



## 2026 South Dakota Legislature

# House Bill 1239

Introduced by: **Representative Ismay**

1 **An Act to require that the Department of Education provide for the compensation of**  
 2 **a teacher employed by a school district.**

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

4 **Section 1. That § 13-10-2 be AMENDED:**

5 **13-10-2.** ~~The school board shall have the power to~~ Except as otherwise provided  
 6 in section 2 of this Act, the board of a school district may employ any personnel deemed  
 7 necessary by the board for the functioning of the school and to may define the duties and  
 8 fix the compensation of each employee.

9 **Section 2. That a NEW SECTION be added to chapter 13-10:**

10 Notwithstanding the provisions of § 13-10-2, the board of a school district may not  
 11 employ a number of teachers in excess of the district's target teacher ratio factor, as  
 12 established in § 13-13-10.1.

13 The Department of Education shall, with moneys appropriated in the general  
 14 appropriation bill, pay the salary and benefits of each teacher employed by a school  
 15 district.

16 The South Dakota Board of Education Standards shall promulgate rules, pursuant  
 17 to chapter 1-26, establishing a salary schedule and benefits package for teachers. The  
 18 salary schedule must begin with the target teacher salary, established in § 13-13-10.1,  
 19 and must provide for increases to a teacher's salary that reflect:

- 20 (1) The demand for the teacher's area of certification;  
 21 (2) The highest degree and additional credit hours held by the teacher; and  
 22 (3) The teacher's years of experience.

23 The benefits package of each teacher employed by a school district must equal at  
 24 least twenty-nine percent of the teacher's salary.

1 **Section 3. That § 13-13-10.1 be AMENDED:**

2 **13-13-10.1.** The education funding terms and procedures referenced in this  
3 chapter are defined as follows:

4 (1) "Nonresident student," a student ~~who are is~~ in the care and custody of  
5 the Department of Social Services, the Unified Judicial System, the Department of  
6 Corrections, or other state agencies and are attending a public school may be  
7 included in the fall enrollment of the receiving district when enrolled in the receiving  
8 district;

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

10 (a) Determine the number of kindergarten through twelfth grade students  
11 enrolled in all schools operated by the school district on the last Friday of  
12 September of the current school year;

13 (b) Subtract the number of students for whom the district receives tuition  
14 except for:

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

17 (ii) Students who are being provided an education pursuant to § 13-28-  
18 11; and

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

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

23 (3) "Target teacher ratio factor," is:

24 (a) For school districts with a fall enrollment of two hundred or less, the target  
25 teacher ratio factor is 12;

26 (b) For districts with a fall enrollment of greater than two hundred, but less  
27 than six hundred, the target teacher ratio factor is calculated as follows:

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

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

30 (c) For districts with a fall enrollment of six hundred or greater, the target  
31 teacher ratio factor is 15.

32 The fall enrollment used for the determination of the target teacher ratio for a school  
33 district may not include any students residing in a residential treatment facility  
34 when the education program is operated by the school district;

