

# 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



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 of two hundred or less, multiply 1.2 times the average daily membership;

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

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

(2B) Repealed by SL 2010, ch 84, § 1.

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

(a) For districts with a fall enrollment of two hundred or less, multiply 0.2 times

~~\$4,237.72~~ \$3,813.95;

(b) For districts with a fall enrollment of greater than two hundred, but less than six hundred, multiply the fall enrollment times negative 0.0005; add 0.3 to that

result; and multiply the sum obtained times ~~\$4,237.72~~ \$3,813.95;

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

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

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

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

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

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

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

(7) "General fund balance," the unreserved fund balance of the general fund, less general 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.