

**REVIEW OF
PRIOR LEGISLATIVE INTERIM
STUDIES OF EDUCATION FUNDING**



**EDUCATION FUNDING FORMULA
STUDY
WEDNESDAY, JUNE 19, 2013**

1995

EFFICIENCIES IN EDUCATION STUDY COMMITTEE



Study Assignment:

A study of methods to decrease costs in public education, a review of the expansion of technology for instruction purposes, and a review of the funding of school transportation.

Legislation Adopted:

1. An Act to remove a disincentive to consolidation.
2. An Act to revise the computation of the adjusted average daily membership for certain small school districts.
3. An Act to allow educational cooperatives to offer pooled services for payroll functions, workers' compensation, and group health insurance.
4. An Act to remove broad administrative authority from the SD Board of Education and to replace it with specific authority to promulgate rules to meet the needs of children in need of special education or special education and related services.

NOTE: The Executive Board determined that the committee went beyond its scope; therefore, none of the legislation was introduced by the committee during the 1996 legislative session.

2000 EDUCATION COMMITTEE



Study Assignment:

To review property tax levies for schools, including the purpose of each levy, fund balances, fund transfers, and fund uses; to review school accounting principles and the definition of capital expenditures; and to review solutions for the predicted teacher shortages such as a school loan forgiveness program.

Legislation Adopted:

1. An Act to revise certain provisions relating to the transfer of school district funds. **PASSED**
2. An Act to restrict certain school district transfers. **FAILED**
3. An Act to allow a school district to deposit proceeds from the sale of surplus property into its capital outlay fund. **PASSED**
4. An Act to revise the index factor in the state aid to education formula. **FAILED**
5. An Act to create the South Dakota teacher forgivable loan program, and to make an appropriation therefor. **FAILED**

2001

TEACHER CREDENTIALING AND COMPENSATION COMMITTEE



Study Assignment:

To study governmental systems which feature “managing by results” as the centerpiece to measure performance and goal achievement; to study performance pay alternatives and suggestions to help school districts reward teachers for extra effort with teacher salary enhancement as a goal; and to study alternative certification for teaching in South Dakota accredited schools, to include need, planning, and implementation.

Legislation Adopted:

1. An Act to establish a program for mentor teachers. **PASSED**
2. An Act to provide for counselors in schools. **FAILED**
3. An Act to provide for a refund of tuition for certain teachers. **FAILED**

2002 SCHOOL FINANCE COMMITTEE



Study Assignment:

To study school finances in South Dakota, including an evaluation of current financial resources; an evaluation of the impact of changes in the valuation of agricultural land on the state aid formula; an examination of all revenue received by each school district, and the current method for allocating each source of revenue; and a review of all school property tax levies and the purposes for each.

Legislation Adopted:

1. A Joint Resolution, Proposing and submitting to the electors at the next general election amendments to Article VIII of the Constitution of the State of South Dakota pertaining to distribution of school and public lands income and proceeds of fines collected from violations of state laws. **FAILED**
2. An Act to deposit bank franchise tax proceeds in the general fund. **FAILED**
3. An Act to appropriate money for state aid to education. **FAILED**
4. An Act to appropriate money for career and technical education. **FAILED**

2002

TEACHER ENHANCEMENT REVIEW COMMITTEE



Study Assignment:

The LRC Executive Board asked this committee to work in collaboration with representatives of the SD Department of Education, the School Administrators of South Dakota, the South Dakota Education Association, and the Associated School Boards of South Dakota to formulate a plan to reward outstanding teachers.

Legislative Adopted:

An Act to reward certain eligible teachers for performance. **FAILED**

2003

SCHOOL DISTRICT EDUCATIONAL EQUALITY AND ORGANIZATION COMMITTEE



Study Assignment:

To study the current organization of the state's school districts and whether that organization is adequately and efficiently providing equal educational opportunity to every child in South Dakota.

Legislation Adopted:

1. An Act to allow two or more school districts to include a proposed excess tax levy in their consolidation plan. **PASSED**
2. An Act to require schools to offer a core curriculum in order to meet state accreditation standards. **FAILED**
3. An Act to require the Department of Education to provide for computer access for certain rural attendance centers in South Dakota, and to make an appropriation therefor. **FAILED**
4. An Act to provide for a basic high school program and a recommended high school program, and to require most students to complete the recommended one. **PASSED**

2004 EDUCATION AGENCY REVIEW COMMITTEE



Study Assignment:

An agency review of the Department of Education, pursuant to SDCL 1-26E-2 (now repealed).

The committee reviewed the department's recent reorganization and the department's implementation of "No Child Left Behind". Committee members took public testimony from a variety of individuals who have worked with the department, and they spent time examining the impact of No Child Left Behind on the state, the validity of the state's assessment tools, and the availability of distance learning opportunities.

Legislation Adopted:

NONE

2006 STATE AID STUDY TASK FORCE



Study Assignment:

During the 2005 legislative session, SB 157 was enacted. It directed the Department of Education to undertake a study of the school funding formula, including an examination of the following factors:

1. The allocation of funds to sparse school districts;
2. The redistribution of funds currently allocated through the small school factor;
3. The role of distance or remote education in the delivery of education services;
4. The appropriate minimum size of a secondary school;
5. The method by which to distribute money to account for the decline or increase in the number of elementary and secondary students in the state's public schools;
6. The possible inclusion of other revenues into the state aid formula; and
7. Transportation services and costs.

The task force consisted of legislators, school officials, business leaders, and state officials. Subsequent legislation in 2006 required the task force to submit its final report to the Governor by the end of 2006 and to include proposed legislation, and the task force complied.

STATE AID STUDY TASK FORCE, cont.



Legislation Adopted:

An Act to revise the funding for K-12 education. PASSED

The bill, as enacted, included several components as noted below.

1. The student count for each school district on which the state aid formula is based was changed from the average daily membership to the fall enrollment.
2. For school districts with declining enrollments, the two-year averaging option for the fall enrollment was initiated.
3. For school districts with growing enrollments, a one-time payment was initiated based on the increase in fall enrollment from the prior year to the current year.
4. The small school adjustment was frozen at the 2006 level so it no longer increases with the per student allocation.
5. A minimum school district size was established. Any school district that was not sparse and had a fall enrollment of one hundred or less was required to reorganize within two years.
6. The consolidation incentives for school districts were enhanced.