



First Meeting
2003 Interim
Monday, June 23, 2003

LCR 1&2
State Capitol Building
Pierre, South Dakota

The first meeting of the interim Committee on School District Educational Equality & Organization was called to order by Representative Phyllis Heineman, Chair, at 9:00 a.m. on Monday, June 23, 2003, in Legislative Conference Rooms 1 and 2 of the State Capitol Building in Pierre, South Dakota.

A quorum was established with the following members answering the roll call: Senators Jay Duenwald, Frank Kloucek, and John Koskan (Vice-Chair); and Representatives Jim Bradford, Mike Buckingham, Thomas Deadrick, Joel Dykstra, Burt Elliott, Jeffrey Haverly, Phyllis Heineman (Chair), Kent Juhnke, Maurice LaRue, Ed McLaughlin, Jim Peterson, Burdette Solum, John Teupel, and Bill Van Gerpen. Senator Robert Duxbury and Representative Julie Bartling were excused.

Staff members present included Clare Cholik, Senior Research Analyst, and Rhonda Purkapile, Senior Legislative Secretary.

For the purpose of continuity, these minutes are not necessarily in chronological order.

A motion was made by Senator Duenwald, seconded by Representative Juhnke, that the agenda be adopted. The motion carried on a voice vote.

Ms. Cholik, LRC, presented the committee with a copy of Article VIII, Section I of the South Dakota Constitution (**Document #1**), which speaks to a uniform system of free public schools.

How Policymakers Can Use Data to Improve Education

Mr. Stephen Smith, National Conference of State Legislatures (NCSL), spoke from prepared remarks (**Document #2**). Mr. Smith said that we expect students to be educated to become productive citizens and workers; that the goal of the K-12 system should be to prepare students for secondary education or the workforce; and that two-thirds of the high paying jobs for the future will require advanced technical skills but not necessarily a traditional four-year bachelor's degree. He noted a communication problem between most K-12 and higher education systems. One example of this is when higher education institutions have to provide remedial classes to incoming students. The data is often not filtered back to the K-12 system so they can make improvements in instruction in those areas.

Mr. Smith reported that the No Child Left Behind (NCLB) federal act is the most sweeping federal education initiative since the original passage of the Elementary and Secondary Education Act (ESEA) in 1965. The goal of NCLB is to have all students meeting proficient education standards in eleven years. Currently, only one-third of students nationwide are meeting education proficiency standards. This would mean a 200 percent increase in productivity to meet this goal without a significant increase in resources for the foreseeable future. Efficiencies must then be increased.

Mr. Smith reported that NCLB requires a "highly qualified" teacher in every classroom, state technical assistance, supplemental services, replacement of staff, and total reconstitution. Detailed information on student performance at the student level will also be required. Mr. Smith stated that the data required is a positive because this will identify students in need of more services. He noted that most

states have done a good job of educating a certain portion of the student body, but there is an achievement gap among students.

Strategies to help bring states into compliance with NCLB are good teachers, strong parental involvement, effective leaders, sound curriculum, and a nurturing environment, Mr. Smith testified. An example of a strong nurturing environment is the state of Utah. Utah actually has the lowest spending per student in the country for education but they have the highest student achievement. It may become the state's responsibility to shoulder more of the burden for needy children. Mr. Smith noted that parental involvement in a child's education is the single most influential variable in student success.

Mr. Smith reported that small schools and small districts are not synonymous and one is not required to have the other. Research supports small schools with at-risk students benefiting the most. Small schools are considered to be 200-300 students in grade school and no more than 600 students in high school. The fear of capacity at small schools has been somewhat alleviated by distance education and the Internet.

Mr. Smith reported that over the past 100 years the number of school districts nationwide has been reduced by over 90 percent due to consolidation. The major issue with consolidation is one of roles and responsibilities. Those services where economies of scale can be realized should be implemented and those that will cost money should not. A number of criteria can be utilized to identify targeted school districts for consolidation, such as: 1) high spending, low performing districts; 2) districts with declining enrollments and low birth rates; and 3) districts with high student density but low total number of students. Mr. Smith stated that setting arbitrary limits may not be a good means of determining target districts since some districts may be necessarily small (sparse in population). He said that states can provide financial incentives to encourage consolidation.

Mr. Smith reported that all 50 states have a constitutional requirement to provide an appropriate K-12 education system. In addition to providing an adequate education, the state is also required to fund this education system. The question then becomes defining what constitutes an adequate education. Mr. Smith stated that it is inherently unequal to fund every student across the board at the same dollar amount because students are different due to demographics and different needs, which can cost more than the average.

