

# State of South Dakota

## EIGHTY-SECOND SESSION LEGISLATIVE ASSEMBLY, 2007

347N0693

### HOUSE BILL NO. 1239

Introduced by: Representatives Ahlers, Burg, Dennert, Elliott, Engels, Feinstein, Gassman, Gilson, Halverson, Hargens, Hills, Nygaard, Sigdestad, Thompson, and Van Norman and Senators Heidepriem, Albers, Bartling, Dempster, Hoerth, Jerstad, Katus, Kloucek, Koetzle, Nesselhuf, Peterson (Jim), Turbak, and Two Bulls

1 FOR AN ACT ENTITLED, An Act to revise the index factor used to determine the per student  
2 allocation of state aid to education.

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 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;

(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~~ greater. However, no adjustment of more than three percent may exceed the annual percentage growth of sales tax revenues collected by the state pursuant to chapter 10-45 for the preceding fiscal year;

(4) "Per student allocation," for school fiscal year 2006 is \$4,237.72. Each school fiscal year thereafter, the per student allocation is the previous fiscal year's per student allocation increased by the index factor;

- 1       (5)    "Local need," the per student allocation multiplied by the adjusted average daily  
2            membership;
- 3       (6)    "Local effort," the amount of ad valorem taxes generated in a school fiscal year by  
4            applying the levies established pursuant to § 10-12-42;
- 5       (7)    "General fund balance," the unreserved fund balance of the general fund, less general  
6            fund exclusions plus, beginning with transfers made in fiscal year 2001, any transfers  
7            out of the general fund for the previous school fiscal year;
- 8       (8)    "General fund balance percentage," is a school district's general fund balance divided  
9            by the school district's total general fund expenditures for the previous school fiscal  
10           year, the quotient expressed as a percent;
- 11      (9)    "General fund base percentage," is the general fund balance percentage as of June 30,  
12            2000. However, the general fund base percentage can never increase and can never  
13            be less than twenty percent;
- 14      (10)   "Allowable general fund balance," the fund base percentage multiplied by the  
15            district's general fund expenditures in the previous school fiscal year;
- 16      (11)   "Imputed interest rate," the average prime rate for the preceding fiscal year minus 2.5  
17            percentage points;
- 18      (12)   "General fund exclusions," revenue a school district has received from the imposition  
19            of the excess tax levy pursuant to § 10-12-43; revenue a school district has received  
20            from gifts, contributions, grants, or donations; revenue a school district has received  
21            under the provisions of §§ 13-6-92 to 13-6-96, revenue a school district has received  
22            as compensation for being a sparse school district under the terms of §§ 13-13-78 and  
23            13-13-79, inclusive; and any revenue in the general fund set aside for a noninsurable  
24            judgment.