- 1 (4) "English learner (EL) adjustment," is calculated by multiplying 0.25 times the  
 2 number of kindergarten-through-twelfth-grade students who, in the prior school  
 3 year, scored below level four on the state-administered language proficiency  
 4 assessment as required in the state's consolidated state application pursuant to  
 5 § 1111(b)(2)(G) of the Every Student Succeeds Act of 2015;
- 6 (5) "Index factor," is the annual percentage change in the consumer price index for  
 7 urban wage earners and clerical workers as computed by the Bureau of Labor  
 8 Statistics of the United States Department of Labor for the year before the year  
 9 immediately preceding the year of adjustment or three percent, whichever is less;
- 10 (6) "Target teacher salary," for the school fiscal year beginning July 1, 2025, is  
 11 \$62,821.19. Each school fiscal year thereafter, the target teacher salary is the  
 12 previous fiscal year's target teacher salary increased by the index factor;
- 13 (7) "Target teacher benefits," is the target teacher salary multiplied by twenty-nine  
 14 percent;
- 15 (8) "Target teacher compensation," is the sum of the target teacher salary and the  
 16 target teacher benefits;
- 17 ~~(9) "Overhead rate," is thirty-eight and seventy-eight hundredths percent. Beginning~~  
 18 ~~in school fiscal year 2018, the overhead rate must be adjusted to take into account~~  
 19 ~~the sum of the amounts that districts exceed the other revenue base amount;~~
- 20 ~~(10) "Local need," is calculated as follows:~~
- 21 ~~(a) Divide the fall enrollment by the target teacher ratio factor;~~
- 22 ~~(b) If applicable, divide the English Learner adjustment pursuant to subdivision~~  
 23 ~~(4) by the target teacher ratio factor;~~
- 24 ~~(c) Add the results of subsections (a) and (b);~~
- 25 ~~(d) Multiply the result of subsection (c) by the target teacher compensation;~~
- 26 ~~(e) Multiply the product of subsection (d) by the overhead rate;~~
- 27 ~~(f) Add the products of subsections (d) and (e) and subdivision (20);~~
- 28 ~~(g) When calculating local need at the statewide level, include the amounts set~~  
 29 ~~aside for costs related to technology in schools and statewide student~~  
 30 ~~assessments;~~
- 31 ~~(h) When calculating local need at the statewide level, include the amounts set~~  
 32 ~~aside for sparse school district benefits, calculated pursuant to §§ 13-13-~~  
 33 ~~78 and 13-13-79; and~~

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

1 generated for that time period must be retained by the school district and that time  
2 period may not be counted against the first five-year period;

3 ~~(16)~~(12) "Per student equivalent," for funding calculations that are determined on a per  
4 student basis, the per student equivalent is calculated as follows:

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

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

8 ~~(17)~~(13) "Monthly cash balance," the total amount of money for each month in the  
9 school district's general fund, calculated by adding all deposits made during the  
10 month to the beginning cash balance and deducting all disbursements or payments  
11 made during the month;

12 ~~(18)~~(14) "General fund base percentage," is determined as follows:

13 (a) Forty percent for a school district with a fall enrollment as defined in  
14 subdivision (2) of two hundred or less;

15 (b) Thirty percent for a school district with fall enrollment as defined in  
16 subdivision (2) of more than two hundred but less than six hundred; and

17 (c) Twenty-five percent for a school district with fall enrollment as defined in  
18 subdivision (2) greater than or equal to six hundred.

19 When determining the general fund base percentage, the secretary of the  
20 Department of Education shall use the lesser of the school district's fall enrollment  
21 as defined in subdivision (2) for the current school year or the school district's fall  
22 enrollment from the previous two years;

23 ~~(19)~~(15) "Allowable general fund cash balance," the general fund base percentage  
24 multiplied by the district's general fund expenditures in the previous school year;  
25 and

26 ~~(20)~~(16) "Alternative instruction participation adjustment," is calculated by multiplying  
27 0.10 times the number of children who participated in the prior school year in high  
28 school interscholastic activities sanctioned or sponsored by the South Dakota High  
29 School Activities Association, as permitted by § 13-36-7, while receiving  
30 alternative instruction pursuant to § 13-27-3, multiplied by the per student  
31 equivalent defined in this section.

32 **Section 4. That § 13-13-73 be AMENDED:**

33 **13-13-73.** ~~No later than July 1, 2016, a school district shall notify the secretary~~  
34 ~~of education in writing as to whether the school district's state aid is to be calculated using~~

~~the alternative local need calculation. If a school district chooses the alternative local need calculation, the school district shall notify the secretary in writing no later than July first of each subsequent fiscal year as to whether to continue to use the alternative local need calculation for that fiscal year. If a school district chooses not to use the alternative local need calculation, the school district may not use that calculation in any subsequent school year. The secretary of the Department of Education shall compute state aid to education for each school district according to the following calculations:~~

~~(1) For school districts not utilizing the alternative local need calculation, state aid is local need as defined in § 13-13-10.1 minus local effort, or zero if the calculation is a negative number;~~

~~(2) For school districts utilizing the alternative local need calculation, state aid is the alternative local need as defined in subdivision 13-13-10.1(12) minus local effort, or zero if the calculation is a negative number;~~

~~(3) —~~

~~If the state aid appropriation for the general support of education is in excess of the entitlement provided for in this section and the entitlement provided for in § 13-13-85, the excess shall be used to fund any shortfall of the appropriation as provided for in § 13-37-36.3. The secretary shall report to the Governor by January seventh of each year, the amount of state aid necessary to fully fund the general aid formula in the current year. If a shortfall in the state aid appropriation for general education exists that cannot be covered by § 13-37-45, the Governor shall must inform the Legislature and provide a proposal to eliminate the shortfall.~~

If the state aid appropriation for the general support of education is in excess of the entitlement provided for in this section and the entitlement provided for in § 13-13-85, the excess must be used to fund any shortfall of the appropriation as provided for in § 13-37-36.3.

