Report on School Finance Accountability Board Meeting: November 13, 2019

South Dakota Department of Education

Office of State Aid and School Finance

phone: (605) 773-3134
fax: (605) 773-6139

November 20, 2019

This report summarizes the recommendations of the School Finance Accountability Board to the Joint Committee on Appropriations regarding the requests for waivers submitted by school districts that failed to meet the accountabilities set forth in SDCL 13-13-10.1(8-9) or SDCL 13-13-73.6 for Fiscal Year 2019.

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FY2019 General Fund Cash Balance Summary and Calculations

Summary

The Department of Education's Division of Finance and Management has compiled general fund monthly cash balance and general fund expenditure data from each public school district's FY2019 Annual Financial Report.

All school district superintendents and business officials were officially notified of the status of their monthly cash balances based on the 2018-2019 school year on Thursday, Oct. 3, 2019 by email. Three school districts exceeded the monthly cash balance allowance provisions in SDCL 13-13-10.1; however, none of these school districts receive general state aid and therefore the reduction will have no effect. The three school districts are Agar-Blunt-Onida, Hoven and Elk Mountain.

Calculations

Each school district reports the monthly general fund cash balance annually to the Department of Education. Once a school district has verified the data for the annual financial report and the state aid fall enrollment (SAFE) count is available, the Department of Education has the information to perform the excess general fund cash balance calculation.

A summary of the excess cash balance calculation steps is below:

1. Lowest Monthly Cash Balance divided by Total General Fund Expenditures equals the Lowest Monthly Cash Balance as a % of General Fund Expenditures
2. Use current year SAFE or lowest SAFE from the last two years, whichever is lowest
    a. The SAFE count is used to assign a school district to one of three maximum allowable general fund cash balance categories:
        i. 40% for a school district with a fall enrollment of 200 or fewer
        ii. 30% for a school district with a fall enrollment more than 200 but fewer than 600
        iii. 25% for a school district with a fall enrollment greater than or equal to 600
3. If the allowable cash balance percentage is exceeded based on the district's applicable SAFE, the difference between the excess general fund cash balance and the maximum allowable cash balance is the amount subject to a potential dollar for dollar reduction in general state aid.

Requests for Waiver, Board Action

No waivers submitted for excess monthly cash balances.

FY2019 Teacher Compensation Summary and Calculations

Summary

Teacher compensation is defined as the instructional salary and benefits paid to or on behalf of certified teachers assigned to a K-12 self-contained class, course, or classroom situation in a single fiscal year.

All school district superintendents and business officials were officially notified by the Department of Education by email of the status of their teacher compensation accountability on Oct. 3, 2019.

One hundred and forty-six school districts met the required teacher compensation accountability for FY2019 and reported an average teacher compensation that met or exceeded the average teacher compensation reported in FY2017. Three school districts did not meet the accountability: Elk Mountain, Hill City and Sanborn Central. Two of the school districts, Elk Mountain and Hill City, do not receive state aid and therefore did not submit a waiver and no penalty may be imposed.

Overall statewide the reported teacher compensation for 2019 reflected an overall average dollar amount increase of $1,625 or 2.84% over the reported teacher compensation of 2017. Two school districts reported an increase of greater than 10%, and 26 school districts reported an increase in compensation of 5% or greater.

Calculations

Accountability: SDCL 13-13-73.6 states that for fiscal years 2019, 2020, and 2021, 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 shall be reduced by an amount equal to five hundred dollars for each teacher employed in the school district.

Requests for Waiver, Board Action

The Sanborn Central School District did not meet the accountability for teacher compensation. The school district missed the required accountability by an average compensation per FTE of $228. The potential penalty for this school district is calculated to be $10,000 (20.0 FTE x $500 per teacher).

FY2019 TEACHER COMPENSATION ACCOUNTABILITY

as of 10/2/2019

District Number	District Name	2019 Average Salary	2019 Average Compensation	2019 Total Teacher FTE	2017 Average Compensation	Met Teacher Compensation Accountability?	Potential Penalty without Approved Waiver
55005	Sanborn Central 55-5	$41,287	$50,733	20.00	$50,961	No	$10,000

Sanborn Central Superintendent Justin Siemsen and Business Manager Gayle Bechen presented their waiver to the board for their consideration.

The school district accepted responsibility for not meeting this accountability and acknowledged that the information on which they determined initial compliance included 2.0 FTE of ineligible staff and salary data that included extra-duty pay. Since receiving notification of non-compliance for the teacher compensation accountability, the district has taken the corrective action to add $300 to their on-going salary schedule and retroactively paid all teachers for the 2018-2019 school year an additional $300. The negotiated salary increases for 2019-2020 were then revised to reflect the $300 increase in salaries from the prior year.

Summary

In FY2019 there was a total of 149 public school districts, only three (2%) of which exceeded the allowable general fund monthly excess cash balance percentages. None of the three school districts with a calculated excess of monthly cash balances receives state aid and therefore no penalty may be applied, and no waivers were submitted for this board's consideration.

In FY2019 there were three school districts that did not meet the teacher compensation accountability. Two of the three school districts, Hill City and Elk Mountain, did not apply for a waiver because they do not receive general state aid.

The Sanborn Central School District is the only district requesting a waiver from this board. The school district submitted it's waiver and, during his presentation the superintendent acknowledged that the local determination of compliance was not based on accurate information. The district wanted the board to know that it was not intentional but due to a miscalculation made by the district. The district's miscalculation was due to the inclusion of 2.0 FTE of ineligible staff and extra-duty salaries.

Since receiving the notification of the non-compliance, the Sanborn Central school board has now taken corrective action and retroactively paid each teacher an additional $300 for the 2018-2019 and added this same amount to their salary schedule to ensure that it is on-going. The school district has also taken steps to improve the communication within the school district to ensure calculations are done with accuracy in the future.

