



**Second Meeting
2003 Interim
August 11 & 12, 2003**

**Room 412 and LCR 1&2
State Capitol Building
Pierre, South Dakota**

The second meeting of the interim Committee on School District Educational Equality & Organization was called to order by Representative Phyllis Heineman, Chair, at 9:02 a.m. on Monday, August 11, 2003, in Room 412 of the State Capitol Building in Pierre, South Dakota.

A quorum was established with the following members answering the roll call: Senators Jay Duenwald, Robert Duxbury, Frank Kloucek, and John Koskan (Vice-Chair); and Representatives Julie Bartling, 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.

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 Representative LaRue, seconded by Representative Haverly, that the minutes of the June 23, 2003, meeting be approved as written. The motion carried on a voice vote.

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

Dr. Rick Melmer, newly appointed Secretary of the Department of Education, was introduced to the committee by Representative Solum. He informed the committee that there are dedicated educators everywhere in South Dakota who are doing a good job. However, people tend too often to focus on negatives and not positives. He sees the Department of Education as being future-focused and the leader in education. The department needs to confront the brutal facts, but continue to believe that the state has a quality education system and continue to make it better. The department needs to be of service to the schools within the state.

Analysis of School Data With the Geographic Information System (GIS)

Mr. Ron Woodburn and **Mr. Alex Rodriguez**, Bureau of Information and Technology, demonstrated for the committee how the GIS can be used to plot maps based on school district data. Mr. Woodburn presented the committee with a list of the field names and field descriptions utilized by the GIS program (**Documents #1 and #2**).

Representative Peterson said he would like to compare ACT scores with school size, noting that he is wondering if there is a correlation between curriculum, school size, and test scores.

Representative Haverly commented that he would like to see information comparing expenditures among those schools receiving the small school factor in the state aid to education formula.

Ms. Melody Schopp, Department of Education, testified that a statewide curriculum requirement does not exist—school districts are allowed to choose what they offer based on state standards. She presented the committee with a list of schools in South Dakota that participated in the Regents

Scholars Program (**Document #3**). High school students who receive a Regents Scholars diploma are automatically admitted to all six South Dakota public universities.

Ms. Schopp noted that the department is in the process of analyzing the most recent SAT-9 test scores. She expressed her belief that these test scores will be a more valid measure of a school district's effectiveness than the ACT test scores.

Representative Haverly asked why it is so difficult to identify the schools that are substandard and help them to improve. He stated that it is generally known which schools are not achieving a good end result, and he expressed his frustration that the problem cannot be solved before federal mandates come into play. He questioned whether it is cost-effective to maintain so many small schools. Ms. Schopp replied that the issue of local control is always a factor to be considered in all school districts. She noted that many school districts will claim that their main problem is education funding. Ms. Schopp stated that while the department has set the standard for high school graduation requirements, curriculum and staffing are still the school districts' choice. Ms. Schopp testified that the No Child Left Behind Act (NCLB) will force school districts to look at student performance and teacher quality. It will also require school districts to examine their curriculum and make adjustments if the students are not performing to standards.

Senator Koskan commented that he believes in local control, and suggested that the department identify trends in school districts, and assist those districts in identifying and correcting problems.

Representative LaRue commented that this is the first year that all 11th grade students in South Dakota were given the same test. Once the data is obtained, benchmarks should be set, and the department should identify what it can do to influence those factors that may be causing students to not perform as well as they should.

Representative Van Gerpen commented that education is more than just numbers—it is about people. He stated that many people continue to express concern to him about the drop-out rates and special education students. He requested information on these two items compared to school size. He noted that while curriculum is a valid issue, many students also need one-on-one personal attention as well.

Representative Dykstra expressed his concern that the committee not get sidetracked with school size. He felt the committee should really be examining school performance and questioned if school size is really an indicator of success.

