

# State of South Dakota

SEVENTY-SEVENTH SESSION  
LEGISLATIVE ASSEMBLY, 2002

226H0294

## HOUSE BILL NO. 1105

Introduced by: Representatives Brown (Richard), Broderick, Davis, Murschel, and Olson (Mel) and Senators Munson, Albers, Cradduck, Dennert, Hutmacher, Koetzle, McIntyre, Moore, Olson (Ed), Sutton (Dan), and Symens

1 FOR AN ACT ENTITLED, An Act to revise the index factor in the state aid to education  
2 formula.

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



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

19 (3A) "Enrollment adjustment," is one-half of the negative of the annual percent change in  
20 the statewide general enrollment average daily membership for the year before the  
21 year immediately preceding the year of adjustment;

22 (4) "Per student allocation," for the period January 1, 1997, to June 30, 1997, inclusive,  
23 is \$1,675. For school fiscal year 1998, beginning on July 1, 1997, the per student  
24 allocation shall be \$3,350 increased by the index factor. Each school fiscal year

- 1           thereafter, the per student allocation shall be the previous fiscal year's per student  
2           allocation increased by the index factor, plus the enrollment adjustment;
- 3       (5)   "Local need," the per student allocation multiplied by the adjusted average daily  
4           membership;
- 5       (6)   "Local effort," the amount of ad valorem taxes generated in a school fiscal year by  
6           applying the levies established pursuant to § 10-12-42;
- 7       (7)   "General fund balance," the unreserved fund balance of the general fund, less general  
8           fund exclusions plus, beginning with transfers made in fiscal year 2001, any transfers  
9           out of the general fund for the previous school fiscal year;
- 10      (8)   "General fund balance percentage," is a school district's general fund balance divided  
11           by the school district's total general fund expenditures for the previous school fiscal  
12           year, the quotient expressed as a percent;
- 13      (9)   "General fund base percentage," is the general fund balance percentage as of June 30,  
14           2000. However, the general fund base percentage can never increase and can never  
15           be less than twenty percent;
- 16      (10)  "Allowable general fund balance," the fund base percentage multiplied by the district's  
17           general fund expenditures in the previous school fiscal year;
- 18      (11)  "Imputed interest rate," the average prime rate for the preceding fiscal year minus 2.5  
19           percentage points;
- 20      (12)  "General fund exclusions," revenue a school district has received from the imposition  
21           of the excess tax levy pursuant to § 10-12-43; revenue a school district has received  
22           from gifts, contributions, grants, or donations; revenue a school district has received  
23           under the provisions of §§ 13-6-92 to 13-6-96, inclusive; and any revenue in the  
24           general fund set aside for a noninsurable judgment.