

**South Dakota  
Teacher Compensation  
Review Board**

**Report to Governor Noem and the Legislature**

September 27, 2021

# BACKGROUND

## *History of the Blue Ribbon Task Force*

In 2015, Governor Dennis Daugaard convened the Blue Ribbon Task Force on Teachers and Students. The Blue Ribbon Task Force was charged to “reevaluate the current funding formula, collect and analyze data, engage with stakeholders, and seek public input.” Three policy goals for education in South Dakota were outlined. First, is a quality system of schools focused on student achievement. Second, is a workforce of great educators and third is an efficient, equitable funding system that supports these goals.

The 26-member task force was co-chaired by Senator Deb Soholt of Sioux Falls and Representative Jacqueline Sly of Rapid City. Over the course of the year, the task force held public meetings to seek feedback, consider data, and make recommendations. The task force’s final report, which was issued on Nov. 11, 2015, made numerous recommendations relating to the funding formula and to teacher salaries. Based on those recommendations, Governor Daugaard proposed, and the 2016 South Dakota Legislature passed three pieces of legislation: House Bill 1182, Senate Bill 131, and Senate Bill 133.

## *Policy Action in Response to the Task Force’s Recommendations*

The Blue Ribbon Task Force made eight recommendations in their 2015 report. To date, all recommendations have been acted on. Table A lists each major finding and recommendation and identifies if the recommendation has been met. Details regarding each recommendation can be found in Appendix A.

TABLE A:  
PROGRESS ON THE RECOMMENDATIONS OF THE BLUE RIBBON TASK FORCE

Recommendations		
✓	New Funding Formula	✓ Adopt a new formula based on a statewide target for statewide average teacher salary of \$48,000. <i>The actual target teacher salary was set at \$48,500 in FY17 and has increased each year by the index factor adopted by the legislature for state aid to education funding.</i>
		✓ Maintain the average statewide student-to-teacher ratio at approximately 14.1.
		✓ Replace current small school adjustment with a sliding scale, depending on school enrollment, for the target student-to-teacher ratio.
		✓ Retain the current statutory minimum inflation factor of 3% or inflation, whichever is less in the new formula.
		✓ Reevaluate teacher salaries every three years to assure South Dakota remains competitive with surrounding states.
		✓ No change to the Limited English Proficiency adjustment.
		✓ No change to the sparsity formula.

Recommendations Continued		
✓	New Funding for Teacher Salaries	✓ At least \$75 million in new ongoing funding for teacher salaries. <i>Actual ongoing funding appropriated for K-12 education was estimated at \$67 million.</i>
		✓ Use existing funds to the greatest extent possible.
		✓ Increase the state sales and use tax for additional ongoing revenue.
✓	Accountability	✓ Adopt mechanisms to monitor the implementation of the new formula.
		✓ Develop benchmarks for average teacher salaries to ensure goals are met.
✓	Voluntary Shared Services	✓ Authorize funds to expand shared state services.
		✓ Create incentives for sharing personnel.
✓	Statewide Innovations in Learning	✓ Double the e-Learning Center's course offerings.
		✓ Allocate funds for innovation in virtual education and customized learning.
		✓ Appropriate \$1 million in ongoing funds for learning innovation.
✓	Additional Changes	✓ Reinstate statutory caps on school district general fund reserves.
		✓ Develop a tiered reserve caps system based on school enrollments.
		✓ Districts that exceed the reserve fund cap have their state aid payment reduced on a dollar-by-dollar basis.
		✓ Phase in the caps over a three-year period.
		✓ Establish an oversight committee to help districts with phase-in strategies for reserve caps and assist when unique circumstances arise that may make the caps unrealistic.
		✓ Eliminate the pension levy. The general education levies should be increased by 0.263 mills which would raise the same amount the pension levy currently raises.
		✓ Equalize other revenue to establish greater equity by equalizing future growth in other revenue sources.
✓	Teacher Recruitment and Retention	✓ Grant full reciprocity to teachers who are certified to teach in another state.
		✓ Appropriate funds of \$1 million annually for mentoring.
		✓ Create a New Teachers Academy.
		✓ Restore funding for National Board Certification.
✓	Phased-in Approach	✓ Fully implement all recommendations at the end of three years.

## *Creation and Charge of the Teacher Compensation Review Board*

Among the task force's recommendations was the creation of the Teacher Compensation Review Board. The task force was concerned that its work not be a one-time event, but that state policymakers continue to periodically consider the state's teacher salaries, as compared to surrounding states. This recommendation was included in Senate Bill 131 and codified at SDCL 1-45-39. That statute reads:

There is hereby created the Teacher Compensation Review Board within the Department of Education. The board shall review teacher compensation, including comparable wage indexes, in surrounding states at the completion of every three school years. The board will report its findings to the Governor and the Legislature no later than September 30, 2018, and by September thirtieth in every third year thereafter.

The initial appointment of the members to the board shall be made no later than March 1, 2018. The members shall serve a term of three years.

The board shall consist of nine members to be appointed as follows:

- (1) Three members of the South Dakota Senate appointed by the president pro tempore of the Senate, no more than two of whom may be from the same political party;
- (2) Three members of the South Dakota House of Representatives appointed by the speaker of the House of Representatives, no more than two of whom may be from the same political party; and
- (3) Three members appointed by the Governor.

The first Teacher Compensation Review Board convened in 2018. The board's final report is available at <https://tinyurl.com/4b3hevmu>.

# 2021 TEACHER COMPENSATION REVIEW BOARD

## *Board Members*

The following appointments were made to the 2021 Teacher Compensation Review Board:

- Senate President Pro Tempore Lee Schoenbeck appointed:
  - Senator Jim Bolin (R-Canton)
  - Senator Troy Heinert (D-Mission)
  - Senator David Wheeler (R-Huron)
- Speaker of the House Spencer Gosh appointed:
  - Representative Lana Greenfield (R-Doland)
  - Representative Scott Odenbach (R-Spearfish)
  - Representative Jamie Smith (D-Sioux Falls)
- Governor Noem appointed:
  - Dr. Becky Guffin, the superintendent of schools in the Aberdeen School District
  - Dr. Brian Maher, the executive director of the South Dakota Board of Regents
  - Tiffany Sanderson, the secretary of the South Dakota Department of Education

The Department of Education staffed the board, led by the efforts of Director of Educator Certification and School Accreditation, Carla Leingang. Marzano Research, on behalf of the Regional Education Laboratory for the Central Region, assisted the department with research and board meeting facilitation.

## *Board Meetings*

The board met on July 16, 2021, via Zoom and conference call. In attendance were representatives Scott Odenbach, Lana Greenfield, and Jamie Smith; senators Jim Bolin, Troy Heinert, and David Wheeler; Secretary Tiffany Sanderson; Dr. Becky Guffin; and Dr. Brian Maher.

At the July 16 meeting, Representative Odenbach was elected chair, and Dr. Guffin was elected vice chair. The board heard presentations reviewing progress since the Blue Ribbon Task Force and examining current South Dakota educator workforce data, including teacher compensation and regional wage indexes. These reports are summarized in the Findings sections of this report. The full presentation is available in Appendix A.

A second meeting was held on Aug. 31, 2021, via Zoom and conference call. In attendance were representatives Scott Odenbach and Lana Greenfield; Senator Jim Bolin; Secretary Tiffany Sanderson; Dr. Becky Guffin; and Dr. Brian Maher.

At the Aug. 31 meeting, the board heard a presentation related to board questions from the July 16 meeting, found in Appendix B. In addition, the board heard a presentation on the findings from the 2021 South Dakota Education Summit related to recommendations made by the Educator Recruitment and Retention work group. This presentation is in Appendix C.

The final meeting was held Sept. 22, 2021, via Zoom and conference call. In attendance were representatives Scott Odenbach, Lana Greenfield, and Jamie Smith; senators Jim Bolin, Troy Heinert, and David Wheeler; Secretary Tiffany Sanderson; Dr. Becky Guffin; and Dr. Brian Maher.

At the Sept. 22 meeting, the board reviewed the draft report, made final edits to the document, and approved the report for final distribution.

## FINDINGS OF THE TEACHER COMPENSATION REVIEW BOARD

The Teacher Compensation Review Board reviewed data on South Dakota teacher compensation, comparable wage indexes, teacher supply and workforce demographics, and recruitment and retention efforts. This section highlights the major data reviewed by the board and its findings. Details can be reviewed in the Appendices of this report.

