

South Dakota

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FUNDING PRIORITIES FOR SOUTH DAKOTA P-12 AND HIGHER EDUCATION

In 2016, the legislature passed the Blue Ribbon Task Force's proposed education funding bills known as The Blue Ribbon Legislation, which was created to improve the K-12 funding formula, raise teacher pay, and improve class sizes.¹ Since 2016, the funding formula has shifted to focus on targeted student-teacher ratios rather than student counts.² The FY22 budget has been approved for a 2.4% average increase in pay for public education, with the additional money being used to increase the average teacher salary to \$52,629 a year.³ South Dakota higher education employees are facing furloughs and pay cuts, due to the ongoing pandemic.⁴

CHANGES TO FUNDING FORMULA FOR P-12 AND/OR HIGHER EDUCATION

Blue Ribbon Legislation focused on low teacher salaries and increasing student-teacher ratios. The state is required to increase annual state funding at an inflation consumer price index (CPI), or 3%, whichever is less. The sliding scale for student-teacher ratio is based on levels of fall semester district enrollment. The CPI for average teacher salary is a target of \$51,367.47. The state aid formula is calculated by dividing fall enrollment by the target student-to-staff ratio, and then adding 29% for employee benefits. The district's total instruction need is then increased by an overhead rate of 34.93% for FY 2020, which is used to cover non-instructional costs. After the total state aid is calculated, local district revenues are applied, and the state provides additional funds to achieve *total*

1. State of South Dakota: Blue Ribbon Task Force. 2016. "Memo on Final Formula". blueribbon.sd.gov.

2. South Dakota Department of Education. 2018 (revised). "Issue Brief: State Aid to K-12 General Education Funding Formula". Pierre: South Dakota Department of Education.

3. Ellis, J., & Sneve, J. "Broadband expansion, a new aircraft and education: South Dakota lawmakers pass historic budget". *Argus Leader*. <https://www.argusleader.com/story/news/2021/03/11/south-dakota-legislature-lawmakers-approve-budget-bipartisan-support-covid-education-medicaid/4650124001/>.

4. Pfankuch, Bart. Pandemic creates new challenges and highlights historic concerns at South Dakota universities. *South Dakota News Watch*. <https://www.argusleader.com/get-access/?return=https%3A%2F%2Fwww.argusleader.com%2Fstory%2Fnews%2Feducation%2F2020%2F12%2F17%2F-covid-19-creates-new-challenges-south-dakota-colleges-universities%2F3941376001%2F>.

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need.⁵ For FY22, Governor Noem has proposed a 2.4% increase in K-12 funding, with a target teacher salary of \$52,600.29.⁶

PRESSING STATE ISSUES AFFECTING P-12 AND/OR HIGHER EDUCATION FUNDING

The Blue Ribbon Legislation hinges on state sales taxes, which can present a funding problem when collections are not sustained. Out of 149 South Dakota school districts, only sixteen managed to meet the FY20 target salary.⁶ Governor Noem has also promoted bills that focuses on loosening home school requirements, while allowing these students to still participate in public school sanctioned high school activities.⁷

Higher education revenue is bleeding, with an 8.1% drop in enrollment from 2016 to 2020. The Senate Bill 55 Task force is currently investigating efficiencies in higher education spending and operations. The state support for higher education has decreased to 34%, with the funding burdens falling on students through rises in cost.⁸

FORCES DIVERTING FUNDS FROM TRADITIONAL PUBLIC SCHOOL DISTRICTS AND HIGHER EDUCATION

South Dakota does not currently allow the formation of charter schools. Senate Bill 68, which was defeated would have established four tribally routed charter schools. Opponents of SB68 decried that diverting state aid from traditional public schools to charter schools, takes from the many to give to the few, especially inappropriate during the current economic crisis.⁹

Higher education has shown a decade of decreased enrollment and state aid, with an 8.1% decrease in enrollment from fall 2016 to fall 2020. The pandemic

5. Heidelberg, Cory Allen. 2020. "16 Schools meet SD target teacher salary; State still lags goal by \$1,352". *Dakota Free Press*. <https://dakotafreepress.com/2020/12/30/16-schools-meet-sd-target-teacher-salary-state-still-lags-goal-by-1352/>.

6. South Dakota Department of Education. 2020 (revised). "Issue Brief: State Aid To K-12 General Education Funding Formula". Pierre: South Dakota Department of Education. <https://doe.sd.gov/legislature/documents/StateAidIssueBrief%20FY2021.pdf>

7. Sneve, Joe. "Educators rebuke push by Gov. Kristi Noem's office to loosen home schooling rules". *Sioux Falls Argus Leader*. <https://www.argusleader.com/get-access/?return=https%3A%2F%2Fwww.argusleader.com%2Fstory%2Fnews%2F2021%2F02%2F11%2Feducators-against-bill-compelling-schools-allow-home-school-students-activities-kristi-noem-law%2F4448061001%2F>

8. Pfankuch, Bart. Pandemic creases new challenges and highlights historic concerns at South Dakota universities. *South Dakota News Watch*. <https://www.argusleader.com/get-access/?return=https%3A%2F%2Fwww.argusleader.com%2Fstory%2Fnews%2Feducation%2F2020%2F12%2F17%2Fccovid-19-creates-new-challenges-south-dakota-colleges-universities%2F3941376001%2F>

9. Vondracek, Christopher. "Bill to create 'Oceti Sakowin' charter schools defeated in South Dakota Senate". *Grand Forks Herald*. <https://www.grandforksherald.com/news/government-and-politics/6867105-Bill-to-create-Oceti-Sakowin-charter-schools-defeated-in-South-Dakota-Senate>.

has catalyzed a funding crisis for higher education, with \$16 million of spring 2020 reimbursements for tuition, fees, housing, meals, and parking. Distance-learning course enrollment has grown by 66% since 2016 and skyrocketed by 59% since the fall 2019. Universities receive approximately 40% more in revenue from face-to-face learners, so the increase in distance-learners coupled with state aid falling to 34%, has left higher education in significant financial distress.¹⁰

P-12 State Per-Pupil Expenditure FY21: \$10,073

Allocation of state dollars to P-12 FY22: \$632,400,000

Percent of the state budget for P-12 FY22: 35.1%¹¹

10. Pfankuch, Bart.” Pandemic creases new challenges and highlights historic concerns at South Dakota universities”. *South Dakota News Watch*. <https://www.argusleader.com/get-access/?return=https%3A%2F%2Fwww.argusleader.com%2Fstory%2Fnews%2Feducation%2F2020%2F12%2F17%2Fcovid-19-creates-new-challenges-south-dakota-colleges-universities%2F3941376001%2F>.

11.State of South Dakota Summary of Governor’s Budget Fiscal Year 2022. *State of South Dakota*. https://bfm.sd.gov/budget/fy2022/SummaryBook_FY2022.pdf; Hanson, Mel. 2020. “U.S. public education spending statistics. *Educationdata.org*. <https://educationdata.org/public-education-spending-statistics#south-dakota>.