



SIOUX FALLS AREA
CHAMBER OF COMMERCE
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ISSUE BRIEF: *School District Boundary Change*

September 2015

Background

The 2015 legislature initiated a summer Legislative Task Force to study the issue of School District Boundary changes and put a one-year moratorium on boundary changes (April 1, 2015-March 31, 2016). The task force documents its activity at <http://doe.sd.gov/secretary/SDBTF.aspx>. The issue arises mainly due to the growth of Sioux Falls and the fact that school district boundaries do not change as communities annex new land. Today, Sioux Falls city limits include property in eight school districts – Sioux Falls, Brandon Valley, Canton, Harrisburg, Tea Area, Lennox, West Central, and Tri-Valley. With the exception of land north of the airport and east of I-29 heading toward Renner and some land in the Madison and Maple Streets area, almost all of Sioux Falls' growth will be annexing land in other school districts. A statewide interactive school district map can be found at <http://arcgis.sd.gov/server/doe/SchoolDistricts/>. It includes the boundaries of all 151 school districts in our state. In addition, the last page of this brief has the Sioux Falls area map with school district labels.

The K-12 Blue Ribbon Task Force also convening this summer will be dealing more with funding and organizational issues. The Boundary Change Task Force is looking at the process used for considering and approving boundary changes between school districts. It is an important issue for Sioux Falls in particular and to a lesser extent Rapid City. Though Rapid City includes three districts – Rapid City, Douglas and Meade – the issue is does not appear as significant as around Sioux Falls.

The group has met twice with their first meeting on May 20 and their second on July 9. The May 20 meeting adjourned with the following assignments for the next meeting (Task Force minutes):

- “1) Research how other states and metro areas handle minor boundary requests.
- 2) Draft for discussion purposes proposed legislation that may eliminate the petition by an individual patron to request minor boundary changes.
- 3) To provide a district to district land area exchange only when approved by both school districts; if one district does not approve the exchange may not move forward.
- 4) Research and assist local school boards to establish criteria or standards by which they may approve or deny requests for boundary changes and prevent courts from overturning their decisions.
- 5) Focus on boundary issues of school districts in the following counties; Minnehaha, Lincoln and Turner. Research the non-contiguous land areas and if possible to help “clean up” their boundaries and eliminate them.”

The July meeting included reports to address numbers 1) and 5) above plus draft legislation that addressed numbers 2), 3) and 4).

- 1.) Surrounding states evaluated included North Dakota, Minnesota, Nebraska, Montana, Wyoming and Iowa. Each state has varying degrees of boundary change protocol; however, the most notable difference in the handling of this issue compared to South Dakota is the state of Iowa, which does not allow for any patron to request a change to their school district boundaries.

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- 2.) Task Force members discussed ways to restrict an individual patron from requesting a minor boundary change. The recommendation was that if an individual wanted to pursue this request, he/she must broach the issue through the local school board.
- 3.) Proposed language was drafted that stated “A boundary change between school districts may only be made if the school boards of two adjacent school districts agree to exchange land that is coterminous at some point with the common boundary of the two school districts.” Plus, the land to be swapped must have essentially the same valuation.
- 4.) Proposed language was drafted to require school districts, within five days of the passage of a boundary change resolution, to forward a copy of the resolution to the other school district, as well as to the Department of Education. Also, an appraisal of the land in question is required. The process will require a review period before the school boards take final action on the issue.
- 5.) It was noted that the issue of non-contiguous properties have only become an issue in recent years and that the intent to mitigate the issue of “islands” is necessary to address legislation that has arisen over the past several years. Legislators on the Task Force also noted that it is important to establish data so that moving forward, any legislative issues can be addressed in a much more quantitative manner. Among the three counties that were analyzed, Minnehaha County had the highest island land value at approximately \$65 million, followed by Lincoln at about \$38 million and finally Turner at just under \$7.5 million. Task Force Members stated that the issue of district islands will require consideration so that one district doesn’t become obsolete.

K-12 Funding Ramifications

Of course, property valuations affect school district funding so districts are acutely interested in preserving and enhancing the value of the property in their district.

The general fund tax levies vary by property classification with ag land at \$1.568; owner occupied at \$4.075; and commercial at \$8.727 per \$1,000 of valuation. However, with only a few exceptions, these property tax revenues are combined with state aid to fund the per student allocation of \$4,876.76 (base rate). In today’s formula, the general fund is not affected by boundary changes.

However, the capital outlay fund and pension funds are the areas where this issue becomes the most contentious. Special education levies and funding are akin to the general fund and bond redemption is specifically addressed in statute.