### *Core Data*

#### HOW DO SOUTH DAKOTA TEACHER SALARIES COMPARE TO NATIONAL AVERAGES AND TO NEIGHBORING STATES?

The average South Dakota teacher salary in 2013-14 was \$40,023 and ranked 51<sup>st</sup> among all states and the District of Columbia. By school year 2019-20, the average salary had risen to \$48,984, an increase of 22.4% in six years. However, after rising to a high of 47<sup>th</sup> in the national rankings in 2017-18, South Dakota's teacher salary ranking dropped back to 50<sup>th</sup>. Adjusted for regional price parity, South Dakota teacher pay ranks 45<sup>th</sup>. Since the infusion of new state funds in fiscal year 2017, other states have taken similar measures to bolster teacher pay.

The 2016 South Dakota Legislature established a statewide target teacher salary of \$48,500 in the new state aid formula to elevate the role of teachers. The target adjusted the formula to reflect real input costs in the education system rather than aid based on a per-student dollar amount. The new formula allocated sufficient state aid to each school district to reach the target salary if the district also staffed at the target student-to-teacher ratio.

Since the funding formula changed in fiscal year 2017, the average teacher salary in South Dakota has not reached the target. There are several reasons for this, including the age and experience of a school district's workforce, the salary structures adopted by local school boards, the complete workforce a local district employs (a combination of teachers, staff, and administrators), and the benefits school boards pay in addition to salaries.

When comparing the target teacher salary to the average teacher salary, the percent increase from school year 2016-17 through school year 2020-21 reflects the target teacher salary increased 5.91% while the average teacher salary increased 6.54%. In other words, school districts have invested in teacher salaries at a slightly higher rate than the inflationary increases provided through state aid to general education.

Table B illustrates the evolution of the target teacher salary and average teacher salary from the 2013-14 school year to present.

TABLE B:  
AVERAGE SD TEACHER SALARY HAS GROWN 6.5% SINCE SCHOOL YEAR 2016-17

School Year	Target Teacher Salary	Average SD Teacher Salary (NEA)	NEA Ranking
2013-14	N/A	\$40,023	51
2014-15	N/A	\$40,935	51
2015-16	N/A	\$42,025	51
2016-17	\$48,500.00	\$46,922	48
2017-18	\$48,645.50	\$47,631	47
2018-19	\$49,131.96	\$48,204	48
2019-20	\$50,360.26	\$48,984	50
2020-21	\$51,367.47	\$49,993 (Estimated)	
<i>Percent Increase from SY 2016-17 – SY 2020-21</i>	<i>5.91%</i>	<i>6.54%</i>	

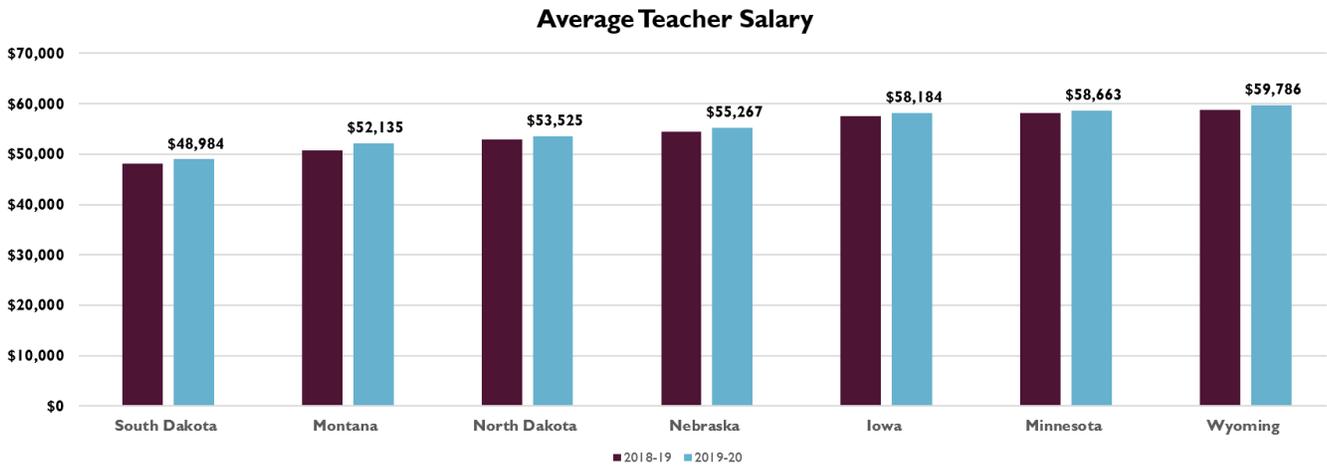
Source: National Education Association

When compared to neighboring states, South Dakota had the lowest average teacher salary in 2018-19 and 2019-20. Figure A compares South Dakota’s annual salary to that in neighboring states. In the region of contiguous surrounding states, South Dakota is ranked last at \$48,984. Wyoming leads the region with an average salary of \$59,786.

When comparing all states, it is important to note the difference in pay between South Dakota at 50<sup>th</sup> (\$48,984) and New Mexico at 32<sup>nd</sup> (\$54,256) is only \$5,272. These data are based on those presented by the National Education Association (NEA) Report *Rankings of the States 2020 and Estimates of School Statistics 2021*. Since the Blue Ribbon Task Force, South Dakota and several other states have taken actions to improve teacher pay. This has condensed the teacher pay rankings and put South Dakota in a much better salary position than prior to the task force’s work.

The NEA report from March 2015 shows South Dakota was ranked 51<sup>st</sup> for teacher salaries in school year 2013-14. The gap between 51<sup>st</sup> and 32<sup>nd</sup> at that time was much wider than it is today; Nebraska, then 32<sup>nd</sup>, was \$9,516 ahead of South Dakota. In fact, when comparing all states’ changes in teacher salaries from 2014 to 2020, the only state with a larger increase in average teacher pay is Washington state. South Dakota’s wage growth of 22.39%, ranked second best in the country, is far ahead of the national average growth over that time at 13.29%. Details can be viewed in Appendix D.

FIGURE A:  
AVERAGE SD TEACHER SALARY IS LOWER THAN NEIGHBORING STATES



Source: National Education Association

When South Dakota salaries are adjusted to include benefits, the 2019-20 average teacher compensation in the state is \$63,454 and has increased 4.56% from 2017 to 2020 (School Finance Accountability Board, 2020). School districts’ investment in benefits has exceeded the growth in salaries slightly.

FIGURE B:  
AVERAGE TEACHER COMPENSATION INCLUDING BENEFITS COMPARED TO AVERAGE TEACHER SALARY

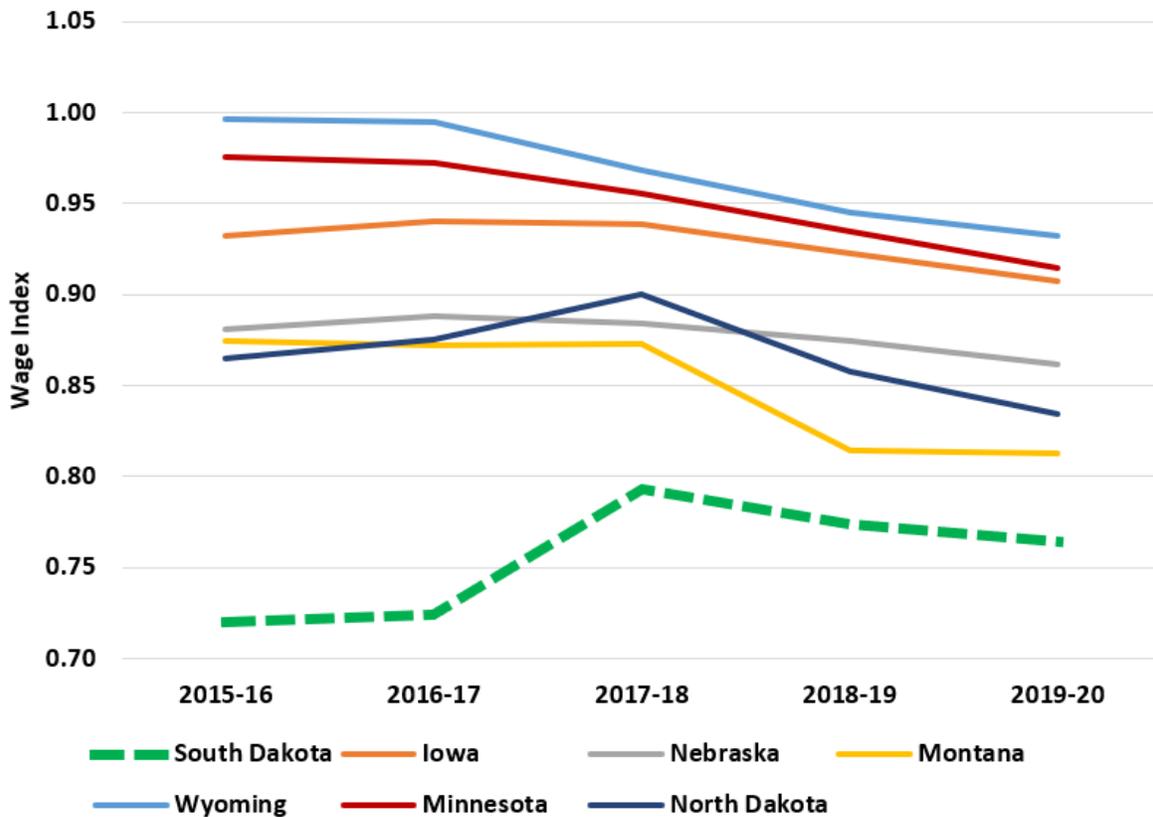
	2017	2018	2019	2020	% Change 2017-2020
<b>Average Teacher Compensation (including benefits)</b>	\$60,687	\$61,442	\$62,368	\$63,454	4.56%
<b>NEA Average Teacher Salary</b>	\$46,922	\$47,631	\$48,204	\$48,984	4.39%

