

South Dakota Teacher Compensation Review Board *2018 Report*

Background

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.”

The twenty-six 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 public feedback, consider data, and make recommendations. The task force’s final report, which was issued on November 11, 2015, made numerous recommendations relating to the funding formula and to teacher salaries. Based on those recommendations, Governor Daugaard proposed and the 2016 State Legislature passed three pieces of legislation: House Bill 1182, Senate Bill 131, and Senate Bill 133.

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.

Pursuant to that statute, in February 2018 the following appointments were made to the Teacher Compensation Review Board:

- Senate President Pro Tempore Brock Greenfield appointed:
 - Senator Jim Bolin (R-Canton)
 - Senator Troy Heinert (D-Mission)
 - Senator Deb Soholt (R-Sioux Falls)

- Speaker of the House Mark Mickelson appointed:
 - Representative Julie Bartling (D-Burke)
 - Representative Tom Holmes (R-Sioux Falls)
 - Representative David Lust (R-Rapid City)
- Governor Dugaard appointed:
 - Dr. Becky Guffin, the superintendent of schools in the Aberdeen School District
 - Tony Venhuizen, the governor’s chief of staff
 - Don Kirkegaard, the secretary of education. Kirkegaard resigned from the Board in July 2018 and Governor Dugaard appointed Dr. Kelly Glodt, the superintendent of schools in the Pierre School District, to replace him.

The Board met on June 20, 2018, in Pierre. At that meeting, Senator Jim Bolin was elected chair, and Representative Julie Bartling was elected vice chair. A second meeting was held on August 29, 2018, in Pierre, and at that meeting, this report was adopted, with instructions that it be delivered to Governor Dugaard and to the Legislative Research Council no later than September 30, 2018, pursuant to the statute.

Presentations

At the June 20, 2018 meeting, the Board considered four presentations, which are attached to this report and briefly summarized below.

National Teacher Workforce Pipeline Data – Dr. Richard Ingersoll

Dr. Ingersoll had presented to the Blue Ribbon Task Force in 2015, and offered his presentation on “Why schools have difficult staffing their classrooms with qualified teachers.” His report is based on national data.

Dr. Ingersoll’s report found that the areas of teaching with the greatest hiring difficulties are mathematics, science and special education. Fifty-six percent of newly hired teachers in public school systems come from the “reserve pool” of qualified teachers, rather than newly qualified teachers entering the profession.

Turnover is a major issue in the teaching profession. Based on 2003 data, teaching has higher turnover than other professions including attorneys, architects, and nurses, and the turnover rate is even slightly higher than that of police officers. In the 2011-12 school year, schools hired 343,955 new teachers at the beginning of the year, only to have 531,340 depart at the end of the year. Beginning teachers leave at the highest rates, with 23 percent of teachers leaving the profession after two years or less.

Job dissatisfaction is the most common reason that teachers depart. Dr. Ingersoll’s study found that a number of workplace-related factors, such as accountability and testing, administration, facilities and resources, and student discipline, all were cited more frequently than poor salaries as a reason for teacher to depart. He noted, however, that his report was based on national data, and that in South Dakota, where salaries were unusually low, this could be a more prevalent factor.

Finally, Dr. Ingersoll's report found that efforts to recruit new teachers are futile if not paired with efforts to retain greater numbers of existing teachers. For that reason, he urges state and school leaders to improve retention programs, such as teacher mentoring, and applauded South Dakota for including a mentoring program in the Blue Ribbon package of legislation in 2016.

South Dakota Teacher Workforce Pipeline Data – Abby Javurek

Javurek, the director of the South Dakota Department of Education's Division of Accountability Systems, presented "Trends in Educator Preparation and Employment in South Dakota." The report complements the Ingersoll presentation, as it is based on up-to-date data that is specific to South Dakota.

Javurek's report includes exceptional detail about South Dakota's teaching profession. The report shows the impact of the Blue Ribbon legislation on teacher salaries. In the 2015-16 school year, the average teacher base salary in South Dakota was \$32,542. In 2016-17, base salaries increased to \$37,627, an increase of 15.6% as a result of the increased funding. Preliminary data for 2017-18 indicates base salaries increased slightly more, to \$38,147.

The report also looks at average salaries for all teachers. In 2015-16, the average salary was \$42,025. This increased to \$46,922 in 2016-17, an increase of 11.7%, due to the Blue Ribbon legislation. Salaries increased to \$47,631 based on preliminary 2017-18 data.

Javurek's report also looks at the five-year projection for the teacher pipeline in South Dakota. The report finds that, by the 2022-23 school year, South Dakota schools will need to hire 2,320 new teachers: 876 to replace retiring teachers, 988 to replace those who leave the teaching profession for other reasons, and 456 to accommodate projected growth in students.

Fortunately, the report projects that South Dakota will have 2,892 new teachers enter the pipeline during that five-year period, exceeding the need of 2,320 new teachers. That includes 1,742 new teachers who will graduate from a public or private university in South Dakota and remain in the state, 855 teachers who will come to South Dakota from out-of-state, and 295 teachers who enter the profession through alternative certification.

Unfortunately, despite this progress, many schools still face hiring challenges. Javurek's report stated that, at the beginning of the 2017-18 school year, 50.66 teaching FTEs in school districts remained unfilled. This represented teaching positions at 78 schools in 39 school districts.

