

State of South Dakota

NINETY-FIRST SESSION
LEGISLATIVE ASSEMBLY, 2016

965X0543

HOUSE EDUCATION ENGROSSED NO. **HB 1136** - 02/08/2016

This bill has been extensively amended (hoghoused) and may no longer be consistent with the original intention of the sponsor.

Introduced by: Representative Munsterman and Senator Vehle

1 FOR AN ACT ENTITLED, An Act to eliminate the Council on Higher Education Policy Goals,
2 Performance, and Accountability and to transfer its functions to the Legislative Planning
3 Committee.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

5 Section 1. That § 13-48A-7 be amended to read:

6 13-48A-7. The Board of Regents and the Board of Education shall each provide to the
7 ~~Council on Higher Education Policy Goals, Performance, and Accountability~~ Legislative
8 Planning Committee an annual accountability report as determined by the committee. ~~The~~
9 ~~initial accountability report, to be provided to the council in 2013, shall contain, for each of the~~
10 ~~postsecondary education institutions under the respective board's control, information on the~~
11 ~~following:~~

12 ~~—(1)—Improvements in on-time degree completions;~~

13 ~~—(2)—Affordability for students;~~

14 ~~—(3)—The placement of graduates in jobs or further study in South Dakota; and~~



1 ~~(4) Improvements in the percentages of graduates who are successful in passing~~
2 ~~licensure, certification, or exit exams administered by third parties.~~

3 ~~The council shall determine the content of subsequent accountability reports.~~

4 Section 2. That § 13-48A-1 be repealed.

5 ~~13-48A-1. Terms used in this chapter mean:~~

6 ~~(1) "Average state appropriation per higher education student," the average state general~~
7 ~~fund appropriation for each student enrolled in an institution of higher education~~
8 ~~under the control of the Board of Regents for the previous fiscal year as determined~~
9 ~~by the Bureau of Finance and Management;~~

10 ~~(2) "Full-time equivalent," at the postsecondary technical institutes equals thirty credit~~
11 ~~hours of instruction per year, and at the institutions under the control of the Board of~~
12 ~~Regents equals thirty credit hours of instruction per year for undergraduates, twenty-~~
13 ~~four credit hours of instruction per year for students seeking master's and doctoral~~
14 ~~degrees, thirty credit hours of instruction per year for students in law school, and~~
15 ~~thirty-eight credit hours of instruction per year for students in medical school;~~

16 ~~(3) "Projected state general fund increase," the estimated percentage change in state~~
17 ~~general fund revenue, as submitted by the Governor pursuant to § 4-7-10 or as~~
18 ~~adopted by the standing committees on appropriations;~~

19 ~~(4) "Public postsecondary education institutions," the postsecondary technical institutes~~
20 ~~under the control of the Board of Education and the institutions of higher education~~
21 ~~under the control of the Board of Regents; and~~

22 ~~(5) "Public postsecondary education systems," the system of postsecondary technical~~
23 ~~institutes under the control of the Board of Education and the system of institutions~~
24 ~~of higher education under the control of the Board of Regents.~~

1 Section 3. That § 13-48A-2 be repealed.

2 ~~13-48A-2. The Legislature hereby finds, and declares to be the public policy of this state,~~
3 ~~that the purpose of public postsecondary education is to provide the following:~~

4 ~~(1) A workforce that meets the current and prospective needs of the state's economy;~~

5 ~~(2) Affordable postsecondary educational opportunities for all state citizens;~~

6 ~~(3) Access to postsecondary education programs that serve to increase the educational~~
7 ~~attainment of the state's citizenry and thereby enable citizens to provide leadership~~
8 ~~in all sectors of life in the state; and~~

9 ~~(4) A foundation upon which the state can grow the development and innovation~~
10 ~~capacities of the state's economy.~~

11 Section 4. That § 13-48A-5 be repealed.

12 ~~13-48A-5. There is hereby created the Council on Higher Education Policy Goals,~~
13 ~~Performance, and Accountability. The council shall consist of the following members:~~