Source: South Dakota Department of Education and National Education Association

Figure C shows the buying power of an average teacher salary in South Dakota and neighboring states over the five-year period from 2015-16 to 2019-20. South Dakota is the only state in the group in which the purchasing power of an average teacher salary increased between 2015-16 and 2019-20. While the purchasing power of an average teacher salary in South Dakota still lags behind that of teachers in neighboring states, the gap has been reduced, and the overall trajectory over five years is upward, due largely to the significant increase following the Blue Ribbon Task Force.

FIGURE C:  
SD GAINED GROUND IN THE COMPARABLE WAGE INDEX IN THE REGION SINCE 2015

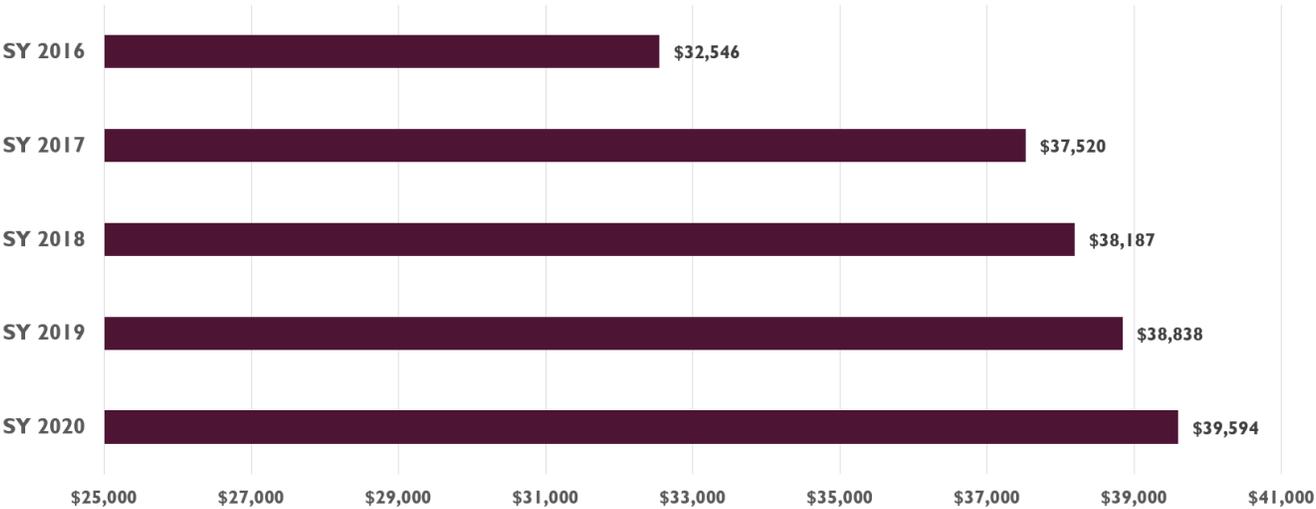
### Wage Indexed Average Teacher Salary



Source: National Education Association

Starting teacher salaries can be a key lever in attracting and recruiting teachers into the workforce. The average baseline or beginning salary in South Dakota has also increased from an average of \$32,546 in 2015-16 to an average of \$39,594 in 2019-20, a 21.65% increase. Figure D shows the growth of the baseline teacher salary from school year 2015-16 through school year 2019-20.

FIGURE D:  
SOUTH DAKOTA BASELINE TEACHER SALARIES HAVE GROWN SIGNIFICANTLY



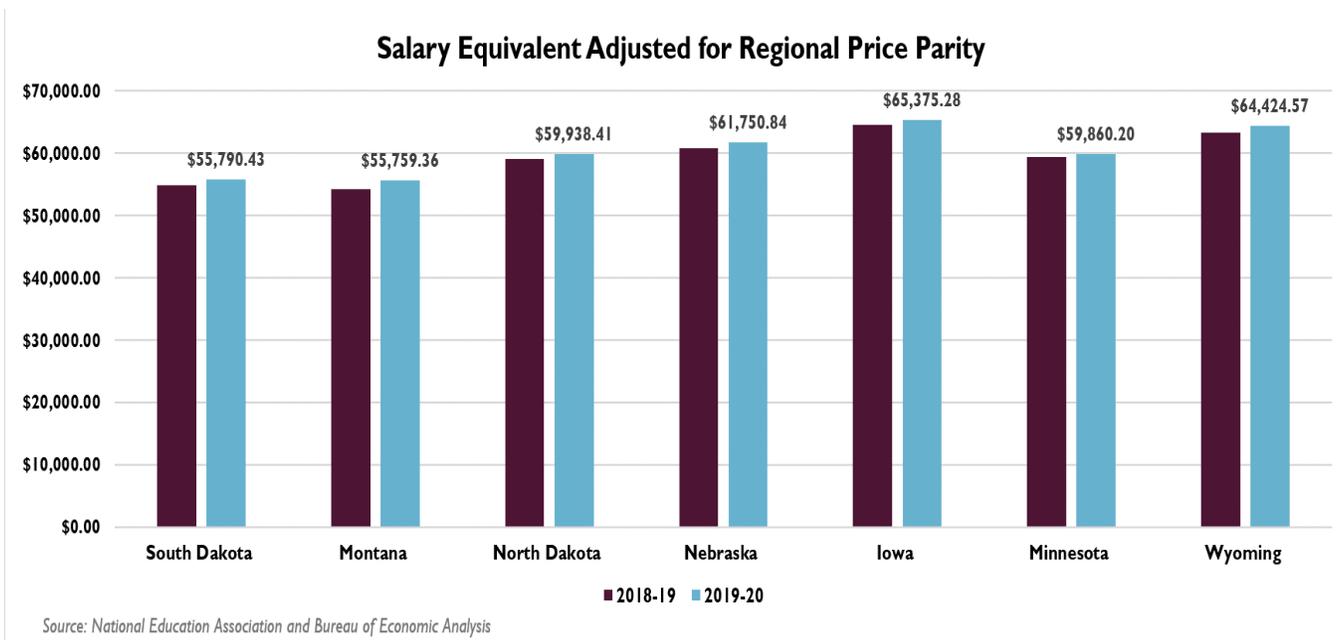
Source: South Dakota Department of Education

## HOW DO SOUTH DAKOTA TEACHER SALARIES COMPARE WHEN ADJUSTED FOR REGIONAL PRICE PARITY?

Regional price parities adjust for cost of living and allow for a comparison of buying power across the states. South Dakota’s price parity is 87.8, meaning that equivalent items cost 88% of the average cost in the United States. Salary figures can be adjusted by regional price parity to create a salary equivalent that accounts for the cost of living in the state.

When the 2019-20 salary figures for South Dakota and neighboring states are adjusted to account for the regional price parity in each state, South Dakota’s average salary is the equivalent of \$55,790. When compared to neighboring states, the South Dakota average teacher salary, adjusted by price parity, is lower than all but one neighbor: Montana. When compared to all states and the District of Columbia, South Dakota’s salary equivalent rises to 45<sup>th</sup> in the nation. Figure E compares South Dakota teacher salary adjusted by price parity to neighboring states.

