



2026 South Dakota Legislature

Senate Bill 158

Introduced by: **Senator Duhamel**

1 **An Act to amend the manner in which a school district determines the district's**
 2 **enrollment for the purpose of calculating state aid to general education.**

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 **Section 1. That § 13-13-1.2 be AMENDED:**

5 **13-13-1.2.** Any records related to the reporting of fall enrollment or spring
 6 enrollment of a public school district ~~shall~~ must be subject to examination by the
 7 Department of Education at all times.

8 **Section 2. That § 13-13-10.1 be AMENDED:**

9 **13-13-10.1.** The education funding terms and procedures referenced in this
 10 chapter are defined as follows:

11 (1) Nonresident students who are in the care and custody of the Department of Social
 12 Services, the Unified Judicial System, the Department of Corrections, or other state
 13 agencies and are attending a public school may be included in the ~~fall~~ annual
 14 enrollment of the receiving district when enrolled in the receiving district;

15 ~~(2) "Fall enrollment," is calculated as follows:~~

16 ~~(a) Determine the number of kindergarten through twelfth grade students~~
 17 ~~enrolled in all schools operated by the school district on the last Friday of~~
 18 ~~September of the current school year;~~

19 ~~(b) Subtract the number of students for whom the district receives tuition~~
 20 ~~except for:~~

21 ~~(i) Nonresident students who are in the care and custody of a state~~
 22 ~~agency and are attending a public school district; and~~

23 ~~(ii) Students who are being provided an education pursuant to § 13-28-~~
 24 ~~11; and~~

25 ~~(c) Add the number of students for whom the district pays tuition.~~

1 ~~When computing state aid to education for a school district pursuant to § 13-13-73, the~~
 2 ~~secretary of the Department of Education shall use the school district's fall~~
 3 ~~enrollment;~~

4 (2) "Fall enrollment," the number of students enrolled in a school district on the last
 5 Friday of September, as determined by:

6 (a) Adding the number of students in all grades from kindergarten through
 7 twelve, enrolled in all schools operated by a school district on the last Friday
 8 of September, to the number of students for whom the district pays tuition;
 9 and

10 (b) Subtracting from the sum of subsection (a), the number of students for
 11 whom the district receives tuition, provided that the number does not
 12 include any nonresident student or student who is receiving education
 13 pursuant to § 13-28-11;

14 (3) "Spring enrollment," the number of students enrolled in a school district on the
 15 second Friday of January, as determined by:

16 (a) Adding the number of students in all grades from kindergarten through
 17 twelve, enrolled in all schools operated by a school district on the second
 18 Friday of January, to the number of students for whom the district pays
 19 tuition; and

20 (b) Subtracting from the sum of subsection (a), the number of students for
 21 whom the district receives tuition, provided that the number does not
 22 include any nonresident student or student who is receiving education
 23 pursuant to § 13-28-11;

24 (4) "Annual enrollment," the greater of the fall and spring enrollments;

25 (5) "Target teacher ratio factor," is:

26 (a) For school districts with a fall an annual enrollment of two hundred ~~or less~~
 27 students or fewer, the target teacher ratio factor is 12;

28 (b) For districts with a fall an annual enrollment of ~~greater~~ more than two
 29 hundred students, but ~~less~~ fewer than six hundred students, the target
 30 teacher ratio factor is calculated as follows:

31 (i) Multiplying the fall annual enrollment by .00750; and

32 (ii) Adding 10.50 to the resulting product; and

33 (c) For districts with a fall an annual enrollment of at least six hundred ~~or~~
 34 greater students, the target teacher ratio factor is 15.

- 1 The ~~fall~~ annual enrollment used for the determination of the target teacher ratio for a
2 school district may not include any students residing in a residential treatment
3 facility when the education program is operated by the school district;
- 4 ~~(4)~~(6) "English learner (EL) adjustment," is calculated by multiplying 0.25 times the
5 number of kindergarten-through-twelfth-grade students who, in the prior school
6 year, scored below level four on the state-administered language proficiency
7 assessment as required in the state's consolidated state application pursuant to
8 § 1111(b)(2)(G) of the Every Student Succeeds Act of 2015;
- 9 ~~(5)~~(7) "Index factor," is the annual percentage change in the consumer price index for
10 urban wage earners and clerical workers as computed by the Bureau of Labor
11 Statistics of the United States Department of Labor for the year before the year
12 immediately preceding the year of adjustment or three percent, whichever is less;
- 13 ~~(6)~~(8) "Target teacher salary," for the school fiscal year beginning July 1, 2025, is
14 \$62,821.19. Each school fiscal year thereafter, the target teacher salary is the
15 previous fiscal year's target teacher salary increased by the index factor;
- 16 ~~(7)~~(9) "Target teacher benefits," is the target teacher salary multiplied by twenty-nine
17 percent;
- 18 ~~(8)~~(10) "Target teacher compensation," is the sum of the target teacher salary and the
19 target teacher benefits;
- 20 ~~(9)~~(11) "Overhead rate," is thirty-eight and seventy-eight-hundredths percent.
21 Beginning in school fiscal year 2018, the overhead rate must be adjusted to take
22 into account the sum of the amounts that districts exceed the other revenue base
23 amount;
- 24 ~~(10)~~(12) "Local need," is calculated as follows:
- 25 (a) Divide the ~~fall enrollment~~ annual enrollment by the target teacher ratio
26 factor;
- 27 (b) If applicable, divide the English Learner adjustment pursuant to subdivision
28 (4) by the target teacher ratio factor;
- 29 (c) Add the results of subsections (a) and (b);
- 30 (d) Multiply the result of subsection (c) by the target teacher compensation;
- 31 (e) Multiply the product of subsection (d) by the overhead rate;
- 32 (f) Add the products of subsections (d) and (e) and subdivision (20);
- 33 (g) When calculating local need at the statewide level, include the amounts set
34 aside for costs related to technology in schools and statewide student
35 assessments;