The School Finance Accountability Board voted in favor of a motion to determine that the Sanborn Central School District did violate the provisions of SDCL 13-13-73.6.

Following this motion of violation of SDCL 13-13-73.6, another motion was made to deny the submitted waiver and this motion failed. Another motion was then made to approve the waiver from the Sanborn Central School District based on the corrective action taken, this vote was passed.

The School Finance Accountability Board then directed the Department of Education to draft a report of the actions taken at this meeting. An approved report will be forwarded to the Joint Appropriations Committee in early December.

The Board Chairman also asked the Department of Education to research the terms of this board's membership and provide this information at the future meeting of this board.

Appendix A: Meeting Minutes for November 13, 2019

Date: Thursday, November 13, 2019 - 1:00 p.m. CST

Location: Capitol Building, Fourth Floor, Room 464

500 E Capitol Avenue, Pierre, South Dakota 57501

Public telephonic access: 1-866-410-8397/conference code: 6057735407

Present:	Terry Nebelsick, President
	Susan Proefrock, Vice-President
	Jarod Larson, Member
	Eric Stroeder, Member
	Liza Clark, Member
Absent:	None

Department of Education staff in attendance: Susan Woodmansey, Bobbi Leiferman, and Olivia Waggoner

Call to Order and Roll Call:

Meeting was called to order by President Nebelsick at approximately 1:00 p.m. CST.

Adoption of Agenda:

Motion by Vice-President Proefrock, seconded by Eric Stroeder, to adopt the November 13, 2019, proposed agenda. Roll call, all present voted in favor. Motion carried.

Approval of Minutes:

Motion to approve the minutes from the March 15, 2019, meeting was made by Liza Clark, seconded by Jarod Larson. All present voted in favor. Motion carried.

DOE Presentation of the 2019 Teacher Compensation Data/DOE Presentation of the 2019 Excess Cash Data

President Nebelsick indicated that agenda item number four, DOE Presentation of the 2019 Teacher Compensation Data, and agenda item number five, DOE Presentation of the 2019 Monthly Excess Cash Balance Data may be presented at the same time.

Susan Woodmansey provided a summary of both the 2019 Teacher Compensation Data and the 2019 Excess Monthly Cash Balance Data.

Three districts did not meet their Teacher Compensation Accountability: Elk Mountain School District, Hill City School District and Sanborn Central School District. Elk Mountain and Hill City do not receive general state aid. The only district that will be submitting a waiver for the board's consideration is the Sanborn Central School District.

Three districts exceeded the monthly excess cash balance limitation: Agar-Blunt-Onida School District, Elk Mountain School District, and Hoven School District. None of the school districts receive general state aid and therefore no waivers have been submitted for the board's consideration.

Presentation of Waiver Requests by Districts:

Sanborn Central School District:

Superintendent Siemsen and Business Manager Bechen provided testimony to the Board on behalf of the Sanborn Central School District. The Sanborn Central School District missed the Teacher Compensation Accountability by a dollar amount of $228.

District Name	2019 Average Salary	2019 Average Compensation	2019 Total Teacher FTE	2017 Average Compensation	Met Teacher Compensation Accountability?	Potential Penalty without Approved Waiver
Sanborn Central 55-5	$41,287	$50,733	20.00	$50,961	No	$10,000

The school district accepted responsibility for not meeting this accountability and acknowledged that the information on which they determined compliance included 2.0 FTE of ineligible staff and salary data that included extra-duty pay. Since receiving notification of not meeting the teacher compensation accountability, the district has taken the corrective action to add $300 to their on-going salary schedule and retroactively paid all teachers for the 2018-2019 school year an additional $300. The negotiated salary increases for 2019-2020 were then revised to reflect the $300 increase in salaries from the prior year.

Board Action on Submitted Waivers:

Sanborn Central School District:

Liza Clark moved, seconded by Jarod Larson that based on the information presented to the Board by the school district, the Board determined that the Sanborn Central School District violated the provisions of SDCL 13-13-73.6. Roll call vote. All present voted in favor. Motion carried.

Liza Clark moved, seconded by Vice-President Proefrock that based on the information presented to the Board by the school district, the Board deny Sanborn Central School District's application for a waiver of the financial penalty imposed under SDCL 13-13-73.6. Roll call vote. Stroeder, no; Proefrock, yes; Nebelsick, no; Clark, yes; Larson, no. Motion failed.

Jarod Larson moved, seconded by Eric Stroeder that based on the information presented to the Board by the Sanborn Central School District indicating that corrective action was taken to increase teacher compensation, the Board grant Sanborn Central School District a waiver from the financial penalty imposed under SDCL 13-13-73.6. Roll call vote. Stroeder, yes; Proefrock, no; Nebelsick, yes; Clark, no; Larson, yes. Motion carried.

Liza Clark moved, seconded by Vice-President Proefrock that the Board direct the Department of Education to prepare a report summarizing the results of the applications for a waiver of the financial penalty to forward to the Joint Committee on Appropriations for its consideration. Roll call, all present voted in favor. Motion carried.

Public Comments:

Superintendent Siemsen, Sanborn Central School District, thanked the Board for meeting today, and that he appreciated the Board and its processes.

Jarod Larson, Board Member, provided statistics on the success of all school districts in meeting both teacher compensation accountability and excess monthly cash allowances. He noted that in 2019 compliance with both accountabilities was 99.6%.

No additional public comments were made.

Future Meeting Schedule:

President Nebelsick determined that the next meeting of the School Finance Accountability Board will be held by telephone on Wednesday, November 20, 2019 at 9:00 a.m. CST

Adjournment:

Motion to adjourn by Liza Clark and seconded by Jarod Larson. Roll call, all present voted in favor. Motion carried.

