

# State of South Dakota

EIGHTY-EIGHTH SESSION  
LEGISLATIVE ASSEMBLY, 2013

794U0446

## SENATE BILL NO. 197

Introduced by: Senators Tidemann, Buhl, Heineman (Phyllis), Holien, Kirkeby, Krebs, Lucas, Peters, Rave, and Sohlt and Representatives Dryden, Bolin, Craig, Gosch, Hajek, Hawley, Heinert, Lust, Sly, Steele, Stevens, Westra, Wick, and Wink

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

1 (2B) Repealed by SL 2010, ch 84, § 1.

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

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

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

8 The total fall enrollment of a school district determines if a school district falls into either  
9 category (a) or (b) above or is not eligible to receive the small school adjustment. However, the  
10 small school adjustment calculated for a student who is participating in the enrollment options  
11 program pursuant to § 13-28-40 may differ from the small school adjustment calculated for a  
12 resident student of a school district. If a student participating in the enrollment options program  
13 is both a resident of and is enrolled in a school district that is eligible for the small school  
14 adjustment, the small school adjustment calculated for that student shall be based upon the fall  
15 enrollment of that student's resident school district. If a student participating in the enrollment  
16 options program is either a resident of or is enrolled in a school district that is not eligible for  
17 the small school adjustment, no small school adjustment may be calculated for that student. The  
18 only exception is if a student participating in the enrollment options program is enrolled in a  
19 school district defined as sparse pursuant to § 13-13-78, and in that case, the small school  
20 adjustment calculated for that student shall be based upon the fall enrollment of the sparse  
21 school district.

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

- 1 (3) "Index factor," is the annual percentage change in the consumer price index for urban  
2 wage earners and clerical workers as computed by the Bureau of Labor Statistics of  
3 the United States Department of Labor for the year before the year immediately  
4 preceding the year of adjustment or three percent, whichever is less;
- 5 (4) "Per student allocation," for school fiscal year 2012 is \$4,389.95. 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 (6) "Local effort," the amount of ad valorem taxes generated in a school fiscal year by  
12 applying the levies established pursuant to § 10-12-42;
- 13 (7) "General fund balance percentage," is a school district's general fund equity divided  
14 by the school district's total general fund expenditures for the previous school fiscal  
15 year, the quotient expressed as a percent;
- 16 (8) "General fund reserves," the sum of a school district's nonspendable and restricted  
17 fund balances of the general fund;
- 18 (9) "Nonspendable fund balance," that amount of the fund balance that is not in  
19 spendable form;
- 20 (10) "Restricted fund balance," that amount of the fund balance that has constraints on  
21 how it may be used that are externally imposed or are imposed by law.

22 Section 2. That § 13-13-73 be amended to read as follows:

23 13-13-73. The secretary of the Department of Education shall compute state aid to education  
24 for each school district under the foundation program according to the following calculations:

- 1 (1) Determine each school district's fall enrollment;
- 2 (2) To arrive at the local need per district:
  - 3 (a) Multiply the per student allocation by the fall enrollment;
  - 4 (b) ~~Multiply the small school adjustment, if applicable, by the fall enrollment~~  
5 Divide the total fall enrollment into subgroups based upon the small school  
6 adjustment applicable to each subgroup as calculated pursuant to subdivision  
7 13-13-10.1(2C), and multiply the fall enrollment within each subgroup by the  
8 small school factor appropriate for that subgroup; and
  - 9 (c) Add the product of subsection (a) to the product or products of subsection (b);
- 10 (3) State aid is (a) local need minus local effort, or (b) zero if the calculation in (a) is a  
11 negative number;
- 12 (4) If the state aid appropriation for the general support of education is in excess of the  
13 entitlement provided for in this section and the entitlement provided for in § 13-13-  
14 85, the excess shall be used to fund any shortfall of the appropriation as provided for  
15 in § 13-37-36.3. The secretary shall report to the Governor by January seventh of  
16 each year, the amount of state aid necessary to fully fund the general aid formula in  
17 the current year. If a shortfall in the state aid appropriation for general education  
18 exists that cannot be covered by § 13-37-45, the Governor shall inform the  
19 Legislature and provide a proposal to eliminate the shortfall.

20 Section 3. This Act is effective on July 1, 2014.