

State of South Dakota

EIGHTY-FIFTH SESSION
LEGISLATIVE ASSEMBLY, 2010

569R0668

SENATE ENGROSSED NO. **HB 1248** - 3/3/2010

Introduced by: Representatives Hunt, Bolin, Curd, Hamiel, Krebs, Lucas, Romkema, Schlekeway, Steele, and Van Gerpen and Senators Abdallah and Gant

1 FOR AN ACT ENTITLED, An Act to revise the definition of fall enrollment in the state aid to
2 education formula and to eliminate the one-time payments for school districts with
3 increasing enrollments.

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

5 Section 1. That § 13-13-10.1 be amended to read as follows:

6 13-13-10.1. Terms used in this chapter mean:

- 7 (1) "Average daily membership," the average number of resident and nonresident
8 kindergarten through twelfth grade pupils enrolled in all schools operated by the
9 school district during the previous regular school year, minus average number of
10 pupils for whom the district receives tuition, except pupils described in subdivision
11 (1A) and pupils for whom tuition is being paid pursuant to § 13-28-42.1 and plus the
12 average number of pupils for whom the district pays tuition;
- 13 (1A) Nonresident students who are in the care and custody of the Department of Social
14 Services, the Unified Judicial System, the Department of Corrections, or other state
15 agencies and are attending a public school may be included in the average daily



1 membership of the receiving district when enrolled in the receiving district. When
2 counting a student who meets these criteria in its general enrollment average daily
3 membership, the receiving district may begin the enrollment on the first day of
4 attendance. The district of residence prior to the custodial transfer may not include
5 students who meet these criteria in its general enrollment average daily membership
6 after the student ceases to attend school in the resident district;

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

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

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

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

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

1 year from the previous two years, whichever is higher. ~~However, if a school district~~
2 ~~qualifies to benefit from both the averaging permitted in this subdivision and the one-~~
3 ~~time payment provided in § 13-13-80 in the same fiscal year, the school district may~~
4 ~~not benefit from both, but only from the one that provides the most additional~~
5 ~~funding to the district;~~

6 ~~(2B) "Current fall enrollment," the number of kindergarten through twelfth grade students~~
7 ~~enrolled in all schools operated by the school district on the last Friday of September~~
8 ~~of the current school year minus the number of students for whom the district~~
9 ~~receives tuition except nonresident students who are in the care and custody of a state~~
10 ~~agency and are attending a public school and students for whom tuition is being paid~~
11 ~~pursuant to § 13-28-42.1, plus the number of students for whom the district pays~~
12 ~~tuition;~~

13 (2C) "Small school adjustment," calculated as follows:

14 (a) For districts with a fall enrollment of two hundred or less, multiply 0.2 times
15 \$4,237.72;

16 (b) For districts with a fall enrollment of greater than two hundred, but less than
17 six hundred, multiply the fall enrollment times negative 0.0005; add 0.3 to that
18 result; and multiply the sum obtained times \$4,237.72;

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

23 (4) "Per student allocation," for school fiscal year 2009 is \$4,664.66. Each school fiscal
24 year thereafter, the per student allocation is the previous fiscal year's per student

1 allocation increased by the index factor;

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

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

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

5 and

6 (c) The payment distributed pursuant to § 13-13-80, if applicable;

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

9 (7) "General fund balance," the unreserved fund balance of the general fund, less general
10 fund exclusions plus, beginning with transfers made in fiscal year 2001, any transfers
11 out of the general fund for the previous school fiscal year;

12 (8) "General fund balance percentage," is a school district's general fund balance divided
13 by the school district's total general fund expenditures for the previous school fiscal
14 year, the quotient expressed as a percent;

15 (9) "General fund base percentage," is the lesser of:

16 (a) The general fund balance percentage as of June 30, 2000; or

17 (b) The maximum allowable percentage for that particular fiscal year as stated in
18 this subsection.

19 For fiscal year 2008, the maximum allowable percentage is one hundred percent; for
20 fiscal year 2009, eighty percent; for fiscal year 2010, sixty percent; for fiscal year
21 2011, forty percent; for fiscal year 2012 and subsequent fiscal years, twenty-five
22 percent. However, the general fund base percentage can never be less than twenty-
23 five percent;

24 (10) "Allowable general fund balance," the general fund base percentage multiplied by the

1 district's general fund expenditures in the previous school fiscal year;

2 (11) "General fund exclusions," revenue a school district has received from the imposition

3 of the excess tax levy pursuant to § 10-12-43; revenue a school district has received

4 from gifts, contributions, grants, or donations; revenue a school district has received

5 under the provisions of §§ 13-6-92 to 13-6-96, inclusive; revenue a school district

6 has received as compensation for being a sparse school district under the terms of

7 §§ 13-13-78 and 13-13-79; any revenue a school district has received under the

8 provisions of the American Recovery and Reinvestment Act of 2009 (P.L. 111-5);

9 and any revenue in the general fund set aside for a noninsurable judgment.

10 Section 2. That § 13-13-73 be amended to read as follows:

11 13-13-73. The secretary of the Department of Education shall compute state aid to education

12 for each school district under the foundation program according to the following calculations:

- 13 (1) Determine each school district's fall enrollment;
- 14 (2) To arrive at the local need per district:
- 15 (a) Multiply the per student allocation by the fall enrollment;
- 16 (b) Multiply the small school adjustment, if applicable, by the fall enrollment; and
- 17 (c) Add the product of subsection (a) to the product of subsection (b) ~~plus the~~
- 18 ~~amount of any payments received pursuant to § 13-13-80;~~
- 19 (3) State aid is (a) local need minus local effort, or (b) zero if the calculation in (a) is a
- 20 negative number;
- 21 (4) If the state aid appropriation for the general support of education is in excess of the
- 22 entitlement provided for in this section, the excess shall be used to fund any shortfall
- 23 of the appropriation as provided for in § 13-37-36.3. The secretary shall report to the
- 24 Governor by January seventh of each year, the amount of state aid necessary to fully

1 fund the general aid formula in the current year. If a shortfall in the state aid
2 appropriation for general education exists that cannot be covered by § 13-37-45, the
3 Governor shall inform the Legislature and provide a proposal to eliminate the
4 shortfall.

5 Section 3. That § 13-13-80 be repealed.

6 ~~13-13-80. If a school district's current fall enrollment, as defined in § 13-13-10.1, increases~~
7 ~~by at least five percent or by a minimum of twenty-five students over the fall enrollment, that~~
8 ~~school district shall receive a one-time payment equal to fifty percent of the per student~~
9 ~~allocation times the number of students by which the current fall enrollment exceeds the fall~~
10 ~~enrollment. The payment shall be made to the district prior to the first of December in the~~
11 ~~current school year. However, if a school district qualifies to benefit from both the averaging~~
12 ~~permitted in subdivision 13-13-10.1(2A) and the one-time payment pursuant to this section in~~
13 ~~the same fiscal year, the school district may not benefit from both, but only from the one that~~
14 ~~provides the most additional funding to the district.~~