The meeting was adjourned at 2:05 p.m. CST.

Appendix B: Excess Cash Balance Calculations

FY2019 Monthly Cash Balance - General Fund

south dakota DEPARTMENT OF EDUCATION
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SDCL 13-13-73.6 impacting FY2020 General State Aid
as of 11/1/2019

District Name	Lowest Monthly Cash Balance	FY2019 Total General Fund Expenditures	Lowest Cash Balance as % of Expenditures	3 Year Lowest SAFE Count	Allowable %	Exceeds Cash Balance Limitation	Potential Penalty without Approved Waiver	
Aberdeen 06-1	$5,142,062	$30,071,355	17.10%	4,469.94	25%	No	$0	
Agar-Blunt-Onida 58-3	$2,140,866	$3,060,202	69.96%	251.13	30%	Yes	$0	**Does not receive General State Aid**
Alcester-Hudson 61-1	$428,396	$2,955,942	14.49%	310.27	30%	No	$0	
Andes Central 11-1	$26,760	$4,669,741	0.57%	313.00	30%	No	$0	
Arlington 38-1	$469,049	$2,563,418	18.30%	256.00	30%	No	$0	
Armour 21-1	$284,687	$1,895,536	15.02%	168.00	40%	No	$0	
Avon 04-1	$352,406	$2,058,901	17.12%	225.00	30%	No	$0	
Baltic 49-1	$743,368	$3,419,973	21.74%	479.00	30%	No	$0	
Belle Fourche 09-1	$1,160,796	$9,552,637	12.15%	1,361.33	25%	No	$0	
Bennett County 03-1	($71,084)	$5,244,316	-1.36%	442.00	30%	No	$0	
Beresford 61-2	$726,439	$4,884,922	14.87%	675.12	25%	No	$0	
Big Stone City 25-1	$257,369	$1,250,794	20.58%	89.00	40%	No	$0	
Bison 52-1	$201,790	$1,886,475	10.70%	141.00	40%	No	$0	
Bon Homme 04-2	$2,129	$4,453,542	0.05%	512.00	30%	No	$0	
Bowdle 22-1	$28,436	$1,421,906	2.00%	109.00	40%	No	$0	
Brandon Valley 49-2	$1,730,976	$27,205,890	6.36%	4,057.03	25%	No	$0	
Bridgewater-Emery 30-3	$789,927	$2,817,414	28.04%	318.20	30%	No	$0	
Britton-Hecla 45-4	$22,364	$3,458,204	0.65%	414.24	30%	No	$0	
Brookings 05-1	$3,262,586	$22,870,453	14.27%	3,402.03	25%	No	$0	
Burke 26-2	$287,408	$2,504,643	11.48%	229.00	30%	No	$0	
Canistota 43-1	$394,527	$2,066,887	19.09%	193.00	40%	No	$0	
Canton 41-1	$1,289,215	$5,733,453	22.49%	872.88	25%	No	$0	
Castlewood 28-1	$355,098	$2,397,970	14.81%	288.00	30%	No	$0	
Centerville 60-1	$499,247	$2,139,111	23.34%	266.39	30%	No	$0	
Chamberlain 07-1	($1,427,535)	$8,288,499	-17.22%	870.20	25%	No	$0	
Chester Area 39-1	$555,753	$3,922,065	14.17%	531.00	30%	No	$0	
Clark 12-2	$614,959	$3,225,950	19.06%	356.00	30%	No	$0	

Colman-Egan 50-5	$243,033	$2,022,892	12.01%	247.00	30%	No	$0
Colome Consolidated 59-3	$314,994	$2,039,652	15.44%	219.60	30%	No	$0
Corsica-Stickney 21-3	$628,541	$2,478,710	25.36%	251.00	30%	No	$0
Custer 16-1	$299,128	$7,341,627	4.07%	897.02	25%	No	$0
Dakota Valley 61-8	$613,593	$9,192,258	6.68%	1,300.47	25%	No	$0
De Smet 38-2	$529,558	$2,819,836	18.78%	278.00	30%	No	$0
Dell Rapids 49-3	$882,091	$6,494,971	13.58%	938.13	25%	No	$0
Deubrook Area 05-6	$1,026,696	$3,431,226	29.92%	363.00	30%	No	$0
Deuel 19-4	$1,100,278	$3,712,044	29.64%	490.25	30%	No	$0
Doland 56-2	$485,417	$1,696,488	28.61%	151.00	40%	No	$0
Douglas 51-1	($321,180)	$20,401,353	-1.57%	2,838.00	25%	No	$0
Dupree 64-2	($759,301)	$4,736,894	-16.03%	362.00	30%	No	$0
Eagle Butte 20-1	($520,722)	$5,991,284	-8.69%	340.00	30%	No	$0
Edgemont 23-1	$443,526	$1,650,869	26.87%	153.29	40%	No	$0
Edmunds Central 22-5	$596,711	$1,865,324	31.99%	132.00	40%	No	$0
Elk Mountain 16-2	$239,937	$289,388	82.91%	8.00	40%	Yes	$0
Elk Point-Jefferson 61-7	$734,807	$4,559,458	16.12%	687.00	25%	No	$0
Elkton 05-3	($44,361)	$2,980,238	-1.49%	310.00	30%	No	$0
Estelline 28-2	($6,781)	$2,437,835	-0.28%	261.00	30%	No	$0
Ethan 17-1	$498,613	$2,005,359	24.86%	248.00	30%	No	$0
Eureka 44-1	$262,873	$1,908,568	13.77%	153.00	40%	No	$0
Faith 46-2	$521,764	$1,480,659	35.24%	164.00	40%	No	$0
Faulkton Area 24-4	$851,906	$2,839,729	30.00%	306.00	30%	No	$0
Flandreau 50-3	$737,935	$5,032,181	14.66%	683.84	25%	No	$0
Florence 14-1	$475,764	$2,064,721	23.04%	256.00	30%	No	$0
Frederick Area 06-2	$508,704	$1,850,902	27.48%	158.60	40%	No	$0
Freeman 33-1	$292,162	$2,980,178	9.80%	318.02	30%	No	$0
Garretson 49-4	$695,673	$3,538,966	19.66%	477.00	30%	No	$0
Gayville-Volin 63-1	$611,750	$2,154,214	28.40%	279.00	30%	No	$0
Gettysburg 53-1	$397,910	$2,129,306	18.69%	225.75	30%	No	$0
Gregory 26-4	$615,075	$3,065,170	20.07%	371.00	30%	No	$0
Groton Area 06-6	$463,716	$4,922,210	9.42%	568.00	30%	No	$0
Haakon 27-1	$672,885	$2,698,078	24.94%	302.00	30%	No	$0
Hamlin 28-3	$1,135,711	$5,136,972	22.11%	783.00	25%	No	$0
Hanson 30-1	$747,525	$2,906,326	25.72%	396.00	30%	No	$0
Harding County 31-1	($736,649)	$2,857,244	-25.78%	195.25	40%	No	$0
Harrisburg 41-2	$5,176,601	$33,364,986	15.52%	4,542.16	25%	No	$0
Henry 14-2	$42,990	$1,826,333	2.35%	157.00	40%	No	$0