Representative Haverly commented that he believes in local control; however, the state cannot continue to give money to the local school districts if there is a problem with quality and meeting education standards. He asked when the state will receive the numbers from the first round of tests under NCLB. Dr. Melmer replied that those numbers should be released in late October. The results will be released to the school districts first. He cautioned that one test score should not be the basis of whether or not any particular school is effective. A variety of items should also be included, such as the dynamics of the community. Dr. Melmer commented that legislation can mandate certain things, but you cannot force children to learn. He noted that there will be low income districts in this state that will always struggle with student achievement.

Representative McLaughlin presented the committee with his ideas on characteristics of effective and efficient schools (**Document #4**).

Chair Heineman recessed the committee at 12:05 p.m. for lunch and reconvened the committee at 1:05 p.m.

The Role of Educational Cooperatives

Mr. Dan Guericke, Director, Mid-Central Educational Cooperative, Platte, presented the committee with the following information: Questions Asked About Educational Service Agencies (**Document #5**); a fact sheet on the Association of Educational Service Agencies (**Document #6**); the history of the Mid-Central Educational Cooperative (**Document #7**); a brochure from the Cornbelt Education Cooperative in Parker, SD (**Document #8**); a copy of the article *No Child Left Behind: Realizing the Vision* from Mid-continent Research for Education and Learning (McREL) (**Document #9**); a letter sent by the Secretary of the U.S. Department of Education to Governors and Superintendents regarding the usefulness of educational service agencies (**Document #10**); a copy of the article *Declining Counties, Declining School Enrollments*, by Terri Duggan Schwartzbeck, American Association of School Administrators, (**Document #11**); a calculation of the number of students it would take to support any particular line item in a sample school district budget from the Mid-Central Educational Cooperative (**Document #12**); a concept paper relative to budget concerns of member schools in the Mid-Central Educational Cooperative (**Document #13**); a brochure on the Financial and Administrative Services provided by the Region IV Education Service Center from Houston, Texas (**Document #14**); and an article written by Dr. Jim Parry, Director of TIE, entitled, *Where Does the Classroom Teacher Fit in the Schools of Tomorrow?* (**Document #15**).

Mr. Guericke testified that districts of all sizes are served by educational cooperatives. Educational service cooperatives provide a wide range of services. They developed in South Dakota as a result of the federal special education act (PL 94-142). There was a lack of expertise and service delivery available for special education services, so cooperatives were formed to maximize the usage of those services and expertise that existed at the time. There are currently 12 educational cooperatives in South Dakota.

Mr. Guericke noted that educational service cooperatives are undergoing restructuring as a result of NCLB so they can be of more assistance to the schools with the implementation of NCLB requirements.

Mr. Guericke testified that declining student enrollments is a nationwide problem. He reported that all twelve of the schools in the Mid-Central Educational Cooperative ran a deficit budget this year, which cannot continue to occur, or the schools will have to close. He expressed his concern that the schools do not do long-range planning; they are budgeting for the short term. He encourages schools to base budgets on their enrollments. Mr. Guericke stated that his cooperative is focusing on the areas of school counseling and administrative and business manager support, to determine if these services can be delivered in a more efficient manner through the use of cooperatives.

Mr. Guericke testified that the current educational delivery system needs to be examined to determine if it is the most efficient system. He noted that his educational cooperative centralizes many of the services for the schools and treats them more like attendance centers.

Mr. Jack Broome, Superintendent, Burke School District, testified that the Burke school is involved in an educational cooperative and these schools recently adopted the same schedules and calendars, which seems to be working quite well. He stated that he is a firm believer that there needs to be an administrator in each educational facility; however, he was not sure that a superintendent is needed in each district. Mr. Broome testified that opting out by school districts is just a band aid until the next opt out is necessary. He expressed concern that a number of schools are trying too hard to become efficient at the expense of educational quality.

Representative Teupel asked if current statutes are adequate to facilitate educational cooperatives. Mr. Broome replied that the statutes on bidding could be enhanced, noting that it is difficult to bid items in bulk.

