

State of South Dakota

EIGHTY-FOURTH SESSION
LEGISLATIVE ASSEMBLY, 2009

947Q0349

HOUSE BILL NO. 1254

Introduced by: Representatives McLaughlin, Bolin, Brunner, Dreyer, Gosch, Hunt, Kirkeby, Kopp, Krebs, Lust, Romkema, Schlekeway, Sly, and Turbiville and Senators Adelstein, Haverly, and Tieszen

1 FOR AN ACT ENTITLED, An Act to revise the funding of elementary and secondary
2 education and to increase the required minimum size of a school district.

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

4 Section 1. That section 8 of chapter 75 of the 2006 Session Laws be repealed.

5 Section 2. That § 13-6-92 be amended to read as follows:

6 13-6-92. If two or more school districts consolidate after July 1, 2001 and on or before July
7 1, 2007, the new school district is entitled to an additional three hundred dollars per average
8 daily membership as defined in § 13-13-10.1, up to a maximum of four hundred average daily
9 membership from each school district or a prorated portion thereof from a partial school district
10 as it existed prior to consolidation for the first year after consolidation. If two or more school
11 districts consolidate after July 1, 2001 and on or before July 1, 2007, the new school district is
12 entitled to an additional two hundred dollars per average daily membership as defined in § 13-
13 13-10.1, up to a maximum of four hundred average daily membership from each school district
14 or a prorated portion thereof from a partial school district as it existed prior to consolidation for



1 the second year after consolidation. If two or more school districts consolidate after July 1,
2 2001, and on or before July 1, 2007, the new school district is entitled to an additional one
3 hundred dollars per average daily membership as defined in § 13-13-10.1, up to a maximum of
4 four hundred average daily membership from each school district or a prorated portion thereof
5 from a partial school district as it existed prior to consolidation for the third year after
6 consolidation.

7 If two or more school districts consolidate after July 1, 2007, and on or before July 1, 2013,
8 for the first year after consolidation, each new school district is entitled to one thousand dollars
9 for each sending district student included in the receiving district's fall enrollment for the first
10 year after consolidation, up to a maximum of four hundred sending district students. If two or
11 more school districts consolidate after July 1, 2007, and on or before July 1, 2013, for the
12 second year after consolidation, each new school district is entitled to eight hundred dollars for
13 each sending district student included in the receiving district's fall enrollment for the first year
14 after consolidation, up to a maximum of four hundred sending district students. If two or more
15 school districts consolidate after July 1, 2007, and on or before July 1, 2013, for the third year
16 after consolidation, each new school district is entitled to four hundred dollars for each sending
17 district student included in the receiving district's fall enrollment for the first year after
18 consolidation, up to a maximum of four hundred sending district students.

19 For the purposes of the entitlement provided in this section, if a receiving district receives
20 fewer than ten sending district students, the receiving district is entitled to payment for ten
21 sending district students.

22 Section 3. That § 13-6-97 be amended to read as follows:

23 13-6-97. Any school district that, between July 1, 2009 and June 30, 2011, has a fall
24 enrollment, as defined in § 13-13-10.1, of less than ~~one hundred~~ one hundred seventy-five and

1 is not a sparse school district, as defined in § 13-13-78, shall, within two years, reorganize with
2 another school district or school districts to create a newly reorganized school district with a fall
3 enrollment of ~~one hundred~~ one hundred seventy-five or greater. ~~Any school district that is not~~
4 ~~sparse and has a fall enrollment of one hundred or less on July 1, 2007, shall prepare a plan for~~
5 ~~reorganization by June 30, 2009. After July 1, 2007, if the fall enrollment of any school district~~
6 ~~that is not sparse falls to one hundred or below, that school district shall prepare a plan for~~
7 ~~reorganization within two years. Beginning on July 1, 2011, any school district that has a fall~~
8 enrollment of less than two hundred fifty and is not a sparse school district shall, within two
9 years, reorganize with another school district to create a newly reorganized school district with
10 a fall enrollment of two hundred fifty or greater. If any such district fails to prepare a plan for
11 reorganization by the deadline, the Board of Education shall prepare a reorganization plan for
12 the district. However, the provisions of this section do not apply to any school district that
13 contracts with a school district in another state pursuant to § 13-15-11 to provide for the
14 education of children in grades seven through twelve who reside within the district, that receives
15 no foundation program state aid distributed pursuant to chapter 13-13, and that is located at least
16 twenty-five miles from the nearest high school in an adjoining school district in the state.

17 Section 4. That § 13-13-10.1 be amended to read as follows:

18 13-13-10.1. Terms used in this chapter mean:

- 19 (1) "Average daily membership," the average number of resident and nonresident
20 kindergarten through twelfth grade pupils enrolled in all schools operated by the
21 school district during the previous regular school year, minus average number of
22 pupils for whom the district receives tuition, except pupils described in subdivision
23 (1A) and pupils for whom tuition is being paid pursuant to § 13-28-42.1 and plus the
24 average number of pupils for whom the district pays tuition;

