



## 2021 South Dakota Legislature

# Senate Bill 171

SENATE STATE AFFAIRS ENGROSSED

Introduced by: **Senator Schoenbeck**

1 **An Act to provide for the South Dakota Freedom Scholarship, make an appropriation**  
 2 **therefor, and declare an emergency.**

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

4 **Section 1.** There is hereby appropriated from the general fund the sum of \$50,000,000 to  
 5 the Bureau of Finance and Management, for purposes of funding the South Dakota needs  
 6 based-scholarship endowment held with the South Dakota Community Foundation and  
 7 administered by the South Dakota Freedom Scholarship Board established under this Act.

8 **Section 2.** The commissioner of the Bureau of Finance and Management shall approve  
 9 vouchers and the state auditor shall draw warrants to pay expenditures authorized by this  
 10 Act.

11 **Section 3.** Any amounts appropriated in this Act not lawfully expended or obligated shall  
 12 revert in accordance with the procedures prescribed in chapter 4-8.

13 **Section 4.** The funds appropriated in section 1 of this Act shall be transferred to the South  
 14 Dakota Community Foundation to fund the South Dakota Freedom Scholarship endowment,  
 15 to be administered in accordance with the provisions of this Act.

16 **Section 5.** That § 13-55A-2 be AMENDED.

17 **13-55A-2. Definitions.**

18 Terms used in ~~this chapter~~ §§ 13-55A-2 to 13-55A-14, inclusive, unless the context  
 19 otherwise requires, mean:

20 (1) "Eligible institution," an institution of education beyond the high school level,  
 21 located in South Dakota, which may include all public and private nonprofit and  
 22 proprietary institutions, including four-year colleges and universities, community  
 23 and junior colleges, area technical or vocational schools, trade schools, technical  
 24 colleges, schools of nursing or of the health professions or any institution which is

determined by the executive director to be regularly accredited to offer postsecondary educational services by a recognized and appropriate accrediting agency, as determined by the executive director, and which has an agreement with the United States secretary of education for the conduct of any of the programs currently participating in any federal financial assistance program authorized by Title IV of The Higher Education Act of 1965, as amended to January 1, 2010;

- (2) "Financial need," the amount of assistance, as determined by a federal department of education by calculating a student's estimated cost of attendance (minus family contribution and additional aid granted) at an eligible institution;
- (3) "Qualified student," a resident student who is enrolled in an eligible institution in a course of study on at least a half-time basis, as certified by the institution, and who has established financial need and who is maintaining satisfactory progress toward graduation;
- (4) "Resident student," an individual who has been determined by the executive director to be a resident of South Dakota and who is enrolled at an eligible institution;
- (5) "Executive director," the executive director of the Board of Regents;
- (6) "South Dakota need-based grant," an award by the State of South Dakota to a qualified student under this chapter.

**Section 6.** That a NEW SECTION be added:

**13-55A-15. South Dakota Freedom Scholarship endowment fund.**

The South Dakota Freedom Scholarship endowment fund may be established within the South Dakota Community Foundation. The purpose of the endowment fund is to provide eligible South Dakota students, as described in § 13-55A-17, with a needs-based scholarship to attend an eligible postsecondary institution, as described in § 13-55A-18. The earnings on the South Dakota Freedom Scholarship endowment shall be expended annually to benefit eligible South Dakota students. Any excess earnings or other income to the endowment shall be added to the endowment principal.

**Section 7.** That a NEW SECTION be added:

**13-55A-16. South Dakota Freedom Scholarship Board established.**

The South Dakota Freedom Scholarship Board is hereby established. The board shall consist of five members appointed by the Governor for a term of five years, except that the initial appointments shall be for periods of one, two, three, four, and five years.

1 The Governor shall appoint one member as the temporary chair of the board. The board  
2 shall elect a chair at its first meeting. A majority of the board shall be present either  
3 personally or by teleconference to constitute a quorum.

4 The board shall annually determine the manner and method of disbursement of  
5 the needs-based scholarships, based upon the undergraduate enrollments of each  
6 participating, eligible institution, as described in § 13-55A-18.

7 **Section 8.** That a NEW SECTION be added:

8 **13-55A-17. Endowment fund scholarship--Eligible student.**

9 A student is eligible for a South Dakota Freedom Scholarship, pursuant to § 13-  
10 55A-15, if the student:

- 11 (1) Is a state resident for at least one year prior to application for the scholarship;  
12 (2) Attends an eligible institution;  
13 (3) Establishes financial need, as determined by the eligible institution;  
14 (4) Commits, in writing, to live and work in this state for a period of three years after  
15 graduation, or following military service or graduate education, if applicable;  
16 (5) Maintains a 2.5 GPA or higher while enrolled at the eligible institution;  
17 (6) Graduates from the eligible institution within five years; and  
18 (7) Agrees, through a promissory note, that failure to comply with the provisions of  
19 this section shall result in the scholarship being converted to an interest-bearing  
20 loan.

21 Notwithstanding the provisions of this section, the South Dakota Freedom  
22 Scholarship Board may temporarily or permanently waive the requirements of this section  
23 if factors beyond the student's control prevent the student from satisfying the  
24 requirements in this section.

25 **Section 9.** That a NEW SECTION be added:

26 **13-55A-18. Endowment fund scholarship--Eligible institution.**

27 For purposes of §§ 13-55A-15 to 13-55A-17, inclusive, an eligible institution is an  
28 accredited public, tribal, or nonpublic nonprofit postsecondary institution, with a primary  
29 physical campus in this state, that:

- 30 (1) Elects to participate in the scholarship program provided in §§ 13-55A-15 to 13-  
31 55A-18, inclusive;  
32 (2) Offers a baccalaureate degree; and

1        (3) Designates an associated nonprofit entity to receive and award scholarship funds  
2                    to the institution's eligible students, as described in § 13-55A-17, on the eligible  
3                    institution's behalf.

4        **Section 10.** The Governor, on behalf of this state, shall enter into an agreement with the  
5        South Dakota Community Foundation to provide for the administration of the South Dakota  
6        Freedom Scholarship endowment in a manner consistent with the provisions of this Act.

7        **Section 11.** Whereas, this Act is necessary for the support of the state government and its  
8        existing public institutions, an emergency is hereby declared to exist, and this Act shall be in  
9        full force and effect from and after its passage and approval.