Does not receive General State Aid

Herreid 10-1	$279,938	$1,418,844	19.73%	109.00	40%	No	$0
Highmore-Harrold 34-2	$309,604	$2,489,441	12.44%	225.00	30%	No	$0
Hill City 51-2	($827,450)	$4,422,154	-18.71%	453.40	30%	No	$0
Hitchcock-Tulare 56-6	$194,635	$2,340,077	8.32%	229.00	30%	No	$0
Hot Springs 23-2	$237,895	$5,127,374	4.64%	761.24	25%	No	$0
Hoven 53-2	$806,301	$1,766,424	45.65%	99.12	40%	Yes	$0
Howard 48-3	$15,936	$3,369,757	0.47%	359.00	30%	No	$0
Huron 02-2	$2,552,102	$20,060,791	12.72%	2,612.23	25%	No	$0
Ipswich Public 22-6	$174,970	$3,559,863	4.92%	405.49	30%	No	$0
Irene-Wakonda 13-3	$743,712	$2,731,593	27.23%	283.72	30%	No	$0
Iroquois 02-3	$505,577	$2,480,623	20.38%	213.00	30%	No	$0
Jones County 37-3	$453,425	$1,858,825	24.39%	168.00	40%	No	$0
Kadoka Area 35-2	$132,535	$3,990,300	3.32%	322.00	30%	No	$0
Kimball 07-2	$379,424	$2,635,197	14.40%	304.25	30%	No	$0
Lake Preston 38-3	$568,817	$2,082,182	27.32%	157.00	40%	No	$0
Langford Area 45-5	$466,597	$1,877,556	24.85%	203.00	30%	No	$0
Lead-Deadwood 40-1	$1,368,395	$7,810,451	17.52%	753.06	25%	No	$0
Lemmon 52-4	($248,255)	$2,576,975	-9.63%	238.82	30%	No	$0
Lennox 41-4	$1,062,429	$6,947,738	15.29%	1,079.00	25%	No	$0
Leola 44-2	($232,117)	$2,271,584	-10.22%	200.00	40%	No	$0
Lyman 42-1	$395,359	$4,250,261	9.30%	350.00	30%	No	$0
Madison Central 39-2	$1,742,425	$7,986,314	21.82%	1,171.27	25%	No	$0
Marion 60-3	$283,232	$2,082,867	13.60%	167.00	40%	No	$0
McCook Central 43-7	$298,538	$3,175,725	9.40%	377.91	30%	No	$0
McIntosh 15-1	$54,305	$3,083,258	1.76%	160.00	40%	No	$0
McLaughlin 15-2	($1,567,370)	$6,021,226	-26.03%	433.50	30%	No	$0
Meade 46-1	$4,201,984	$18,839,693	22.30%	2,825.25	25%	No	$0
Menno 33-2	$342,615	$2,799,955	12.24%	271.00	30%	No	$0
Milbank 25-4	$1,295,376	$7,232,776	17.91%	958.25	25%	No	$0
Miller 29-4	$633,882	$3,921,090	16.17%	443.01	30%	No	$0
Mitchell 17-2	$3,440,459	$19,078,828	18.03%	2,783.84	25%	No	$0
Mobridge-Pollock 62-6	$914,783	$4,716,537	19.40%	603.86	25%	No	$0
Montrose 43-2	$536,114	$2,074,026	25.85%	239.00	30%	No	$0
Mount Vernon 17-3	$539,568	$2,112,678	25.54%	213.00	30%	No	$0
New Underwood 51-3	$438,495	$1,873,202	23.41%	237.00	30%	No	$0
Newell 09-2	$421,049	$2,889,951	14.57%	259.38	30%	No	$0
Northwestern Area 56-7	$443,377	$2,203,686	20.12%	254.00	30%	No	$0

