



2009 Legislative Session

SCHOOL FUNDING

The following table summarizes the school funding compromise enacted by the 2009 Legislature.

| COMPONENT | IMPACT | NOTES |
|--|---|---|
| 3% PER-STUDENT INCREASE FOR FY10 GENERAL STATE AID TO EDUCATION | \$139.94 INCREASE FROM \$4,664.66 TO \$4,804.60 | With the CPI-W at 3.92 percent for FY10, South Dakota's "3 percent or less law" dictates the 3 percent increase. Part of Gov. Rounds' original budget. |
| ANNUAL REDUCTION IN GENERAL FUND TAX LEVIES | WILL NOT SHIFT ADDED \$6.3 MILLION ONTO PROPERTY TAX PAYERS | Gov. Rounds' originally recommended freezing the levies, but the adjustment was maintained due to the arrival of federal stimulus dollars. Does not mean additional funds for schools, but does provide \$6.3 million in property tax relief. |
| FLAT PER-STUDENT INCREASE FOR FY10 STATE AID TO SPECIAL EDUCATION | LEVEL FUNDING | Though the "3 percent or less" has been historically applied to the per-student special education formula, that "guarantee" was suspended this year. Freeze recommended by Gov. Rounds. |
| INCREASING ENROLLMENT PAYMENTS MAINTAINED | TO BE DETERMINED | Originally recommended as a cut by Gov. Rounds, but retained as law due to the arrival of federal stimulus dollars. Growing enrollment districts received \$3.5 million in payments in FY09. |
| FALL ENROLLMENT AVERAGING (DECLINING ENROLLMENT) MAINTAINED. | APPROXIMATELY \$3.6 MILLION STATEWIDE | Originally recommended as a cut by Gov. Rounds, but retained as law due to the arrival of federal stimulus dollars. |
| SPARSITY AID PARTIALLY MAINTAINED. | \$1.7 MILLION STATEWIDE; \$123,750 PER-DISTRICT CAP | Provides qualifying districts serving sparsely populated areas additional aid. Originally recommended as a cut by Gov. Rounds, but funded at a \$1.7 million for FY10, a cut of \$600,000 relative to FY09. |
| EDUCATION SERVICE AGENCIES (ESAs) PARTIALLY MAINTAINED | \$500,000 STATEWIDE | Represents a cut of \$1.7 million relative to ESA funding provided in FY09. |
| TCAP ELIMINATED | (-\$4 MILLION) CUT IN STATE GRANTS | The program, authorized in 2007 to last until 2012, was eliminated after just two years. Cut recommended by Gov. Rounds. |
| CAREER AND TECH ED GRANTS ELIMINATED | (-\$1.5 MILLION) CUT IN STATE GRANTS | The program, authorized in 2007, was eliminated at the request of Gov. Mike Rounds. |
| TOTAL IMPACT: +\$11 MILLION IN STATE AND LOCAL FUNDING, APPROXIMATELY 1.6% INCREASE | | |
| OTHER BUDGET COMPONENTS WITH AN IMPACT ON K-12 EDUCATION | | |
| CUTS TO K-12 EDUCATION FUNDING OR SERVICES | (-1.15 MILLION) CUT TO EDUCATION PROGRAMS | Includes cuts to K-12 technology, funding for national board certified teachers and cuts to the alternative education program. |
| MAINTAIN BIRTH-TO-THREE FUNDING | \$1.8 MILLION STATEWIDE | Funding ensures the program, which provides services to infants and toddlers with disabilities, will continue. |
| MAINTAIN SOUTH DAKOTA ARTS COUNCIL | \$690,000 STATEWIDE | Funding ensures artists in the schools programs will continue. |
| MAINTAIN THE SCHOOL FOR THE DEAF | \$2 MILLION STATEWIDE | Services to deaf students will continue as previously delivered. |

SCHOOL FUNDING (LEGISLATION)

HB 1252 – Repeal distributions from the tobacco tax education enhancement fund
Repeals state law that says revenue from the increased tobacco tax, passed by voters in 2006, must be used to pay for TCAP, ESAs and CTE grants. Part of a plan by Gov. Rounds to eliminate the programs, the bill allows the money to be transferred to the state's general fund.

HB 1254 – Exclude stimulus funds from general fund balance
Counts funds received from the U.S. Stimulus as a “general fund exclusion” for the purposes of calculating excess fund balances.

SB 39 – Provides consolidation incentives for FY09
Funds \$1.15 million in consolidation incentives for FY09.

SB 88 – Rescinds the repeal on funding for sparse school districts
Repeals the sunset provision on sparsity laws passed in 2006.

SB 91 – Provides capital outlay expenditure flexibility
Says school districts may use up to 45 percent of capital outlay revenues to pay the costs associated with property and casualty insurance, energy, fuel or for any contracted busing service or mileage reimbursement. However, if a school district increased its capital outlay levy between FY08 and FY09 (or any year thereafter), the spending flexibility only applies to 45 percent of the capital outlay revenue generated in FY08. The financial flexibility expires in three years.

SB 106 – Revises sparsity payments
States that schools will only receive 75 percent of the allocation entitled under the sparsity funding provisions and reduces the maximum sparsity disbursement from \$165,000 to \$123,750.