14 ~~(1) The Governor or the Governor's designee;~~

15 ~~(2) The secretary of the Department of Labor and Regulation;~~

16 ~~(3) The commissioner of the Governor's Office of Economic Development;~~

17 ~~(4) The commissioner of the Bureau of Finance and Management;~~

18 ~~(5) Three members of the House of Representatives, appointed by the speaker of the~~
19 ~~House of Representatives. No more than two of the members may be from the same~~
20 ~~political party;~~

21 ~~(6) Three members of the Senate, appointed by the president pro tempore of the Senate.~~
22 ~~No more than two of the members may be from the same political party;~~

23 ~~(7) Two members of the Board of Regents;~~

24 ~~(8) The executive director of the Board of Regents;~~

1 ~~—(9)— The secretary of the Department of Education;~~

2 ~~—(10)— One member of the State Board of Education who shall serve for one year and be~~
3 ~~appointed by the secretary of the Department of Education;~~

4 ~~—(11)— One local school board member from a school district where a postsecondary~~
5 ~~technical institute is located who shall serve for one year and be appointed by the~~
6 ~~secretary of the Department of Education;~~

7 ~~—(12)— One superintendent from a school district where a postsecondary technical institute~~
8 ~~is located who shall serve for one year and be appointed by the secretary of the~~
9 ~~Department of Education;~~

10 ~~—(13)— A president of an institution of higher education under the control of the Board of~~
11 ~~Regents who shall serve for one year and be determined by a rotating order based on~~
12 ~~the year of the establishment of the institution; and~~

13 ~~—(14)— A president of a public postsecondary technical institute who shall serve for one year~~
14 ~~and be determined by a rotating order based on the year of the establishment of the~~
15 ~~postsecondary technical institute.~~

16 ~~— The Governor or the Governor's designee shall serve as the chair of the council. In 2013 and~~
17 ~~2014, the council shall meet once each year to monitor the progress of the public postsecondary~~
18 ~~education systems and institutions toward the goals established in § 13-48A-3.~~

19 Section 5. That § 13-48A-6 be repealed.

20 ~~— 13-48A-6. Beginning in 2015, and in every year immediately following a gubernatorial~~
21 ~~election thereafter, the Council on Higher Education Policy Goals, Performance, and~~
22 ~~Accountability shall meet to review, endorse, and recommend to the executive branch, the~~
23 ~~Legislature, and the respective postsecondary education governing boards the four-year goals~~
24 ~~for the public postsecondary education systems and institutions and the performance metrics by~~

1 ~~which the council will monitor the progress toward those goals. The initial goals established by~~
2 ~~the council shall take effect on July 1, 2015, and subsequent goals will take effect every four~~
3 ~~years thereafter. In intervening years, the council shall meet annually to monitor the progress~~
4 ~~toward the goals. When establishing goals and performance metrics, the council shall draw upon~~
5 ~~public input from any persons who may be concerned or knowledgeable in these areas. A~~
6 ~~majority of the members appointed to the council constitutes a quorum for the purposes of~~
7 ~~conducting business. Any action may be taken by a vote of the majority of the members present~~
8 ~~at a meeting. The duties of the council include only those stipulated in this chapter and do not~~
9 ~~impinge on the constitutional powers and duties of the Board of Regents or the legislative~~
10 ~~powers and duties of the Board of Education or include participation in the operation,~~
11 ~~management, or oversight of any postsecondary education institution in the state.~~

12 Section 6. That § 13-48A-8 be repealed.

13 ~~—13-48A-8. To achieve the public purpose and goals established for postsecondary education~~
14 ~~in the state pursuant to this chapter, the state funding for the higher education system may be~~
15 ~~calculated as follows:~~

16 ~~—(1)— If the projected state general fund increase allows, the higher education system may~~
17 ~~receive funding through the normal budgeting process for performance funding. Any~~
18 ~~sum appropriated from the general fund for the purpose of performance funding shall~~
19 ~~be provided to the Board of Regents. The Board of Regents shall then determine the~~
20 ~~allocation of funds to the institutions it governs that reflect institutional performance~~
21 ~~and system strategic investments. For fiscal years 2014 and 2015, funds appropriated~~
22 ~~for performance funding shall be awarded to the higher education institutions based~~
23 ~~on improvements in the following areas:~~