Mr. Randy Morris, Executive Director, Black Hills Special Services Cooperative, Sturgis, presented the committee with information on the programs offered by the cooperative (**Document #16**) and an administrative organizational chart (**Document #17**). Mr. Morris indicated that he is also director of the Three Rivers Cooperative. The Black Hills Special Services Cooperative has a budget of \$25 million and the Three Rivers Cooperative has a budget of \$1.5 million. Mr. Morris testified that the cooperative law is restrictive; cooperatives cannot bond or go into debt. Cooperatives have to follow all the rules and regulations that schools districts must follow. The board of the Black Hills Special Services Cooperative operates like a school board. One school board member from each member school participates on the cooperative board. Mr. Morris reported that funding for the cooperative comes from: 1) an assessment per student to each member school; 2) an administrative or membership fee and fees for services; and 3) special education funding to provide special education programs.

Mr. Morris stated his belief that with NCLB, the smaller schools will not be able to afford the type of expertise they will need, so many will be placed on improvement plans. He felt that educational cooperatives could play a role in offering services to the smaller school districts. He also stated that distance learning is something with which the cooperatives can help. Mr. Morris stated his opinion that the state is bleeding school districts to death. He advocated getting rid of the property tax freeze and forcing the school districts to start paying for their schools, which in turn will start school districts talking about efficiencies and consolidations.

Senator Koskan asked if the cooperatives are ready and willing to offer superintendent services. Mr. Broome replied that some districts already share superintendents. Mr. Morris added that the cooperatives can provide this service, but finding individuals who are willing to work with more than one school board is difficult. He advocated combining boards of education. Mr. Morris also noted that if the cooperatives could get the schools to agree on adopting the same schedule, it would eliminate a lot of controversy.

Review of Recent School Consolidations

Mr. Verlin Hosmer, Superintendent, Sisseton School District, reported that the Sisseton School Board was very instrumental in the most recent reorganization with the Veblen School District. This most recent reorganization became effective July 1, 2003. This reorganization did not close any schools. Mr. Hosmer noted that normally, reorganization involves the closing of one or more schools.

Mr. Clayton Halverson, former Veblen School Board member and current member of the newly elected Sisseton School Board, testified that from the Veblen School Board perspective, the budget was always increasing and the student base was decreasing. Small schools are good schools, but it is becoming increasingly difficult to attract good teachers to smaller towns. It is the school board's responsibility to deliver that message to its patrons. This reorganization passed with 76 percent of the vote because people realized it was time. Mr. Halverson noted that the Veblen school district was in a sports cooperative with Rosholt. The school board looked at consolidation with Rosholt, Sisseton, and Britton and ultimately chose Sisseton. He noted the three main issues were sports, school locations, and hiring of current staff.

Mr. Doug Medhaug, Sisseton School Board member and former member of the Veblen School Board, testified that this reorganization probably should have taken place three years earlier. He noted that all of the Veblen teachers received jobs in the new school district.

In response to committee questions, Mr. Medhaug stated that the new school board has nine members. There are two members from Veblen on the new school board. Two buses will run from Veblen to Sisseton. It is 25 miles from Veblen to Sisseton.

Mr. Leroy Helwig, Sisseton School Board member, testified that the Sisseton school district has cumulative voting—each patron is entitled to three votes and they can vote for whomever is listed on the ballot; they can even cast all three votes for the same person. He felt that this helped to ease some of the tensions of reorganization. Good community relations helped this reorganization work. When all the facts were presented to the communities, it was really a simple numbers issue. The new district has 1200 students with just under 400 students in the high school.

In response to committee questions, Mr. Halverson noted that it would have been helpful if Veblen could have spent some of its capital outlay funds for teacher salaries and enhancements to help ease the reorganization, since they no longer needed it for capital outlay purposes.

In response to questions, Mr. Hosmer stated that one of the biggest stumbling blocks to reorganization was athletics. The adults in the community have to come together. Busing is also a hurdle. He noted that they will be running 20 bus routes this fall. There are also four exchange points for students riding the buses. Transportation issues can be a stumbling block to reorganization.

Representative Dykstra commented that the Legislature needs to recognize that in order for a school district to reorganize, the whole school board is dissolved and a new school board is elected. He noted that sometimes districts are not willing to dissolve their boards.

Mr. Helwig commented that a neutral third party could be very helpful to the communities that are discussing consolidation.