Does not receive General State Aid

Oelrichs 23-3	($77,163)	$2,196,661	-3.51%	121.00	40%	No	$0
Oglala Lakota 65-1	($6,171,625)	$21,728,389	-28.40%	1,310.64	25%	No	$0
Oldham-Ramona 39-5	$638,410	$1,640,645	38.91%	153.00	40%	No	$0
Parker 60-4	$841,514	$3,195,635	26.33%	437.00	30%	No	$0
Parkston 33-3	$773,676	$4,148,112	18.65%	521.03	30%	No	$0
Pierre 32-2	$4,211,915	$17,550,813	24.00%	2,669.00	25%	No	$0
Plankinton 01-1	$774,802	$2,994,305	25.88%	299.00	30%	No	$0
Platte-Geddes 11-5	$844,526	$3,954,951	21.35%	501.71	30%	No	$0
Rapid City Area 51-4	$8,096,814	$94,514,189	8.57%	13,483.95	25%	No	$0
Redfield 56-4	$647,712	$4,428,384	14.63%	584.40	30%	No	$0
Rosholt 54-4	$199,044	$2,445,693	8.14%	243.00	30%	No	$0
Rutland 39-4	$92,935	$1,644,589	5.65%	175.00	40%	No	$0
Sanborn Central 55-5	$184,360	$2,052,088	8.98%	179.00	40%	No	$0
Scotland 04-3	$534,606	$2,302,298	23.22%	253.00	30%	No	$0
Selby Area 62-5	$447,160	$2,030,400	22.02%	173.00	40%	No	$0
Sioux Falls 49-5	$11,078,792	$177,780,825	6.23%	23,924.25	25%	No	$0
Sioux Valley 05-5	$937,482	$4,402,930	21.29%	659.05	25%	No	$0
Sisseton 54-2	($236,632)	$8,519,526	-2.78%	885.00	25%	No	$0
Smee 15-3	($759,527)	$3,292,224	-23.07%	179.00	40%	No	$0
South Central 26-5	($97,866)	$1,399,363	-6.99%	79.00	40%	No	$0
Spearfish 40-2	$3,439,098	$16,120,926	21.33%	2,390.07	25%	No	$0
Stanley County 57-1	$88,821	$3,699,293	2.40%	406.00	30%	No	$0
Summit 54-6	$194,464	$1,721,388	11.30%	150.00	40%	No	$0
Tea Area 41-5	$1,138,863	$11,436,779	9.96%	1,791.25	25%	No	$0
Timber Lake 20-3	$194,256	$4,196,641	4.63%	335.00	30%	No	$0
Todd County 66-1	($105,758)	$23,214,281	-0.46%	2,060.30	25%	No	$0
Tripp-Delmont 33-5	$750,605	$1,941,219	38.67%	125.00	40%	No	$0
Tri-Valley 49-6	$1,263,200	$6,660,443	18.97%	921.00	25%	No	$0
Vermillion 13-1	$1,728,611	$9,188,420	18.81%	1,219.79	25%	No	$0
Viborg-Hurley 60-6	$617,043	$2,754,679	22.40%	343.70	30%	No	$0
Wagner Community 11-4	($1,359,639)	$8,899,559	-15.28%	807.00	25%	No	$0
Wall 51-5	$49,072	$2,605,840	1.88%	257.00	30%	No	$0
Warner 06-5	$350,031	$2,299,699	15.22%	310.00	30%	No	$0
Watertown 14-4	$4,243,576	$26,671,322	15.91%	3,858.69	25%	No	$0
Waubay 18-3	$368,045	$1,942,815	18.94%	169.00	40%	No	$0
Waverly 14-5	$183,670	$2,333,552	7.87%	235.00	30%	No	$0
Webster Area 18-5	$529,304	$4,057,117	13.05%	528.00	30%	No	$0
Wessington Springs 36-2	$745,546	$2,741,771	27.19%	312.18	30%	No	$0
West Central 49-7	$626,306	$9,354,841	6.69%	1,364.20	25%	No	$0
White Lake 01-3	$474,654	$1,397,843	33.96%	116.00	40%	No	$0

White River 47-1	($381,924)	$4,629,867	-8.25%	381.00	30%	No	$0
Willow Lake 12-3	$767,517	$2,559,493	29.99%	237.00	30%	No	$0
Wilmot 54-7	$165,063	$1,945,998	8.48%	222.00	30%	No	$0
Winner 59-2	$647,363	$5,409,680	11.97%	704.00	25%	No	$0
Wolsey-Wessington 02-6	$694,030	$2,996,961	23.16%	346.00	30%	No	$0
Woonsocket 55-4	$472,457	$1,801,858	26.22%	233.00	30%	No	$0
Yankton 63-3	$3,860,758	$18,652,132	20.70%	2,723.12	25%	No	$0

Appendix C: Request for Waiver, Teacher Compensation

Request for Waiver
Teacher Compensation Accountability

south dakota DEPARTMENT OF EDUCATION

as of 10/9/2019

School District: **SANBORN CENTRAL**

FY2017 Average Teacher Compensation:	$50,961
FY2019 Average Teacher Compensation:	$50,733
Average Teacher Compensation Increase/Decrease:	($228)

SDCL 13-13-73.6 ...For fiscal years 2019, 2020, and 2021, 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 shall be reduced by an amount equal to five hundred dollars for each teacher employed in the school district.

Accountability Summary:

Met Average Teacher Compensation Accountability:	NO
K12 Instructional FTE for Teacher Compensation:	20.00
Potential Penalty: (FY2020 State Aid)	$10,000

Please provide a detailed explanation for this request

As a district, we made several errors while calculating the accountability for this school year. First, when using the calculator provided by the DOE, the superintendent used an FTE of 22 as opposed to the 20 FTE that was supposed to be used (the two FTE that were used by the district were the speech teacher and the preschool teacher, and both should not have been part of the calculation). The second error that was made was using the teacher's entire district compensation, including their extra duty monies, as part of the equation. This did not affect the entire staff, but many of them have a number of different positions that were added to their teaching salary to come up with the figures that were used.

