

State of South Dakota

EIGHTY-SEVENTH SESSION
LEGISLATIVE ASSEMBLY, 2012

668T0112

HOUSE BILL NO. 1226

Introduced by: Representatives Lucas, Abdallah, Blake, Brunner, Deelstra, Dennert, Elliott, Fargen, Gibson, Hunhoff (Bernie), Jones, Kirkeby, Kirschman, Kloucek, Munsterman, Perry, Sly, Stricherz, and Turbiville and Senators Sutton, Adelstein, Bradford, Buhl, Cutler, Frerichs, Hundstad, Johnston, Maher, and Schlekeway

1 FOR AN ACT ENTITLED, An Act to revise the index factor in the state aid to general
2 education and state aid to special education formulas, and to require the Legislature to
3 estimate general fund revenues for the current fiscal year and the next fiscal year.

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



1 Services, the Unified Judicial System, the Department of Corrections, or other state
2 agencies and are attending a public school may be included in the average daily
3 membership of the receiving district when enrolled in the receiving district. When
4 counting a student who meets these criteria in its general enrollment average daily
5 membership, the receiving district may begin the enrollment on the first day of
6 attendance. The district of residence prior to the custodial transfer may not include
7 students who meet these criteria in its general enrollment average daily membership
8 after the student ceases to attend school in the resident district;

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

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

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

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

17 (2A) "Fall enrollment," the number of kindergarten through twelfth grade students enrolled
18 in all schools operated by the school district on the last Friday of September of the
19 current school year minus the number of students for whom the district receives
20 tuition, except nonresident students who are in the care and custody of a state agency
21 and are attending a public school and students for whom tuition is being paid
22 pursuant to § 13-28-42.1, plus the number of students for whom the district pays
23 tuition. When computing state aid to education for a school district under the
24 foundation program pursuant to § 13-13-73, the secretary of the Department of

1 Education shall use either the school district's fall enrollment or the average of the
2 school district's fall enrollment from the previous two years, whichever is higher;

3 (2B) Repealed by SL 2010, ch 84, § 1.

4 (2C) "Small school adjustment," calculated as follows:

5 (a) For districts with a fall enrollment of two hundred or less, multiply 0.2 times
6 \$4,237.72;

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

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

13 (2D) "State general fund revenue," all continuing receipts deposited into the state's general
14 fund;

15 (2E) "Projected state general fund increase," the estimated percentage change in state
16 general fund revenue, as adopted by the standing committees on appropriations
17 pursuant to section 2 of this Act, for the year of adjustment;

18 (3) ~~"Index factor," is the annual percentage change in the consumer price index for urban~~
19 ~~wage earners and clerical workers as computed by the Bureau of Labor Statistics of~~
20 ~~the United States Department of Labor for the year before the year immediately~~
21 ~~preceding the year of adjustment or three percent, whichever is less equal to the~~
22 ~~projected state general fund increase except that it cannot be greater than six percent~~
23 ~~or less than zero percent;~~

24 (3A) "General fund adjustment," beginning with school fiscal year 2016, the difference

1 between the percentage that would have been used as the index factor for the year
2 before the year immediately preceding the year of adjustment if the projected state
3 general fund increase had equaled the actual percentage change in state general fund
4 revenue for that year and the index factor that was actually used in that year to
5 calculate the per student allocation;

6 (4) "Per student allocation," for school fiscal year 2012 is \$4,389.95. Each school fiscal
7 year thereafter, the per student allocation is the previous fiscal year's per student
8 allocation increased by the index factor plus the general fund adjustment;

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

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

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

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

14 (7) "General fund balance percentage," is a school district's general fund equity divided
15 by the school district's total general fund expenditures for the previous school fiscal
16 year, the quotient expressed as a percent;

17 (8) "General fund reserves," the sum of a school district's nonspendable and restricted
18 fund balances of the general fund;

19 (9) "Nonspendable fund balance," that amount of the fund balance that is not in
20 spendable form;

21 (10) "Restricted fund balance," that amount of the fund balance that has constraints on
22 how it may be used that are externally imposed or are imposed by law.