Mr. Helwig advocated more funding for preschool education, noting that the school districts must really start helping at-risk children much earlier. He suggested that the state become more involved in the Head Start program. He questioned whether paying for busing for students to other school districts is a wise use of state tax dollars. He expressed his opinion that if students want to open enroll in another school district, it should become the student's obligation to get to the school. He felt money is being wasted to bus students in open enrollment. Mr. Helwig also suggested that perhaps minor boundary changes after a consolidation could become part of the consolidation plan.

Mr. Hosmer noted that the reorganization/consolidation law is workable—the heat is at home and the local board must do the foot work.

Medicaid Funding for Special Education

Ms. Cholik, LRC, presented the committee with information on Medicaid funding for special education purposes in South Dakota (**Document #18**). Ms. Cholik reported that in South Dakota, Medicaid covers medically necessary services in six areas. Services have to be included in the child's Individual Education Plan (IEP) in order for the services to be covered by Medicaid, and the child has to meet poverty level guidelines to receive Medicaid reimbursement. The student must be a registered Medicaid recipient and the school district must be a registered Medicaid provider in order for a school district to capture these funds.

Ms. Cholik reported that 129 school districts are currently enrolled in the SD Medicaid Program, of which only 89 submitted Medicaid claims in FY03. Only 8 percent of the total number of special education students in South Dakota had claims submitted on their behalf in FY03. The Sioux Falls school district received 45 percent of the Medicaid amount received by school districts statewide. She added that the Sioux Falls school district submitted claims for 25 percent of the total number of special education students in the district.

Ms. Cholik reported that the Department of Social Services has a provider manual that details what services are eligible and how to obtain reimbursement for those services. She suggested that perhaps some hands on training from the state could help the school districts recover some of this funding. The state could possibly establish a centralized claim processing system; however, South Dakota would probably have to file many more claims than it does currently to make this a viable option.

Ms. Cholik stated that the Department of Social Services and the Department of Education are working together in an attempt to increase the amount of Medicaid funding coming into South Dakota. The Department of Social Services has signed an agreement to share the names of children enrolled in the Medicaid program with the Department of Education. She reported that the Department of Social Services indicated that the bigger school districts and cooperatives do a pretty good job of identifying eligible children and filing claims.

Chair Heineman recessed the committee at 4:45 p.m.

Tuesday, August 12, 2003

Chair Heineman reconvened the meeting in Legislative Conference Rooms 1 & 2 at 9:02 a.m. with the following members in attendance: Senators Jay Duenwald, Robert Duxbury, Frank Kloucek, and John Koskan (Vice-Chair); and Representatives Julie Bartling, 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.

State Overview of Distance Learning and Technology

Ms. Tammy Bauck, Department of Education, presented the committee with information on the programs available to the school districts via distance learning and with information on technology resources available to the school districts through the Department of Education (**Document #19**). Ms. Bauck testified that the department received some funding from the Legislature in 2000 to do some advanced coursework for which students could earn college credit. This led to the offering of Advanced Placement (AP) classes to schools via the Dakota Digital Network (DDN). Typically AP classes are very demanding and if a student wants to take more than one AP class, they must receive signed permission from the school. Each class costs about \$500 per student. The completion rate is 91 percent. The department pays for the class.

Representative LaRue asked if the goal of the AP classes is to prepare the student to take the AP exam. He also asked how many students took AP classes and completed them, and how many of those students took the AP exam. Ms. Bauck replied that she could provide that information to the committee.

Representative Elliott asked if scheduling these classes presents a problem to the school districts. Ms. Bauck replied that if a school administrator or school district does not want distance learning or DDN learning to work, this is often the excuse that is used. She noted that a number of schools have gone

into cooperatives and have established the same calendars. Scheduling is something that you have to work around but it can be easily overcome. Representative Teupel suggested that the department put out some kind of model scheduling plan to help the school districts work DDN into their schedules.

Ms. Bauck reported that the DDN campus allows school districts to provide student information to the Department of Education via computer. It will take two years to bring every school district onto the system. The department brings 25 schools on line each quarter.

