

State of South Dakota

EIGHTIETH SESSION LEGISLATIVE ASSEMBLY, 2005

119L0517

SENATE BILL NO. 202

Introduced by: Senators Bogue, Apa, Bartling, Duniphan, Gray, Greenfield, Koskan, Lintz, McNenny, Moore, Napoli, Olson (Ed), and Sutton (Dan) and Representatives Rave, Buckingham, Cutler, Dennert, Dykstra, Garnos, Hanks, Haverly, Klaudt, McLaughlin, Murschel, Novstrup, Putnam, Rhoden, and Rounds

1 FOR AN ACT ENTITLED, An Act to revise the calculation of state aid to general education
2 and make an appropriation.

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 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



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

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

(a) For districts with an average daily membership during the previous regular school year of two hundred or less, multiply 1.2 times the average daily membership;

(b) For districts with an average daily membership during the previous regular school year of less than six hundred, but greater than two hundred, raise the average daily membership to the 0.8293 power and multiply the result times 2.98;

(c) For districts with an average daily membership during the previous regular school year of six hundred or more, multiply 1.0 times their average daily membership;

(2A) "Sparse school district," a school district which, during the previous school year: has a general fund balance percentage as defined in this section of twenty percent or less; levies ad valorem taxes at the maximum rates allowed pursuant to § 10-12-42 or more; has an average daily membership of less than six hundred; has a geographical area of more than five hundred square miles; and has an average daily membership per square mile of 0.6 or less;

(2B) "Sparsity average daily membership," calculated as follows:

- 1 (a) For sparse school districts, divide the average daily membership by the area
2 of the school district in square miles;
- 3 (b) If the result of subsection (a) of this subdivision is 0.6 or less, multiply the
4 quotient obtained in subsection (a) times negative 0.05;
- 5 (c) Add 0.20 to the result of subsection (b) of this subdivision; and
- 6 (d) Multiply the result of subsection (c) of this subdivision times the average daily
7 membership;
- 8 (3) "Index factor," is the annual percentage change in the consumer price index for urban
9 wage earners and clerical workers as computed by the Bureau of Labor Statistics of
10 the United States Department of Labor for the year before the year immediately
11 preceding the year of adjustment or three percent, whichever is less;
- 12 (4) "Per student allocation," for school fiscal year ~~2004~~ 2006 is ~~\$3,967.88~~ \$4,205.26.
13 Each school fiscal year thereafter, the per student allocation is the previous fiscal
14 year's per student allocation increased by the index factor;
- 15 (5) "Local need," the per student allocation multiplied by the sum of adjusted average
16 daily membership plus the sparsity average daily membership;
- 17 (6) "Local effort," the amount of ad valorem taxes generated in a school fiscal year by
18 applying the levies established pursuant to § 10-12-42;
- 19 (7) "General fund balance," the unreserved fund balance of the general fund, less general
20 fund exclusions plus, beginning with transfers made in fiscal year 2001, any transfers
21 out of the general fund for the previous school fiscal year;
- 22 (8) "General fund balance percentage," is a school district's general fund balance divided
23 by the school district's total general fund expenditures for the previous school fiscal
24 year, the quotient expressed as a percent;

(9) "General fund base percentage," is the general fund balance percentage as of June 30, 2000. However, the general fund base percentage can never increase and can never be less than twenty percent;

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

(11) "Imputed interest rate," the average prime rate for the preceding fiscal year minus 2.5 percentage points;

(12) "General fund exclusions," revenue a school district has received from the imposition of the excess tax levy pursuant to § 10-12-43; revenue a school district has received from gifts, contributions, grants, or donations; revenue a school district has received under the provisions of §§ 13-6-92 to 13-6-96, inclusive; and any revenue in the general fund set aside for a noninsurable judgment.

Section 2. That chapter 13-13 be amended by adding thereto a NEW SECTION to read as follows:

Notwithstanding the provisions of § 13-13-10.1, the adjusted average daily membership of a sparse school district which has a geographical area of more than one thousand square miles and has an average daily membership of more than fifty and less than one hundred thirty is one hundred fifty-six.

Section 3. Solely for the purposes of §§ 13-13-72 and 13-13-72.1, local need does not include the sparsity average daily membership calculations.

Section 4. That chapter 13-13 be amended by adding thereto a NEW SECTION to read as follows:

No school district which has an average daily membership of six hundred or more as of July 1, 2005, may qualify for average daily membership adjustments in subdivision 13-13-

10.1(2(a)) or 13-13-10.1(2(b)) in subsequent years unless the district qualifies as a sparse school district.

Section 5. There is hereby appropriated from the general fund the sum of three million nine hundred eighty-three thousand nine hundred forty-two dollars (\$3,983,942), or so much thereof as may be necessary, to the Department of Education to supplement state aid to education pursuant to the provisions of this Act for state fiscal year 2006.

Section 6. The secretary of the Department of Education shall approve vouchers and the state auditor shall draw warrants to pay expenditures authorized by this Act.

Section 7. Any amounts appropriated in this Act not lawfully expended or obligated by June 30, 2005, shall revert in accordance with § 4-8-21.

Section 8. That § 13-13-73 be amended to read as follows:

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

- (1) Determine each school district's average daily membership;
- (2) Multiply the per student allocation by the sum of the adjusted average daily membership plus the sparsity average daily membership to arrive at the local need per district;
- (3) State aid is (a) local need minus local effort, or (b) zero if the calculation in (a) is a negative number;
- (4) If the state aid appropriation for the general support of education is in excess of the entitlement provided for in this section, the excess shall be used to fund any shortfall of the appropriation as provided for in §§ 13-37-36.3 and 13-37-43. The secretary shall report to the Governor by January seventh of each year, the amount of state aid necessary to fully fund the general aid formula in the current year. If a shortfall in the

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