23 Section 2. That chapter 4-7 be amended by adding thereto a NEW SECTION to read as
24 follows:

1 The Senate and House of Representatives standing committees on appropriations shall
2 jointly adopt a statement of estimated revenue for the current fiscal year and for the next fiscal
3 year. The statement of estimated revenue shall be classified by individual revenue source.

4 Section 3. That § 13-37-35.1 be amended to read as follows:

5 13-37-35.1. Terms used in chapter 13-37 mean:

- 6 (1) "Level one disability," a mild disability;
- 7 (2) "Level two disability," cognitive disability or emotional disorder;
- 8 (3) "Level three disability," hearing impairment, deafness, visual impairment, deaf-
9 blindness, orthopedic impairment, or traumatic brain injury;
- 10 (4) "Level four disability," autism;
- 11 (5) "Level five disability," multiple disabilities;
- 12 (5A) "Level six disability," prolonged assistance;
- 13 (5B) "State general fund revenue," all continuing receipts deposited into the state's general
14 fund;
- 15 (5C) "Projected state general fund increase," the estimated percentage change in state
16 general fund revenue, as adopted by the standing committees on appropriations
17 pursuant to section 2 of this Act, for the year of adjustment;
- 18 (6) "Index factor," is ~~the annual percentage change in the consumer price index for urban~~
19 ~~wage earners and clerical workers as computed by the Bureau of Labor Statistics of~~
20 ~~the United States Department of Labor for the year before the year immediately~~
21 ~~preceding the year of adjustment or three percent, whichever is less~~ equal to the
22 projected state general fund increase except it cannot be greater than six percent or
23 less than zero percent;
- 24 (6A) "General fund adjustment," beginning with school fiscal year 2016, the difference

1 between the percentage that would have been used as the index factor for the year
2 before the year immediately preceding the year of adjustment if the projected state
3 general fund increase had equaled the actual percentage change in state general fund
4 revenue for that year and the index factor that was actually used in that year to
5 calculate the per student allocation;

6 (7) "Local effort," shall be calculated for taxes payable in 2011 and shall be the amount
7 of revenue that could have been generated for the taxes payable in 2010 using a
8 special education levy of one dollar and twenty cents per one thousand dollars of
9 valuation increased by the lesser of three percent or the index factor, as defined in
10 § 10-13-38, plus a percentage increase of value resulting from any improvements or
11 change in use of real property, annexation, minor boundary changes, and any
12 adjustments in taxation of real property separately classified and subject to statutory
13 adjustments and reductions under chapters 10-4, 10-6, 10-6A, and 10-6B, except
14 § 10-6-31.4, only if assessed the same as property of equal value.

15 For taxes payable in 2012, 2013, 2014, and 2015, the total amount of local effort
16 shall be increased by the lesser of three percent or the index factor, established
17 pursuant to § 10-13-38 plus a percentage increase of value resulting from any
18 improvements or change in use of real property, annexation, minor boundary
19 changes, and any adjustments in taxation of real property separately classified and
20 subject to statutory adjustments and reductions under chapters 10-4, 10-6, 10-6A, and
21 10-6B, except § 10-6-31.4, only if assessed the same as property of equal value;

22 (8) "Allocation for a student with a level one disability," for the school fiscal year
23 beginning July 1, 2011, is \$4,057. For each school year thereafter, the allocation for
24 a student with a level one disability shall be the previous fiscal year's allocation for

