

# MINUTES

## Interim Joint Committee on Appropriations



Senator Larry Tidemann, Lead Co-Chair  
Representative David Anderson, Co-Chair

**Fourth Meeting, 2017 Interim  
Tuesday, December 05, 2017**

**Room 362 – State Capitol  
Pierre, South Dakota**

The fourth meeting of the Interim Joint Committee on Appropriations for 2017 was called to order by Lead Co-Chair Larry Tidemann at 7:30 AM in room 362 of the State Capitol in Pierre.

A quorum was determined with the following members answering roll call: Senator Larry Tidemann, Lead Co-Chair; Representative David Anderson, Co-Chair; Senators Justin Cronin, Terri Haverly, Reynold Nesiba, Jeffrey Partridge, Deb Peters, Billie Sutton (via telephone), Jim White, and John Wiik; Representatives Dan Ahlers, Hugh Bartels, Taffy Howard, Chris Karr, John Lake, and Sue Peterson. Excused: Representatives Lance Carson and Jean Hunhoff.

Staff members present included Annie Mehlhaff, Chief Fiscal Analyst; Jason Simmons, Principal Fiscal Analyst; Jeff Mehlhaff, Fiscal Analyst, Lucas Martin, Fiscal Analyst, Ariel Hammerquist, Fiscal Analyst, and Cindy Tryon, Senior Legislative Secretary.

***NOTE:** For 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 web cast live. The archived web cast is available at the LRC web site at <http://sdlegislature.gov>.*

### **Approval of Minutes**

**A MOTION WAS MADE BY SENATOR WHITE, SECONDED BY SENATOR CRONIN, TO APPROVE THE MINUTES OF THE JULY 26, 2017, INTERIM JOINT COMMITTEE ON APPROPRIATIONS MEETING. The motion prevailed on a voice vote.**

### **Co-Chair's Opening Remarks**

**Lead Co-Chair Senator Tidemann** and **Co-Chair Representative David Anderson** thanked the School Finance Accountability Board members for the hard work and inordinate amount of time it took to serve on this board. The Co-Chairs also thanked the Department of Education and the Legislative Research Council for their work in facilitating the board meetings.

### **History of the School Finance Accountability Board and Waiver Process**

**Mr. Lucas Martin, Fiscal Analyst**, reviewed the history of the School Finance Accountability Board. Legislation was passed in 2016 implementing recommendations of the Governor's Blue Ribbon Task Force on Education. The accountability board was created to oversee the additional funding intended for increased teacher salaries. The board held eleven meetings starting in November of 2016. At the November 16-17, 2017, School Finance Accountability Board meeting, the board held hearings for each of the school districts that did not meet the accountabilities. Based on those hearings, the board recommended granting fifteen outright waivers and fourteen conditional waivers.

## Presentation of Waiver Requests and Action

**Ms. Tamara Darnall, CFO, Department of Education**, presented a PowerPoint presentation, "[Report on School Finance Accountability Board: Summary and Recommendations.](#)" Each school district in South Dakota had to meet two accountabilities regarding the increased funding for increased teacher salaries. The first accountability is based on the total teacher compensation in each district and the second accountability is based on the average teacher compensation in each district.

Of the 147 school districts that receive state aid within the new formula, 34 districts were deemed as not meeting both accountabilities. Of those 34, five districts appealed the decision and won their appeal. Those five school districts are Colome, Corsica-Stickney, Hitchcock-Tulare, Lemmon, and Sanborn Central.

Five districts missed the accountabilities by less than .5% and the board recommended they receive full waivers. Those five school districts are Edgemont, Kadoka, Lyman, Pierre, and Rosholt.

Ten districts missed the accountabilities by more than .5% and the board recommended they receive full waivers. Those ten districts are Bowdle, Edmunds Central, Faulkton, Gayville-Volin, Gettysburg, Henry, Highmore-Harrold, Kimball, Sisseton, and Summit.

Fourteen districts missed the accountabilities by more than .5% and the board recommended they receive conditional waivers. Those fourteen districts are Canistota, Clark, Doland, Faith, Garretson, Herreid, Jones County, Plankinton, McLaughlin, New Underwood, Newell, Wall, White River, and Willow Lake.

