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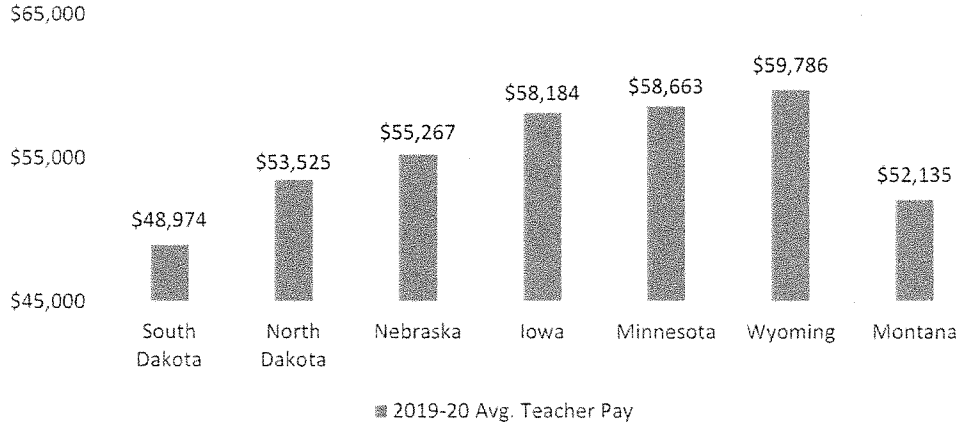
Why an Increase in State Aid Above Inflation is Needed

Teacher Pay Behind Neighbors, Rank Falling Nationally

The average teacher salaries in South Dakota continue to lag far behind those of neighboring states with South Dakota the only state of the group of seven not top \$50,000 in average teacher pay in 2019-20.

2019-20 Average Teacher Pay Region Comparison

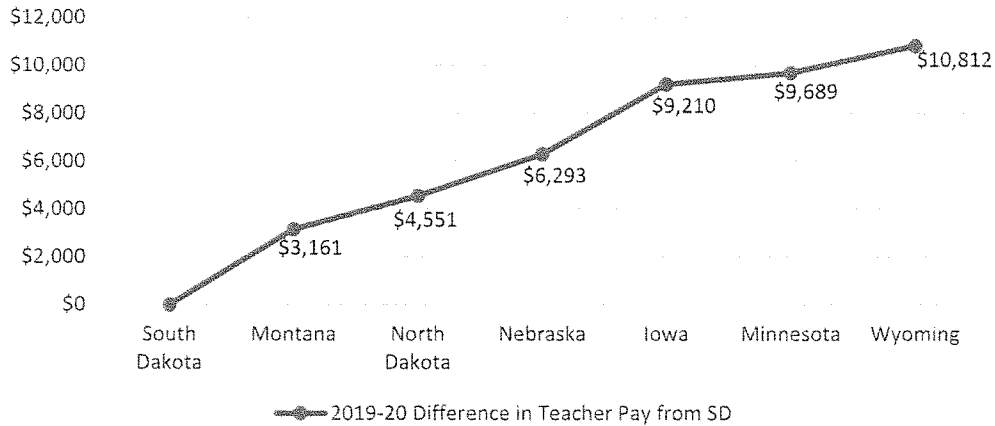
Source: National Education Association Rankings & Estimates Report



The closest regional competitor remains more than \$3,000 ahead of South Dakota and both sides of the river's border states offer more than \$9,000 average teacher pay.

2019-20 Difference in Teacher Pay from SD

Source: National Education Association Rankings & Estimates Report



In addition, while having climbed to 47th in the national teacher salary rankings in 2017-18, South Dakota has fallen back to 50th, just one spot higher than last in the nation, a spot SD sat in just five years ago.

National Average Teach Pay Rankings

Source: National Education Association Rankings & Estimates Report

2016	2017	2018	2019	2020
51st	48th	47th	48th	50th

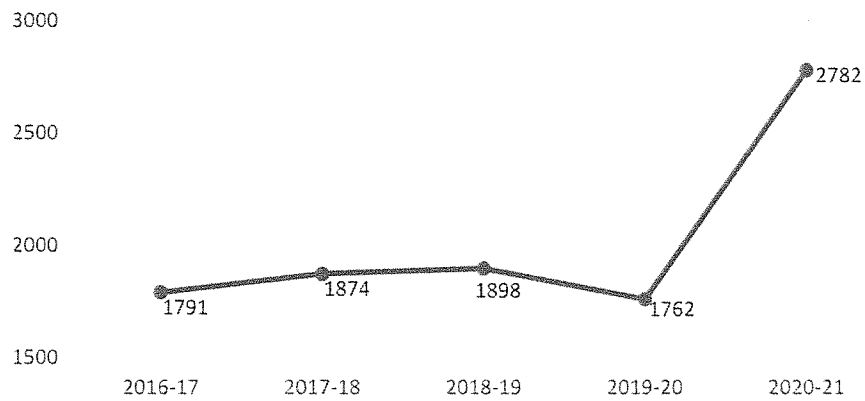
Growing Teacher Shortage

The Teacher Compensation Review Board, which met 2021 to review teacher pay in South Dakota, completed its report, noting in it, “the teacher shortage in South Dakota is challenging for many districts and is projected to increase” and adding, “Teacher pay is one of several important factors to address this shortage.”

These statements are supported by data from the ASBSD Teacher Placement Center, which tracks position openings in school districts, as since the sales tax increase to fund the increase in teacher pay openings have risen each year, but one, including a steep increase last year.