24 ~~—(a)— One-half of the performance funding shall be based on the number of new~~

1 ~~graduates with special emphasis on those graduates with degrees in science,~~
2 ~~technology, engineering, and mathematics or other critical need areas as~~
3 ~~determined by the Council on Higher Education Policy Goals, Performance,~~
4 ~~and Accountability established in § 13-48A-5; and~~

5 ~~—————(b) One-half of the funding shall be based on the growth of expenditures for~~
6 ~~research;~~

7 ~~—————For fiscal year 2016 and in subsequent fiscal years, the performance funding shall be~~
8 ~~awarded to the Board of Regents based on criteria established by the Council of~~
9 ~~Higher Education Policy Goals, Performance and Accountability; and~~

10 ~~—————(2) If the higher education system receives the performance funding in subdivision (1),~~
11 ~~and the cost of the performance funding is less than the projected state general fund~~
12 ~~increase, the higher education institutions may also receive, through the normal~~
13 ~~budgeting process, a mission expansion increase calculated pursuant to this~~
14 ~~subsection to reflect expanded student services and increases in enrollments and~~
15 ~~credit hour completions. If the performance funding provided pursuant to subdivision~~
16 ~~(1), and the amount calculated in this subdivision for a mission expansion increase~~
17 ~~is greater than the projected state general fund increase, each higher education~~
18 ~~institution shall receive a pro rata share of the total amount calculated. The mission~~
19 ~~expansion increase shall be calculated as follows:~~

20 ~~—————(a) Each institution of higher education shall receive a payment equal to one-half~~
21 ~~of the average state appropriation per higher education student for each full-~~
22 ~~time equivalent enrollment in the previous fiscal year that exceeded the total~~
23 ~~full-time equivalent enrollment in the year preceding the previous fiscal year;~~
24 ~~and~~

1 ~~(b) Each institution of higher education shall also receive a payment equal to one-~~
2 ~~half of the average state appropriation per higher education student for each~~
3 ~~full-time equivalent of credit hour completions in the previous fiscal year that~~
4 ~~exceeded the total full-time equivalent of credit hour completions in the year~~
5 ~~preceding the previous fiscal year. The full-time equivalent of credit hour~~
6 ~~completions for which an institution is entitled to a payment pursuant to this~~
7 ~~section shall be calculated as follows:~~

8 ~~(i) For the previous fiscal year, at each degree level, divide the total~~
9 ~~number of credit hours completed at that institution by the number of~~
10 ~~credit hours required to be a full-time equivalent student;~~

11 ~~(ii) For the year prior to the previous fiscal year, at each degree level,~~
12 ~~divide the total number of credit hours completed at that institution by~~
13 ~~the number of credit hours required to be a full-time equivalent student;~~

14 ~~(iii) If the product of subsection (i) is greater than the product of subsection~~
15 ~~(ii), calculate the difference between the two at each degree level; and~~

16 ~~(iv) Add together the results for each degree level;~~

17 ~~In addition to the mission expansion funding calculated pursuant to this subsection,~~
18 ~~the Legislature may also provide additional funding to institutions of higher~~
19 ~~education for the expansion of program mission; and~~

20 ~~(3) If the higher education system receives the performance funding in subdivision (1)~~
21 ~~and the mission expansion increase in subdivision (2), and the cost of both of the~~
22 ~~increases is less than the projected state general fund increase, the higher education~~
23 ~~system may receive, through the normal budgeting process, an operating budget~~
24 ~~inflationary increase equal to the annual percentage change in the consumer price~~

1 ~~index for urban wage earners and clerical workers as computed by the Bureau of~~
2 ~~Labor Statistics of the United States Department of Labor for the year before the year~~
3 ~~immediately preceding the year of adjustment or three percent, whichever is less. For~~
4 ~~the purpose of this section, the operating budget does not include any portion of the~~
5 ~~budget that contains funding for salaries and benefits for any employees provided by~~
6 ~~the Legislature through the General Appropriations Act.~~