

School Finance Accountability Board

Section 1

Definitions

- (1) “Teacher Compensation Staff,” Any certified teacher assigned professional activities of instructing grade K-12 pupils in self-contained classes or courses, or in classroom situations. Excludes instructional aides, administrative staff, long term substitutes, counselors, librarians, speech therapists, technology coordinators, or any teacher non certified.
- (2) “The board,” the School Finance Accountability Board;
- (3) “Instructional Salary,” The annual contracted salary representative to a full year of teaching. This is not to include hiring bonus, extra duty pay, extended contract pay, or any other bonus.
- (4) “Benefits,” Expenditures paid by the school district on behalf of employees, these amounts are not included in the instructional salary, but are over and above. Such payments are fringe benefit payments; and, while not paid directly to employees, nevertheless are part of the cost of salaries and benefits. Examples are: group health or life insurance, contributions to employee retirement, social security, worker’s compensation, and payments made to personnel on sabbatical leave.
- (5) “Teacher Compensation,” consists of the instructional salary and benefits paid out to the teacher compensation staff member in a single fiscal year.
- (6) “Total Teacher Compensation,” the total amount spent on instructional salaries and benefits for all teacher compensation staff in a single fiscal year.

Section 2

Duties

Appointment of board members and terms. 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 shall meet at a minimum of once a year, and anytime that they see appropriate.

Duties

- (1) 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.
- (2) 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.
- (3) 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.

Section 3

Waiver Request

Right of board to establish waiver process. 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.

Waiver Request. Application for a waiver shall be submitted using the waiver form provided by the department and then submitted to the department no later than the **first day of November**. Any waiver application received by the department following the **first day of November** shall be considered null in void. The board will begin reviewing the waiver applications the **second week of November**. The board will forward all waivers recommended to be approved to the Joint Committee on Appropriations for their review and final action.

Source: SL 2016, ch 83, § 23.

General Authority: SDCL 01-45-38.

Law Implemented: SDCL 01-45-38, 13-13-73.5, 13-13-73.6

Waiver Documentation. A school district's waiver will require written documentation with explanation to be presented to the board. District will provide teacher compensation data, and any other data that will be relevant for determining said waiver. Nothing in this section prohibits the board from requesting additional information necessary to review a waiver. Documentation required is as follows:

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

(2) The increase in average teacher compensation, as defined in § 13-8-47, from fiscal year 2016 to fiscal year 2017 and all subsequent years.

(3) The increase in total teacher compensation, as defined in § 13-8-47, from fiscal year 2016 to fiscal year 2017.

Factors. In determining whether to recommend a waiver the School

Accountability Board shall consider the following:

(1) Fiscal impact due to teacher retirement.

(2) Fiscal impact due to declining student enrollment.

(3) Fiscal impact due to changes in benefit expenditures such as changes in family status and health insurance.

(4) Effects of an unexpected teacher resignation, leading to the loss of an FTE for the school district.

(5) Any un-foreseen or extenuating circumstances that affects the district's ability to meet its accountability targets.

Final Action. Any waivers recommended by the board must be approved by the Joint Committee on Appropriations or the Interim Committee on Appropriations. Waivers will be delivered to the Joint Committee on Appropriations and the committee will review at **their next meeting**. The Joint Committee on Appropriations shall take final action to approve or deny a waiver. Any decision derived by the Joint Committee on Appropriations is final. Districts will be notified of the Joint Committee on Appropriations decision within **10 business** days of their decision.