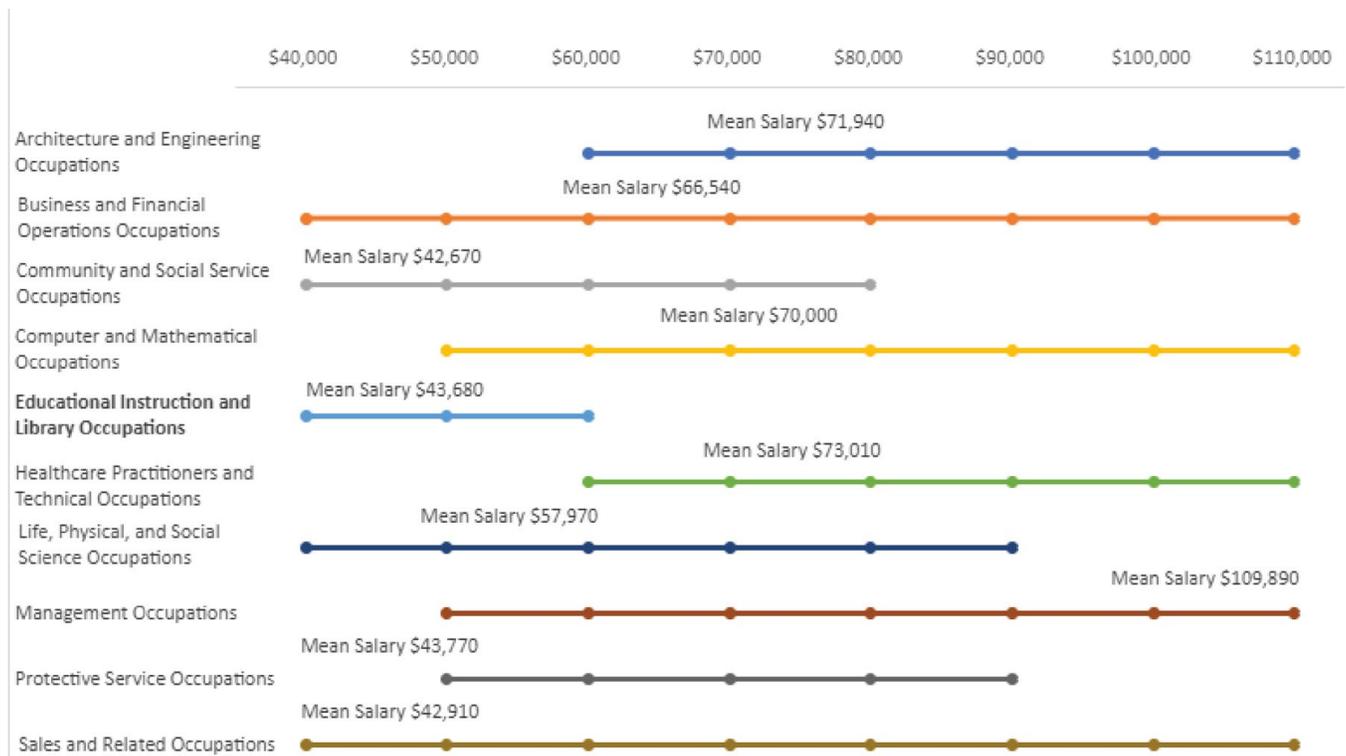
FIGURE E:  
ADJUSTED SD SALARY REMAINS LOWER THAN ALL BUT ONE NEIGHBORING STATE



## HOW DO SD TEACHER SALARIES COMPARE TO OTHER OCCUPATIONS IN THE STATE?

South Dakota teacher pay is comparable to community and social service occupations and protective service occupations. These three categories of occupations are outpaced by other careers requiring similar education and training in the state. Figure F shows the salary ranges for occupations with comparable requirements.

FIGURE F:  
SD SALARY RANGES FOR OCCUPATIONS WITH COMPARABLE REQUIREMENTS



\* SOC – Standard Occupational Classification

For more information about the wage estimates, please visit [https://www.bls.gov/oes/current/oes\\_abo.htm](https://www.bls.gov/oes/current/oes_abo.htm).

Source: U.S. Bureau of Labor Statistics. Provided by Labor Market Information Center, South Dakota Department of Labor and Regulation, April 2021

## IS SOUTH DAKOTA PREPARING AND RETAINING ENOUGH TEACHERS TO MEET WORKFORCE DEMAND?

### *South Dakota is Attracting a Larger Number of Certified Teachers*

From 2018 to 2021, the number of educator certificates processed increased each year; over the entire span, certifications processed increased 31.2% to a total of 3,944 in fiscal year 2021. Notably, both in-state initial certificates increased as did initial certificates for teachers coming to South Dakota from out-of-state. Alternative certificates also increased during this same time, indicating that more individuals are entering the teaching profession after starting their careers in other fields.

The number of teacher preparation graduates from South Dakota colleges and universities has remained steady; only about half of them seek certification in South Dakota following graduation, however. The main reason is that many out-of-state graduates return home to teach. According to the South Dakota Board of Regents, between 2017 and 2020, 82% of South Dakota high school graduates completing a teacher education program at a South Dakota public university stay in South Dakota.

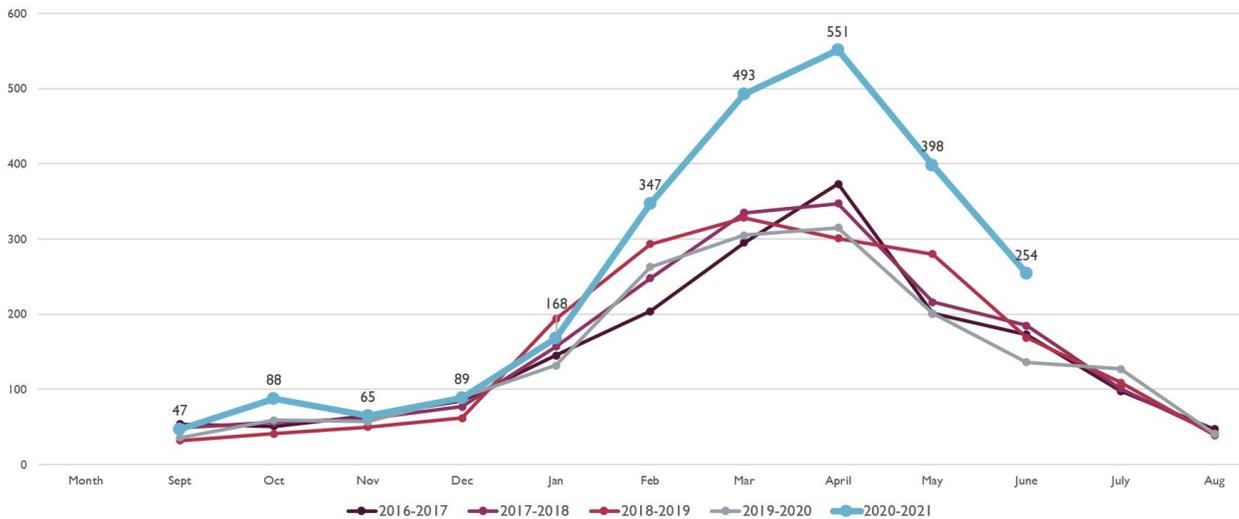
### *South Dakota Retains 90% of Teachers Each Year*

Over the last three years, the percentage of teachers leaving their positions has increased to 10% in 2019-20 from 8% in 2017-18. Four percent moved to new positions in education, while 6% left the South Dakota education system. Retirements, jobs outside of education, education jobs outside of South Dakota, and family or personal reasons account for those who left the South Dakota education system. The Institute of Education Sciences through the Regional Educational Laboratory Central at Marzano Research compared the retention and movement rates of teachers in four states on the Great Plains between the 2015-16 school year and 2016-17. Data varied widely by school district, but at the state-level, South Dakota's teacher retention rate was better than the average, including Colorado's and Missouri's retention rates, and slightly lower than Nebraska's rate.

### *Number of Educator Job Postings is Increasing and Teachers are Becoming Certified in Additional Content Areas*

The number of educator job openings each school year in recent history has been roughly equal until hiring began for the 2021-22 school year. Due to the impacts of COVID-19, schools responded to fill open positions and new, short-term positions funded by the influx of one-time federal education stabilization funds. While opportunities in teaching have been on the rise, the number of unfilled vacancies at the beginning of the school year in 2020-21 were higher than the four-year average in nearly every category. Figure G shows the number of open positions in the Associated School Boards of South Dakota's Teacher Placement Center by year and month.

