



2026 South Dakota Legislature  
**House Bill 1249**  
**ENROLLED**

AN ACT

**ENTITLED An Act to amend provisions pertaining to the School Finance Accountability Board, and the process by which a recommendation of the board is approved.**

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 created the School Finance Accountability Board within the Department of Education. The board consists of five members appointed by the Governor. The members shall serve a term of four years.

A school district may request that the School Finance Accountability Board waive any reduction to the district's state aid for general education, imposed under § 13-13-73.5, or the penalty imposed upon a school district, pursuant to § 13-13-73.9.

The board may:

- (1) Reduce a school district's state aid for general education, as provided in § 13-13-73.5;
- (2) Impose the penalty, as provided in § 13-13-73.9, upon a school district for failing to comply with § 13-13-73.6 or 13-13-73.8;
- (3) Require a review of the school district's accreditation if:
  - (a) The district's lowest general fund monthly cash balance exceeds the district's allowable general fund cash balance; or
  - (b) The district has failed to comply with § 13-13-73.6 or 13-13-73.8; or
- (4) Waive, in whole or in part:
  - (a) The reduction to a school district's state aid for general education required under § 13-13-73.5, if the district demonstrates that the lowest monthly general cash fund balance exceeded the allowable general fund cash balance as the result of special circumstances; or

- (b) A penalty imposed upon a school district by § 13-13-73.9, if the district demonstrates that the district's failure to comply with § 13-13-73.6 or 13-13-73.8 was the result of special circumstances.

The board may condition any waiver granted to a school district pursuant to subsection (4)(a) upon the school district's annual lowest general fund monthly cash balance equaling an amount less than the district's allowable general fund cash balance, for at least three years. If the school district's lowest general fund monthly cash balance exceeds the district's allowable general fund cash balance at any point during the three years, the board may rescind the waiver and impose the penalty required under § 13-13-73.5.

The board may condition any waiver granted to a school district pursuant to subsection (4)(b) upon the school district increasing the district's average teacher compensation in accordance with § 13-13-73.6 and paying each full-time equivalent teacher a salary equal to the state minimum salary, as defined in § 13-13-73.8, for at least three years. If a school district fails to increase the district's average teacher compensation or fails to pay each full-time equivalent teacher a salary equal to the state minimum salary at any point during the three years, the board may rescind the waiver and impose the penalty required under § 13-13-73.9.

The School Finance Accountability Board shall promulgate rules, pursuant to chapter 1-26, to establish the process by which a school district may request a waiver, pursuant to this section, and the factors that the board may consider in granting a waiver request from a school district. The factors must address the impact of employee retirements on the district.

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 § 13-13-73.5 be AMENDED:**

**13-13-73.5.** If a school district's lowest general fund monthly cash balance exceeds the district's allowable general fund cash balance, the Department of Education shall reduce a school district's state aid for general education, as calculated pursuant to § 13-13-73, by an amount equal to the difference of the district's allowable general fund cash balance subtracted from the district's lowest general fund monthly cash balance. If the difference is less than zero, the reduction to the district's state aid for general education is zero.

A school district created or reorganized after July 1, 2016, is exempt from the reduction provided by this section for a period of three years immediately following its creation.

**Section 3. That § 13-13-73.9 be AMENDED:**

**13-13-73.9.** 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 § 13-13-73.8.

An Act to amend provisions pertaining to the School Finance Accountability Board, and the process by which a recommendation of the board is approved.

I certify that the attached Act originated in the:  
House as Bill No. 1249

Received at this Executive Office this \_\_\_\_ day of \_\_\_\_\_, 2026 at \_\_\_\_\_ M.

\_\_\_\_\_  
Chief Clerk of the House

By \_\_\_\_\_ for the Governor

\_\_\_\_\_  
Speaker of the House

The attached Act is hereby approved this \_\_\_\_ day of \_\_\_\_\_, A.D., 2026

Attest:

\_\_\_\_\_  
Chief Clerk of the House

\_\_\_\_\_  
Governor

**STATE OF SOUTH DAKOTA,**

ss.

Office of the Secretary of State

\_\_\_\_\_  
President of the Senate

Attest:

Filed \_\_\_\_\_, 2026 at \_\_\_\_\_ o'clock \_\_ M.

\_\_\_\_\_  
Secretary of the Senate

\_\_\_\_\_  
Secretary of State

House Bill No. 1249  
File No. \_\_\_\_\_  
Chapter No. \_\_\_\_\_

By \_\_\_\_\_  
Asst. Secretary of State