

# State of South Dakota

EIGHTY-EIGHTH SESSION  
LEGISLATIVE ASSEMBLY, 2013

884U0054

## HOUSE ENGROSSED NO. **HB 1213** - 02/14/2013

Introduced by: Representatives Hoffman, Cronin, Greenfield, and Novstrup (David) and  
Senators Brown, Kirkeby, Peters, Soholt, Tidemann, and Welke

1 FOR AN ACT ENTITLED, An Act to provide a reduced amount of state aid to education  
2 funding to certain school districts with a fall enrollment of less than one hundred.

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

4 Section 1. That § 13-6-97 be amended to read as follows:

5 13-6-97. Any school district that has a fall enrollment, as defined in § 13-13-10.1, of less  
6 than one hundred and is not a sparse school district, as defined in § 13-13-78, shall ~~reorganize;~~

7 (1) Reorganize with another school district or school districts within two years to create  
8 a newly reorganized school district with a fall enrollment of one hundred or greater:  
9 ~~Any school district that is not sparse and has a fall enrollment of one hundred or less~~  
10 ~~on July 1, 2007, shall prepare a plan for reorganization by June 30, 2009. After July~~  
11 ~~1, 2007, if the fall enrollment of any school district that is not sparse falls to one~~  
12 ~~hundred or below, that school district shall prepare a plan for reorganization within~~  
13 ~~two years. If any such district fails to prepare a plan for reorganization by the~~  
14 ~~deadline, the Board of Education shall prepare a reorganization plan for the district;~~  
15 or



1       (2) Receive, beginning two years following the school fiscal year in which the fall  
2       enrollment fell below one hundred, a reduced amount of state aid to education  
3       funding that is calculated by dividing the school district's fall enrollment by one  
4       hundred and multiplying the result by the foundation program state aid as computed  
5       for the school district pursuant to § 13-13-73.

6       However, the provisions of this section do not apply to any school district that receives no  
7       foundation program state aid distributed pursuant to chapter 13-13, and that is located at least  
8       twenty-five miles from the nearest high school in an adjoining school district in the state.

9       Section 2. That § 13-13-10.1 be amended to read as follows:

10      13-13-10.1. Terms used in this chapter mean:

11      (1) "Average daily membership," the average number of resident and nonresident  
12      kindergarten through twelfth grade pupils enrolled in all schools operated by the  
13      school district during the previous regular school year, minus average number of  
14      pupils for whom the district receives tuition, except pupils described in subdivision  
15      (1A) and pupils for whom tuition is being paid pursuant to § 13-28-42.1 and plus the  
16      average number of pupils for whom the district pays tuition;

17      (1A) Nonresident students who are in the care and custody of the Department of Social  
18      Services, the Unified Judicial System, the Department of Corrections, or other state  
19      agencies and are attending a public school may be included in the average daily  
20      membership of the receiving district when enrolled in the receiving district. When  
21      counting a student who meets these criteria in its general enrollment average daily  
22      membership, the receiving district may begin the enrollment on the first day of  
23      attendance. The district of residence prior to the custodial transfer may not include  
24      students who meet these criteria in its general enrollment average daily membership

1 after the student ceases to attend school in the resident district;

2 (2) "Adjusted average daily membership," calculated as follows:

3 (a) For districts with an average daily membership of two hundred or less,  
4 multiply 1.2 times the average daily membership;

5 (b) For districts with an average daily membership of less than six hundred, but  
6 greater than two hundred, raise the average daily membership to the 0.8293  
7 power and multiply the result times 2.98;

8 (c) For districts with an average daily membership of six hundred or more,  
9 multiply 1.0 times their average daily membership;

10 (2A) "Fall enrollment," the number of kindergarten through twelfth grade students enrolled  
11 in all schools operated by the school district on the last Friday of September of the  
12 current school year minus the number of students for whom the district receives  
13 tuition, except nonresident students who are in the care and custody of a state agency  
14 and are attending a public school and students for whom tuition is being paid  
15 pursuant to § 13-28-42.1, plus the number of students for whom the district pays  
16 tuition. When computing state aid to education for a school district under the  
17 foundation program pursuant to § 13-13-73, the secretary of the Department of  
18 Education shall use either the school district's fall enrollment or the average of the  
19 school district's fall enrollment from the previous two years, whichever is higher;

20 (2B) Repealed by SL 2010, ch 84, § 1.