These two errors that were committed by the district led to the unfortunate miscalculations that occurred while trying to remain accountable to the requirements set forth. Once the district was notified of the failure to meet the accountability, the superintendent met with the Board of Education and discussed the situation. A recommendation was made to add $300 to each certified teacher's salary to rectify the shortfall. Also, the Board of Education agreed to make an amendment to the hiring schedule to reflect the $300 increase to each level in the scale.

It is the sincere hope of the Sanborn Central School District that the Accountability Committee take into consideration that the mistakes made in calculation were not intentional and gives thought to granting a waiver. Once the miscalculations were recognized, steps were immediately taken by the district to rectify the situation and make it right by the staff as well as by what is required by law.

Contact Name: Justin Siemsen 605-495-4183

Signature: _____

Appendix D: Teacher Compensation Summary, By District

FY2019 TEACHER COMPENSATION ACCOUNTABILITY

as of 10/2/2019

District Name	2019 Average Salary	2019 Average Compensation	2019 Total Teacher FTE	2017 Average Compensation	Met Teacher Compensation Accountability?	Potential Penalty without Approved Waiver
Aberdeen 06-1	$48,761	$62,861	306.52	$61,769	Yes	$0
Agar-Blunt-Onida 58-3	$44,273	$57,884	27.44	$55,834	Yes	$0
Alcester-Hudson 61-1	$43,404	$54,146	28.00	$50,930	Yes	$0
Andes Central 11-1	$47,775	$63,514	32.92	$59,760	Yes	$0
Arlington 38-1	$45,581	$59,230	21.37	$56,680	Yes	$0
Armour 21-1	$42,805	$57,050	18.45	$54,081	Yes	$0
Avon 04-1	$43,675	$55,973	21.02	$55,475	Yes	$0
Baltic 49-1	$46,167	$57,958	34.00	$57,149	Yes	$0
Belle Fourche 09-1	$44,541	$58,730	94.78	$57,951	Yes	$0
Bennett County 03-1	$44,777	$58,344	43.22	$57,374	Yes	$0
Beresford 61-2	$46,678	$57,793	44.95	$57,264	Yes	$0
Big Stone City 25-1	$40,049	$47,043	10.77	$47,037	Yes	$0
Bison 52-1	$47,573	$55,068	17.40	$54,133	Yes	$0
Bon Homme 04-2	$42,740	$54,749	45.82	$50,685	Yes	$0
Bowdle 22-1	$39,684	$52,754	16.00	$51,154	Yes	$0
Brandon Valley 49-2	$51,619	$68,981	239.70	$65,884	Yes	$0
Bridgewater-Emery 30-3	$42,082	$53,824	31.31	$51,558	Yes	$0
Britton-Hecla 45-4	$44,152	$55,043	31.88	$54,768	Yes	$0
Brookings 05-1	$46,475	$61,648	231.87	$61,500	Yes	$0
Burke 26-2	$49,721	$64,378	19.50	$62,271	Yes	$0
Canistota 43-1	$44,690	$57,049	21.39	$56,861	Yes	$0
Canton 41-1	$44,679	$54,911	60.99	$54,426	Yes	$0
Castlewood 28-1	$44,778	$59,394	18.20	$57,850	Yes	$0
Centerville 60-1	$43,749	$60,542	20.23	$59,984	Yes	$0
Chamberlain 07-1	$45,299	$59,524	77.69	$58,327	Yes	$0
Chester Area 39-1	$47,737	$64,103	36.70	$64,028	Yes	$0
Clark 12-2	$45,225	$57,190	30.99	$54,075	Yes	$0
Colman-Egan 50-5	$40,369	$51,011	19.25	$50,835	Yes	$0
Colome Consolidated 59-3	$41,283	$52,013	21.35	$51,657	Yes	$0
Corsica-Stickney 21-3	$43,521	$54,334	21.88	$54,033	Yes	$0
Custer 16-1	$44,099	$57,177	67.00	$55,008	Yes	$0

