

State of South Dakota

EIGHTY-SIXTH SESSION
LEGISLATIVE ASSEMBLY, 2011

659S0100

SENATE BILL NO. 85

Introduced by: Senators Peters, Gray, Hansen (Tom), Haverly, Heineman, Kraus, Krebs, Rave, Rhoden, Schlekeway, and Tidemann and Representatives Cronin, Brunner, Conzet, Dryden, Gibson, Hunt, Kirkeby, Lust, Moser, Munsterman, Novstrup (David), and Sly

1 FOR AN ACT ENTITLED, An Act to revise the calculation of the small school adjustment in
2 the state aid to education formula, and to provide for the redistribution of certain funds
3 appropriated for state aid to education.

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



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

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

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

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

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

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

1 school district's fall enrollment from the previous two years, whichever is higher;

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

3 (2C) "Small school adjustment," for any school district defined as sparse pursuant to § 13-
4 13-78 is calculated as follows:

5 (a) For districts with a fall enrollment of two hundred or less, multiply 0.2 times
6 \$4,237.72;

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

10 "Small school adjustment," for any school district that is not sparse is calculated as
11 follows:

12 (a) For districts with two hundred or less resident students enrolled in the district,
13 multiply 0.2 times \$4, 237.72;

14 (b) For districts with more than two hundred, but less than six hundred resident
15 students enrolled in the district, multiply the number of resident students
16 enrolled in the district times negative 0.0005; add 0.3 to that result; and
17 multiply the sum obtained times \$4, 237.72;

18 The determination of the small school adjustment for a school district may not
19 include any students residing in a residential treatment facility when the education
20 program is operated by the school district;

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

- 1 (4) "Per student allocation," for school fiscal year 2011 is \$4,804.60. Each school fiscal
2 year thereafter, the per student allocation is the previous fiscal year's per student
3 allocation increased by the index factor;
- 4 (5) "Local need," is the sum of:
- 5 (a) The per student allocation multiplied by the fall enrollment; and
- 6 (b) The small school adjustment, if applicable, multiplied by the fall enrollment
7 for any school district defined as sparse pursuant to § 13-13-78; or
- 8 (c) The small school adjustment, if applicable, multiplied by the number of
9 resident students enrolled in the district for any school district that is not
10 sparse;
- 11 (6) "Local effort," the amount of ad valorem taxes generated in a school fiscal year by
12 applying the levies established pursuant to § 10-12-42;
- 13 (7) "General fund balance," the unreserved fund balance of the general fund, less general
14 fund exclusions plus, beginning with transfers made in fiscal year 2001, any transfers
15 out of the general fund for the previous school fiscal year;
- 16 (8) "General fund balance percentage," is a school district's general fund balance divided
17 by the school district's total general fund expenditures for the previous school fiscal
18 year, the quotient expressed as a percent;
- 19 (9) "General fund base percentage," is the lesser of:
- 20 (a) The general fund balance percentage as of June 30, 2011; or
- 21 (b) The maximum allowable percentage for that particular fiscal year as stated in
22 this subsection.

23 For fiscal year 2008, the maximum allowable percentage is one hundred percent; for
24 fiscal year 2009, eighty percent; for fiscal year 2010, sixty percent; for fiscal years

1 2011 to 2014, inclusive, forty percent for each fiscal year; for fiscal year 2015 and
2 subsequent fiscal years, twenty-five percent. However, the general fund base
3 percentage may always be at least twenty-five percent;

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

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

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

15 13-13-73. The secretary of the Department of Education shall compute state aid to education
16 for each school district under the foundation program according to the following calculations:

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

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

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

20 (b) ~~Multiply~~ For any school district defined as sparse pursuant to § 13-13-78,
21 multiply the small school adjustment, if applicable, by the fall enrollment; ~~and~~
22 or

23 For any school district that is not sparse, multiply the small school adjustment,
24 if applicable, by the number of resident students enrolled in the school district;

1 and

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

3 (3) State aid is (a) local need minus local effort, or (b) zero if the calculation in (a) is a
4 negative number;

5 (4) If the state aid appropriation for the general support of education is in excess of the
6 entitlement provided for in this section, the excess shall be used to fund any shortfall
7 of the appropriation as provided for in § 13-37-36.3. The secretary shall report to the
8 Governor by January seventh of each year, the amount of state aid necessary to fully
9 fund the general aid formula in the current year. If a shortfall in the state aid
10 appropriation for general education exists that cannot be covered by § 13-37-45, the
11 Governor shall inform the Legislature and provide a proposal to eliminate the
12 shortfall.

13 Section 3. That chapter 13-13 be amended by adding thereto a NEW SECTION to read as
14 follows:

15 Any money appropriated for state aid to general education that is in excess of the amount
16 of money necessary to meet the entitlement provided for in this chapter and to meet any shortfall
17 pursuant to subdivision 13-13-73(4) is not subject to reversion pursuant to § 4-8-19 and shall
18 be distributed to all school districts receiving state aid pursuant to this chapter on a pro rata basis
19 according to each eligible school district's fall enrollment compared to the total fall enrollment
20 of all eligible school districts.