

# State of South Dakota

EIGHTY-SECOND SESSION  
LEGISLATIVE ASSEMBLY, 2007

596N0597

## SENATE ENGROSSED NO. **HB 1171** - 03/02/2007

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

Introduced by: Representatives Rhoden, Brunner, Deadrick, Dykstra, Faehn, Krebs, Rave,  
and Turbiville

1 FOR AN ACT ENTITLED, An Act to enhance education in the state and to make an  
2 appropriation therefor.

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

4 Section 1. There is hereby created the teacher compensation assistance program within the  
5 Department of Education to provide funds to school districts for the purpose of assisting school  
6 districts with teacher compensation. The department shall provide four-fifths of the funds for  
7 the teacher compensation assistance program to each participating school district. The Board  
8 of Education shall promulgate rules, pursuant to chapter 1-26, to create an oversight board  
9 appointed by the secretary of education for approval of applications as well as guidelines for  
10 district applications based on district instructional goals, market compensation or other specific  
11 district requirements as approved by the department. Participation in the program is  
12 discretionary. District applications shall be approved by the local board of education. The  
13 applications shall be reviewed by the teacher compensation assistance program oversight board  
14 and shall be recommended to the Board of Education for final approval.

15 Section 2. Once a school district's initial five-year plan is complete, the school district may



1 reapply for the program. If a school district reapplies and the district's application is denied by  
2 the Board of Education due to changes in the program's requirements, that school district is still  
3 entitled to receive funding for this program, if the school district continues to follow its original  
4 teacher compensation plan that it followed during the initial five years. The funding that school  
5 district is entitled to receive during the first year following the denial and in each year thereafter,  
6 as long as the school district continues to follow the original teacher compensation plan, shall  
7 be calculated as follows:

8 (1) Determine the amount received for this program per fall enrollment as defined in  
9 subdivision 13-13-10.1(1) in the prior year;

10 (2) Increase the amount in (1) by the index factor as defined in subdivision 13-13-  
11 10.1(3); and

12 (3) Multiply the result in (2) by the fall enrollment.

13 Section 3. The South Dakota Board of Education shall promulgate rules pursuant to chapter  
14 1-26 establishing the application process; application timelines; the guidelines for district  
15 applications based on school district instructional goals or market compensation; and a system  
16 to monitor the progress of participating school districts with their compensation assistance plans  
17 and to ensure that each participating school district is complying with the plan as submitted to  
18 the board.

19 Section 4. The secretary of the Department of Education shall establish seven education  
20 service agencies to provide services and leadership to school districts on a regional basis. Each  
21 education service agency shall serve the school districts in a particular region of the state as  
22 determined by the secretary of education, and the secretary shall ensure that every school district  
23 is served by an education service agency. Each education service agency may be incorporated  
24 in the state of South Dakota as a nonprofit corporation organized under chapters 47-22 to 47-28,

1 inclusive, which is exempt from taxation pursuant to 501(a) of the Internal Revenue Code, 26  
2 U.S.C. Section 501(a), and may be listed as an exempt organization in Section 501(c) of the  
3 Internal Revenue Code, 26 U.S.C. Section 501(c), or an education service agency may be  
4 directed by an educational cooperative.

5 Section 5. Education service agencies are hereby authorized and empowered to develop,  
6 manage, and provide support services and programs as determined by the needs of the local  
7 school districts and as approved by the secretary of education. An education service agency may:

- 8 (1) Act primarily as a service agency in providing services and programs as identified  
9 and requested by the school districts it serves, including professional development,  
10 instructional materials, educational technology, curriculum development, and  
11 alternative educational programs;
- 12 (2) Provide for economy, efficiency, and cost effectiveness in the cooperative delivery  
13 and purchase or lease of educational services, materials, and products; the services  
14 may include purchasing cooperatives, insurance cooperatives, business management  
15 services, auditing and accounting services, school safety and risk prevention training,  
16 data processing, and assistance with student records;
- 17 (3) Provide administrative services such as communications and public relations  
18 services, employee background checks, grants management services, printing and  
19 publication services, and internship services;
- 20 (4) Provide educational services through leadership and research and development in  
21 elementary and secondary education;
- 22 (5) Work cooperatively with the Department of Education, institutions of higher  
23 education, local school districts, and other educational organizations to support,  
24 develop, and implement long-range plans and strategic goals for the enhancement of