An adequate education system is defined by education standards. Cost adjustments need to be made for geographic and standard demographic differences. A state should look at best practices, but not think about them as if they were set in stone. Cost adjustments should take into account salary demands, transportation costs, and housing costs in any given area.

Mr. Smith reported that all states provide funding for education through financial formulas and/or categorical funds. All but North Carolina and Hawaii require local support in order to receive state funding. Those states requiring a certain local effort usually have a foundation program. Foundation programs were created to equalize a district's ability to pay for education costs. The foundation level is the minimum amount the state feels is required in order to provide an adequate education for its students.

Mr. Smith testified that special education funding is provided through three major distribution systems: 1) a pupil weighted system by classifying students; 2) a reimbursement system; and 3) a Census-based system. A new option would be to fund services with weights--rank the severity of services needed and assign corresponding weights.

Mr. Smith reported that nationwide, states are missing out on from two to three billion dollars in Medicaid funds for special education purposes because they do not have anyone who knows how to properly fill out the paperwork. Some states are able to access between \$500 and \$700 per special education student, which can account for at least 5 percent of state expenditures for special education. Mr. Smith suggested bidding this as a statewide contract with a national firm to process Medicaid paperwork for special education reimbursements.

Mr. Smith stated that there are three parts to data-driven decision making: 1) student performance; 2) how much money is being spent; and 3) what is being bought. The NCLB requires student performance information, which will require major modifications to the data collection systems in states. With limited state resources available, there will be difficult decisions to make. Where does the state draw the line between local control and state funding?

Representative Haverly asked if there is a large difference in education funding for students nationwide. Mr. Smith replied that the state with the greatest discrepancy in student funding is Alaska, but they have students that have to be flown to school.

Representative Bradford asked if there would be a lot of strings tied to Medicaid funding for special education. Mr. Smith replied that the requirements are mostly on the paperwork side.

Demographics and Strategic Planning

Dr. Sid Goss, South Dakota School of Mines & Technology, gave a presentation on recent state population changes. He reported that the population in South Dakota grew about 8.5 percent from 1990 to 2000. The growth rate nationwide was 12 percent. Population changes include babies being born and people dying. Net migration represents people moving into or out of the state.

Dr. Goss reported that South Dakota's population grew until 1930 and then has pretty much leveled off since then. Many of the reservation counties have high birth and death rates. Todd County has the highest percentage of children under the age of five in the nation. Dr. Goss stated that if a person lives in an area until the age of 30, he or she will probably stay.

South Dakota will lose 26 percent of high school graduates by 2012. California's population will increase by 50 percent in ten years for those in child-bearing years, while South Dakota's population will decrease by 7 percent for that same group. Dr. Goss reported that 50 percent of the K-12 students in South Dakota are located in 12 districts.

Representative Dykstra asked Dr. Goss if he sees anything in his information that would indicate the downward trend in South Dakota's population might reverse, and if not, why are we not building more nursing homes rather than schools. Dr. Goss replied that he does not see any changes in this trend, particularly in the rural areas of the state.

Representative Haverly asked what effect major economic development would have on population and school enrollment numbers over a ten-year time period. Dr. Goss replied that this would depend upon the age of the people that would be employed. Representative Bradford commented that in Custer County, the population is growing because of retirees and not because of increased birth rates.

Senator Koskan commented that many people do not like to hear this information, but they should really be looking at this demographic information and doing long-range planning for their school districts. Dr. Goss added that this information could also be tied into county consolidation.

Ms. Susan Woodmansey, Department of Education, presented the committee with the following information on school enrollments: Unadjusted State Aid Average Daily Membership (ADM) from 1996 through 2002 (**Document #3**), Fall Enrollments from 1985 to 2002 (**Document #4**), Public K-12 Fall Enrollment from 1950 to Present (**Document #5**), and sample screens from the Student Information Management System (SIMSnet) (**Documents #6**). Ms. Woodmansey reported that the S.D. Student Information Management System is Web-based. Each student is assigned a random identification number when entered into the system. The department has four reporting deadlines per year, and it is up to the schools how often they enter the data. Some enter data every day and some might wait and enter just before the deadline. This information system is used by all accredited public schools.

Ms. Woodmansey reported that a full academic year is defined as a student being continuously enrolled from October 1 to the last day of the testing window to be counted in the accountability formula.

Ms. Woodmansey noted that all school districts are being mapped with the GIS system and these maps will eventually be placed on the department's Web site.

