

# **SOUTH DAKOTA**

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## **I. GENERAL BACKGROUND**

### **State**

The current state aid formula was passed by the 1995 legislature and is based on a per student basis instead of the expenditure-driven formula previously in place. The formula is based upon an adjusted average daily membership (ADM) figure for each school district.

Low teacher salaries continue to be a major point of discussion in South Dakota. For the 1998–99 school year, the average salary of the 8,892 teachers was \$28,386.

### **Local**

South Dakota contains 176 K–12 school districts, with an average daily membership (ADM) of 129,709 students. Not including capital outlay, debt service or enterprise funds, total expenditures of the 176 school districts are \$662.4 million. Of that amount, 62.11% of the expenditures are instructional. On the revenue side, 41.76% of the districts' revenue comes from the property tax, 9.96% from federal sources, 6.89% from other local sources, and 41.39% from state sources.

There is considerable diversity in the size of school districts in South Dakota. The largest two school districts in the state have an ADM of 18,361 and 13,690, with general fund expenditures of \$77.5 million and \$58.9 million, respectively. The largest 15 school districts in the state account for 51% of the ADM, with the remaining 161 school districts accounting for 49% of the ADM.

### Funding Summary 1998-99

Total State School Aid (All Programs)		\$	272	million
Grants in Aid	272	million		
Teacher Retirement Contributions	0	million		
FICA	0	million		
Total Local School Revenue		\$	300	million
Property Tax	254	million		
Other local source tax revenue	12	million		
Local source non-tax revenue	34	million		
Total Combined State and Local School Revenue		\$	572	million
State Financed Property Tax Credits Attributable to School Taxes			0	

## II. LOCAL SCHOOL REVENUE

### Property Tax

The property tax base for the school districts is estimated at \$27.2 billion.

Additional Information not provided.

### Income Tax

None.

### Other Sources of Local Tax Revenue

Information not provided.

### Tax Credits and Exemptions

Information not provided.

## III. TAX AND SPENDING LIMITS

For the general fund, the school districts may levy up to a maximum effective tax rate of \$4.73 per thousand for general agriculture, \$16.25 per thousand for general

other non-agriculture/utilities, and \$7.61 per thousand for general owner occupied. Other maximum levies are \$1.40 per thousand for special education and \$3.00 per thousand for capital outlay.

### **Voter Approval of Budgets and Bond Issues**

South Dakota law states: The governing body of the school district may raise additional revenues for general fund purposes only, from property tax through the imposition of an excess tax levy. The governing body of a school district may impose the excess tax levy with an affirmative two-thirds vote of the governing body on or before July fifteenth of the year prior to the year the taxes are payable. The decision of the governing body to originally impose or subsequently increase an excess tax levy shall be published within ten days of the decision. The decision may be referred upon a petition signed by at least 5% of the registered voters in the school district and filed with the governing body within twenty days of the publication of the decision. The referendum election shall be held on or before October first of the year prior to the time the taxes are payable. (S.D. LAW CODE §10-12-43.)

### **IV. STATE/PROVINCIAL EARMARKED TAX REVENUE**

Information not provided..

### **V. BASIC SUPPORT PROGRAM**

**Funding in 1998-99:** \$236.0 million.

**Percentage of Total School Aid:** 87.0%.

**Nature of Program:** Foundation.

**Allocation Units:** Adjusted ADM.

**Local Fiscal Capacity:** Assessed property valuation.

**How Formula Operates:**

1. An Average Daily Membership for the year is reached using the previous year figures.

2. The ADM is then adjusted:
  - for districts with ADM less than or equal to 200:  $1.2 \times \text{ADM}$
  - for districts with ADM less than 600 but greater than 200;  $2.98 \times \text{ADM}$  raised to the power of .8293.
  - for districts with ADM equal to or greater than 600;  $1.0 \times \text{ADM}$ .
3. The adjusted ADM is multiplied by the current fiscal year's per student allocation ( increased annually by CPI or 3%, whichever is less) to determine district need.
4. State aid is district need less local effort.