Representative Teupel asked why the department is concentrating so much on teaching college credit courses at the high school level.

Ms. Bauck suggested that compensating teachers to redesign their classes for DDN teaching might help to get more of these courses in the schools.

Chair Heineman asked which districts seem to take advantage of DDN courses. Ms. Bauck replied that it appears to be those districts with teachers who are comfortable with the technology. If they are afraid of the technology, it tends to keep them away from the program, but this is an unfounded fear because the DDN is easy to use.

Ms. Bauck reported that the department also offers professional development opportunities over the DDN. This provides a great opportunity to get information from the best in the field. She felt the DDN could be a way to ensure that all the teachers in South Dakota are "highly qualified teachers" under NCLB.

Ms. Bauck reported that digital curriculum, a streaming video-on-demand program, is being utilized by the schools. The department pays \$14,000 per year for this program. It was purchased for a two-year time period with federal grant money.

The department's Fund for the Improvement of Education (FIE) is a \$2 million federal grant that provides for the development and support of distance learning and emerging technologies. The department has focused on wireless technology and purchasing palm pilots.

Chair Heineman asked the percentage of school administrators that have taken technology workshops. Ms. Bauck replied that she could forward this information to the committee.

Senator Koskan asked how the GPS units were purchased by the department. Ms. Bauck replied that they were purchased with a federal grant of \$3 million over three years.

The committee recessed and reconvened in Studio A of the DDN for a video conference with **Dr. Erika Tallman**, E-Learning Director, Northern State University; **Dr. Doreen Gosmire**, DIAL Consortium, Mitchell; **Mr. John Heemstra**, Assistant Project Director for Distance Learning, Mitchell Technical Institute; and **Ms. Amy Ballard**, U.S. Forest Service.

Dr. Gosmire testified that the DIAL Consortium is a group of 25 schools that formed in the 1990s to address rural education issues, with a focus on gaining technology resources to improve educational opportunities for students (**Document #20**). The consortium was also successful in obtaining an \$8.9 million Technology Innovations Challenge Grant called the Interactive Learning Campus (ILC). The ILC has created a virtual school to provide classes by distance to the consortium schools, as well as other schools throughout South Dakota. The schools pay a fee for the classes they take over the DDN. In addition, there have been some on-line course offerings this year. The curriculum planning is customer driven.

Dr. Gosmire testified that they are working to build a revenue base to provide funding for these educational programs to continue well beyond the grant process. Consequently, the program has begun to collect student fees and tuition. In the 2002-2003 school year, \$105,000 was collected and they are projecting to collect \$200,000 in the 2003-2004 school year. The grant ends in 2004.

In response to committee questions, Dr. Gosmire indicated that this program does not deliver courses to any school outside South Dakota at this time.

Senator Kloucek asked about student participation during these classes. Dr. Gosmire replied that it is critical to have several mechanisms in place for support services and to encourage students to participate during class. All students have access to student e-mail. All teachers are asked to visit each remote site at least once each semester, and sometimes even visit more often.

In response to questions, Dr. Gosmire indicated that as the program moves away from federal funding, the concern becomes how to maintain the current program while also maintaining a threshold for student fees. She noted that the possibilities are endless for distance learning, but it must remain customer driven.

Chair Heineman asked if it is difficult to get teachers to consider distance learning. Dr. Gosmire replied that if the teachers are only teaching a distance learning class, then it is not difficult to interest them. However, when a teacher has a regular teaching load and is asked to teach a distance class in addition, it is difficult to recruit them because of the preparatory time needed to modify the class for distance learning.

Dr. Tallman testified that the Northern State University E-Learning Center program is very similar to the DIAL program but the NSU program is part of the university and the employees are NSU employees. This program was begun in 2001 with funding from the state and there is no charge to the schools for tuition. The schools are asked to pay for the facility in the school district and to purchase the text book. There is no tuition expense or expense for equipment required for the class. The courses taught are highly interactive. There is a limit of 30 students per class. Every course has a Web component. The class is digitized every day, so by evening, a class is available on-line for viewing. The schools are asked to provide after-school computer access to their students. The program serves school districts across all of South Dakota. Dr. Tallman noted that the smaller school districts are the primary customers. Dr. Tallman reported that enrollments have been increasing. They have four studios that are maxed out at 28 classes a day. Another studio would have to be added in order to offer more classes.

