South Dakota School District Funding 101:
A Guide for Highmore-Harrold Taxpayers, Teachers, and Students

The Business Office at the Highmore-Harrold School District believes it is valuable for our community to understand how school funding works as it helps build trust, transparency, and informed decision-making. School Funding can be complicated, but the more informed we all can be, the more we can work together, strengthen the support for our students and help ensure our school remains strong and accountable to the community we serve for years to come.

School District Budget Funds

School district budgets in South Dakota are divided into separate funds, each created and regulated by state law and overseen by the South Dakota Department of Education. These funds function like labeled accounts, and money placed into each fund can only be used for its designated purpose.

General Fund
- Supports daily operations, including teacher salaries, classroom supplies, utilities and transportation
- Directly supports instruction
- Typically the largest portion of the budget, can include minimal federal funds for Title

Capital Outlay
- Used for building upgrades, new construction, safety upgrades, technology purchases, and equipment
- It ensures school facilities remain safe and functional

Special Education
- Provides legally required services for qualifying students including specialized instruction, aides, and necessary equipment
- Includes some federal funding

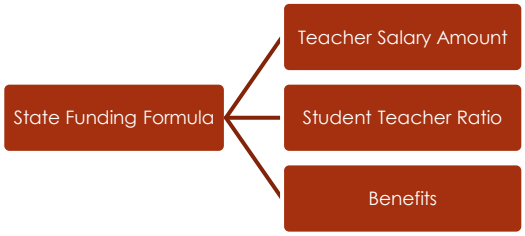
Food Service
- Supports school meal programs
- Primarily funded by meal payments and federal reimbursements

How South Dakota Schools Are Funded and Why Enrollment Matters

Public schools in South Dakota are funded mostly based on **how many students are enrolled**. Each fall, school districts report their student enrollment numbers. That number plays a major role in how much funding the district will receive from the state. The funding formula is set by the Legislature and managed by the South Dakota Department of Education.

The state of ***South Dakota calculates funding using a formula*** with three main parts: teacher salaries, student/teacher ratio, and benefits.

Using these numbers, the state calculates how many teachers it will fund for each district based on student enrollment. In simple terms, the more students, the more funds to fund teachers. The state determines how many teachers it will fund, but it does not decide exactly how many teachers a district must hire.



How the Highmore-Harrold School District Allots Funding

Once the funding is decided by the legislature, the local school board takes into account the full budget and its obligations to decide:

- How many teachers to employ (is there a need greater than the state determined)
- What salaries to pay

A high school with 60 students still needs teachers for math, science, English, and social studies. Even though enrollment may be low, the school cannot eliminate required subjects. This is to ensure a quality education, as well as meet state and federal requirements.

If a district hires more teachers than the formula funds, the district must cover the difference with local resources. Sometimes, enrollment numbers are not high enough to generate funding for all the staff needed to provide full services. Because of this, small districts may need to:

- Have teachers who teach multiple subjects
- Rely more heavily on local property taxes (Highmore-Harrold has been able to avoid an opt out; however, many districts are using this to cover shortfalls)
- Operate within very tight budgets

Published Spring 2026