1 educational opportunities in elementary and secondary education; and

2 (6) Serve, when appropriate and if funds are available, as a repository, clearinghouse,  
3 and administrator of federal, state, local, and private funds on behalf of school  
4 districts that may participate in special programs, projects, or grants in order to  
5 enhance the quality of education in South Dakota schools.

6 Section 6. Each education service agency shall have an advisory board. The advisory board  
7 shall meet at least twice a year, and its membership shall include the superintendent or a  
8 designee of the superintendent from every school district served by the agency. The advisory  
9 board shall provide guidance to the agency relative to the needs of the school districts and how  
10 the education service agency might address those needs.

11 Section 7. Beginning in 2008, the advisory board for each education service agency shall,  
12 upon receiving the approval of the secretary of education, appoint a fiscal agent to oversee the  
13 daily operations of the education service agency. Once appointed, the fiscal agent shall serve  
14 at the pleasure of the board. However, a board's decision to rescind a fiscal agent's appointment  
15 shall be approved by the secretary of education.

16 Section 8. A statewide leadership board, composed of the fiscal agent from each education  
17 service agency and a representative from the Department of Education, shall be created to  
18 establish uniform policies among the education service agencies and to allow for  
19 communication and the exchange of ideas.

20 Section 9. Upon receiving approval from the Department of Education, each education  
21 service agency, with input from both the advisory board and the statewide leadership board,  
22 may, as funding permits, contract with other entities to provide services to the school districts  
23 it serves.

24 Section 10. Each year, the Department of Education shall conduct an assessment and a

1 performance evaluation of each education service agency and submit its findings in writing to  
2 the Legislature.

3 Section 11. The South Dakota Board of Education shall promulgate rules pursuant to chapter  
4 1-26 establishing the evaluation process and the criteria and performance measures the  
5 department will use to evaluate the education service agencies.

6 Section 12. The secretary of the Department of Education shall approve vouchers and the  
7 state auditor shall draw warrants to pay expenditures authorized by this Act.

8 Section 13. For the fiscal year beginning on July 1, 2007, there is hereby appropriated from  
9 the education enhancement tobacco tax fund the sum of nine million dollars (\$9,000,000), or  
10 so much thereof as may be necessary, to the Department of Education and shall be distributed  
11 as follows:

- 12 (1) Four million dollars for the teacher compensation assistance program created in  
13 section 3 of this Act;
- 14 (2) One million seven hundred thousand dollars for the education service agencies  
15 established in section 4 of this Act;
- 16 (3) One million five hundred thousand dollars for career and technical education  
17 programs;
- 18 (4) One million eight hundred thousand dollars to apply to any increases in the total cost  
19 of foundation program state aid or other educational programs that resulted from  
20 legislation enacted during the Eighty-Second Session of the South Dakota Legislature  
21 based on the findings of the two-year study of school funding that was undertaken by  
22 the Department of Education in 2005; and

23 Section 14. For the fiscal year beginning on July 1, 2008 and for each fiscal year thereafter,  
24 the secretary of education shall expend nine million dollars of the monies deposited in the

1 education enhancement tobacco tax fund through the normal budget process as set forth in § 4-  
2 7-9. Expenditures from the fund shall support the following education programs:

- 3 (1) The teacher compensation assistance program created in section 3 of this Act;
- 4 (2) The education service agencies established in section 4 of this Act;
- 5 (3) Career and technical education programs; and
- 6 (4) Other education program expenditures as set forth by the Legislature.

7 Section 15. For the fiscal year beginning on July 1, 2007, there is hereby appropriated from  
8 the general fund the sum of five million dollars (\$5,000,000) to the Department of Education  
9 for distribution to school districts through the state aid to general education foundation formula.