

State of South Dakota

SEVENTY-SEVENTH SESSION
LEGISLATIVE ASSEMBLY, 2002

389H0102

HOUSE BILL NO. 1096

Introduced by: Representatives Hennies (Thomas), Adelstein, Bartling, Bradford, Burg, Davis, Elliott, Flowers, Gillespie, Hanson (Gary), Hargens, Hennies (Don), Holbeck, Hundstad, Kloucek, Kooistra, Lange, McCoy, Nachtigal, Nesselhuf, Olson (Mel), Peterson (Jim), Sigdestad, and Van Norman and Senators Olson (Ed), Dennert, Duxbury, Ham, Hutmacher, McIntyre, Moore, Reedy, and Sutton (Dan)

1 FOR AN ACT ENTITLED, An Act to revise the index factor in the state aid to education
2 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 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



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

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

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

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

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

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

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

23 (4) "Per student allocation," for the period January 1, 1997, to June 30, 1997, inclusive,
24 is \$1,675. For school fiscal year 1998, beginning on July 1, 1997, the per student

- 1 allocation shall be \$3,350 increased by the index factor. Each school fiscal year
2 thereafter, the per student allocation shall be the previous fiscal year's per student
3 allocation increased by the index factor, plus the enrollment adjustment;
- 4 (5) "Local need," the per student allocation multiplied by the adjusted average daily
5 membership;
- 6 (6) "Local effort," the amount of ad valorem taxes generated in a school fiscal year by
7 applying the levies established pursuant to § 10-12-42;
- 8 (7) "General fund balance," the unreserved fund balance of the general fund, less general
9 fund exclusions plus, beginning with transfers made in fiscal year 2001, any transfers
10 out of the general fund for the previous school fiscal year;
- 11 (8) "General fund balance percentage," is a school district's general fund balance divided
12 by the school district's total general fund expenditures for the previous school fiscal
13 year, the quotient expressed as a percent;
- 14 (9) "General fund base percentage," is the general fund balance percentage as of June 30,
15 2000. However, the general fund base percentage can never increase and can never
16 be less than twenty percent;
- 17 (10) "Allowable general fund balance," the fund base percentage multiplied by the district's
18 general fund expenditures in the previous school fiscal year;
- 19 (11) "Imputed interest rate," the average prime rate for the preceding fiscal year minus 2.5
20 percentage points;
- 21 (12) "General fund exclusions," revenue a school district has received from the imposition
22 of the excess tax levy pursuant to § 10-12-43; revenue a school district has received
23 from gifts, contributions, grants, or donations; revenue a school district has received
24 under the provisions of §§ 13-6-92 to 13-6-96, inclusive; and any revenue in the

1 general fund set aside for a noninsurable judgment.

2 Section 2. Any school district that receives revenue resulting from the enrollment adjustment
3 shall use the resulting revenue to increase teachers' salaries. The Department of Education and
4 Cultural Affairs shall certify to each school district the amount of revenue it will receive from
5 general state aid to education resulting from the enrollment adjustment.

6 Section 3. School districts shall certify to the Department of Education and Cultural Affairs
7 that the revenue received resulting from the enrollment adjustment is used to increase teachers'
8 salaries.

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

10 13-37-35.1. Terms used in chapter 13-37 mean:

- 11 (1) "Level one disability," a mild disability;
- 12 (2) "Level two disability," a mental retardation or emotional disorder;
- 13 (3) "Level three disability," hearing impairment, deafness, visual impairment,
14 deaf-blindness, orthopedic impairment, or traumatic brain injury;
- 15 (4) "Level four disability," autism;
- 16 (5) "Level five disability," multiple disabilities;
- 17 (5A) "Level six disability," prolonged assistance;
- 18 (6) "Index factor," is two percent plus the annual percentage change in the consumer
19 price index for urban wage earners and clerical workers as computed by the Bureau
20 of Labor Statistics of the United States Department of Labor for the year before the
21 year immediately preceding the year of adjustment ~~or three percent, whichever is less;~~
- 22 (7) "Local effort," is the amount of taxes payable each year, using a levy for the special
23 education fund of a school district of one dollar and thirty cents per thousand dollars
24 of taxable valuation;