Mr. John Pedersen, Superintendent of Schools, Pierre, testified that the Pierre School District is talking about efficiencies and how to make them happen. He noted that the school district budget is based on \$4,000 per student. The Pierre school district is also decreasing in enrollments. They have been utilizing demographics for some time, but are taking them much more seriously now. There are four elementary schools in Pierre, and he noted that they could probably operate with three elementary schools, but then transportation of small children across a very busy road becomes a problem. The Pierre school system does not bus its students. He noted that the Pierre school district also has a country school located 30 miles east of town which will have seven students attending next year. He stated that in smaller communities, you have to look at more than just numbers and dollars. Many communities believe that without their school, they will no longer have a community. Mr. Pedersen reported that the schools must begin looking at their populations. Pierre must also take into account the transient students they receive when considering its student numbers.

Mr. Jack Broome, Superintendent of Schools, Burke, testified via conference call. He testified that examining birth records and Census data will not always result in an accurate student count. He has found that their class sizes are generally larger than predicted. He noted that in general, most of the counties in South Dakota are experiencing depopulation.

Chair Heineman presented information on demographic indicators from Mr. Broome (**Documents #7 and 8**).

Chair Heineman asked Mr. Broome how individual districts have been utilizing demographic information. Mr. Broome responded that they have looked at their enrollment numbers, prompting them to explore combining with area schools for the purposes of athletic and other activities. This in turn prompted discussions of combining in other areas beyond athletics. Mr. Broome noted that their county has decreased from eight high schools to three high schools over the years. He stated that they are on the edge of redefining their communities--they do not stop at the city limits. Mr. Broome stated that a viable high school should be offering electives and opportunities for students that go beyond academics. The goal is to give children a good base and a positive self-image.

Chair Heineman recessed the committee for lunch at 12:00 noon and reconvened the meeting at 1:02 p.m.

What Constitutes an Effective School District

Dr. Tom Hawley, interim Secretary for the Department of Education, testified that in order for schools to succeed at any level, they must have good and effective leaders.

Mr. Wade Pogany, Department of Education, presented information on Key Principles of Effective Schools (**Document #9**). Mr. Pogany listed the key principles of effective schools as follows: 1) Strong instructional leadership; 2) Clear and specific academic goals and high expectations; 3) Continuous monitoring of student progress; 4) Accountability for results; 5) Highly qualified teachers; 6) Safe and orderly environment; 7) Supportive home/school relationship; and 8) Opportunity to learn and student time on task.

Mr. Pogany reported that state leaders must take the leadership role in making NCLB work. He noted that while NCLB does not address clear and specific academic goals, all states have to implement challenging academic content standards. NCLB requires continuous monitoring of student progress to assess the adopted state standards. Mr. Pogany noted that South Dakota has had these standards for years, but the monitoring required by NCLB takes them to another level.

Mr. Pogany reported that the Dakota STEP test was delivered to 77,000 students in the spring of 2003. NCLB requires that certain levels of achievement be met in the areas of math and reading and that schools be held accountable for student results. If schools do not achieve at a certain level they will be placed on an improvement plan to meet standards. If the schools do not achieve results, they will eventually lose money or have to make changes to ensure that the achievement levels are met.

Mr. Pogany stated that NCLB requires that only highly qualified teachers are hired. About 85 percent of the teachers in South Dakota already meet this standard. The state must also look at the factors that influence teacher quality and if we have a sufficient pool of teachers in the state from which to draw to meet the demand.

Chair Heineman asked if there is anything within the department that ensures the schools are meeting the criteria established. Mr. Pogany replied that one tool is accreditation and the other will be the assessment data.

Representative LaRue asked if the Department of Education is able to give the Board of Regents any direction on curriculum needs in order for the teachers graduating from college to be better prepared in the classroom. Dr. Hawley replied that the department is bringing forth rules to the Board of Education with regard to teacher preparation. Yearly surveys of teacher graduates are performed to assess if they feel adequately prepared to perform their job. Dr. Hawley added that the department and the higher education community are working very closely on issues that affect teacher preparation and administrator certification.

Representative McLaughlin asked about the importance of the number of school days, and if the Legislature should be looking to increase the number of days in school. Mr. Pogany replied that the quality of the time used is more important than the amount of time. He stated that more days in school will not necessarily increase student achievement. It really depends upon the focus of the academics and curriculum.

Representative Van Gerpen stated that in the past the focus of the teachers has been on the students, and in many cases, the teachers have had to do some parenting. He expressed his concern with sacrificing student/teacher time for time spent on testing and administrative concerns. Mr. Pogany stated that the department was aware of a concern from the teachers with testing requirements. Some

of the testing requirements have actually been reduced. Mr. Pogany noted that testing really becomes a prioritization of time and that testing does not really take a lot of teaching time away from a child. He stated that he has not heard from teachers that the testing requirements are an additional burden.