**Section 5. That § 13-13-71 be REPEALED.**

~~If local effort increases on a statewide aggregate basis by a greater percentage than local need on a statewide aggregate basis from any one year to the next, for the following year each of the levies specified in subdivision 13-13-10.1(13) shall be reduced proportionally so that the percentage increase in local effort on a statewide aggregate basis equals the percentage increase in need on a statewide aggregate basis.~~

**Section 6. That § 13-13-72 be REPEALED.**

1           ~~It is the policy of the Legislature that the appropriation for state aid to education~~  
 2           ~~increase on an annual basis by the percentage increase in local need on an aggregate~~  
 3           ~~statewide basis so that the relative proportion of local need paid by local effort and state~~  
 4           ~~aid shall remain constant. For school fiscal years 2017 to 2022, inclusive, the proportion~~  
 5           ~~of local need paid by local effort and state aid shall be adjusted annually to maintain the~~  
 6           ~~proportion between state aid and local property taxes and to reflect adjustments in local~~  
 7           ~~effort due to the implementation of the other revenue base amount as defined in § 13-~~  
 8           ~~13-10.1.~~

9           **Section 7. That § 13-13-72.1 be REPEALED.**

10           ~~Any adjustments in the levies specified in § 10-12-42 made pursuant to §§ 13-13-~~  
 11           ~~71 and 13-13-72 shall be based on maintaining the relationship between statewide local~~  
 12           ~~effort as a percentage of statewide local need in the fiscal year succeeding the fiscal year~~  
 13           ~~in which the adjustment is made. For school fiscal years 2017 to 2022, inclusive, the~~  
 14           ~~proportion of local need paid by local effort and state aid shall be adjusted annually to~~  
 15           ~~reflect adjustments in local effort due to the implementation of the other revenue base~~  
 16           ~~amount as defined in § 13-13-10.1. However, if the levies specified in § 10-12-42 are not~~  
 17           ~~adjusted to maintain this relationship, the target teacher salary as defined in § 13-13-~~  
 18           ~~10.1 shall be reduced to maintain the relationship between statewide local effort as a~~  
 19           ~~percentage of statewide local need.~~

20           **Section 8. That § 13-13-81 be REPEALED.**

21           ~~Terms used in this section and §§ 13-13-82 and 13-13-83 mean:~~  
 22           ~~(1) "Eligible school district," a school district that does not receive state aid to~~  
 23           ~~education distributed pursuant to chapter 13-13 and that operates a high school~~  
 24           ~~primarily focused on career and technical education;~~  
 25           ~~(2) "Eligible student," a student who currently attends a high school primarily focused~~  
 26           ~~on career and technical education that is operated by an eligible school district and~~  
 27           ~~who, immediately prior to attending the high school primarily focused on career~~  
 28           ~~and technical education, was enrolled in a South Dakota school district other than~~  
 29           ~~the eligible school district.~~

30           **Section 9. That § 13-13-82 be REPEALED.**

1           ~~An eligible school district shall receive an amount equal to the per student~~  
2           ~~equivalent as defined in § 13-13-10.1 multiplied by the number of eligible students~~  
3           ~~included in its fall enrollment as defined in § 13-13-10.1.~~

4           **Section 10. That § 13-13-83 be REPEALED.**

5           ~~The amount calculated in § 13-13-82 and in § 13-13-87 shall be distributed to an~~  
6           ~~eligible school district in the same manner as other state aid payments are distributed~~  
7           ~~pursuant to § 13-13-74 from funds appropriated in the general appropriations act for state~~  
8           ~~aid to education.~~