2024 South Dakota Legislature

House Bill 1048

SENATE EDUCATION ENGROSSED

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

Introduced by: The Chair of the Committee on Education at the request of the Department of Education

An Act to revise the requirements pertaining to average teacher compensation and to establish a minimum teacher salary.

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

Section 1. That § 1-45-38 be AMENDED:

1-45-38. There is hereby created the School Finance Accountability Board within the Department of Education. The board shall consist of five members appointed by the Governor. The members shall serve a term of four years.

The board may recommend that the provisions of § 13-13-73.5 be waived for a school district if the district can demonstrate that its lowest monthly general cash fund cash balance percentage is the result of special circumstances.

The board may recommend that a penalty against a school district imposed under ~~§ 13-13-73.6~~ section 5 of this Act be waived, in whole or in part, if the district can demonstrate that its failure to comply with § 13-13-73.6 or section 4 of this Act is due to special circumstances. The board may recommend the Department of Education review the accreditation of a school district that is found not to be complying with §§ 13-13-73.5, 13-13-73.6, or section 4 of this Act.

The School Finance Accountability Board shall promulgate rules pursuant to chapter 1-26 to establish the appeals process provided for in ~~§ 13-13-73.6,~~ section 5 of this Act, and to establish the factors that may be considered in considering a waiver requested by a school district, which shall include the impact of retirements.

The Joint Committee on Appropriations or the Interim Committee on Appropriations shall review any waivers of § 13-13-73.5 ~~or~~, 13-13-73.6, or section 4 of this Act recommended by the School Finance Accountability Board. For a waiver recommended by the board under this section, the committee may provide any suggested change to the waiver. Not more than thirty days following receipt of a suggested change from the committee, the board may amend the recommended waiver in accordance with the

suggested change and shall resubmit the recommended waiver. The Joint Committee on Appropriations or the Interim Committee on Appropriations shall approve, amend, or deny any waiver recommended by the board. The Department of Education shall annually report to the Governor and the Legislature the information collected pursuant to §§ 13-8-47 and 13-13-73.6.

Section 2. That § 13-8-47 be AMENDED:

13-8-47. Before ~~the first day of~~ August first, every school board shall file an annual report with the Department of Education. The report ~~shall~~ must contain all the educational and financial information and statistics of the school district as requested in a format established by the Department of Education. The report ~~shall~~ must also contain, for each month of the fiscal year, the month-end cash balances of the school district's general fund, capital outlay fund~~, pension fund~~, and special education fund. The report ~~shall~~ must also contain the following information for the district from the preceding fiscal year:

(1) Total teacher compensation, which is defined as the total amount spent on instructional salaries and benefits for certified instructional staff;

(2) Average teacher compensation, which is calculated by dividing the total teacher compensation by the total full-time equivalence of certified instructional staff employed by the school district;

(3) The total amount spent on instructional salaries for certified instructional staff;

~~(3)~~(4) The total amount spent on benefits for certified instructional staff;

~~(4)~~(5) The total ~~number~~ full-time equivalence of certified instructional staff employed by the school district; and

~~(5)~~(6) Any other information necessary to comply with the provisions of SL 2016, ch 83.

The business manager, with the assistance of the secretary of the Department of Education, shall make the annual report, and it ~~shall~~ must be approved by the school board. The business manager shall sign the annual report and file a copy with the Department of Education as provided in § 13-13-37. The ~~division~~ department shall audit the report and return one copy to the school district.

Reports not filed prior to August thirtieth are considered past due and are subject to the past-due provisions of § 13-13-38.

Section 3. That § 13-13-73.6 be AMENDED:

13-13-73.6. The Department of Education shall calculate the ~~following for each school district:~~

~~(1) The~~ average teacher salary for each school district, based on data collected pursuant to §§ 13-3-51 and 13-8-47~~;~~

~~(2) The increase in local need pursuant to § 13-13-10.1, excluding any effect due to change in the school district's fall enrollment and less the amount of revenue generated in school fiscal year 2016 as a percentage increase, from fiscal year 2016 to fiscal year 2017; and~~

~~(3) The increase in average teacher compensation as a percentage increase, as defined in § 13-8-47, from fiscal year 2016 to fiscal year 2017.~~

~~For each fiscal year from 2019 to 2024, inclusive, if a district's average teacher compensation is less than the district's average teacher compensation in fiscal year 2017, state aid to general education funding to the district in the following fiscal year must be reduced by an amount equal to five hundred dollars for each teacher employed in the school district.~~

~~A school district may request a waiver from any penalty imposed under this section from the School Finance Accountability Board~~.

Beginning with fiscal year 2025 and every fiscal year thereafter, each school district must increase its average teacher compensation, as referenced in § 13-8-47, so that cumulative increase in the average teacher compensation since fiscal year 2024 is greater than or equal to fifty percent of the cumulative percentage change in the target teacher salary since fiscal year 2024.

Section 4. That a NEW SECTION be added to chapter 13-13:

Beginning July 1, 2026, each school district must pay each full-time equivalent teacher a salary at least equal to the state minimum salary.

For the purposes of this section, the term "state minimum salary" is forty-five thousand dollars for fiscal year 2025. For fiscal year 2026 and thereafter, the state minimum salary is calculated by increasing the previous year's state minimum salary by the percentage change in the target teacher salary from the previous fiscal year to the current fiscal year as adopted by the legislature.

Section 5. That a NEW SECTION be added to chapter 13-13:

The Department of Education must decrease state aid to general education funding to the school district in the following fiscal year by five hundred dollars for each full-time equivalent teacher employed in the school district if:

(1) The school district does not increase the school district's average teacher compensation in accordance with § 13-13-73.6; or

(2) The school district does not pay each full-time equivalent teacher a salary at least equal to the state minimum salary as defined in section 4 of this Act.

A school district may request a waiver from any penalty imposed under this section from the School Finance Accountability Board.

Section 6. That § 13-16-26.2 be AMENDED:

13-16-26.2. Notwithstanding § 13-16-26, no school district may transfer any funds, exclusive of federal funds and wind energy tax revenue that is defined in § 13-13-10.1 and apportioned pursuant to § 10-35-21, from the general fund to the capital outlay fund, bond redemption fund, or the capital projects fund.

The authority provided by this section for the transfer of wind energy tax revenue is conditioned annually upon the district obtaining, from the Department of Education, verification that the ~~average compensation of teachers in the district, as based on the most recently approved financial report, exceeds the average compensation rate for the 2017 fiscal year~~ school district is in compliance with § 13-13-73.6 and section 4 of this Act.

The transfer of wind energy tax revenue must be made within the ten-year timeframe identified in ~~subdivision 13-13-10.1(6B)~~ § 13-13-10.1 for each new wind farm. The maximum amount a school district may transfer on an annual basis is the amount of wind energy tax revenue that is able to be retained by the district and not counted as local effort.

Notwithstanding § 13-16-6, wind energy tax revenue transferred to the capital outlay fund under the authority of this section must remain separately identified and may not thereafter be returned to the general fund.