Open Teacher Positions since 2016

Source: ASBSD Teacher Placement Website

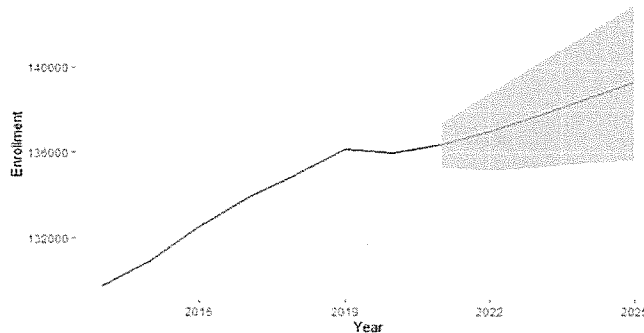


Projected Enrollment Uptick Means More Teachers Needed

The Teacher Compensation Review Board’s report noted “that, while the number of certified teachers is increasing, the pipeline to fill school district positions is smaller than ideal” which can be attributed, based on the data, to the rising number of “unfilled vacancies” and “to the lack of applicants” that school “district officials have frequently spoken to.”

The report also pointed out “student enrollment in public schools is expected to increase” in the coming years and “if the current teacher workforce and student population trends hold true, the student-to-teacher ratio could rise to 20:1 by 2025, above the target ratio of 14:1 in South Dakota.”

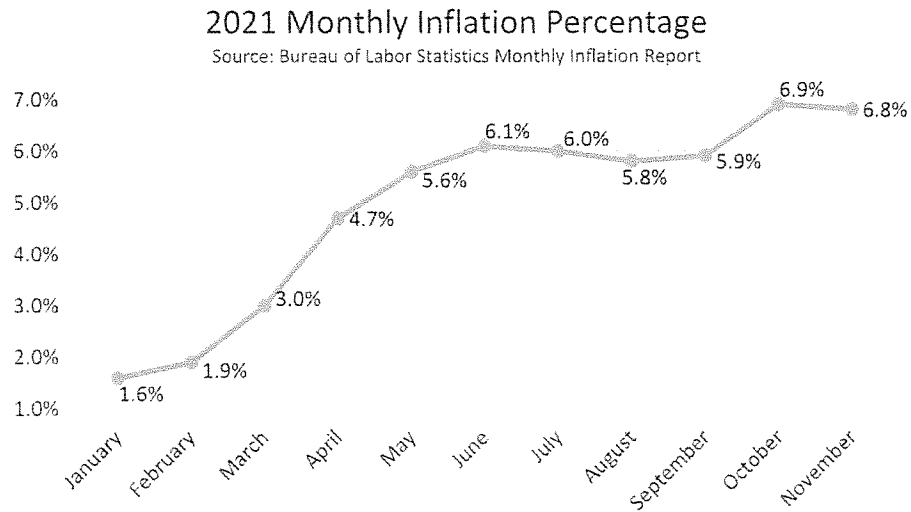
THE SOUTH DAKOTA STUDENT POPULATION IS EXPECTED TO GROW AT A GREATER RATE THAN THE TEACHER WORKFORCE



Source: Teacher Compensation Review Board Report

Steep Increase In Inflation

Inflation in the United States has seen a steep increase in 2021 – growing by more than 5 percent from the January figure to November’s percentage.



The rise in inflation is eroding the purchasing power of schools, leaving them with less money to pay for goods and services, as well as teacher and support staff salaries, without a raise in state aid above the year’s average inflation percentage.

Support Staff Wages Requiring An Increase

With rising inflation comes rising costs for workers which in turn is putting a strain on school budgets as they are having to shift more money toward support staff wages to compete for workers and that will mean less money for teacher salaries.

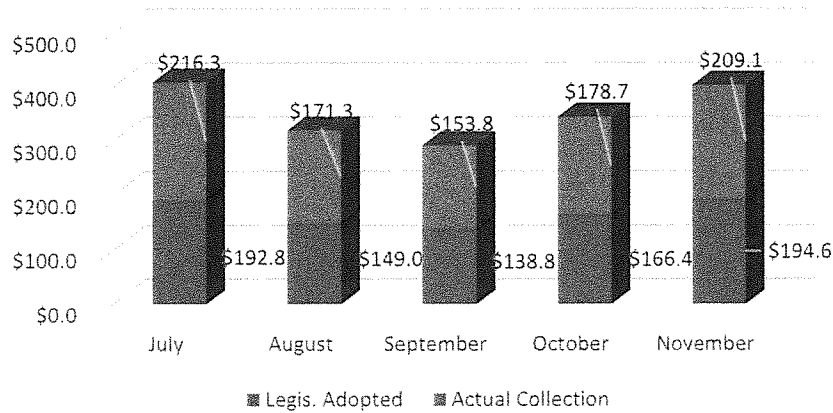
The Teacher Compensation Review Board report noted: “Increased support staff costs will erode the ability for school boards to increase teacher salaries.”

State Revenue Collections Higher Than Projected

The state revenue collections through the first five months of Fiscal Year 2022 show signs that money is there in the state coffers to support an increase in state aid high enough to support the costs of salaries for teachers and support staff.

FY22 Revenue Collections vs Adopted Figures (millions)

Source: South Dakota Bureau of Finance & Management December General Fund Receipts Report



2022 Fiscal Year total revenue collections currently sit \$87.6 million higher than the legislature’s adopted projections. In addition, South Dakota finished Fiscal Year 2021 with a budget surplus of \$85.9 million, bringing the combined totals to \$173.5 million in unbudgeted funds.

State Constitutional Obligation To Fund Public Schools

Article VII, Section 1 of the South Dakota Constitution states: “The stability of a republican form of government depending on the morality and intelligence of the people, it shall be the duty of the Legislature to establish and maintain a general and uniform system of public schools wherein tuition shall be without charge, and equally open to all; and to adopt all suitable means to secure to the people the advantages and opportunities of education”.

Public schools are the only institution of government required to be funded by the state Legislature.