- 1 (1A) Nonresident students who are in the care and custody of the Department of Social
2 Services, the Unified Judicial System, the Department of Corrections, or other state
3 agencies and are attending a public school may be included in the average daily
4 membership of the receiving district when enrolled in the receiving district. When
5 counting a student who meets these criteria in its general enrollment average daily
6 membership, the receiving district may begin the enrollment on the first day of
7 attendance. The district of residence prior to the custodial transfer may not include
8 students who meet these criteria in its general enrollment average daily membership
9 after the student ceases to attend school in the resident district;
- 10 (2) "Adjusted average daily membership," calculated as follows:
- 11 (a) For districts with an average daily membership of two hundred or less,
12 multiply 1.2 times the average daily membership;
- 13 (b) For districts with an average daily membership of less than six hundred, but
14 greater than two hundred, raise the average daily membership to the 0.8293
15 power and multiply the result times 2.98;
- 16 (c) For districts with an average daily membership of six hundred or more,
17 multiply 1.0 times their average daily membership;
- 18 (2A) "Fall enrollment," the number of kindergarten through twelfth grade students enrolled
19 in all schools operated by the school district on the last Friday of September of the
20 previous school year minus the number of students for whom the district receives
21 tuition, except nonresident students who are in the care and custody of a state agency
22 and are attending a public school and students for whom tuition is being paid
23 pursuant to § 13-28-42.1, plus the number of students for whom the district pays
24 tuition. ~~When computing state aid to education for a school district under the~~

1 foundation program pursuant to ~~§ 13-13-73~~, the secretary of the Department of
 2 Education shall use either the school district's fall enrollment or the average of the
 3 school district's fall enrollment and the school district's fall enrollment from the prior
 4 year, whichever is higher. However, if a school district qualifies to benefit from both
 5 the averaging permitted in this subdivision and the one-time payment provided in
 6 ~~§ 13-13-80~~ in the same fiscal year, the school district may not benefit from both, but
 7 only from the one that provides the most additional funding to the district;

8 (2B) "Current fall enrollment," the number of kindergarten through twelfth grade students
 9 enrolled in all schools operated by the school district on the last Friday of September
 10 of the current school year minus the number of students for whom the district
 11 receives tuition except nonresident students who are in the care and custody of a state
 12 agency and are attending a public school and students for whom tuition is being paid
 13 pursuant to § 13-28-42.1, plus the number of students for whom the district pays
 14 tuition;

15 (2C) "Small school adjustment," calculated as follows:

16 (a) For districts with a fall enrollment of two hundred or less, multiply 0.2 times
 17 ~~\$4,237.72~~ \$3,178.29 for school fiscal year 2010; \$2,118.86 for school fiscal
 18 year 2011; and \$1,059.43 for school fiscal year 2012;

19 (b) For districts with a fall enrollment of greater than two hundred, but less than
 20 six hundred, multiply the fall enrollment times negative 0.0005; add 0.3 to that
 21 result; and multiply the sum obtained times ~~\$4,237.72~~ \$3,178.29 for school
 22 fiscal year 2010; \$2,118.86 for school fiscal year 2011; and \$1,059.43 for
 23 school fiscal year 2012;

24 (3) "Index factor," is the annual percentage change in the consumer price index for urban

1 wage earners and clerical workers as computed by the Bureau of Labor Statistics of
2 the United States Department of Labor for the year before the year immediately
3 preceding the year of adjustment up to a maximum of four percent or three percent,
4 whichever is ~~less~~ greater;

5 (4) "Per student allocation," for school fiscal year 2009 is \$4,664.66. Each school fiscal
6 year thereafter, the per student allocation is the previous fiscal year's per student
7 allocation increased by the index factor;

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

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

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

12 (c) The payment distributed pursuant to § 13-13-80, if applicable;

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

15 (7) "General fund balance," the unreserved fund balance of the general fund, less general
16 fund exclusions plus, beginning with transfers made in fiscal year 2001, any transfers
17 out of the general fund for the previous school fiscal year;

18 (8) "General fund balance percentage," is a school district's general fund balance divided
19 by the school district's total general fund expenditures for the previous school fiscal
20 year, the quotient expressed as a percent;

21 (9) "General fund base percentage," is the lesser of:

22 (a) The general fund balance percentage as of June 30, 2000; or

23 (b) The maximum allowable percentage for that particular fiscal year as stated in
24 this subsection.

1 For fiscal year 2008, the maximum allowable percentage is one hundred percent; for
2 fiscal year 2009, eighty percent; for fiscal year 2010, sixty percent; for fiscal year
3 2011, forty percent; for fiscal year 2012 and subsequent fiscal years, twenty-five
4 percent. However, the general fund base percentage can never be less than twenty-
5 five percent;

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

8 (11) "General fund exclusions," revenue a school district has received from the imposition
9 of the excess tax levy pursuant to § 10-12-43; revenue a school district has received
10 from gifts, contributions, grants, or donations; revenue a school district has received
11 under the provisions of §§ 13-6-92 to 13-6-96, revenue a school district has received
12 as compensation for being a sparse school district under the terms of §§ 13-13-78 and
13 13-13-79, inclusive; and any revenue in the general fund set aside for a noninsurable
14 judgment.

15 Section 5. That § 13-13-80 be amended to read as follows:

16 13-13-80. If a school district's current fall enrollment, as defined in § 13-13-10.1, increases
17 ~~by at least five percent or~~ by a minimum of twenty-five students over the fall enrollment, that
18 school district shall receive a one-time payment equal to fifty percent of the per student
19 allocation times the number of students by which the current fall enrollment exceeds the fall
20 enrollment. The payment shall be made to the district prior to the first of December in the
21 current school year. ~~However, if a school district qualifies to benefit from both the averaging~~
22 ~~permitted in subdivision 13-13-10.1(2A) and the one-time payment pursuant to this section in~~
23 ~~the same fiscal year, the school district may not benefit from both, but only from the one that~~
24 ~~provides the most additional funding to the district.~~