Representative Elliott asked if these two programs are in competition. Dr. Tallman replied that they are not because there is such a need for this service in the state that more providers could actually be utilized.

Dr. Gosmire noted that a frequent question they receive is why there is a charge for the DIAL program and no charge for the NSU program. She noted that the NSU program is not free, but the funding for that program comes from the state. Dr. Gosmire noted that the courses offered by each program do not overlap—they each provide different courses.

Dr. Tallman noted that the goal of the NSU program is really to increase the teachers' competency with technical instruction across the state. This type of service really enhances the quality of education across the state.

Ms. Amy Ballard, U.S. Forest Service, presented a synopsis of the educational program she provides to students on forest fires and plant regeneration after a forest fire. Ms. Ballard testified that all the educational programs offered by the U.S. Forest Service via distance learning are geared to the middle school level. They like to sign up five schools at a time with 25 students per school per session. The courses offered are very interactive. Ms. Ballard stated that this is entertaining for the students and provides a different kind of learning experience.

Representative Buckingham asked if these programs are available to private schools. Ms. Bauck responded that the private schools do not have the video conferencing equipment.

Mr. Heemstra noted that they have been able to connect to some of the Bureau of Indian Affairs (BIA) and tribal schools that do not connect through the DDN but have bought their own video conferencing equipment.

Chair Heineman asked why there seems to be a growing request for AP classes in the high schools. Dr. Gosmire replied that if we want our students to be competitive, AP courses need to be offered that are in line with college certification.

Representative Dykstra commented that perhaps the DDN might be a tool for small schools to supplement their teaching staff.

Chair Heineman recessed the committee at 12:15 p.m. for lunch and reconvened the committee at 1:05 p.m.

Mr. Wade Pogany, Department of Education, briefed the committee on the Governor's strategic planning team, the Kids First Initiative. He reported that the department has developed a team of people to assist the schools with exploring options and developing cooperative efforts.

In response to committee questions, Mr. Pogany indicated that, as of July 1, 2003, there are 172 school districts. Some districts have applied for reorganization and some districts are in the discussion phase.

Review of Recent School Consolidation

Mr. Don Kirkegaard, Superintendent, Britton-Hecla School District, testified that they just completed their first year at the Britton-Hecla school district. He noted that while incentives to reorganize are important, reorganization will not take place until the patrons are ready. As enrollments continue to decline and costs continue to increase, reorganization will take place. Mr. Kirkegaard reported that the communities had overwhelming support for the reorganization, partly due to the presentation of the facts. He stated that the Hecla school board really did an excellent job of preparing its patrons for reorganization. Mr. Kirkegaard noted that the reorganization was as important for the Britton community as it was for the Hecla community. The reorganization plan did not leave an attendance center open in Hecla because the student numbers did not make it feasible.

Mr. Spencer Stearns, Vice-President, Britton-Hecla School Board, testified that closing a school is a nasty job. He stated that the Hecla school district decreased from over 300 students in the 1970s to less than 100 students in 2002. Three Hecla community members were elected to the new combined school board. The school boards kept their focus on the students and the best educational opportunity for those students during the reorganization process. The staffs were kept informed during the entire process. There were some early retirements, but all the Hecla staff who applied were employed in the new school district. Mr. Stearns noted that the Hecla school district was one of the first school districts

to opt-out of the tax freeze. When the reorganization took place, this tax was removed, which was also an incentive for the reorganization.

Mr. David Deutsch, Britton-Hecla School Board member, testified that the patrons did not realize that Hecla was facing another opt-out in another year. When this information was presented to them, the reorganization made much more sense.

In response to questions, Mr. Kirkegaard noted that the reorganization received an 82 percent favorable vote in Hecla and a 95 percent favorable vote in Britton. The distance between Britton and Hecla is 25 miles, with no attendance center in Hecla. Britton had about 500 students and Hecla had about 100 students at the time of the reorganization. The school board members are elected at large.