Capital outlay is set at \$3.00 per \$1,000 valuation for most of the Sioux Falls area districts and applies across all property types. Thus, in and around Sioux Falls, ag land that is annexed and developed into housing or commercial property will see the value increase significantly. For example, an acre of ag land valued at \$10,000 produces \$30 of capital outlay revenue for a school district. However, that same acre fully developed into two residential lots with homes valued at \$150,000 (SF median), would generate some \$900 of capital outlay revenue. Replicating this over many acres adds up quickly.

Open Enrollment

Both sides of the issue regarding boundary changes use references to open enrollment as it currently exists and operates. Thus, a brief look at how open enrollment works is instructive as we study the issue.

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When a parent completes an open enrollment application it is submitted to the district. They are evaluated in the order in which they are received and based certain standards. Included herein is a summary of the standards used by the Sioux Falls School District. The full text can be found at:

http://www.sf.k12.sd.us/index.php?option=com_flexicontent&view=items&cid=71&id=103&Itemid=589

1. Open Enrollment Applications will be approved on a space available basis at the time the request is considered.
2. Class size, program capacity, and building capacity restrictions are necessary in order to allow room in schools for students who may move into the attendance area. The approval of an Open Enrollment Application is subject to the criteria listed below.
 - a. *Student to Teacher Ratio*. The ratios listed for grade level student to teacher ratios are for Open Enrollment Application purposes only. Actual class sizes may be above these ratios because of students living in the assigned school attendance area.
 - Kindergarten through grade five: The average student to teacher ratio shall not exceed 28 students in a grade level as a result of the combination of HAC students and open enrollment. However, where K-1 District authorized class size reduction exists, the average student teacher ratio shall not exceed 20.5 students as a result of open enrollment.
 - Grade six through grade eight: The average student to teacher ratio for core classes may not exceed 28 students as a result of the combination of HAC students and open enrollment.
 - Grade nine through grade twelve: Acceptance is based on the school's ability to provide a schedule that meets the individual student's specific course needs.
 - b. *Building and/or Program Capacity*. An open enrollment transfer may not cause a building or program to exceed capacity.
 - If a requested building is at capacity, the parent/guardian may request the opportunity to be assigned to a building that has capacity for additional students.
3. Out of District: If two or more students from the same family residing in the same household request open enrollment into the District, all requests must either be approved or denied. No denial of an application may result in children from the same household enrolling in different school districts.
4. Within District: If two or more students from the same family residing in the same household request open enrollment, the District may deny an open enrollment request for one student and approve a request for another student in the same family.
5. Any student under long term suspension or expulsion will not be allowed to seek open enrollment until the suspension or expulsion is completed.
6. The rules of the South Dakota High School Activities Association will govern eligibility for participation in activities due to open enrollment.

The decision regarding a student's application for open enrollment or a request to return to the resident district or HAC is subject to appeal in circuit court.

In addition to the above, there are other unique criteria for evaluating open enrollment applications for special education students.

To summarize, open enrollment is an option, but there are no guarantees of enrollment in a particular school or program. In addition, districts are not required to provide busing for open enrolled students. Tax dollars continue to go to the district where the family lives and they can only vote for school board members in the district in which they live.

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Proponent Arguments:

Proponents are those who wish to change the law to eliminate or restrict boundary changes. Some arguments they make include:

- We have to preserve the boundary integrity of school districts or some cannot survive
- Sioux Falls is gobbling up land and it threatens the viability of these districts by eroding their current tax base as well as the value of the land after it is developed
- Families know, when they are looking at land, what school district it is in and they need to take that into account when making their decision on where to live
- Open enrollment is always an option for families who want to attend a school that is closer
- This issue is mainly being driven by developers and not families or individuals

Opponent Arguments:

Opponents are those who want to preserve the ability to have landowners petition for a boundary change and allow districts to make changes without requiring a land-swap.

Some arguments they make include:

- The financial and operational integrity of the Sioux Falls district is challenged as students in contiguous districts open enroll in growing numbers while their family's tax dollars support a different district
- In those places where schools are miles away from the development, it makes best sense for families to attend closer to their home and live in the district where the kids attend schools
- Students live and play in Sioux Falls and sending them to a district miles away affects other friendships and relationships they build in their hometown
- Since development/annexation for Sioux Falls almost has to occur in districts other than the Sioux Falls district, greatly restricting boundary changes is an impediment to development and will slow community growth
- Open enrollment is an option, but is not guaranteed in terms of the application being accepted or which school the student will attend. Plus, busing is not available to open enrolled students
- Parents naturally want to have a voice in the district where their children attend. Thus, they want their taxes and votes to go to that district
- Through negotiation, reasonable deals can be made such as was the case with West Central recently

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