

# MINUTES

## Appropriations

Representative Mike Derby, Lead Co-Chair  
Senator Jean Hunhoff, Co-Chair



Hundred and Twenty First Meeting, 2024 Interim  
Tuesday, December 3, 2024

Room 362 – State Capitol  
Pierre, South Dakota

The fourth meeting of the 2024 Special Committee on Appropriations (the "Committee") was called to order by Lead Co-Chair Representative Mike Derby at 3:00 PM in Room 362 of the State Capitol.

A quorum was determined with the following members answering the roll call: Senators Jim Bolin, Bryan Breitling, Red Dawn Foster, Jack Kolbeck, Larry Zikmund, and Jean Hunhoff; Representatives Linda Duba (remote), Chris Karr, Chris Kassin, Lance Koth (remote), John Mills, Ernie Otten, Tony Venhuizen, and Mike Derby. Excused: Representative Dennis Krull and Senators Ryan Maher, Dean Wink, and John Wiik.

Staff members present included Jeff Mehlhaff, Deputy Director and Chief Fiscal Analyst; Joslyn Jessop, Senior Fiscal Analyst; Bill Douglas, Fiscal Analyst; Mitch Honan, Fiscal Analyst; Joey Knofczynski, Senior Fiscal Analyst; Bill McDonald, Fiscal Analyst; and Drew Kaitfors, Fiscal Analyst.

**NOTE:** for the purpose of continuity, the following minutes are not necessarily in chronological order. Also, all referenced documents distributed at the meeting are attached to the original minutes on file in the Legislative research Council office. This meeting was webcast live. The archived webcast is available at the LRC website at <https://sdlegislature.gov>.

### School Finance Accountability Board Report

Joseph Graves, Secretary, Department of Education (DOE), and Cody Stoeser, Director of the Division of Finance and Management, DOE, presented on the School Finance Accountability Board: Report on General State Aid Accountabilities, FY2024 ([Document #1](#)).

There are two accountabilities public schools must meet in South Dakota. One sets a limitation on a school district's allowable general fund cash balance (see SDCL 13-13-73.5). The second requires increases in teacher compensation reach and maintain a certain level (see SDCL 13-13-73.6). Both limits are designed to ensure teachers are receiving raises when additional moneys are provided to the school districts. For FY24, all districts met the second accountability, so no further action was required there.

With the first accountability on the allowable general fund cash balance, there have been automatic waivers provided the past few years due to school districts receiving additional federal moneys via COVID-19 stimulus. For FY24, seven school districts went above the allowable balance, but only four receive State Aid and are thus subject to a financial penalty: Faith, Herreid, New Underwood, and Tripp-Delmont. In November, the School Finance Accountability Board approved three full waivers and one partial waiver for Faith, but in December, the Board met again and granted a full waiver for Faith then based on new testimony.

Further details about why the waivers were granted is available in Appendix B of Document #1. As an example, the Tripp-Delmont district provided documentation they were already under the allowable general fund cash balance by October 2024. The school district was previously transferring moneys from the capital outlay fund into the general fund, but once the district stopped, the general fund cash balance fell dramatically.

Representative Duba asked about whether there is a consistent process school districts can use to ensure compliance. Mr. Stoesser said each school district is different, so it would be difficult to "restrict" them. Secretary Graves added there is training for business managers, but they need to do it to learn to avoid making decisions that could leave the school district uncompliant. Mr. Stoesser said there are no state standards for business managers unlike teachers. Representative Kassin asked what the penalties would be without these waivers. Mr. Stoesser said the state would take away State Aid moneys.

***Senator Breitling moved, seconded by Senator Bolin, to approve the recommendation of the School Finance Accountability Board to grant an outright waiver to the Faith, Herreid, New Underwood, and Tripp-Delmont School Districts. The motion passed 12-2-4.***

***Yes: Representatives Otten, Koth, Mills, Kassin, Duba, Venhuizen, and Derby and Senators Kolbeck, Bolin, Zikmund, Breitling, and Hunhoff***

***No: Representative Karr and Senator Foster***

***Excused: Representative Dennis Krull and Senators Ryan Maher, Dean Wink, and John Wiik***

***Representative Kassin moved, seconded by Senator Kolbeck, to adjourn. The motion prevailed on a voice vote.***

The Committee adjourned at 3:42 PM.