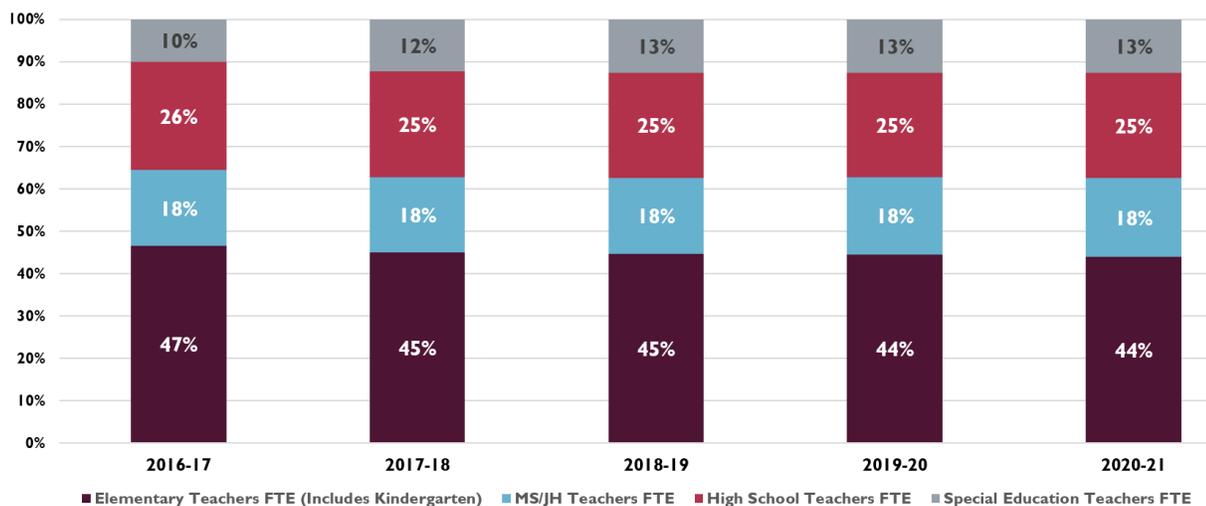
FIGURE G:  
TEACHING POSITIONS LISTED IN THE ASBSD TEACHER PLACEMENT CENTER



Source: Associated School Boards of South Dakota Teacher Placement Center

Between 2017-18 and 2020-21, the category with the most job openings was special education. According to the state’s Personnel Record Form, in school year 2016-17, special education was 10% of the teaching workforce. This has increased to 13% in school year 2020-21. The proportion of openings is high compared to the openings for other grade bands. Figure H shows the percent of teachers in each grade band including elementary, middle school/junior high, high school and special education.

FIGURE H:  
PERCENT OF TEACHERS BY GRADE BAND



Source: South Dakota Department of Education Personnel Record Form

### *Enrollment Projections Suggest the Need for Teachers Will Increase*

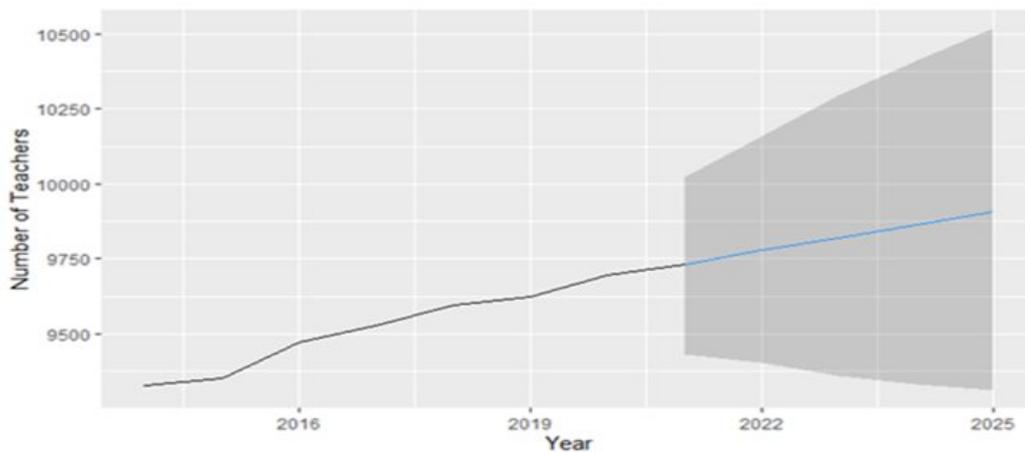
In school year 2020-21, the number of unfilled vacancies reported by districts at the beginning of the school year was higher than the previous four-year average in nearly every content area. The areas of highest need are elementary positions, special education, language arts, fine arts, math, and miscellaneous/non-credit positions. The impacts of COVID-19 have exaggerated the unfilled positions. Schools have adapted when they haven't been able to fill positions by creating larger classes or placing existing certified teachers on plans of intent to become authorized in the areas needed.

In addition to the number of unfilled positions that are documented, district officials have frequently spoken to the lack of applicants for their open positions. In the past, schools would receive many applications for open teaching positions, particularly at the elementary level. In recent years, the number of applicants for open positions have been in the single digits for districts of all sizes and locations. This indicates that, while the number of certified teachers is increasing, the pipeline to fill school district positions is smaller than ideal.

Over the next five years, the teaching workforce in South Dakota is expected to increase, based on existing methods for predicting workforce shortages (Reichardt, Klute, Stewart, and Meyer, 2020). It is likely that the total number of teachers in the workforce will be between 9,312 and 10,520 in 2025. Figure I presents the expected growth of the teaching workforce, with the dark gray area representing the projected range of teachers needed.

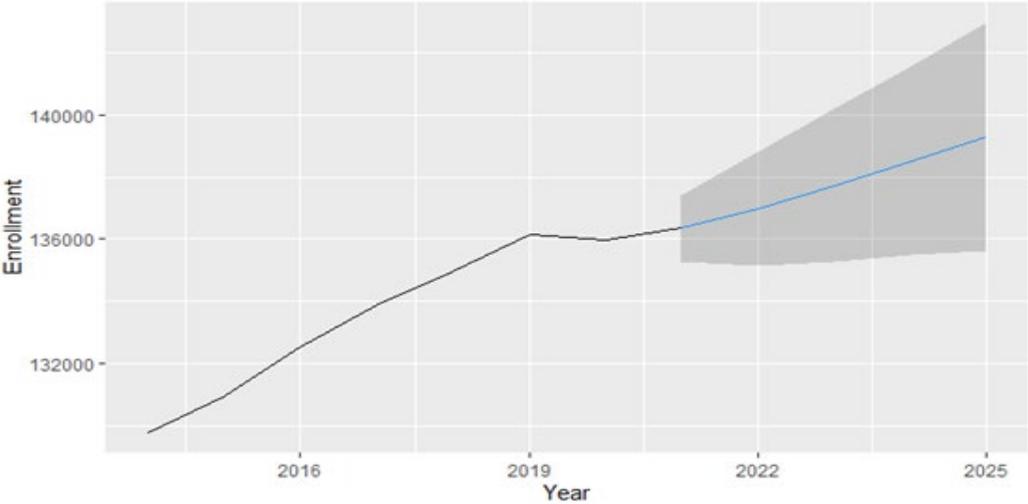
FIGURE I:

CONTINUED GROWTH IS EXPECTED IN THE SOUTH DAKOTA TEACHER WORKFORCE



During the same time period, student enrollment in public schools is expected to increase to approximately 139,304 by 2025. It is likely that the total student population will be between 135,626 and 142,981. Figure J illustrates the expected growth of the student population with the dark gray area representing the projected range.

FIGURE J:  
THE SOUTH DAKOTA STUDENT POPULATION IS EXPECTED TO GROW AT A GREATER RATE THAN THE TEACHER WORKFORCE



If the current teacher workforce and student population trends hold true, the student-to-teacher ratio could rise to 20:1 by 2025, above the target ratio of 14:1 in South Dakota. While the school districts have added teaching positions to their staffs to keep pace with student enrollments, work must continue to recruit new teachers and retain those already in the field. A quality workforce focused on student achievement is dependent on an available talent pool and structures within the school districts that support a good work environment.

