



Budget Basics

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DEPARTMENT OF PUBLIC INSTRUCTION

The Superintendent of Public Instruction, through the Department of Public Instruction (DPI), provides technical and professional support to school districts and is responsible for school accreditation and for the enforcement of all state statutes and federal regulations relating to public elementary and secondary education in the state. The department administers state and federal programs and the distribution of state school aid, including integrated formula payments, transportation payments, and special education contract payments.

STATE SCHOOL AID Integrated Formula Payments

In 2013 the Legislative Assembly approved the implementation of an integrated formula payment to provide school funding. The legislative appropriation for the state school aid program integrates property tax relief in the K-12 state school aid funding formula. The formula provides the state will determine an adequate base level of support necessary to educate students by applying an integrated payment rate to the weighted student units. For the 2021-23 biennium, the integrated payment rates are increased 1 percent each year of the biennium to provide \$10,136 during the 1st year of the biennium and \$10,237 during the 2nd year of the biennium. This base level of support is provided through a combination of local tax sources, local revenue, and state integrated formula payments. The local funding requirement is set at 60 mills and a percentage of identified local in lieu of property tax sources and local revenues. Base level support not provided by local sources is provided by the state through the integrated formula payment. In addition, school districts are allowed an additional 10-mill levy for general fund purposes, an additional 12-mill levy for miscellaneous purposes, and a 3-mill levy for a special reserve fund. Funding also is provided in the integrated formula payments line item for gifted and talented programs, state child placement costs, South Dakota cross-border tuition, and regional education association grants.

For the 2021-23 biennium, the Legislative Assembly provided an appropriation of \$2,131,825,000 for state school aid for integrated formula payments. Of this total, \$1,555,350,500 is from the general fund, \$421,020,000 is from common schools trust fund distributions, \$143,454,500 is from the foundation aid stabilization fund, and \$12,000,000 is estimated to be provided from the state tuition fund from fines for violation of state laws.

Transportation Payments

In addition to integrated formula payments, school districts are reimbursed for a portion of their transportation costs. The Legislative Assembly provided \$58.1 million from the general fund for transportation aid during the 2021-23 biennium. This level of funding allows reimbursement rates to remain the same as the 2019-21 biennium. Section 8 of House Bill No. 1013 (2021) requires DPI to distribute transportation aid for the 2021-23 biennium based on the state transportation formula as it existed on June 30, 2001, except that the department is to provide reimbursement at the rate of:

- \$1.11 per mile for schoolbuses having a capacity of 10 or more passengers.
- \$0.52 per mile for vehicles having a capacity of nine or fewer passengers.
- \$0.50 per mile round trip for family transportation of a student with a disability whose individualized education program plan requires that the student attend a school outside the student's school district of residence.
- \$0.50 per mile one way for family transportation if the student lives more than two miles from the public school the student attends.
- \$0.30 per student for each one-way trip.

The Legislative Assembly also approved House Bill No. 1027 (2021) to codify student transportation aid payment sections as the provisions existed on June 30, 2001, update provisions to reflect current practices and reimbursement rates, and prohibit school districts from receiving transportation reimbursement for certain students

participating in open enrollment and tuition waiver agreements. The bill also allows for 2021-23 biennium transportation aid grants to be determined using the greater of 2018-19 school year miles and rides or prior year miles and rides.

Special Education Contract Payments

The Department of Public Instruction maintains a special education contract system to reimburse school districts for high-cost special education students. The Legislative Assembly provided \$27 million from the general fund for special education contracts during the 2021-23 biennium. There are two types of student placement contracts, agency placed and school placed. When the placement is voluntary by a legal guardian; made by a state or county social service agency; ordered by state court, tribal court, or juvenile services; or in a state-operated institution, the district is responsible for the state average cost per student. Charges over the state average cost per student are reimbursed by the state. The resident district is responsible for four times the state average cost per student when the district places the student out of district for education purposes. If the high-cost student remains in their resident district, the district will be reimbursed for any cost exceeding four times the state average cost per student.

OTHER APPROPRIATIONS

In addition to state school aid, the legislative appropriation for the 2021-23 biennium includes a total of \$23,887,064 from other funds made available from continuing unexpended 2019-21 biennium integrated formula payment funding for programs administered by DPI (\$7,480,000), including adult education grants, school food services matching grants, a free breakfast program, and a program grant pool, and passthrough grants (\$16,407,064) for writing projects, art outreach, educational media services, teacher mentoring, civics programs, cultural heritage, and a one-time Bismarck Gateway to Science grant. The program grant pool provides a flexible funding pool of \$900,000 for various initiatives, including leveraging the senior year, a leadership program, and family engagement.

The Legislative Assembly provided \$51.2 million for DPI administration during the 2021-23 biennium, of which \$12.5 million is from the general fund. Included in the department's administration funding is one-time funding of \$200,000 from the general fund for state automated reporting system (STARS) application maintenance.

In separate line items of the DPI budget, the Legislative Assembly provided \$5.25 million from the general fund for PowerSchool maintenance and upgrades and \$176,290 from the general fund for payments to teachers receiving national board certification.

Federal grants included in the DPI budget total \$312.5 million. Major federal programs include school nutrition, special education, Title I, and Individuals with Disabilities Education Act (IDEA). In addition to federal program grants, the Legislative Assembly appropriated \$326.2 million of federal COVID-19 relief funds to DPI for the 2021-23 biennium.

DEPARTMENT OF PUBLIC INSTRUCTION - 2021-23 BIENNIUM BUDGET

As approved by the 2021 Legislative Assembly, the 2021-23 biennium DPI budget, excluding federal COVID-19 relief funds, totals \$2,610,130,143. Of this amount, \$1,658,396,873 is from the general fund and \$951,733,270 is from other funds, including federal funds.

A summary of the budget for the 2021-23 biennium, excluding federal COVID-19 relief funds, is shown below.

Integrated formula payments	\$2,131,825,000
Transportation aid payments	58,100,000
Special education contract payments	27,000,000
Total state school aid	\$2,216,925,000
Program grants	7,480,000
Passthrough grants	16,407,064
PowerSchool	5,250,000
National board certification	176,290
Displaced homemaker program	225,000
Federal grants	312,513,893
Total state school aid and other programs	\$2,558,977,247
DPI administration	51,152,896
Total 2021-23 biennium budget	\$2,610,130,143

Sources of funding for the budget:	
General fund	\$1,658,396,873
Foundation aid stabilization fund	143,454,500
Distributions from the common schools trust fund	421,020,000
Fines for violation of state laws	12,000,000
Other special funds	26,773,153
Federal funds (excluding federal COVID-19 relief funds)	348,485,617
Total 2021-23 biennium original appropriation	\$2,610,130,143