Representative Teupel suggested that perhaps changes could be made at the local school district level to make teachers more available to students after school.

Representative Bradford asked what the penalty will be for those schools who fail the assessments. Mr. Pogany replied that there are steps that a school will go through if they do not meet achievement standards. Mr. Pogany stated that the department will work with the schools to help them improve so they do succeed.

Dr. Robert T. "Tad" Perry, Executive Director, S.D. Board of Regents, stated that the two most important characteristics of an effective school are high expectations and quality teachers. Dr. Perry reported that curriculum is the one thing that drives higher education issues. If students in a school district are not getting the right curriculum choices, it might limit their success in higher education.

Dr. Perry presented the committee with ACT statistics from the high school graduating class of 2002 (**Document #10**). Dr. Perry reported that the number of students taking college prep courses is decreasing. The ACT scores are higher for those students taking college prep courses. The students the higher education institutions lose are largely those that are academically unprepared.

Dr. Perry presented copies of two articles from The Education Trust for the committee's reading: [A New Core Curriculum For All: Aiming High for Other People's Children \(Document #11\)](#); [Add It Up: Mathematics Education in the U.S. Does Not Compute \(Document #12\)](#); and presented a brochure from the S.D. Board of Regents on the suggested college prep model program of study (**Document #13**).

Dr. Perry stated his opinion that math is the issue that needs a policy direction. College retention and success is closely associated with taking a college prep curriculum. Dr. Perry stated that funding for the Regents Scholar program will provide the incentive for students to take a college prep curriculum. Dr. Perry also suggested that South Dakota examine the Texas opt out approach where the expected/standard curriculum is the college prep curriculum; if parents want something else for their student, they have to make a conscious decision to select an alternative curriculum.

Representative Dykstra asked what percentage of college students need remedial courses. Dr. Perry replied that 35 percent are not ready for college math and 22 percent are not ready for college reading. These students can eventually do fine in college, but they must first do some additional course work to "catch up."

Dr. Perry stated that curriculum requirements of the students coming out of high school have changed from the employers' standpoint and from the colleges' stand point. The economy is changing to a knowledge and information based economy.

Senator Kloucek asked if the problem with transfer of math credits between vocational-technical institutions and the universities has been resolved. Dr. Perry responded that faculty credentials are critical to the transfer of course credits.

In response to committee questions, Dr. Perry stated that we do not have high enough expectations in our math levels. He would not generally advocate that the Legislature define curriculum; however, he

felt the Legislature could encourage those involved in the education process to take the setting of education standards seriously.

Chair Heineman presented the committee with information on how a strong high school curriculum can lower the hurdles to college graduation for students (**Document #14**).

Representative Bradford commented that he is bothered by the fact that it appears that college faculty and administrators do not care whether these students stay in school. Dr. Perry replied that this would require a very hands-on counseling approach, which is possible, but costs money.

Mr. Tim Mitchell, Superintendent of Schools, Chamberlain School District, testified that as a school administrator, he does not fear accountability. He noted that on October 1, many schools will be identified for improvement because of a formula. This does not mean that they are bad schools; this is just the process which shows them their strengths and weaknesses. Mr. Mitchell testified that once his school embraced that they needed to improve student achievement and test scores, they started to move forward. The problem in South Dakota is that educators do not always follow the research--they need to do this and to be held accountable.

Mr. Mitchell reviewed some of the steps they have followed to become an effective school: 1) a guaranteed and viable curriculum to make sure that the students are prepared for the next level (viability has to do with enough time in the schedule to teach to the standard established); 2) challenging goals and effective feed back; 3) parent and community involvement (social workers and after school programs); 4) professionalism and teacher collaboration; 5) promotion of earlier teaching (all day, every day kindergarten and reading recovery); and 6) provide an actively engaged learning environment for children at all times (utilization of instructional techniques that help all students).

Mr. Mitchell reported that there are three basic steps to school improvement: 1) work as a team; 2) have clear and measurable goals; and 3) examine the data. School districts need to stop doing things that do not produce results.

In response to committee questions, Mr. Mitchell listed the following books as excellent sources in school improvement plans: Results: The Key to Continuous School Improvement by Mike Schmoker; Classroom Instruction That Works: Research Based Strategies for Increasing Student Achievement by Robert J. Marzano, Debra J. Pickering, and Jane E. Pollock; and What Works in School: Translating Research Into Action, by Robert J. Marzano.