Dakota Valley 61-8	$50,218	$61,953	85.90	$60,490	Yes	$0
De Smet 38-2	$44,166	$58,740	26.42	$57,521	Yes	$0
Dell Rapids 49-3	$45,133	$56,867	67.50	$56,472	Yes	$0
Deubrook Area 05-6	$45,875	$59,006	32.06	$58,719	Yes	$0
Deuel 19-4	$45,074	$57,319	37.25	$57,302	Yes	$0
Doland 56-2	$45,377	$57,780	18.74	$55,721	Yes	$0
Douglas 51-1	$55,869	$69,033	182.74	$67,320	Yes	$0
Dupree 64-2	$51,874	$68,417	32.52	$65,445	Yes	$0
Eagle Butte 20-1	$53,790	$70,737	44.08	$67,524	Yes	$0
Edgemont 23-1	$41,583	$52,850	16.00	$52,803	Yes	$0
Edmunds Central 22-5	$43,588	$58,393	16.48	$55,771	Yes	$0
Elk Mountain 16-2	$36,791	$40,548	3.80	$40,942	No	$0
Elk Point-Jefferson 61-7	$45,814	$56,124	43.78	$54,669	Yes	$0
Elkton 05-3	$41,713	$57,179	30.00	$57,076	Yes	$0
Estelline 28-2	$45,405	$59,837	21.27	$59,770	Yes	$0
Ethan 17-1	$44,750	$56,128	20.06	$53,946	Yes	$0
Eureka 44-1	$41,532	$56,619	18.24	$55,253	Yes	$0
Faith 46-2	$41,936	$50,240	13.76	$48,874	Yes	$0
Faulkton Area 24-4	$43,268	$58,405	26.56	$54,405	Yes	$0
Flandreau 50-3	$40,501	$49,108	59.39	$48,309	Yes	$0
Florence 14-1	$44,321	$58,667	19.57	$58,185	Yes	$0
Frederick Area 06-2	$43,866	$55,855	16.93	$52,101	Yes	$0
Freeman 33-1	$43,902	$61,400	24.28	$61,339	Yes	$0
Garretson 49-4	$45,031	$57,097	32.12	$55,673	Yes	$0
Gayville-Volin 63-1	$43,037	$56,179	21.17	$53,658	Yes	$0
Gettysburg 53-1	$41,030	$51,384	23.04	$50,203	Yes	$0
Gregory 26-4	$43,209	$55,769	34.02	$54,838	Yes	$0
Groton Area 06-6	$46,875	$61,871	44.56	$60,293	Yes	$0
Haakon 27-1	$45,754	$57,022	22.40	$55,069	Yes	$0
Hamlin 28-3	$45,423	$58,217	49.63	$56,831	Yes	$0
Hanson 30-1	$41,544	$50,601	32.62	$49,223	Yes	$0
Harding County 31-1	$44,140	$59,230	21.00	$59,133	Yes	$0
Harrisburg 41-2	$47,380	$59,282	343.36	$55,634	Yes	$0
Henry 14-2	$46,441	$57,670	14.89	$53,080	Yes	$0
Herreid 10-1	$46,211	$55,040	13.57	$54,153	Yes	$0
Highmore-Harrold 34-2	$44,997	$57,640	22.61	$56,824	Yes	$0
Hill City 51-2	$46,473	$58,423	33.73	$59,577	No	$0
Hitchcock-Tulare 56-6	$43,758	$58,514	24.13	$57,188	Yes	$0
Hot Springs 23-2	$43,095	$54,425	54.65	$54,403	Yes	$0
Hoven 53-2	$40,951	$56,790	18.55	$50,606	Yes	$0

Howard 48-3	$44,238	$57,033	32.65	$54,312	Yes	$0
Huron 02-2	$49,561	$64,433	167.23	$63,629	Yes	$0
Ipswich Public 22-6	$44,676	$59,841	35.00	$56,563	Yes	$0
Irene-Wakonda 13-3	$42,349	$58,934	24.16	$56,006	Yes	$0
Iroquois 02-3	$46,018	$62,338	20.79	$60,464	Yes	$0
Jones County 37-3	$42,494	$54,194	18.66	$50,944	Yes	$0
Kadoka Area 35-2	$44,275	$58,182	37.00	$55,065	Yes	$0
Kimball 07-2	$45,476	$55,040	27.29	$53,994	Yes	$0
Lake Preston 38-3	$42,751	$57,122	19.56	$54,749	Yes	$0
Langford Area 45-5	$44,459	$58,128	19.71	$57,526	Yes	$0
Lead-Deadwood 40-1	$48,862	$67,661	61.00	$64,258	Yes	$0
Lemmon 52-4	$48,597	$59,343	20.30	$59,044	Yes	$0
Lennox 41-4	$43,853	$55,437	71.42	$54,150	Yes	$0
Leola 44-2	$42,374	$55,009	24.50	$52,015	Yes	$0
Lyman 42-1	$47,742	$61,751	37.51	$60,202	Yes	$0
Madison Central 39-2	$49,378	$61,438	81.10	$59,835	Yes	$0
Marion 60-3	$42,366	$55,339	20.60	$51,730	Yes	$0
McCook Central 43-7	$44,977	$57,249	30.50	$57,034	Yes	$0
McIntosh 15-1	$49,352	$69,016	19.35	$64,879	Yes	$0
McLaughlin 15-2	$47,794	$61,957	30.98	$56,648	Yes	$0
Meade 46-1	$47,094	$59,090	200.31	$58,847	Yes	$0
Menno 33-2	$43,782	$58,419	29.87	$55,736	Yes	$0
Milbank 25-4	$48,961	$63,041	68.88	$58,958	Yes	$0
Miller 29-4	$43,987	$53,923	38.64	$47,302	Yes	$0
Mitchell 17-2	$51,404	$65,555	174.99	$64,527	Yes	$0
Mobridge-Pollock 62-6	$48,099	$61,677	40.10	$60,290	Yes	$0
Montrose 43-2	$45,713	$57,356	20.05	$55,546	Yes	$0
Mount Vernon 17-3	$44,692	$57,540	18.57	$56,710	Yes	$0
New Underwood 51-3	$44,131	$56,526	15.62	$56,446	Yes	$0
Newell 09-2	$40,628	$52,416	27.64	$52,132	Yes	$0
Northwestern Area 56-7	$46,554	$57,501	20.15	$54,278	Yes	$0
Oelrichs 23-3	$42,347	$54,387	16.76	$53,602	Yes	$0
Oglala Lakota County 65-1	$55,563	$71,147	94.90	$68,778	Yes	$0
Oldham-Ramona 39-5	$40,197	$50,400	18.49	$49,376	Yes	$0
Parker 60-4	$43,623	$52,697	35.00	$51,042	Yes	$0
Parkston 33-3	$45,390	$59,030	43.05	$57,053	Yes	$0
Pierre 32-2	$47,895	$57,615	165.93	$57,030	Yes	$0
Plankinton 01-1	$45,221	$55,671	22.17	$53,428	Yes	$0
Platte-Geddes 11-5	$46,590	$59,977	42.00	$59,655	Yes	$0
Rapid City Area 51-4	$51,775	$65,899	852.88	$64,058	Yes	$0