Ms. Darnall explained the conditional waivers the board recommended for each of the fourteen districts. The most common reasoning for a district not meeting the accountabilities was declining enrollment. Several of the schools also had experienced teachers retire and replacement teachers hired at the starting salary, and, in some cases, districts were not able to replace a retiring teacher.

The School Finance Accountability Board's full report can be found on the Department of Education's and the Legislative Research Council's websites ([Full Report](#)).

## Committee Discussion and Action

**Representative David Anderson** asked Ms. Darnall to explain the process for monitoring these conditional waivers. Ms. Darnall said the Department of Education has ten days after this meeting to notify each school district of the conditions of each waiver. Each district will be required to provide documentation on how these conditions are met. If the school district does not meet the condition, the Department of Education will withhold the amount of the penalty.

**Representative Taffy Howard** said she will be voting in favor of the conditional waivers, however, she has concerns and believes schools should not be held to accountabilities that are not based on current enrollments.

**Senator Justin Cronin** said more direction should have been given to the Accountability Board. Senator Cronin added that all the waivers should be approved, and more care should be taken when passing this type of legislation in the future.

**Senator Deb Peters** said it is phenomenal what the Accountability Board was able to do with the data they were given, but that the Joint Committee on Appropriations should have more of a voice in making the final decisions.

**Senator Larry Tidemann** said the Joint Committee on Appropriations should have taken part in the rule making process that provided the Accountability Board with the process used to make these determinations.

**A MOTION WAS MADE BY SENATOR WIIK, SECONDED BY SENATOR PARTRIDGE, TO APPROVE THE RECOMMENDATION OF THE SCHOOL FINANCE ACCOUNTABILITY BOARD TO GRANT OUTRIGHT WAIVERS TO THE FOLLOWING SCHOOL DISTRICTS: EDGEMONT, KADOKA AREA, LYMAN, PIERRE, ROSHOLT, HIGHMORE-HARROLD, KIMBALL, HENRY, GAYVILLE-VOLIN, GETTYSBURG, FAULKTON, BOWDLE, EDMUNDS CENTRAL, SUMMIT, AND SISSETON. The motion prevailed on a roll call vote with 15 voting AYE, 3 EXCUSED. Those voting AYE: Cronin, Haverly, Nesiba, Partridge, Peters, White, Wiik, Ahlers, Bartels, Howard, Karr, Lake, Peterson, Anderson, Tidemann. Those EXCUSED: Sutton, Carson, Hunhoff.**

**A MOTION WAS MADE BY SENATOR WIIK, SECONDED BY SENATOR PETERS, TO APPROVE THE RECOMMENDATION OF THE SCHOOL FINANCE ACCOUNTABILITY BOARD TO GRANT CONDITIONAL WAIVERS TO THE FOLLOWING SCHOOL DISTRICTS: JONES COUNTY, HERREID, CLARK, WALL, DOLAND, NEWELL, McLAUGHLIN, WHITE RIVER, PLANKINTON, WILLOW LAKE, CANISTOTA, NEW UNDERWOOD, GARRETSON, AND FAITH. The motion prevailed on a roll call vote with 15 voting AYE, 3 EXCUSED. Those voting AYE: Cronin, Haverly, Nesiba, Partridge, Peters, White, Wiik, Ahlers, Bartels, Howard, Karr, Lake, Peterson, Anderson, Tidemann. Those EXCUSED: Sutton, Carson, Hunhoff.**

#### **Future Meeting Dates and Sites**

The Joint Committee on Appropriations will meet January 8, 2018, at 1:00 PM in room 362 of the State Capitol.

#### **Adjourn**

**A MOTION WAS MADE BY SENATOR PETERS, SECONDED BY SENATOR WIIK, THAT THE INTERIM JOINT COMMITTEE ON APPROPRIATIONS MEETING BE ADJOURNED. The motion prevailed on a voice vote.**

The Committee adjourned at 9:00 AM.