## Board Questions

### TEACHER WORKFORCE

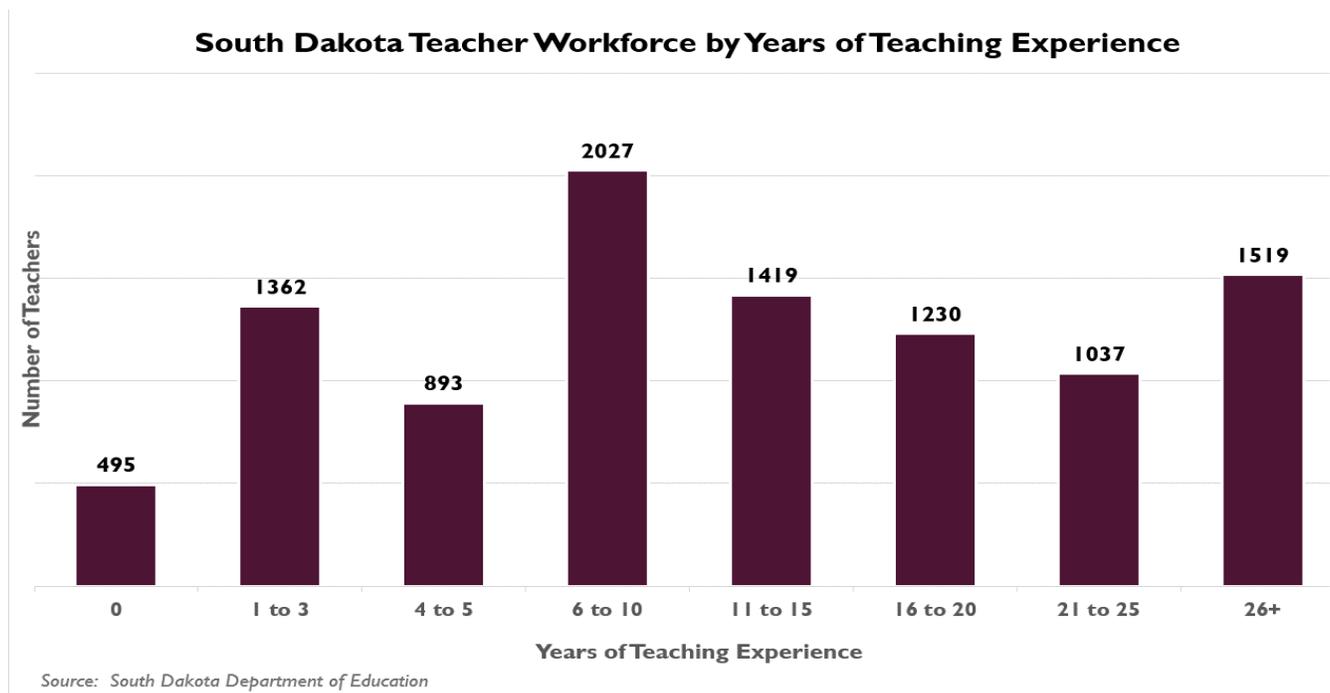
#### WHAT DOES THE CURRENT SOUTH DAKOTA TEACHING WORKFORCE LOOK LIKE?

The South Dakota Department of Education collects information about the current teaching workforce. This section highlights key demographic characteristics of the workforce in 2021.

Of the nearly 10,000 teachers in the state in 2021, the greatest number of South Dakota teachers have between six and 10 years of teaching experience (2,027), and 1,519 teachers have 26 or more years of experience. Figure K illustrates the number of teachers in each age band in 2021.

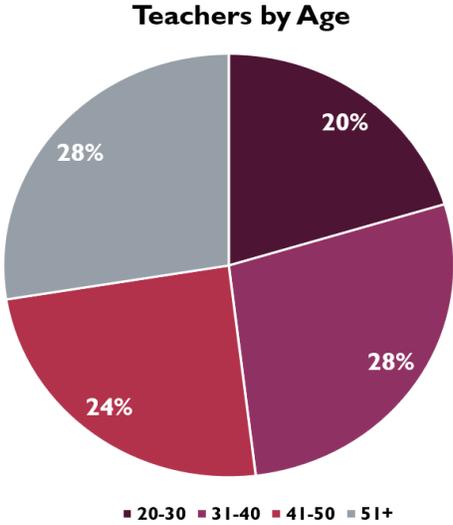
FIGURE K:

TWENTY PERCENT OF SD TEACHERS HAVE 6-10 YEARS OF EXPERIENCE



When considering the age of the South Dakota teacher workforce, the percentage of individuals in each of four, 10-year age bands is similar, with the 20-30 age band having the fewest teachers. The greatest number of teachers are currently between ages 31 and 40, with the second largest group over 51 years of age. Figure L presents the South Dakota teacher workforce by 10-year age band.

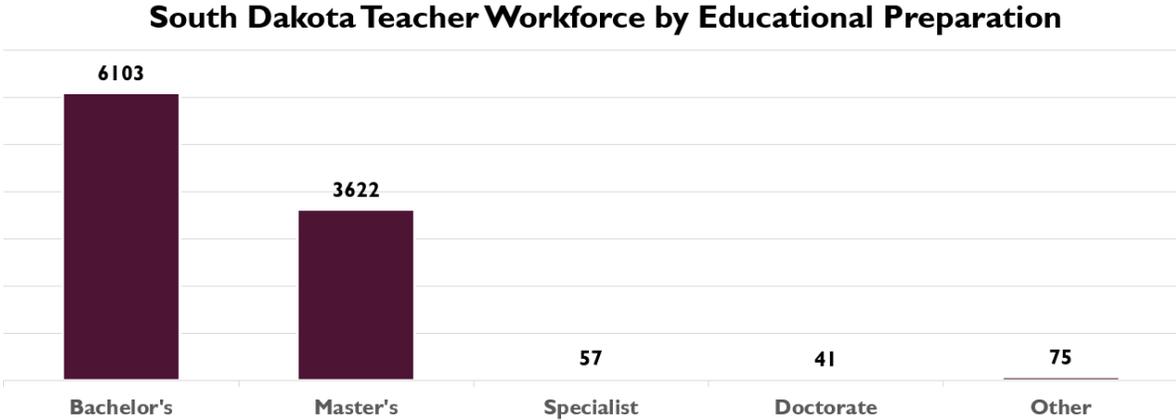
FIGURE L:  
THE SOUTH DAKOTA TEACHER WORKFORCE IS EVENLY DISTRIBUTED BY AGE



Source: South Dakota Department of Education

Sixty-two percent of South Dakota teachers hold a bachelor’s degree, while 37% hold a master’s degree. Figure M illustrates the teacher workforce by educational attainment level.

FIGURE M:  
TWO-THIRDS OF SOUTH DAKOTA TEACHERS HOLD BACHELOR’S DEGREES

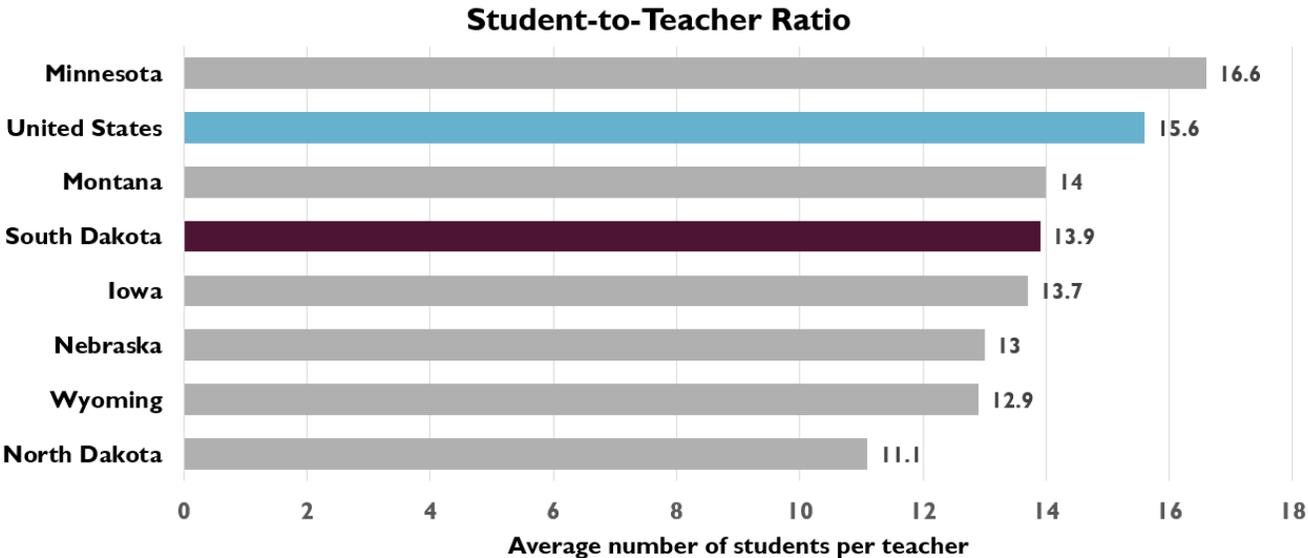


Source: South Dakota Department of Education

# HOW DOES THE SOUTH DAKOTA STUDENT-TO-TEACHER RATIO COMPARE TO NEIGHBORING STATES?

South Dakota’s student-to-teacher ratio is slightly below the state target of 14 to 1. In comparison to neighboring states, South Dakota has a lower student-to-teacher ratio than Minnesota and Montana and has a lower ratio than the United States average. Figure N presents the student-to-teacher ratios for South Dakota, neighboring states, and the United States average.