21 (2C) "Small school adjustment," calculated as follows:

22 (a) For districts with a fall enrollment of two hundred or less, multiply 0.2 times  
23 \$4,237.72;

24 (b) For districts with a fall enrollment of greater than two hundred, but less than

1           six hundred, multiply the fall enrollment times negative 0.0005; add 0.3 to that  
2           result; and multiply the sum obtained times \$4,237.72;

3           The determination of the small school adjustment for a school district may not  
4           include any students residing in a residential treatment facility when the education  
5           program is operated by the school district, and the small school adjustment may not  
6           be applied to any school district with a fall enrollment of less than one hundred that  
7           is receiving a reduced amount of state aid to education funding pursuant to this Act;

8           (3) "Index factor," is the annual percentage change in the consumer price index for urban  
9           wage earners and clerical workers as computed by the Bureau of Labor Statistics of  
10          the United States Department of Labor for the year before the year immediately  
11          preceding the year of adjustment or three percent, whichever is less;

12          (4) "Per student allocation," for school fiscal year 2012 is \$4,389.95. Each school fiscal  
13          year thereafter, the per student allocation is the previous fiscal year's per student  
14          allocation increased by the index factor;

15          (5) "Local need," is the sum of:

16               (a) The per student allocation multiplied by the fall enrollment; and

17               (b) The small school adjustment, if applicable, multiplied by the fall enrollment;

18          (6) "Local effort," the amount of ad valorem taxes generated in a school fiscal year by  
19          applying the levies established pursuant to § 10-12-42;

20          (7) "General fund balance percentage," is a school district's general fund equity divided  
21          by the school district's total general fund expenditures for the previous school fiscal  
22          year, the quotient expressed as a percent;

23          (8) "General fund reserves," the sum of a school district's nonspendable and restricted  
24          fund balances of the general fund;

1 (9) "Nonspendable fund balance," that amount of the fund balance that is not in  
2 spendable form;

3 (10) "Restricted fund balance," that amount of the fund balance that has constraints on  
4 how it may be used that are externally imposed or are imposed by law.

5 Section 3. That § 13-13-73 be amended to read as follows:

6 13-13-73. The secretary of the Department of Education shall compute state aid to education  
7 for each school district under the foundation program according to the following calculations:

8 (1) Determine each school district's fall enrollment;

9 (2) To arrive at the local need per district:

10 (a) Multiply the per student allocation by the fall enrollment;

11 (b) Multiply the small school adjustment, if applicable, by the fall enrollment; and

12 (c) Add the product of subsection (a) to the product of subsection (b);

13 (3) State aid is (a) local need minus local effort, or (b) zero if the calculation in (a) is a  
14 negative number, and the state aid computed for certain school districts with a fall  
15 enrollment of less than one hundred shall be reduced as provided in § 13-6-97;

16 (4) If the state aid appropriation for the general support of education is in excess of the  
17 entitlement provided for in this section and the entitlement provided for in § 13-13-  
18 85, the excess shall be used to fund any shortfall of the appropriation as provided for  
19 in § 13-37-36.3. The secretary shall report to the Governor by January seventh of  
20 each year, the amount of state aid necessary to fully fund the general aid formula in  
21 the current year. If a shortfall in the state aid appropriation for general education  
22 exists that cannot be covered by § 13-37-45, the Governor shall inform the  
23 Legislature and provide a proposal to eliminate the shortfall.