In the first year the ADM calculations were used to determine the average per student revenues in the state. These calculations were then used to determine the average need per ADM in school districts. After the local tax effort under the new statewide levies was projected, the state aid figure for each district was then determined by subtracting the local tax effort from the need. The per student allocation figure is increased each year by 3% or the rate of inflation, whichever is less. Statewide tax levies are General Agriculture: \$4.73 per thousand; General Other Non-Agriculture/Utilities: \$16.25 per thousand; General Owner Occupied: \$7.61 per thousand.

**State Share:** Local effort is the amount of ad valorem taxes generated in a school fiscal year by applying the levies established pursuant to § 10-12-42.

**Local Share:** See Formula.

**Weighting Procedures:** Adjusted ADM.

**Districts Off Formula:** Information not provided.

## VI. TRANSPORTATION

Transportation expenditures are included in the basic support and special education support formulas.

## VII. SPECIAL EDUCATION

**Funding in 1998-99:** \$36.3 million.

**Percentage of Total school Aid:** 13.0%.

**Description:** South Dakota's method of distributing state aid for special education is an allocation per student formula. District need is determined based on the following:

Level #1 (8.9% of ADM): speech & language, learning disabled, other health impaired, preschool - \$3,504.

Level #2 (per child allocation): mental retardation, emotionally disturbed - \$7,914.

Level #3 (per child allocation): deaf blind, hearing impaired, orthopedic impairment, deaf, traumatic brain injury, visually impaired - \$10,116.

Level #4 (per child allocation): autism - \$14,705.

Level #5 (per child allocation): multiple disabilities - \$15,808.

Use of uniform criteria is required to identify eligible students. The allocations are increased based on CPI or 3%, whichever is less. In accordance with SD LAW CODE § 13-37-36.3, the secretary of the Department of Education and Cultural Affairs computes state aid for special education for each school district. First local need is calculated. Then state aid for special education is calculated; local need minus local effort is multiplied by the effort factor. If the calculation is a negative number, then 0 state aid is given.

**State and Local Shares:** School districts spend \$83 million on special education. Of that amount, 58% is instructional. On the revenue side, 42.7% of the special education fund revenue comes from the property tax, 2.6% from other local sources, 41.2% from state sources, 13.5% from federal sources and .6% from other sources.

**Extent of Participation:** Not reported.

## VIII. COMPENSATORY EDUCATION

In South Dakota, compensatory education is not funded or required. The federally funded Chapter I program is awarded by county by number of students and each school district applies for their allocation. A school district may choose not to participate. Federal funds allocated to a non-participating district are redistributed to other districts for special projects.

**IX. GIFTED AND TALENTED EDUCATION**

South Dakota no longer funds Gifted and Talented Education as a special appropriation. Gifted and talented programs within school districts are part of the general fund budget.

**X. BILINGUAL EDUCATION**

The state does not support a program of bilingual education. The school districts apply directly to the U.S. Department of education for funding of projects.

**XI. EARLY CHILDHOOD EDUCATION**

Information not provided.

**XII. OTHER CATEGORICAL PROGRAMS**

No state aid is provided.

**XIII. TEACHER RETIREMENT**

South Dakota teachers are part of the South Dakota Retirement System, which includes all public employees in South Dakota. Teacher retirement is funded by 5% employer and employee contributions. No money is provided by the state for teacher retirement.

**XIV. TECHNOLOGY**

No state aid is provided.

**XV. CAPITAL OUTLAY AND DEBT SERVICE**

**State Aided Programs**

No state aid is provided.

**Local Capital Project Financing**

Information not provided.

**XVI. STANDARDS/ACCOUNTABILITY MEASURES**

No state aid is provided.

**XVII. REWARDS/SANCTIONS**

No state aid is provided.

**XVIII. FUNDING FOR NON TRADITIONAL PUBLIC SCHOOL**

No state aid is provided.

**XIX. AID FOR PRIVATE K-12 SCHOOLS**

None.

**XX. RECENT/PENDING LITIGATION**

No state aid is provided.

**XXI. SPECIAL TOPICS**

Information not provided.