

State of South Dakota

SEVENTY-SIXTH SESSION
LEGISLATIVE ASSEMBLY, 2001

415E0771

SENATE ENGROSSED NO. **HB 1258** - 03/02/2001

This bill has been extensively amended (hoghoused) and may no longer be consistent with the original intention of the sponsor.

Introduced by: Representatives Eccarius, Michels, and Peterson (Bill) and Senators Everist and Brown (Arnold)

1 FOR AN ACT ENTITLED, An Act to revise the distribution of state aid to 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 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

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

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

7 (a) For districts with an average daily membership of two hundred or less, multiply
8 1.2 times the average daily membership;

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

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

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

18 (3A) "Enrollment adjustment," is one-half of the negative of the annual percent change in
19 the statewide general enrollment average daily membership for the year before the
20 year immediately preceding the year of adjustment;

21 (4) "Per student allocation," for the period January 1, 1997, to June 30, 1997, inclusive,
22 is \$1,675. For school fiscal year 1998, beginning on July 1, 1997, the per student
23 allocation shall be \$3,350 increased by the index factor. Each school fiscal year
24 thereafter, the per student allocation shall be the previous fiscal year's per student

- 1 allocation increased by the index factor, plus the enrollment adjustment;
- 2 (5) "Local need," the per student allocation multiplied by the adjusted average daily
3 membership;
- 4 (6) "Local effort," the amount of ad valorem taxes generated in a school fiscal year by
5 applying the levies established pursuant to § 10-12-42;
- 6 (7) "General fund balance," the unreserved fund balance of the general fund, less general
7 fund exclusions plus, beginning with transfers made in fiscal year 2001, any transfers
8 out of the general fund for the previous school fiscal year;
- 9 (8) "General fund balance percentage," is a school district's general fund balance divided
10 by the school district's total general fund expenditures for the previous school fiscal
11 year, the quotient expressed as a percent;
- 12 (9) "General fund base percentage," is the general fund balance percentage as of June 30,
13 2000. However, the general fund base percentage can never increase and can never
14 be less than twenty percent;
- 15 (10) "Allowable general fund balance," the fund base percentage multiplied by the district's
16 general fund expenditures in the previous school fiscal year;
- 17 (11) "Imputed interest rate," the average prime rate for the preceding fiscal year minus 2.5
18 percentage points;
- 19 (12) "General fund exclusions," revenue a school district has received from the imposition
20 of the excess tax levy pursuant to § 10-12-43; revenue a school district has received
21 from gifts, contributions, grants, or donations; revenue a school district has received
22 under the provisions of House Bill 1294 as previously enacted by the Seventy-sixth
23 Legislative Assembly; and any revenue in the general fund set aside for a noninsurable
24 judgment.

1 Section 2. The enrollment adjustment shall apply only to the distribution of state aid to
2 education in fiscal year 2002.

3 Section 3. That chapter 13-13 be amended by adding thereto a NEW SECTION to read as
4 follows:

5 A school district's state aid for general education as calculated pursuant to § 13-13-73 shall
6 be reduced by the following calculation:

7 (1) Subtract the allowable general fund balance from the general fund balance. If the
8 result is less than zero, (1) equals zero;

9 (2) Determine the lower of the general fund base percentage or the general fund balance
10 percentage;

11 (3) Subtract twenty percent (0.2) from the result of (2). If the result is less than zero, (3)
12 equals zero;

13 (4) Multiply the result of (3) by the district's general fund expenditures in the previous
14 school fiscal year;

15 (5) Multiply the result of (4) by the imputed interest rate;

16 (6) Add the result of (1) and the result of (5).

17 Section 4. That chapter 13-13 be amended by adding thereto a NEW SECTION to read as
18 follows:

19 The secretary of education and cultural affairs shall determine the reduction in state aid to
20 education pursuant to section 3 of this Act. The secretary of education and cultural affairs shall
21 distribute the amount of money so determined to school districts that received state aid pursuant
22 to chapter 13-13 on a pro rata basis according to the district's average daily membership
23 compared to the total average daily membership of all districts eligible for this distribution.

24 Section 5. That chapter 13-13 be amended by adding thereto a NEW SECTION to read as

1 follows:

2 If two or more school districts consolidate, the general fund base percentage for the newly
3 reorganized district shall be based upon the highest general fund balance percentage as defined
4 in subdivision 13-13-10.1(8) of the consolidating districts.

5 Section 6. That § 13-16-26.2 be amended to read as follows:

6 13-16-26.2. Notwithstanding the provisions of § 13-16-26, no school district may transfer
7 any funds, exclusive of federal funds, from the general fund to the capital outlay fund, bond
8 redemption fund or the capital projects fund.

9 Section 7. That chapter 13-13 be amended by adding thereto a NEW SECTION to read as
10 follows:

11 There is hereby created the Excess General Fund Oversight Board within the Department of
12 Education and Cultural Affairs. The board shall consist of five members, appointed by the
13 Governor. The Excess General Fund Oversight Board may exempt a school district from the
14 provisions of section 3 of this Act if a school district can demonstrate to the Excess General
15 Fund Oversight Board that its general fund balance percentage is the result of special
16 circumstances.