

## Education Trends

# The Funding Frustration

## South Dakota Schools Wrestle Mightily With Budgetary Issues, And There's No End In Sight

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For the 151 public school districts in the state of South Dakota, filling their budgetary needs each year falls to a state funding plan implemented in January 1997.

The current formula for funding general K-12 education took effect Jan. 1, 1997, with several major changes made by the 2007 Legislature and the 2010 Legislature.

"Back in 1994, there was a big property tax revolt moving across the country and the state," said legislator Bernie Hunhoff, who was serving his first term in the South Dakota Senate at the time. "During the election for governor, (Walter Dale) Miller and (William) Janklow, both promised property tax reforms. When Janklow won, he directed his chief of staff, Dave Knudson, to research education funding across the country and see what was working and what was not."

Hunhoff said that Knudson came back to the Legislature with a plan to move to a per-pupil based system, where money spent on education is based on how much it costs to educate a student. The old formula was expenditure-based.

"In reality, the current funding formula is pretty sound," Hunhoff said. "Nobody really understood the previous formula; after 20-30 years, it had become very convoluted based on a bunch of different factors that were all wedged into a formula. It was a nightmare and was not producing results."

Noting that he doesn't recall a lot of controversy with the new plan when it was introduced to the legislature in 1996, Hunhoff said the only issue, in retrospect, was that the new formula failed to provide reliable funding for the plan.

"The simplicity of the plan was really appreciated," he said.

The new plan set a base formula that starts with the same amount of funding per student (per student allocation or PSA) for every student in the state. In 1997, that was set at \$3,350. By law, the per-student allocation is adjusted annually by the same rate as inflation (as measured by the Consumer Price Index) or 3 percent, whichever is less.

"It turned out that funding schools at 3 percent or less, went against the average state revenue that increased by about two times that amount," Hunhoff said. "For a while, we did a good job investing in education, but the system became politicized. Looking back, the biggest mistake was we neglected to provide reliable funding sources."

With the current funding formula the target is 53.8 percent state funding with the remaining coming from local property taxes. Originally, it was to be 57 percent state funding and 43 percent local contributions. Per statute, the targeted proportion of local funding and state funding must remain constant when making local levy adjustment.

There are 3 classes of property that are recognized agricultural, owner occupied and all other (which includes commercial and utilities).

However, the Legislature has the latitude to fund less than 3 percent or the level of inflation depending on the availability of revenue. In 2010-11 the per-student allocation was \$4,805, but was cut 8.6 percent the following year due to a structural deficit in the state budget.

The per-student allocation for fiscal year 2015 is \$4,781.14 which is still lower than it was in fiscal year 2011 when, following a one-

year freeze, the per student rate was \$4,804.60.

"We still haven't returned to the levels we were at prior to the freeze in 2010," said Yankton School District (YSD) business manager Jason Bietz. "The cuts forced us to look at other sources of funding. The failed opt-outs told us that the community wanted us to make cuts and look at other options before coming back to them. Thankfully we had the insurance fund to fall back on."

Bietz warned that eventually that option will not be there for the district due to the fact they fund is being spent down at a rate faster than is paid into it.

Joy Smolnisky of the South Dakota Budget and Policy Institute in Sioux Falls said the issues facing YSD are not unique to Yankton.

"South Dakota residents are paying less for K-12 than the national average," she said in a phone interview with the *Press and Dakotan*. "Both South Dakota and the nation spent about 5 percent of personal income on public schools in 1998, but in South Dakota the rate has since dropped to about 3.5 percent."

She said nationally the rate of spending of personal income stayed flat until 2012 when it dropped to 4.5 percent.

According to research done by the institute, the rate of South Dakota general fund dollars going to schools is down 25 percent since 1998. The share of property tax dollars going to public education is down 17 percent since 1996.

"It isn't often that the people in the Legislature have the luxury of looking at hard data," Smolnisky said. "Without the time to look at the data and see what the long-term results of the statute have been it is hard to make the right decisions. We want to provide that information to them so they can then look to see if the results are not where they wanted them to be, what then is the better route?"

She said the results they have found when comparing to neighbor states are very telling.

