more money for teacher professional development.

Mr. Monson discussed the frustration that occurs when targets are set and teachers do everything to meet those targets and then the targets are moved and the funding gets eliminated. He also told the committee how much need there is for the Education Service Agencies (ESA) and that he would like to see funding for them. Representative Munsterman agreed that ESAs are important and should be put on a list of important items to consider.

Senator Vehle said that he would like to offer more scholarships with requirements that recipients keep their grades at a certain level and be required to stay and teach in South Dakota for five years. He felt that this would be a way to resolve the teacher shortage and would graduate more teachers with higher standards.

Mr. Pogany stated that the Dakota Corps Scholarship that Governor Rounds created is in place, but needs funding. Mr. Monson told the committee that twenty scholarships were awarded this past year, but to help solve the current problem, 400 scholarships would be needed.

Discussion of Possible Legislation

The committee reviewed a bill draft entitled, "An Act to repeal the foundation program fund and references thereto." (**Document 2**)

SENATOR BROWN MOVED, SECONDED BY SENATOR VEHLE, TO PASS THE DRAFT LEGISLATION BROUGHT FORWARD TO REPEAL THE FOUNDATION PROGRAM FUND AND REFERENCES THERETO. Motion prevailed on a roll call vote with 7 ayes, 4 excused. Members voting aye: Brown, Conzet, Maher, Munsterman, Rampelberg, Sutton, and Vehle. Members excused: Gosch, Jones, Sly, and Wismer.

The next meeting of the Legislative Planning Committee will take place after the 2015 Legislative Session.

Before adjourning, the committee thanked Senator Maher for the hard work he has done while serving on the Legislative Planning Committee and during his tenure as a legislator.

Adjournment

REPRESENTATIVE VEHLE MOVED, SECONDED BY SENATOR BROWN, TO ADJOURN.

The motion prevailed unanimously on a voice vote.

The committee adjourned at 1:40 p.m.