- 1 such child increased by the ~~lesser of the index factor or three percent~~;
- 2 (9) "Allocation for a student with a level two disability," for the school fiscal year
3 beginning July 1, 2011, is \$9,471. For each school year thereafter, the allocation for
4 a student with a level two disability shall be the previous fiscal year's allocation for
5 such child increased by the ~~lesser of the index factor or three percent~~;
- 6 (10) "Allocation for a student with a level three disability," for the school fiscal year
7 beginning July 1, 2011, is \$15,220. For each school year thereafter, the allocation for
8 a student with a level three disability shall be the previous fiscal year's allocation for
9 such child increased by the ~~lesser of the index factor or three percent~~;
- 10 (11) "Allocation for a student with a level four disability," for the school fiscal year
11 beginning July 1, 2011, is \$13,164. For each school year thereafter, the allocation for
12 a student with a level four disability shall be the previous fiscal year's allocation for
13 such child increased by the ~~lesser of the index factor or three percent~~;
- 14 (12) "Allocation for a student with a level five disability," for the school fiscal year
15 beginning July 1, 2011, is \$16,539. For each school year thereafter, the allocation for
16 a student with a level five disability shall be the previous fiscal year's allocation for
17 such child increased by the ~~lesser of the index factor or three percent~~;
- 18 (12A) "Allocation for a student with a level six disability," for the school fiscal year
19 beginning July 1, 2011, is \$8,438. For each school year thereafter, the allocation for
20 a student with a level six disability shall be the previous fiscal year's allocation for
21 such child increased by the ~~lesser of the index factor or three percent~~;
- 22 (13) "Child count," is the number of students in need of special education or special
23 education and related services according to criteria set forth in rules promulgated
24 pursuant to §§ 13-37-1.1 and 13-37-46 submitted to the Department of Education in

1 accordance with rules promulgated pursuant to § 13-37-1.1;

2 (14) "Fall enrollment," the number of kindergarten through twelfth grade pupils enrolled
3 in all schools operated by the school district on the last Friday of September of the
4 previous school year minus the number of students for whom the district receives
5 tuition, except any nonresident student who is in the care and custody of a state
6 agency and is attending a public school and any student for whom tuition is being
7 paid pursuant to § 13-28-42.1, plus the number of students for whom the district pays
8 tuition;

9 (15) "Nonpublic school," a sectarian organization or entity which is accredited by the
10 secretary of education for the purpose of instructing children of compulsory school
11 age. This definition excludes any school that receives a majority of its revenues from
12 public funds;

13 (16) "Nonpublic fall enrollment," until June 30, 2008, the number of children under age
14 sixteen, and beginning July 1, 2009, the number of children under age eighteen, who
15 are approved for alternative instruction pursuant to § 13-27-2 on the last Friday of
16 September of the previous school year plus:

17 (a) For nonpublic schools located within the boundaries of a public school district
18 with a fall enrollment of six hundred or more on the last Friday of September
19 of the previous school year, the number of kindergarten through twelfth grade
20 pupils enrolled on the last Friday of September of the previous regular school
21 year in all nonpublic schools located within the boundaries of the public
22 school district;

23 (b) For nonpublic schools located within the boundaries of a public school district
24 with a fall enrollment of less than six hundred on the last Friday of September

1 of the previous school year, the number of resident kindergarten through
2 twelfth grade pupils enrolled on the last Friday of September of the previous
3 school year in all nonpublic schools located within the State of South Dakota;

4 (17) "Special education fall enrollment," fall enrollment plus nonpublic fall enrollment;

5 (18) "Local need," an amount to be determined as follows:

6 (a) Multiply the special education fall enrollment by 0.1062 and multiply the
7 result by the allocation for a student with a level one disability;

8 (b) Multiply the number of students having a level two disability as reported on
9 the child count for the previous school fiscal year by the allocation for a
10 student with a level two disability;

11 (c) Multiply the number of students having a level three disability as reported on
12 the child count for the previous school fiscal year by the allocation for a
13 student with a level three disability;

14 (d) Multiply the number of students having a level four disability as reported on
15 the child count for the previous school fiscal year by the allocation for a
16 student with a level four disability;

17 (e) Multiply the number of students having a level five disability as reported on
18 the child count for the previous school fiscal year by the allocation for a
19 student with a level five disability;

20 (f) Multiply the number of students having a level six disability as reported on the
21 child count for the previous school fiscal year by the allocation for a student
22 with a level six disability;

23 (g) Sum the results of (a) through (f);

24 (19) "Effort factor," for taxes payable in 2011, 2012, 2013, 2014, and 2015, the effort

1 factor is the amount of taxes payable for the year divided by the amount of local
2 effort as calculated in subdivision (7). The maximum effort factor is 1.0.