

# State of South Dakota

EIGHTY-SEVENTH SESSION  
LEGISLATIVE ASSEMBLY, 2012

983T0526

## SENATE ENGROSSED NO. **SB 85** - 2/14/2012

Introduced by: Senators Tidemann, Gray, Haverly, Hunhoff (Jean), Kraus, Krebs, Nelson (Tom), Peters, Rampelberg, Rave, and Tieszen and Representatives Dryden, Abdallah, Brunner, Conzet, Gosch, Hunt, Kirkeby, Lust, Romkema, Solum, Tornow, Turbiville, and White

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 distribution of certain funds to  
3 school districts.

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 "Resident student fall enrollment," the number of resident kindergarten through  
3 twelfth grade students enrolled in all schools operated by the school district on the  
4 last Friday of September of the current school year minus the number of students for  
5 whom the district receives tuition, except plus nonresident students who are in the  
6 care and custody of a state agency and are attending a public school and students for  
7 whom tuition is being paid pursuant to § 13-28-42.1, plus the number of resident  
8 students for whom the district pays tuition. When computing the small school  
9 adjustment for any school district that is not sparse, the secretary of education shall  
10 use either the school district's resident student fall enrollment or the average of the  
11 school district's resident student fall enrollment from the previous two years,  
12 whichever is higher;

13 (2B) Repealed by SL 2010, ch 84, § 1.

14 (2C) "Small school adjustment," for any school district defined as sparse pursuant to § 13-  
15 13-78 is calculated as follows:

16 (a) For districts with a fall enrollment of two hundred or less, multiply 0.2 times  
17 \$4,237.72;

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

21 "Small school adjustment," for any school district that is not defined as sparse  
22 pursuant to § 13-13-78 is calculated as follows:

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

1           **(b) For districts with a resident student fall enrollment of greater than two**  
 2                                   **hundred, but less than six hundred, multiply the fall enrollment times negative**  
 3                                   **0.0005; add 0.3 to that result; and multiply the sum obtained times \$4,237.72;**  
 4           **If a school district's fall enrollment is greater than 600, the district is not eligible for**  
 5                                   **the small school adjustment even if the resident student fall enrollment is less than**  
 6                                   **600.**

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 ~~2012 is \$4,389.95~~ 2013 is \$4,494.19.  
 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                                   for any school district defined as sparse pursuant to § 13-13-78; or  
 21                                   (c) The small school adjustment, if applicable, multiplied by the resident student  
 22                                   fall enrollment in the district for any school district that is not sparse;

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

- 1 (7) "General fund balance percentage," is a school district's general fund equity 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 (8) "General fund reserves," the sum of a school district's nonspendable and restricted
- 5 fund balances of the general fund;
- 6 (9) "Nonspendable fund balance," that amount of the fund balance that is not in
- 7 spendable form;
- 8 (10) "Restricted fund balance," that amount of the fund balance that has constraints on
- 9 how it may be used that are externally imposed or are imposed by law.

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~~ For any school district defined as sparse pursuant to § 13-13-78,
  - 17 multiply the small school adjustment, if applicable, by the fall enrollment; ~~and~~
  - 18 or
  - 19 For any school district that is not defined as sparse pursuant to § 13-13-78,
  - 20 multiply the small school adjustment, if applicable, by the resident student fall
  - 21 enrollment; and
  - 22 (c) Add the product of subsection (a) to the product of subsection (b);
- 23 (3) State aid is (a) local need minus local effort, or (b) zero if the calculation in (a) is a
- 24 negative number;

1       (4)    If the state aid appropriation for the general support of education is in excess of the  
2            entitlement provided for in this section and the entitlement provided for in § 13-13-  
3            85, the excess shall be used to fund any shortfall of the appropriation as provided for  
4            in § 13-37-36.3. The secretary shall report to the Governor by January seventh of  
5            each year, the amount of state aid necessary to fully fund the general aid formula in  
6            the current year. If a shortfall in the state aid appropriation for general education  
7            exists that cannot be covered by § 13-37-45, the Governor shall inform the  
8            Legislature and provide a proposal to eliminate the shortfall.

9        Section 3. The secretary of education shall calculate the difference between the state's share  
10       of the amount of money necessary to meet the entitlement in chapter 13-13 for fiscal year 2013  
11       and the state's share of the amount of money that would have been necessary to meet the  
12       entitlement in chapter 13-13 for fiscal year 2013 if the revisions to the small school adjustment  
13       pursuant to this Act had not been enacted, and shall distribute that amount of money in a one-  
14       time payment to school districts on the basis of fall enrollment.