



Joint Committee on Appropriations
REPRESENTATIVE MIKE DERBY, CO-CHAIR
SENATOR ERNIE OTTEN, CO-CHAIR

March 30, 2026
Joseph Graves, Secretary
Department of Education
800 Governors Drive
Pierre, SD 57501

Letter of Intent Regarding School Finance Accountability

Dear Secretary Graves,

This Letter of Intent sets forth a particular view held by the Joint Committee on Appropriations (JCA) in approving your appropriation in the 2026 Legislative Session. As such, this Letter of Intent seeks to supplement that legislation with specific policy guidance as approved on March 30, 2026.

While the guidance does not have the direct force of statutory law, it rests solidly on a long-standing tradition of Legislative-Executive relationships in South Dakota and it will be used by the Joint Committee as one basis for the fiscal oversight of your agency and its continued funding.

The 2026 Legislature approved HB 1249, which was the product of a JCA workgroup on streamlining processes related to school finance accountability. Under South Dakota Codified Law, school districts are subject to requirements pertaining to allowable general fund cash balances, average teacher compensation, and the state minimum teacher salary.

Beginning with the fiscal year 2027 school finance accountability process (which will be based on fiscal year 2026 financial reporting), and in each year thereafter, if a district that does not receive general state aid is found to be out of compliance with any of these requirements, it is the intent of JCA that the Department of Education (DOE) conduct a limited, financial accreditation review of the district. The review must include DOE assisting the district with the creation of a plan to help the district achieve and maintain compliance with the requirements.

Thank you for your cooperation.

Representative Mike Derby
Lead Co-Chair, Joint Committee on Appropriations

Senator Ernie Otten
Co-Chair, Joint Committee on Appropriations

cc: Russell Olson, Auditor General
Jim Terwilliger, Commissioner, Bureau of Finance and Management