

State of South Dakota

EIGHTY-SIXTH SESSION
LEGISLATIVE ASSEMBLY, 2011

400S0652

SENATE ENGROSSED NO. **SB 185** - 2/23/2011

Introduced by: The Committee on Appropriations at the request of the Office of the
Governor

1 FOR AN ACT ENTITLED, An Act to revise and provide for the adjustment of the per student
2 allocation for the state aid to general education formula.

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

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

5 13-13-10.1. Terms used in this chapter mean:

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



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

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

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

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

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

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

24 (2B) Repealed by SL 2010, ch 84, § 1.

- 1 (2C) "Small school adjustment," calculated as follows:
- 2 (a) For districts with a fall enrollment of two hundred or less, multiply 0.2 times
- 3 \$4,237.72;
- 4 (b) For districts with a fall enrollment of greater than two hundred, but less than
- 5 six hundred, multiply the fall enrollment times negative 0.0005; add 0.3 to that
- 6 result; and multiply the sum obtained times \$4,237.72;
- 7 The determination of the small school adjustment for a school district may not
- 8 include any students residing in a residential treatment facility when the education
- 9 program is operated by the school district;
- 10 (3) "Index factor," is the annual percentage change in the consumer price index for urban
- 11 wage earners and clerical workers as computed by the Bureau of Labor Statistics of
- 12 the United States Department of Labor for the year before the year immediately
- 13 preceding the year of adjustment or three percent, whichever is less;
- 14 (4) "Per student allocation," for school fiscal year ~~2011~~ 2012 is ~~\$4,804.60~~ \$4,324.14.
- 15 Each school fiscal year thereafter, the per student allocation is the previous fiscal
- 16 year's per student allocation increased by the index factor;
- 17 (5) "Local need," is the sum of:
- 18 (a) The per student allocation multiplied by the fall enrollment; and
- 19 (b) The small school adjustment, if applicable, multiplied by the fall enrollment;
- 20 (6) "Local effort," the amount of ad valorem taxes generated in a school fiscal year by
- 21 applying the levies established pursuant to § 10-12-42;
- 22 (7) "General fund balance," the unreserved fund balance of the general fund, less general
- 23 fund exclusions plus, beginning with transfers made in fiscal year 2001, any transfers
- 24 out of the general fund for the previous school fiscal year;

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

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

5 (a) The general fund balance percentage as of June 30, 2011; or

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

8 For fiscal year 2008, the maximum allowable percentage is one hundred percent; for
9 fiscal year 2009, eighty percent; for fiscal year 2010, sixty percent; for fiscal years
10 2011 to 2014, inclusive, forty percent for each fiscal year; for fiscal year 2015 and
11 subsequent fiscal years, twenty-five percent. However, the general fund base
12 percentage may always be at least twenty-five percent;

13 (10) "Allowable general fund balance," the general fund base percentage multiplied by the
14 district's general fund expenditures in the previous school fiscal year;

15 (11) "General fund exclusions," revenue a school district has received from the imposition
16 of the excess tax levy pursuant to § 10-12-43; revenue a school district has received
17 from gifts, contributions, grants, or donations; revenue a school district has received
18 under the provisions of §§ 13-6-92 to 13-6-96, inclusive; revenue a school district
19 has received as compensation for being a sparse school district under the terms of
20 §§ 13-13-78 and 13-13-79; any revenue a school district has received under the
21 provisions of the American Recovery and Reinvestment Act of 2009 (P.L. 111-5);
22 and any revenue in the general fund set aside for a noninsurable judgment.

23 Section 2. That § 13-13-72.1 be amended to read as follows:

24 13-13-72.1. Any adjustments in the levies specified in § 10-12-42 made pursuant to §§ 13-

1 13-71 and 13-13-72 shall be based on maintaining the relationship between statewide local
2 effort as a percentage of statewide local need in the fiscal year succeeding the fiscal year in
3 which the adjustment is made. However, for fiscal year 2013 and each year thereafter, if the
4 levies specified in § 10-12-42 are not adjusted to maintain this relationship, the per student
5 allocation as defined in subdivision 13-13-10.1(4) shall be reduced to maintain the relationship
6 between statewide local effort as a percentage of statewide local need. Any adjustment to the
7 levy for agricultural property shall be based upon the change in the statewide agricultural
8 taxable valuation and the reclassification of agricultural property to another property
9 classification. Any adjustment to the levies for nonagricultural property and owner-occupied
10 single-family dwellings shall be based upon the change in the statewide nonagricultural property
11 and owner-occupied single-family dwellings taxable valuations. However, if any new project
12 with a total taxable valuation of one hundred fifty million dollars or more is constructed, the
13 levies shall be proportionately decreased for agricultural property, nonagricultural property, and
14 owner-occupied single-family dwellings. In addition to the adjustments in the levies provided
15 by this section, the levies shall also be annually adjusted as necessary to reduce the portion of
16 local need paid by local effort by an amount equal to nine million dollars from those funds
17 transferred into the property tax reduction fund pursuant to § 10-50-52 subsequent to July 1,
18 2007. In addition to the adjustments in the levies provided by this section, the levies for
19 nonagricultural property and owner-occupied single-family dwellings shall also be adjusted as
20 necessary to account for the additional increase in the total assessed value for nonagricultural
21 property and owner-occupied single-family dwellings pursuant to the phasing out and repeal of
22 the provisions provided in § 10-6-74.