- 1 (8) "Allocation for a student with a level one disability," for the school fiscal year
2 beginning July 1, 1999, is \$3,504. For each school year thereafter, the allocation for
3 a student with a level one disability shall be the previous fiscal year's allocation for
4 such child increased by the ~~lesser of the index factor or three percent~~;
- 5 (9) "Allocation for a student with a level two disability," for the school fiscal year
6 beginning July 1, 1999, is \$7,914. For each school year thereafter, the allocation for
7 a student with a level two disability shall be the previous fiscal year's allocation for
8 such child increased by the ~~lesser of the index factor or three percent~~;
- 9 (10) "Allocation for a student with a level three disability," for the school fiscal year
10 beginning July 1, 1999, is \$10,116. For each school year thereafter, the allocation for
11 a student with a level three disability shall be the previous fiscal year's allocation for
12 such child increased by the ~~lesser of the index factor or three percent~~;
- 13 (11) "Allocation for a student with a level four disability," for the school fiscal year
14 beginning July 1, 1999, is \$14,705. For each school year thereafter, the allocation for
15 a student with a level four disability shall be the previous fiscal year's allocation for
16 such child increased by the ~~lesser of the index factor or three percent~~;
- 17 (12) "Allocation for a student with a level five disability," for the school fiscal year
18 beginning July 1, 1999, is \$15,808. For each school year thereafter, the allocation for
19 a student with a level five disability shall be the previous fiscal year's allocation for
20 such child increased by the ~~lesser of the index factor or three percent~~;
- 21 (12A) "Allocation for a student with a level six disability," for the school fiscal year
22 beginning July 2001, is \$1,608. For each school year thereafter, the allocation for a
23 student with a level six disability shall be the previous fiscal year's allocation for such
24 child increased by the ~~lesser of the index factor or three percent~~;

- 1 (13) "Child count," is the number of students in need of special education or special
2 education and related services according to criteria set forth in rules promulgated
3 pursuant to §§ 13-37-1.1 and 13-37-46 submitted to the Department of Education
4 and Cultural Affairs in accordance with rules promulgated pursuant to § 13-37-1.1;
- 5 (14) "Average daily membership," the average number of kindergarten through twelfth
6 grade pupils enrolled in all schools operated by the school district during the previous
7 regular school year plus the average number of pupils 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 and cultural affairs for the purpose of instructing children of
11 compulsory school age. This definition excludes any school that receives a majority
12 of its revenues from public funds;
- 13 (16) "Nonpublic average daily membership," the average number of children under age
14 sixteen who are approved for alternative instruction pursuant to § 13-27-2 during the
15 previous school year plus:
- 16 (a) For nonpublic schools located within the boundaries of a public school district
17 with an average daily membership of six hundred or more during the previous
18 school year, the average number of kindergarten through twelfth grade pupils
19 enrolled during the previous regular school year in all nonpublic schools
20 located within the boundaries of the public school district;
- 21 (b) For nonpublic schools located within the boundaries of a public school district
22 with an average daily membership of less than six hundred during the previous
23 school year, the average number of resident kindergarten through twelfth grade
24 pupils enrolled during the previous school year in all nonpublic schools located

1 within the State of South Dakota;

2 (17) "Special education average daily membership," average daily membership plus
3 nonpublic average daily membership;

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

5 (a) Multiply the special education average daily membership by 0.089 and multiply
6 the result by the allocation for a student with a level one disability;

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

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

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

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

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

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

23 (19) "Effort factor," the school district's special education tax levy in dollars per thousand
24 divided by \$1.30. The maximum effort factor is 1.0.