

State of South Dakota

EIGHTY-THIRD SESSION
LEGISLATIVE ASSEMBLY, 2008

400P0376

HOUSE BILL NO. 1076

Introduced by: The Committee on Appropriations at the request of the Bureau of Finance and Management

1 FOR AN ACT ENTITLED, An Act to revise the funding for K-12 education.

2 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

3 Section 1. That § 13-13-10.1 be amended to read as follows:

4 13-13-10.1. Terms used in this chapter mean:

5 (1) "Average daily membership," the average number of resident and nonresident
6 kindergarten through twelfth grade pupils enrolled in all schools operated by the
7 school district during the previous regular school year, minus average number of
8 pupils for whom the district receives tuition, except pupils described in subdivision
9 (1A) and pupils for whom tuition is being paid pursuant to § 13-28-42.1 and plus the
10 average number of pupils for whom the district pays tuition;

11 (1A) Nonresident students who are in the care and custody of the Department of Social
12 Services, the Unified Judicial System, the Department of Corrections, or other state
13 agencies and are attending a public school may be included in the average daily
14 membership of the receiving district when enrolled in the receiving district. When
15 counting a student who meets these criteria in its general enrollment average daily



1 membership, the receiving district may begin the enrollment on the first day of
2 attendance. The district of residence prior to the custodial transfer may not include
3 students who meet these criteria in its general enrollment average daily membership
4 after the student ceases to attend school in the resident district;

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

6 (a) For districts with an average daily membership of two hundred or less,
7 multiply 1.2 times the average daily membership;

8 (b) For districts with an average daily membership of less than six hundred, but
9 greater than two hundred, raise the average daily membership to the 0.8293
10 power and multiply the result times 2.98;

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

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

24 (2B) "Current fall enrollment," the number of kindergarten through twelfth grade students

1 enrolled in all schools operated by the school district on the last Friday of September
2 of the current school year minus the number of students for whom the district
3 receives tuition except nonresident students who are in the care and custody of a state
4 agency and are attending a public school and students for whom tuition is being paid
5 pursuant to § 13-28-42.1, plus the number of students for whom the district pays
6 tuition;

7 (2C) "Small school adjustment," calculated as follows:

8 (a) For districts with a fall enrollment of two hundred or less, multiply 0.2 times
9 \$4,237.72;

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

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

17 (4) "Per student allocation," for school fiscal year 2008 is \$4,528.80. Each school fiscal
18 year thereafter, the per student allocation is the previous fiscal year's per student
19 allocation increased by the index factor;

20 (5) "Technology and assessment adjustment," for school fiscal year 2009 is \$71.46;

21 (6) "Local need," is the sum of:

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

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

24 **and**

- 1 (c) The payment distributed pursuant to § 13-13-80, if applicable; and
- 2 (d) The technology and assessment adjustment multiplied by the fall enrollment;
- 3 ~~(6)(7)~~ "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)(8)~~ "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)(9)~~ "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)(10)~~ "General fund base percentage," is the lesser of:
- 12 (a) The general fund balance percentage as of June 30, 2000; or
- 13 (b) The maximum allowable percentage for that particular fiscal year as stated in
- 14 this subsection.
- 15 For fiscal year 2008, the maximum allowable percentage is one hundred percent; for
- 16 fiscal year 2009, eighty percent; for fiscal year 2010, sixty percent; for fiscal year
- 17 2011, forty percent; for fiscal year 2012 and subsequent fiscal years, twenty-five
- 18 percent. However, the general fund base percentage can never be less than twenty-
- 19 five percent;
- 20 ~~(10)(11)~~ "Allowable general fund balance," the general fund base percentage multiplied
- 21 by the district's general fund expenditures in the previous school fiscal year;
- 22 ~~(11)(12)~~ "General fund exclusions," revenue a school district has received from the
- 23 imposition of the excess tax levy pursuant to § 10-12-43; revenue a school
- 24 district has received from gifts, contributions, grants, or donations; revenue a

1 school district has received under the provisions of §§ 13-6-92 to 13-6-96,
2 revenue a school district has received as compensation for being a sparse
3 school district under the terms of §§ 13-13-78 and 13-13-79, inclusive; and
4 any revenue in the general fund set aside for a noninsurable judgment.

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

7 The amount of funding to be distributed to the local school districts shall be the local need
8 as determined in § 13-13-10.1 less the technology and assessment adjustment as determined in
9 § 13-13-10.1. The Department of Education shall use the funding from the technology and
10 assessment adjustment for the purpose of providing technology to local school districts through
11 the Bureau of Information and Telecommunication and for the purpose of providing assessment
12 testing to the school districts.

13 Section 3. That § 13-13-73 be amended to read as follows:

14 13-13-73. The secretary of the Department of Education shall compute state aid to education
15 for each school district under the foundation program according to the following calculations:

- 16 (1) Determine each school district's fall enrollment;
- 17 (2) To arrive at the local need per district:
 - 18 (a) Multiply the per student allocation by the fall enrollment;
 - 19 (b) Multiply the small school adjustment, if applicable, by the fall enrollment; ~~and~~
 - 20 (c) Multiply the technology and assessment adjustment by the fall enrollment; and
 - 21 (d) Add the product of subsections (a) and (b) to the product of
22 subsection (b) (c) plus the amount of any payments received pursuant to § 13-
23 13-80;
- 24 (3) State aid paid to each school district is (a) local need minus local effort less the

- 1 technology and assessment adjustment times the fall enrollment, or (b) zero if the
2 calculation in (a) is a negative number;
- 3 (4) The amount calculated for the technology and assessment adjustment shall be
4 retained by the Department of Education to fund technology in schools and statewide
5 assessment testing on behalf of the school districts; and
- 6 (5) If the state aid appropriation for the general support of education is in excess of the
7 entitlement provided for in this section, the excess shall be used to fund any shortfall
8 of the appropriation as provided for in § 13-37-36.3. The secretary shall report to the
9 Governor by January seventh of each year, the amount of state aid necessary to fully
10 fund the general aid formula in the current year. If a shortfall in the state aid
11 appropriation for general education exists that cannot be covered by § 13-37-45, the
12 Governor shall inform the Legislature and provide a proposal to eliminate the
13 shortfall.