

State of South Dakota

EIGHTY-SIXTH SESSION
LEGISLATIVE ASSEMBLY, 2011

965S0596

SENATE BILL NO. 165

Introduced by: Senators Heineman, Kraus, and Peters and Representative Munsterman

1 FOR AN ACT ENTITLED, An Act to reduce by ten percent the small school adjustment in the
2 state aid to education formula, and to appropriate the money saved by the state as a result
3 of the reduction to fund the education service agencies.

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 current school year minus the number of students for whom the district receives
18 tuition, except nonresident students who are in the care and custody of a state agency
19 and are attending a public school and students for whom tuition is being paid
20 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 from the previous two years, whichever is higher;

1 (2B) Repealed by SL 2010, ch 84, § 1.

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

3 (a) For districts with a fall enrollment of two hundred or less, multiply 0.2 times
4 ~~\$4,237.72~~ \$3,813.95;

5 (b) For districts with a fall enrollment of greater than two hundred, but less than
6 six hundred, multiply the fall enrollment times negative 0.0005; add 0.3 to that
7 result; and multiply the sum obtained times ~~\$4,237.72~~ \$3,813.95;

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

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

15 (4) "Per student allocation," for school fiscal year 2011 is \$4,804.60. Each school fiscal
16 year thereafter, the per student allocation is the previous fiscal year's per student
17 allocation increased by the index factor;

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

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

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

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

23 (7) "General fund balance," the unreserved fund balance of the general fund, less general
24 fund exclusions plus, beginning with transfers made in fiscal year 2001, any transfers

1 out of the general fund for the previous school fiscal year;

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

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

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

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

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

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

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

24 Section 2. There is hereby appropriated from the general fund the sum of nine hundred

1 seventy-nine thousand five hundred fifty-eight dollars (\$979,558), or so much thereof as may
2 be necessary, to the Department of Education to fund the education service agencies established
3 pursuant to § 13-3-76.

4 Section 3. The secretary of education shall approve vouchers and the state auditor shall draw
5 warrants to pay expenditures authorized by this Act.

6 Section 4. Any amounts appropriated in this Act not lawfully expended or obligated by
7 June 30, 2012, shall revert in accordance with the procedures prescribed in chapter 4-8.

8 Section 5. In fiscal year 2013 and in each fiscal year thereafter, the amount of money saved
9 by the state as a result of the ten percent reduction in the small school adjustment pursuant to
10 this Act shall be appropriated by the Legislature through the General Appropriations Act for the
11 education service agencies.