FIGURE N:  
SOUTH DAKOTA HAS A LOWER AVERAGE STUDENT-TO-TEACHER RATIO THAN THE UNITED STATES AVERAGE



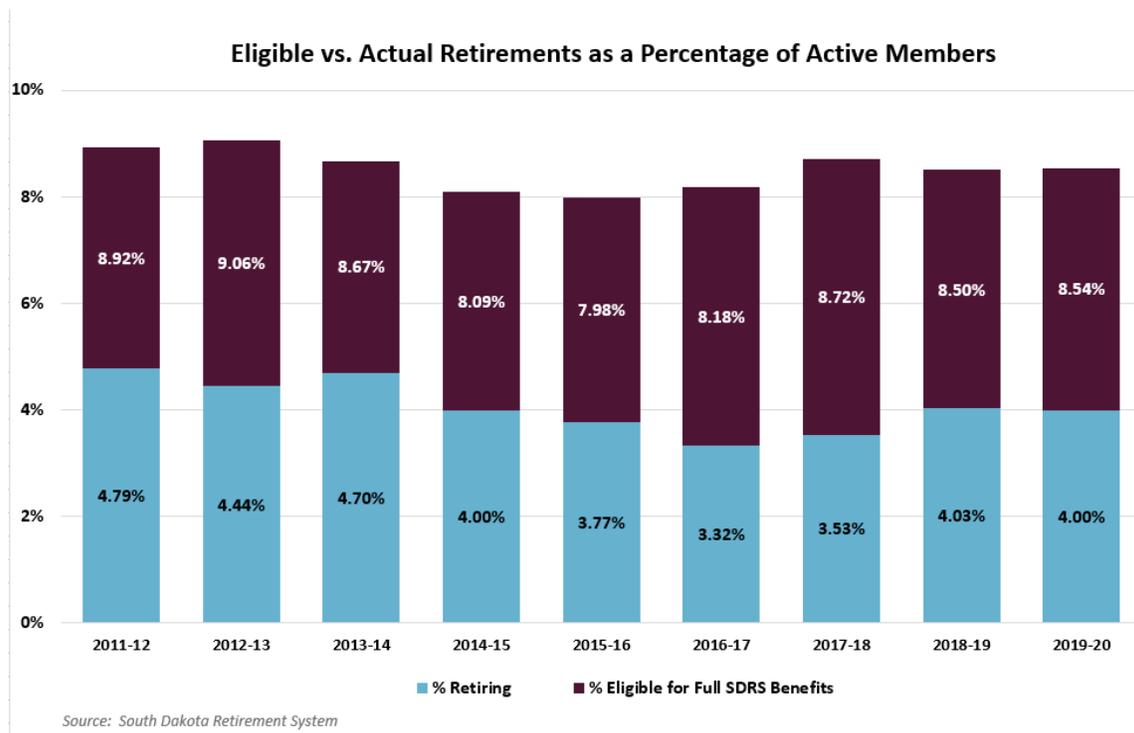
Source: NEA Rankings of the States 2020 and Estimates of School Statistics 2021

## IMPACTS OF RETIREMENTS

### HOW MANY SOUTH DAKOTA TEACHERS RETIRE EACH YEAR?

Since 2011, 8 to 9 percent of the South Dakota teacher workforce is eligible for retirement each year. The actual number of retirements is between 3 and 5 percent. Figure O illustrates the percentage of teachers eligible to retire compared to the percentage that actually retire.

FIGURE O:  
APPROXIMATELY HALF OF ELIGIBLE TEACHERS RETIRE EACH YEAR



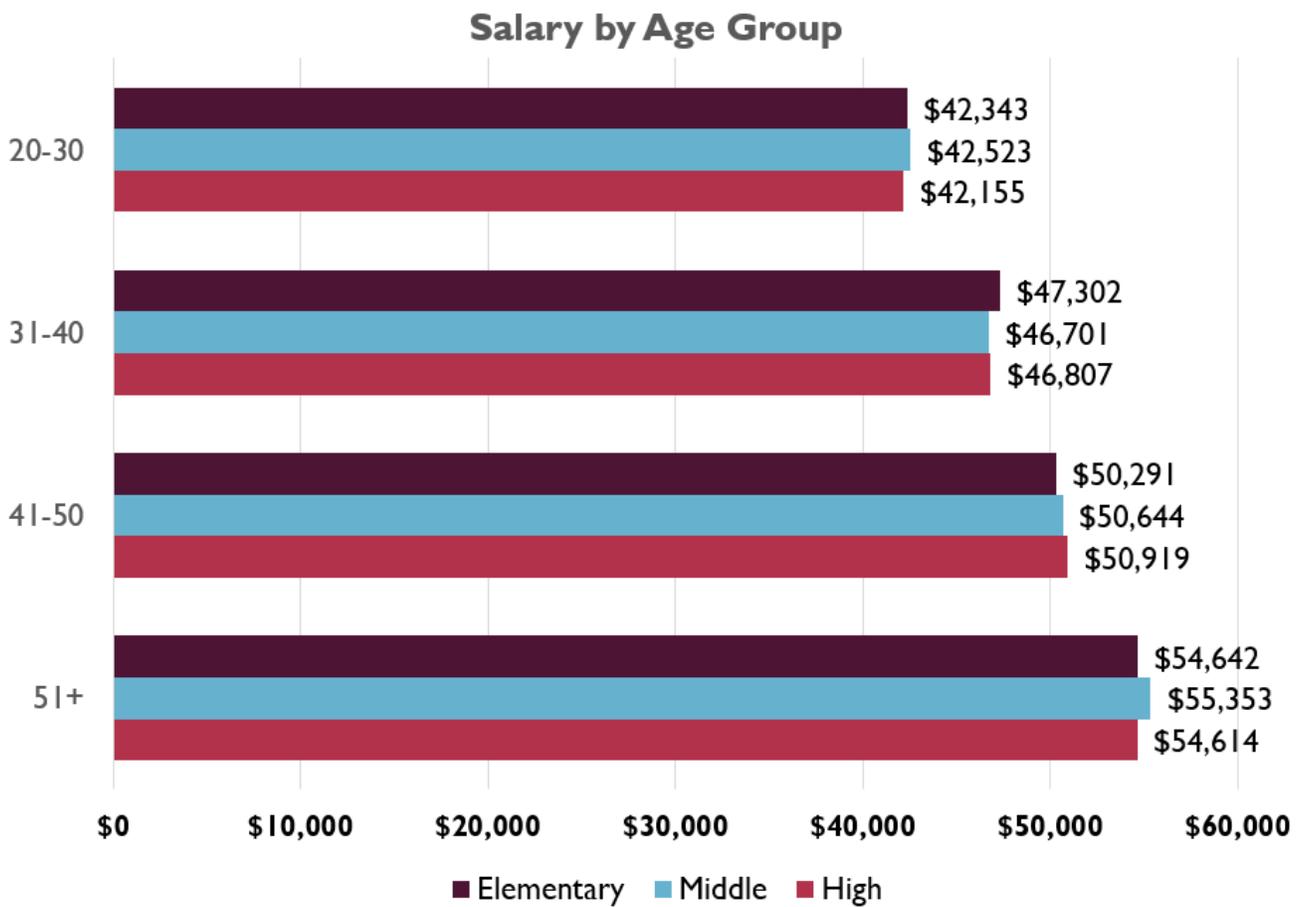
### *South Dakota Retirement System Rules May Impact Reemployment of Retirees*

South Dakota Retirement System benefits can aid in recruitment and retention of educators. SDRS rules do not prevent the reemployment of retirees; however, they may result in a temporary impact to the member's retirement benefit. In accordance with IRS regulations, a bona fide separation of service is required to receive SDRS retirement benefits. SDRS rules have required a three-month break in employment at retirement since 2010. Legislation in 2021 confirmed the break in service must not include any employment regardless of how it is labeled, as required by the regulations. In addition, an exemption added in 2021 allows someone who was at least age 59 ½ at retirement to be reemployed for up to 1,250 hours per fiscal year without any impact to the member's benefit. These rules can benefit retired educators who might be willing to return to the district as a part-time teacher, food service worker, substitute, bus driver, or other position.