Redfield 56-4	$45,619	$58,970	46.00	$57,346	Yes	$0
Rosholt 54-4	$46,513	$61,942	21.90	$59,923	Yes	$0
Rutland 39-4	$36,403	$46,110	20.05	$43,431	Yes	$0
Sanborn Central 55-5	$41,287	$50,733	20.00	$50,961	No	$10,000
Scotland 04-3	$40,957	$53,056	23.00	$52,643	Yes	$0
Selby Area 62-5	$43,596	$58,031	16.86	$55,976	Yes	$0
Sioux Falls 49-5	$52,185	$70,402	1,581.37	$68,432	Yes	$0
Sioux Valley 05-5	$46,381	$59,239	40.30	$59,059	Yes	$0
Sisseton 54-2	$46,128	$58,016	70.73	$56,936	Yes	$0
Smee 15-3	$48,252	$64,848	18.28	$61,774	Yes	$0
South Central 26-5	$46,484	$61,051	6.61	$57,038	Yes	$0
Spearfish 40-2	$48,457	$59,074	158.75	$56,562	Yes	$0
Stanley County 57-1	$42,600	$56,444	34.25	$54,103	Yes	$0
Summit 54-6	$40,425	$51,454	14.05	$49,934	Yes	$0
Tea Area 41-5	$46,081	$57,076	114.24	$56,031	Yes	$0
Timber Lake 20-3	$50,177	$65,602	33.86	$59,077	Yes	$0
Todd County 66-1	$47,266	$60,935	161.60	$60,414	Yes	$0
Tri-Valley 49-6	$47,234	$60,751	61.50	$60,660	Yes	$0
Tripp-Delmont 33-5	$40,868	$53,954	18.13	$51,010	Yes	$0
Vermillion 13-1	$44,679	$59,075	89.56	$58,678	Yes	$0
Viborg-Hurley 60-6	$41,657	$53,780	26.17	$52,260	Yes	$0
Wagner Community 11-4	$49,914	$66,192	68.81	$62,800	Yes	$0
Wall 51-5	$47,715	$62,204	22.53	$61,886	Yes	$0
Warner 06-5	$45,027	$57,475	22.16	$57,357	Yes	$0
Watertown 14-4	$51,197	$65,181	242.30	$64,496	Yes	$0
Waubay 18-3	$42,525	$58,504	17.75	$58,502	Yes	$0
Waverly 14-5	$44,842	$59,083	20.10	$58,631	Yes	$0
Webster Area 18-5	$44,393	$55,739	36.60	$55,255	Yes	$0
Wessington Springs 36-2	$41,867	$54,034	27.22	$53,436	Yes	$0
West Central 49-7	$48,363	$59,361	89.20	$59,155	Yes	$0
White Lake 01-3	$43,450	$52,872	12.79	$52,085	Yes	$0
White River 47-1	$42,880	$54,991	43.33	$52,950	Yes	$0
Willow Lake 12-3	$46,167	$60,633	22.63	$58,158	Yes	$0
Wilmot 54-7	$40,592	$51,735	17.93	$51,563	Yes	$0
Winner 59-2	$46,213	$58,075	47.58	$55,393	Yes	$0
Wolsey-Wessington 02-6	$42,594	$55,866	27.00	$54,363	Yes	$0
Woonsocket 55-4	$40,156	$53,139	21.00	$52,895	Yes	$0
Yankton 63-3	$51,713	$69,319	164.14	$67,054	Yes	$0
STATEWIDE	$48,230	$62,368	9,601.56	$60,687		

Applicable South Dakota Statutes

13-13-10.1(8-10). Definitions.

(8) "Monthly cash balance," the total amount of money for each month in the school district's general fund, calculated by adding all deposits made during the month to the beginning cash balance and deducting all disbursements or payments made during the month;

(9) "General fund base percentage," is determined as follows:

(a) Forty percent for a school district with a fall enrollment as defined in subdivision (2A) of two hundred or less;

(b) Thirty percent for a school district with fall enrollment as defined in subdivision (2A) of more than two hundred but less than six hundred; and

(c) Twenty-five percent for a school district with fall enrollment as defined in subdivision (2A) greater than or equal to six hundred.

When determining the general fund base percentage, the secretary of the Department of Education shall use the lesser of the school district's fall enrollment as defined in subdivision (2A) for the current school year or the school district's fall enrollment from the previous two years;

(10) "Allowable general fund cash balance," the general fund base percentage multiplied by the district's general fund expenditures in the previous school year.

13-13-73.5. Reduction of state aid by subtracting allowable general fund cash balance from lowest general fund monthly cash balance. Beginning on July 1, 2018, a school district's state aid for general education as calculated pursuant to § 13-13-73 shall be reduced by subtracting the allowable general fund cash balance from the lowest general fund monthly cash balance. If the result is less than zero, the reduction equals 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.

13-13-73.6. Increases in teacher compensation. The Department of Education shall calculate the following for each school district:

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

(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 pursuant to § 13-10-6 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 school district, the district's increase in average teacher compensation from fiscal year 2016 to 2017 shall be equal to at least eighty-five percent of the district's increase in local need, as defined in

subdivision (2), from fiscal year 2016 to fiscal year 2017 and, notwithstanding any negotiated agreement, at least eighty-five percent of the increase in state aid to general education funding the school district receives for fiscal year 2017 less the amount of revenue generated in fiscal year 2016 pursuant to § 13-10-6 shall be used to increase instructional salaries and benefits for certified instructional staff.

If a district fails to comply with the requirements of this section, state aid to general education funding to the district in fiscal year 2018 shall be decreased by an amount equal to fifty percent of the amount calculated in subdivision (2). For fiscal years 2019, 2020, and 2021, 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 shall 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.

1-45-38. School Finance Accountability Board. 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 be waived, in whole or in part, if the district can demonstrate that its failure to comply with § 13-13-73.6 is due to special circumstances.

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, 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 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.