- 1 (h) When calculating local need at the statewide level, include the amounts set
 2 aside for sparse school district benefits, calculated pursuant to §§ 13-13-
 3 78 and 13-13-79; and
- 4 (i) When calculating local need at the statewide level, include the amounts set
 5 aside for career and technical education calculated pursuant to §§ 13-13-
 6 81 and 13-13-82;
- 7 ~~(11)~~(13) "Alternative per student need," is calculated as follows:
- 8 (a) Add the total need for each school district for school fiscal year 2016,
 9 including the small school adjustment and the English learner adjustment,
 10 to the lesser of the amount of funds apportioned to each school district in
 11 the year preceding the most recently completed school fiscal year or school
 12 fiscal year 2015 pursuant to §§ 10-33-24, 10-35-21, 10-36-10, 10-43-77,
 13 11-7-73, 13-13-4, and 23A-27-25; and
- 14 (b) Divide the result of (a) by the September 2015 fall enrollment, excluding
 15 any adjustments based on prior year student counts;
- 16 ~~(12)~~(14) "Alternative local need," may only be used by a school district created or
 17 reorganized before July 1, 2016, and is the alternative per student need multiplied
 18 by the ~~fall~~ annual enrollment, excluding any adjustments based on prior year
 19 student counts;
- 20 ~~(13)~~(15) "Local effort," the amount of ad valorem taxes generated in a school fiscal year
 21 by applying the levies established pursuant to § 10-12-42. Beginning on July 1,
 22 2017, local effort includes the amount of funds apportioned to each school district
 23 in the year preceding the most recently completed school fiscal year pursuant to
 24 §§ 10-33-24, 10-35-21 as provided by subdivision (15), 10-36-10, 10-43-77, 11-
 25 7-73, 13-13-4, and 23A-27-25 and that exceeds the other revenue base amount;
- 26 ~~(14)~~(16) "Other revenue base amount," is zero;
- 27 ~~(15)~~(17) "Wind energy tax revenue," any wind energy tax revenue apportioned to school
 28 districts pursuant to § 10-35-21 from a wind farm producing power for the first
 29 time before July 1, 2016, is considered local effort pursuant to subdivision (13) and
 30 other revenue base amount pursuant to subdivision (14). However, for wind energy
 31 tax revenue apportioned to a school district from a wind farm producing power for
 32 the first time after June 30, 2016, one hundred percent must be retained by the
 33 school district to which the tax revenue is apportioned for the first five years of
 34 producing power, eighty percent for the sixth year, sixty percent for the seventh
 35 year, forty percent for the eighth year, twenty percent for the ninth year, and zero

1 percent thereafter. If a wind farm begins producing power for the first time
2 between October first and December thirty-first in a calendar year, any revenues
3 generated for that time period must be retained by the school district and that time
4 period may not be counted against the first five-year period;

5 ~~(16)~~(18) "Per student equivalent," for funding calculations that are determined on a per
6 student basis, the per student equivalent is calculated as follows:

7 (a) Multiply the target teacher compensation times the sum of one plus the
8 overhead rate; and

9 (b) Divide subsection (a) by 15;

10 ~~(17)~~(19) "Monthly cash balance," the total amount of money for each month in the
11 school district's general fund, calculated by adding all deposits made during the
12 month to the beginning cash balance and deducting all disbursements or payments
13 made during the month;

14 ~~(18)~~(20) "General fund base percentage," is determined as follows:

15 (a) Forty percent for a school district with ~~a fall enrollment as defined in~~
16 ~~subdivision (2)~~ an annual enrollment of two hundred students or ~~less~~ fewer;

17 (b) Thirty percent for a school district with ~~fall enrollment as defined in~~
18 ~~subdivision (2) of more~~ an annual enrollment that is greater than two
19 hundred students, but ~~less~~ fewer than six hundred students; and

20 (c) Twenty-five percent for a school district with ~~fall enrollment as defined in~~
21 ~~subdivision (2)~~ greater than or equal to an annual enrollment of at least six
22 hundred students.

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

27 ~~(19)~~(21) "Allowable general fund cash balance," the general fund base percentage
28 multiplied by the district's general fund expenditures in the previous school year;
29 and

30 ~~(20)~~(22) "Alternative instruction participation adjustment," is calculated by multiplying
31 0.10 times the number of children who participated in the prior school year in high
32 school interscholastic activities sanctioned or sponsored by the South Dakota High
33 School Activities Association, as permitted by § 13-36-7, while receiving
34 alternative instruction pursuant to § 13-27-3, multiplied by the per student
35 equivalent defined in this section.