Making Decisions Based on the Financial Data

Mr. Stacy Krusemark, Department of Education, presented the committee with information on the history of general fund levies from 1996 to 2003 (**Document #15**) and District and Statewide Profiles 2001-2002 (**Document #16**). Mr. Krusemark noted that the National Conference of State Legislatures' (NCSL) Web site has an interesting comparison on education from state to state. South Dakota has a formula based on a per student allocation. The state does much of its decision making based upon that data. Hopefully, through NCLB and data collection, the department can quantify the input into education for per student allocation.

Mr. Marty Guindon, Auditor General, Department of Legislative Audit, presented the committee with information comparing certain factors with average daily membership (ADM) numbers (**Document #17**). The department is required by statute to produce the accounting manuals utilized by the schools. The department also works closely with the schools and the Department of Education. The department has been working with the school districts on comparing their best practices to the cost

effectiveness of those functions. This information will be available on the department's Web site so school districts can self-compare with other school districts and perhaps get different ideas on what works and what does not work.

Mr. Guindon advocated that the school districts begin utilizing demographic and population information to do long-range planning.

In response to committee questions, Mr. Guindon said that the numbers indicate that it is not the size of the enrollments but the geography or sparsity factor that affects transportation costs for a school district. Size of school does matter with average teacher salaries and student to teacher ratio. Both increase in larger school districts.

Representative Bradford requested information on a comparison of administrative salaries. Mr. Krusemark noted that this would not have a great impact on these numbers because teacher salaries make up most of the budget.

Senator Koskan stated that he would like to see correlation information for outcomes for students, with teacher ratios, teacher salaries, high transportation costs, and school size.

Representative Peterson commented that he would like to see information on the amount of Medicaid dollars being received per special education student in South Dakota, and a breakdown of South Dakota students and schools by age.

Public Testimony

Ms. Christie Johnson, School Administrators of South Dakota, appreciated the information shared with the committee emphasizing the need for strong instructional leadership. She noted that the percentage of a school's budget for administration is only 3 to 5 percent. The number of school administrators in South Dakota is not growing--it is decreasing, with the largest decrease in elementary principals. She suggested that the committee work on the following issues: 1) determine criteria for school accreditation; 2) analyze and determine base funding necessary to support that accreditation level; 3) the unfairness of funding all students at the same level; and 4) determine if small schools are small by choice or necessity.

Committee Discussion

Chair Heineman informed the committee that the Governor's Office is planning a series of meetings across the state this summer to visit school districts. Committee members are encouraged to attend these meetings if they are being held in their area. Chair Heineman stated that she will make sure the committee members get a copy of the Governor's meeting schedule when it becomes available.

Representative Buckingham suggested that the committee examine what is appropriate accreditation.

Representative Teupel expressed interest in receiving information on sparsity and whether schools are small by choice or necessity. How should the Legislature address the declining enrollment demographic, and is it a good goal for the Legislature to encourage consolidation? He suggested that perhaps the Legislature should let the school districts determine their own fate. Is this something that can be done through policy or is it a local control issue?

Representative Elliott commented that declining enrollments is a true problem for school districts. He felt that the people want the Legislature to force them to consolidate so they do not have the responsibility of doing this themselves.

Representative Peterson expressed his hope that the committee does not revisit the issue of redistributing the current state aid funding. He would like to see the committee establish a baseline for a quality education in South Dakota.

Representative Buckingham commented that he has put together information trying to show a correlation between school size and test scores and would be willing to share that information with members of the committee. He noted that consolidation does not necessarily mean closing attendance centers. Maintaining elementary and middle schools as close as possible to where the children live increases their academic achievement; however, students from smaller high schools do not do as well on the ACTs.

Representative Van Gerpen stated that a quality education needs to be defined. He felt an important part of education is learning to become a good citizen. It is easy to look at just the dollars, but there is much more to education than funding.

Representative LaRue commented that once the requirements in the S.D. Constitution with regard to education are satisfied, then the state should look toward satisfying the NCLB requirements.

Senator Koskan requested information comparing ACT scores with school size. He felt one compromise to consolidation would be to encourage school districts to enter into cooperatives to contract for certain services.

Representative Bradford commented that it is imperative that the teacher be highly qualified to teach and be ready to teach when hired.

Chair Heineman scheduled the next meeting for Tuesday, August 12, 2003 in Pierre.

A motion was made by Representative Juhnke, seconded by Representative Haverly, that the meeting adjourn. The motion prevailed on a voice vote.

Chair Heineman adjourned the meeting at 5:10 p.m.



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