### South Dakota Average Salaries by Age Group

A comparison of average teacher salaries by age group shows the average salary for elementary teachers increases by 29.05% between teachers age 20-30 and those 51+. This increases to approximately 30% for middle school and high school teachers. Figure P shows the increase for each age group. When higher paid, more experienced teachers retire, they are often replaced by younger or less experienced teachers, impacting the statewide or district average teacher salary.

FIGURE P:  
HOW DOES AGE INFLUENCE SALARY?



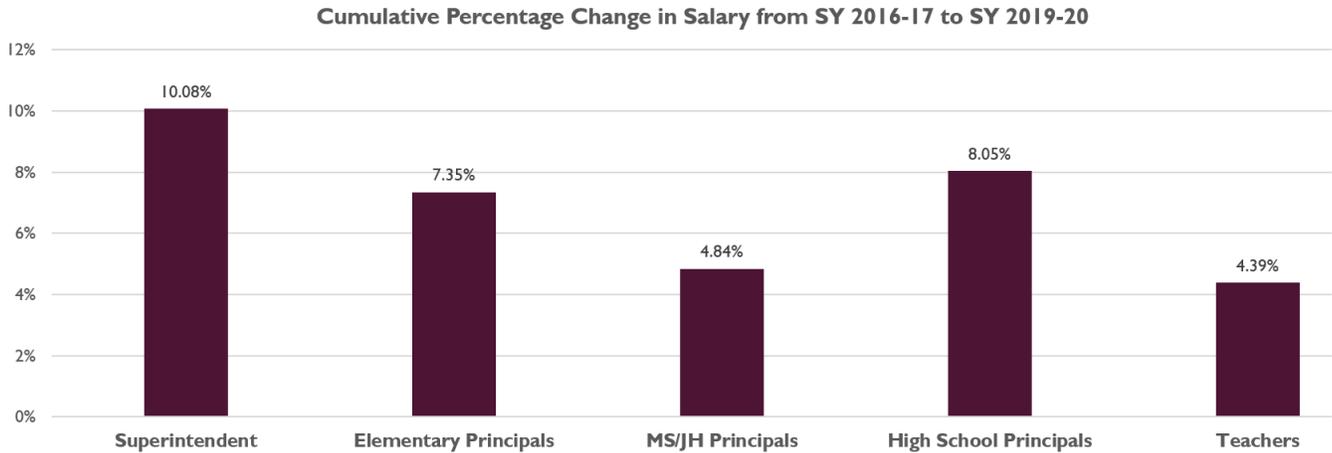
Source: South Dakota Department of Education

## Salary Growth for School Administrators and Teachers

Since the 2016-17 school year, school administrator salaries have grown more rapidly than teacher salaries. As school boards make decisions about staff wages across positions, equity in growth rates should be considered.

FIGURE Q:

ADMINISTRATORS SALARIES HAVE INCREASED SINCE SY 2016-17



Source: South Dakota Department of Education Statistical Digest and National Education Association

## ACCOUNTABILITIES

The Blue Ribbon Task Force recommended that accountabilities be implemented to add mechanisms to monitor the implementation of the new funding formula and develop benchmarks to ensure average teacher salary goals are met.

### *Accountability to Ensure Increases in Teacher Compensation*

The initial accountabilities for teacher pay that were set-up through the Blue Ribbon Task Force legislation, starting in FY17, expired in June 2021. While the data on teacher salaries and total compensation will continue to be reported and analyzed, the requirements for school districts to meet certain thresholds for pay no longer exists.

### *Teacher Recruitment and Retention*

One of the recommendations from the Blue Ribbon Task Force focused on teacher recruitment and retention. All recommendations, including reciprocity for out-of-state educators, have been implemented, but data indicates South Dakota continues to have a teacher shortage. It is difficult to determine how much COVID-19 is impacting increasing teacher and substitute shortages; however, states that have not previously experienced shortages are reporting this is now an issue.

As part of the American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund, an allowable expense is supporting the educator workforce. The South Dakota State Plan includes a commitment to utilize the data collected for the Teacher Compensation Review Board to identify urgent areas of shortages or potential shortages and work with districts, educator preparation programs and professional education organizations to establish an updated, multi-dimensional approach to educator workforce needs.

### *Inflation: The Impact of COVID-19*

With the advent of the COVID-19 pandemic in March 2020, it is difficult to fully identify or predict its impact on such areas as increase in teacher job openings, vacancies in classified and substitute positions, and inflation.

According to the South Dakota Department of Labor and Regulation Economic Snapshot of Seasonally Adjusted Labor Force, in July 2021, South Dakota has a 2.9% unemployment rate. Beginning salaries at retail stores can start at \$16.00 an hour for individuals with no experience. This has a direct impact on retaining and filling staff positions in schools.

Over the next three years, the impact of presumed rising inflation will remain to be seen but must be watched carefully and may require adjustments to state law to ensure schools' purchasing power remains in line with inflationary changes.

## CONCLUSIONS

The 2021 Teacher Compensation Review Board findings highlight opportunities for school boards, school administrators, and policy makers to consider. Continued progress on teacher salaries requires action on multiple fronts. No single policy or effort will result in an all-inclusive solution to maintain a great educator workforce in South Dakota.

- The Blue Ribbon Task Force set out a robust agenda to enact positive change for teacher pay in South Dakota after the state had the lowest average teacher salary in the country for decades. Since then, the actions taken on the task force's recommendations, including changes to the funding formula and increased funding to K-12 education, show that South Dakota made significant strides in teacher pay. The only state with a larger increase in average teacher pay is Washington state. South Dakota's wage growth of 22.39%, ranked second best in the country, is far ahead of the national average growth over that time at 13.29%.
- Though South Dakota has made significant investments, the state is now ranked 50<sup>th</sup> in teacher salaries after other states also made notable investments in teacher pay in recent years.
- Recruiting and retaining educators must remain a priority at both the local and state levels to ensure that, in addition to competitive salaries, the workforce is filled with qualified educators who support students in their academic and personal development.
- The teacher shortage in South Dakota is challenging for many districts and is projected to increase. The highest needs in South Dakota are in elementary, special education, language arts, fine arts, math, and miscellaneous/non-credit positions. Teacher pay is one of several important factors to address this shortage. The state's quality communities, excellent retirement benefits, low cost of living, and additional benefits paired with salaries all contribute to a good quality of life for those in the education profession.
- Decision makers at all levels must utilize possible options to make teacher salaries competitive in the state and around the region. Every effort should be made to keep great teachers in classrooms in South Dakota, including addressing the costs of higher education for teacher candidates.
  - Local school boards set teacher salaries and make staffing decisions that align with their district priorities and needs. School districts must structure wage ranges, from starting pay to the highest wages, to attract and retain a qualified and capable workforce.
  - Policy makers must recognize there are many pressure points on local school district budgets. With property tax valuations increasing in many areas of the state, decisions makers should consider the reallocation of existing budgets to help attract and retain great teachers.
- Workforce shortages in non-certified staffing is causing a shift of resources away from teacher salaries. As schools have had to increase hourly wages to attract and retain support staff, budgets are shifting toward those priorities. Increased support staff costs will erode the ability for school boards to increase teacher salaries.

- The impacts of the COVID-19 pandemic are not yet fully understood, particularly in relation to the availability of the education workforce, economic inflation, and teacher compensation. In particular, substantial inflation over the past six months indicates that the index factor in the state aid formula is likely to be below the inflationary adjustment needed to prevent salaries from falling further behind in market competitiveness. Policy makers must watch economic and labor force indicators carefully in the coming months and years to position South Dakota’s schools and educators in a sustainable and competitive position.

## APPENDICES

**Appendix A:** Teacher Compensation Review Board Data from July 16, 2021 <https://tinyurl.com/3hkxzk9>

**Appendix B:** Teacher Compensation Review Board Data from August 31, 2021 <https://tinyurl.com/vncnccun>

**Appendix C:** Educator Recruitment & Retention: Summary of Recommendations from the 2021 South Dakota Education Summit <https://tinyurl.com/2tysahkr>

**Appendix D:** NEA Teacher Salary Rankings from 2013-14 through 2019-20 <https://tinyurl.com/6bv6sb9c>