Mr. Kirkegaard testified that it is a very difficult decision to close a school and not just small school districts are facing these dilemmas. Many larger schools are having to close attendance centers because the enrollments are decreasing. Mr. Kirkegaard testified that they voted in the spring to reorganize the next spring and they really should have voted in the fall to reorganize in the spring. It was almost too much time because it gave other school districts a chance to recruit students through open enrollment. Mr. Stearns added that the reason they waited was because the Hecla School District still had a fund balance, and the patrons were told the school would stay open as long as possible.

In response to a question from Representative Van Gerpen, Mr. Kirkegaard stated that the student enrollment will continue to decrease just as it will in other school districts. However, he does not feel it will fall significantly to the point where the school district is faced with another reorganization. Speaking to the small school factor in the state aid to education formula, Mr. Kirkegaard supported the fact that there are some economies of scale.

Mr. Kirkegaard predicted that the state will see a significant number of school district reorganizations within the next ten years. Their catalyst was financial, with incentives being more course offerings. The staff situation can be a stumbling block to reorganization—it is important to keep the staff fully informed throughout the process and find them all jobs, if possible. Job preservation is an issue. The Legislature could help with the minor boundary change provisions. This statute is not completely clear. A little flexibility on boundary changes during reorganizations would be helpful.

Upon request from the committee, Mr. Stearns provided the committee with the following: a list of questions the Hecla School Board used to interview school districts prior to reorganization (**Document #21**); a copy of the letter sent to parents by the Hecla School Board with regard to reorganization (**Document #22**); and a copy of discussion items from the Britton-Hecla Reorganization Committee meeting on November 20, 2000 (**Document #23**).

School Accreditation/Determining the Effectiveness of Schools

Mr. Kirkegaard presented the committee with information on the North Central Association, Commission on Accreditation and School Improvement (**Document #24**). He testified that there are 19 states included in the North Central Association (NCA). Accreditation is one way to verify the quality of a school. The NCA has standards that must be met by a school in order to receive accreditation. He reported that several states have recognized the NCA as the accreditation agency for that state. Mr. Kirkegaard expressed his belief that the state needs to establish standards and ensure that those standards are met.

In response to a question from Senator Koskan, Mr. Kirkegaard indicated that the NCA accreditation process has changed significantly over the last ten years. It has changed from measuring input to measuring output and is now specifically based on student output, goals and standards. Each year there will be a significant number of schools that will lose NCA accreditation, not necessarily because they did not meet their goals, but because of other citations with which they have not complied. Mr. Kirkegaard indicated that a teacher hired by an NCA accredited school has two years to meet NCA standards.

Representative Buckingham commented that there are a large number of high schools in South Dakota that choose not to be accredited through NCA. He asked how many of those non-accredited schools would have to make major changes to become accredited through NCA. Mr. Kirkegaard stated his belief that the state of South Dakota should do more in the area of accreditation and that there should be consequences for non-accreditation. He noted that a significant number of small schools would not meet NCA accreditation standards because they do not have the necessary qualified staff in place. He noted that NCLB will take care of many of those requirements, however. NCLB requirements will make it easier for a school to become NCA accredited.

Ms. Melody Schopp, Department of Education, presented the committee with information on state accreditation, certification, and graduation requirements (**Document #25**). She testified that the minimum is being done with regard to accreditation in South Dakota. Accreditation does not address certification for administrators. Ms. Schopp noted that NCLB does not address the area of curriculum.

Ms. Schopp reviewed the teacher certification process. She noted that the most common certificate is a five year certificate. Initial certification usually comes from the universities. NCLB should take care of many of the issues with highly qualified teachers. The department would like to raise the bar for certification and accreditation, but at the same time, the department must be realistic in its expectations.