Border states spend between 4 percent and 4.5 percent of personal income on public schools, except for Wyoming, which spends almost 6 percent a recent release by the institute said. In addition, South Dakota teachers made less money than teachers in any other state in 2012-13.

Adjusted for inflation, teacher salaries in South Dakota have been almost flat since 1969.

Smolnisky also said that when you look at standardized test results and compare apples to apples from 2003-2013, South Dakota's scores stayed the same, while during the same time frame the rest of the nation's scores got significantly better.

"Wisdom says you can't look at data trends and say, 'This happened because ...,'" she said. "You can only look at the data and ask have you looked at the correlations and how policy may be driving these results?"

According to Smolnisky, one thing many people in the state forget is that education is the only constitutional obligation that the state must fund.

"Public education is not a gift to parents of students who are receiving a public education in the state," she said. "It is a constitutional right of the current children and future children to receive an education. The constitution doesn't require us to fund economic development or the Sanford Underground Research Facility, but it does require us to fund education."

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## MVCA

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apart from other local education options is the integration of Biblical facts and history into daily lessons.

"American schools were originally established to help children learn how to read the Bible," Hanson says. "When we teach math and science, we also teach the Biblical principles related to math and science. When we teach history, we talk about evidence of God's hand in historic events. When we talk to parents about the benefits of attending MVCA we explain that God is glorified in everything that we do here. Our faith isn't just something we focus on every Sunday. We emphasize that God is with us in our churches, classrooms and every aspect of our lives."

Karen Frederick, MVCA kindergarten teacher, believes the mutual understanding of and commitment to their Christian faith draws parents and teachers close, strengthening their mutual efforts to integrate faith into the students' educational experience.

"As teachers, students and parents, we are all very much a part of each other's lives, like a family," Frederick says. "MVCA teachers partner with parents to achieve mutual goals. I believe that adds an important element of consistency in our classrooms and our school. Mutual values can be more difficult to identify in other school settings."

Just because their size is small doesn't mean MVCA's aspirations aren't large. They recently took on the task of seeking accreditation with the Association of Christian Schools International (ACSI), in an effort to further raise the standard of education offered through MVCA.

"Currently, the goals of Common Core don't line up with our philosophy and approach to education," Brandt says. "Because of that, we decided to seek a higher accreditation for MVCA. It's a three-year process that's very in-depth."

ACSI's focus is on the whole child, helping children grow spiritually, academically and culturally. A recent education survey conducted by Cardus Education, an independent organization which exists to provide reliable, credible data for non-government types of education, demonstrated that ACSI schools are rated as providing the best type of education environment to develop the whole child.

"ACSI accreditation will assist MVCA in solidifying all our education goals," Brandt says. "State accreditation helped us set standards. ACSI accreditation gives us opportunity to reach an even higher standard of education."

As they begin the school's sev-

enth year of education, MVCA teachers are excited to see students advance their secular and spiritual knowledge.

"I appreciate that I'm able to share my faith with students," Hanson says. "That causes my faith to grow, too. We teachers feel we have a great opportunity to sharpen students' faith at the same time that we sharpen our own."

Frederick appreciates the standard that provides students, parents and teachers a common foundation.

"Our standard is the Word of God," Frederick says. "Parents know that we share the same expectation of daily humility, friendliness and servant's heart attitude. We know our parents want students to memorize Bible verses and experience the love of Christ each day."

"We feel it's important for our community to know that we don't see ourselves in competition with

other local education opportunities," Frederick adds. "Teachers don't see their work here as just a career but also a service to students and parents. We're here because we're passionate about our belief system and we want the opportunity to provide students with an element of education they can't find in public schools."

Brandt adds that all those affiliated with the school welcome inquiries about the details of MVCA.

"We believe we have something special in MVCA," Brandt says. "We encourage the community to check us out. Come visit, ask questions. We appreciate it when people ask questions and learn more about us."

Additional information about MVCA is available at [www.mvca-mustangs.org](http://www.mvca-mustangs.org).

A heartfelt thank you to all of our Yankton area educators for helping us build tomorrow's leaders.

~ Patty Hojem, Yankton County Auditor



Paid for by Patty Hojem for auditor committee