Finally, the report includes data indicating that the hardest-to-fill teaching positions are mathematics, science, high school language arts, special education, career and technical education, and English as a second language. The report also includes information about steps schools are taking to address these persistent shortages.

National Spending and Salary Data – Michael Griffith

Michael Griffith, school finance consultant for the Education Commission of the States, prepared a report comparing South Dakota teacher salaries, administrator salaries, and spending data to other

states. The report was an update of a report that Griffith had presented to the Blue Ribbon Task Force. However, Griffith’s report did not include data from 2016-17, the first year in which the Blue Ribbon Task Force legislation affected teacher salaries, and is of limited value in gauging South Dakota’s current position in relation to other states.

Teacher salary rankings – Tony Venhuizen

Tony Venhuizen, chief of staff to Governor Daugaard, presented three rankings of average teacher salaries by state:

- “Average salary of teachers” for 2015-16 and 2016-17, as compiled by the National Education Association in its “Rankings of the States 2017 and Estimates of School Statistics 2018” (page 26).
- “NEA average teacher salaries, by state, adjusted by 2016 BEA regional price parities.” This document adjusts the NEA average teacher salary for 2016-17 by the Bureau of Economic Analysis’ most recent Regional Price Parities, which are an index of cost of living, and ranks the states by the cost-of-living adjusted average teacher salary.
- “Average teacher salaries, adjusted for regional price parities and state taxes.” This document, prepared by the South Dakota Governor’s Office of Economic Development, goes a step beyond the prior document, by also adjusting average salaries by the federal and state tax burden in each state.

Venhuizen noted that the NEA annual report has always been the source for the statement that South Dakota is “last in the nation” in teacher pay. The latest report indicates that, in the 2016-17 school year, South Dakota rose from #51 in the nation to #48, making this the first school year since 1985 that South Dakota did not have the lowest average teacher salaries in the nation. The NEA report also states that South Dakota’s average salaries increased from \$42,025 in 2015-16 to \$46,979 in 2016-17, an increase of \$4,954 or 11.8%. Both as a dollar amount and as a percentage, this was by far the largest increase in the nation that year.

The statute creating the Board states that it “shall review teacher compensation, including comparable wage indexes, in surrounding states at the completion of every three school years.” Accordingly, the Board considered South Dakota’s position, compared to surrounding states, in each of the three methodologies presented:

NEA Average Teacher Salaries 2016-17

<i>State</i>	<i>Salary</i>	<i>Rank</i>	
Wyoming	\$58,187	16	<i>South Dakota is the lowest among its surrounding states. SD would need to increase average salaries by \$11,209 (23.9%) to reach the top, or by \$5,989 (12.7%) to reach the median.</i>
Minnesota	\$57,346	20	
Iowa	\$55,647	22	
N. Dakota	\$52,968	27	
Nebraska	\$52,338	30	
Montana	\$51,422	32	
S. Dakota	\$46,979	48	

Source: National Education Association

NEA Average Teacher Salaries 2016-17, adjusted by 2016 BEA regional price parities

<i>State</i>	<i>Salary</i>	<i>Rank</i>	
Iowa	\$61,692.90	14	<i>South Dakota is the lowest among its surrounding states. SD would need to increase average adjusted salaries by \$8,489.05 (16.0%) to reach the top, or by \$4,684.67 (8.8%) to reach the median.</i>
Wyoming	\$60,172.70	17	
Minnesota	\$58,816.41	23	
N. Dakota	\$57,888.52	25	
Nebraska	\$57,832.04	26	
Montana	\$54,646.12	33	
S. Dakota	\$53,203.85	38	

Source: National Education Association; U.S. Department of Labor Bureau of Economic Analysis

NEA Average Teacher Salaries 2016, adjusted by RPP and SD GOED tax calculator

<i>State</i>	<i>Salary</i>	<i>Rank</i>	
Wyoming	\$49,263	11	<i>South Dakota is sixth among the seven surrounding states. SD would need to increase average adjusted salaries by \$4,667 (10.5%) to reach the top, or by \$1,112 (2.5%) to reach the median.</i>
Iowa	\$47,911	14	
N. Dakota	\$47,522	16	
Nebraska	\$45,708	26	
Minnesota	\$45,418	27	
S. Dakota	\$44,596	30	
Montana	\$42,894	38	

Source: National Education Association; U.S. Department of Labor Bureau of Economic Analysis; South Dakota Governor’s Office of Economic Development

Conclusion

The Board discussed all of these reports at its June meeting, and continued the discussion at its August meeting, and makes the following findings:

- The data demonstrates that South Dakota has made significant strides in teacher pay as a result of the Blue Ribbon legislation.
- This progress is due to the changes in the funding formula, and the increase in funding, that were a part of the Blue Ribbon legislation.
- South Dakota’s teacher salaries are now more regionally competitive. However, South Dakota still has one of the lowest average teacher salaries in the nation and, even when adjusted for cost of living, is lower than most surrounding states.
- In order to remain market-competitive, South Dakota should maintain and strive to improve its national ranking in average teacher salaries and to reach or exceed the median of surrounding states, when adjusted for regional price parities.