Ms. Schopp testified that accreditation is linked closely to certification requirements. There is a checklist of criteria that must be met in order to receive accreditation as a school in South Dakota. The only hammer available to the state with regard to accreditation of schools is that schools will lose funding for free and reduced lunches and will not be allowed to participate in the S.D. High School Activities Association (SDHSAA). Many grants are also tied to accreditation. Ms. Schopp presented the committee with a list of NCA accredited high schools in South Dakota (**Document #26**).

Public Testimony

Dr. Hank Kusters, Associated School Board of South Dakota (ASBSD), presented the committee with a list of general considerations for education (**Document #27**), and a list of considerations with regard to reorganization issues (**Document #28**). Dr. Kusters testified that every reorganization is truly unique so one plan would not fit all. He suggested that the Legislature might be interested in increasing the level of incentive funding for reorganization, allow the incorporation of an opt-out in the reorganization plan, and make sure that the integrity of the federal impact aid funding is maintained during any reorganization. He also suggested getting the State Engineer's Office involved in inspection of schools and approval of school building plans.

Committee Discussion

Representative Buckingham suggested that the committee invite Tom Harmon to present information to the committee on legal issues facing school districts.

Representative LaRue expressed interest in the default curriculum approach that is being utilized in Texas.

Representative Dykstra requested information on the reorganization/consolidation process and current laws affecting that process. Representative Haverly commented that he did not feel the state should get involved in the reorganization/consolidation process, but that it should be left at the local level.

Representative McLaughlin commented that he would like to hear from the Governor with regard to his “community meetings” on education issues. He also stated that whatever the Legislature does, it should be done to improve the quality of education for the students in South Dakota.

Senator Koskan suggested that perhaps a consultant should be hired to perform an analysis of all the education data that has been collected by the department. He commented that he feels transportation might be an issue. Representative Buckingham added that he would be interested in examining information from the school districts on transportation. Senator Duenwald commented that this information should then be correlated to what it is costing the state.

Representative Teupel felt the committee should further examine accreditation, graduation requirements, and scheduling conflicts. Representative LaRue added that education standards should also be examined.

Representative Van Gerpen commented that educational cooperatives give school districts the opportunity to work together and share resources, especially for smaller schools. He stated that the potential of educational cooperatives has not been fully realized.

Representative Dykstra commented that if a school is small by choice, it should not be their choice to provide a substandard education. He also commented that while the state should not penalize people for living in rural areas, the state should not have to subsidize that choice.

Senator Kloucek commented that the issue is not just test scores—it is quality education. He felt that the state should never force consolidation. He stated he is in favor of the small school factor in the state aid to education formula, and he is in favor of certification.

Representative Bartling commented that school districts realize that funding is short. She stated that she would like to see more cooperative efforts between school districts.

Senator Duxbury commented that there are better educational opportunities today than in the past. He does not like to see the discussion of large versus small because there are substandard issues in both. He felt that accreditation and standards should be reviewed.

Representative Solum suggested that the committee hear information from the department on transportation inequities, school district boundaries, school accreditation issues, and technology issues.

Representative Juhnke stated that the committee should probably examine the issue of minor boundary changes and the possibility of including the opt-out during a consolidation.

Senator Duenwald stated that accreditation is very important. He felt that if a school is doing its job, school size should not be an issue. He cautioned the committee to remember in its discussion of curriculum that not every student is college bound.

Senator Koskan suggested that staff draft legislation for the committee's examination on boundary changes and a mandated curriculum similar to the Texas program. He also stated that he would like to see the Department of Education begin collection of transportation data from schools to see if there is a transportation issue. He requested information on what other states do with school district transportation issues. He also stated that he would like to see some sort of incentive for school districts to form cooperatives and begin sharing non-classroom services. He suggested that perhaps the Legislature could introduce legislation that would allow opt-outs if schools do certain things.

Representative Deadrick commented that the committee should examine mandating a certain curriculum in every high school. Representative Dykstra commented that accreditation is another way to reach the same point. Representative Buckingham commented that perhaps there should be a financial incentive for accreditation.

Chair Heineman set the next meeting for October 20 and 21 in Pierre.

A motion was made by Senator Koskan, seconded by Senator Duenwald, that the meeting adjourn. The motion carried on a voice vote.

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



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