SB 165 – Grants authority for private, non-profit organizations to donate to schools
Sets up a structure to give private organizations the ability to donate to and formally influence donations made to K-12 public schools. States that the private organization is not obligated to provide funds if the school and the organization do not agree to the terms and uses of the money.

SB 190 – Freezes per-student aid to special education
Freezes per-student special education allocations at FY09 levels.

Student Issues

SB 101 – Clarifies school of residence for special education students
Updates statutes to say a school district is financially responsible for services provided to a special education student until the student changes district and has a new IEP adopted.

SB 126 – Provides “GED” exception to compulsory attendance
Allows students who are 16 or older to be exempt from compulsory attendance provided they are enrolled and participating in a GED program. Parents must sign-off, and one of five other conditions must be met, including:

1. Verification from a school administrator that the child will not graduate with the child's cohort class because of credit deficiency;
2. Authorization from a court services officer;
3. A court order requiring the child to enter the program;
4. Verification that the child is under the direction of the Department of Corrections; or
5. Verification that the child is enrolled in Job Corps as authorized by Title I-C of the Workforce Investment Act of 1998, as amended to January 1, 2009.

SB 185 – Eliminate the basic high school graduation path
Eliminates the basic high school graduation path starting in 2010 and states that the recommended high school program will include both academic and career and technical courses.

Governance

HB 1067 – Allows at-large representation areas

Allows voters to discontinue board representation areas, making it possible for school boards to be elected at-large, or by any combination of at-large and representation areas.

SB 38 – Requires school districts to keep contiguous boundaries when reorganizing
Says school districts must physically touch in order to consolidate, but provides the Secretary of Education guidance in how to waive the requirement, if necessary.

SB 140 – Authorizes whole-grade sharing

Allows school districts to share entire grade levels of students – grades 9-12, for example – without legally consolidating. Establishes minimum contractual guidelines that districts must follow and allows for the Education Secretary to approve all applications. States that agreements must be in place for at least three years. Procedures and timelines regarding whole-grade sharing will be adopted by the South Dakota Board of Education.

Taxation

SB 3 – Finalizes agricultural-income assessment formula

Finishes the work of the “150 percent rule” repeal, implementing the formula for ag-income assessment.

SB 4 – Considers impact of ag-income assessment on local levies

Charges the Agricultural Land Assessment Task Force to assess how the changes made to the assessment process will impact capital outlay, special education and pension fund levies and requires legislation to be introduced to protect school districts from revenue declines due to the assessment change.

SB 80 – Revise the property tax levies for school districts

The annual Culter/Gabriel adjustment that lowers general fund levies for school districts. Levies for FY10 are: Commercial: \$8.65 6/10; Ag: \$2.57 3/10; Owner-occupied: \$4.04 2/10; Non-Ag Z: \$3.57 3/10.

Public Employees and School Staff

HB 1186 – Authorizes compensation for nationally certified counselors

Grants the authority to the Department of Education to develop a program to compensate public school counselors who obtain national certification and allows the district to match the compensation. Provides a maximum stipend of \$2,000, with half coming from the state and half coming from the local district. Structured similarly to compensation awarded to national board certified teachers, however, the “may” provision means that the state department does not have to create the program.

HB 1202 – Allows individuals with diabetes to drive school busses

Allows people with diabetes to drive school busses provided they pass a medical exam and provide evidence that they are not a danger to student safety. Individuals can gain a waiver for up to two years, and forfeit the waiver if they have a “hypoglycemic episode.”

HB 1213 – Includes retired employees in group health insurance

Clean-up language to clarify that retired employees can be included in school district health insurance plans.

Public Records and Public Meetings

HB 1134 – Requires notice of the cost of publications

Requires published legal notices, minutes or other legally-required information to also include the approximate cost of publication.

SB 147 – Provides for public access to records and provides exemptions

Institutes a “presumption of openness” with regard to public records, which means that all government records are open unless explicitly sealed by statute. Contains an exemption for personnel records, other than salaries and directory information, for employees of public bodies, and several other exemptions that may apply to schools. ASBSD will have a more detailed description of this law prior to its implementation date (July 1, 2009).

Elections and Elected Officials

HB 1019 – Revises elections procedures

Makes small modifications to several election laws, including disallowing the practice of gathering ballot petition signatures at polling places.

HB 1184 – Clarifies provisions related to the initiative and referendum process

Requires the Attorney General to write explanations of each proposed ballot initiative or referred law.

Signature gatherers must present the Attorney General's explanation during the petitioning process. Also provides for an intervening legislative session before a ballot question can be put to a statewide vote.

Miscellaneous

HB 1045 – Repeals the South Dakota Academic Achievement Test Council

Clean-up language to repeal an outdated oversight panel.

SB 132 – Provides minor changes to school and public lands distribution

States that students who attend school in other states will be counted in resident's district enrollment calculation for the purposes of distributing monies from school and public lands.

SB 160 – Revises the grounds to revoke an athletic trainer's license

Changes law to allow athletic trainers to accept direct compensation; however the measure will continue to allow existing school district relationships with athletic trainers.

SB 174 – Creates boarder agreement for schools forced to consolidate

Compromise legislation for the Greater Scott and Greater Hoyt School districts that allows students in those districts to continue going to school in Iowa.