

# State of South Dakota

SEVENTY-EIGHTH SESSION  
LEGISLATIVE ASSEMBLY, 2003

282I0406

## SENATE BILL NO. 113

Introduced by: Senators Kloucek, Kooistra, and Nachtigal and Representatives Begalka, Bartling, Bradford, Elliott, Gassman, Kroger, Lange, Nesselhuf, and Van Norman

1 FOR AN ACT ENTITLED, An Act to revise reserve fund criteria for reducing state aid to  
2 education for certain school districts.

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  
14 agencies and are attending a public school may be included in the average daily  
15 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 (4) "Per student allocation," for the period January 1, 1997, to June 30, 1997, inclusive,  
19 is \$1,675. For school fiscal year 1998, beginning on July 1, 1997, the per student  
20 allocation shall be \$3,350 increased by the index factor. Each school fiscal year  
21 thereafter, the per student allocation shall be the previous fiscal year's per student  
22 allocation increased by the index factor, plus the enrollment adjustment;

23 (5) "Local need," the per student allocation multiplied by the adjusted average daily  
24 membership;

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

21 Section 2. That § 13-13-73.2 be amended to read as follows:

22 13-13-73.2. A school district's state aid for general education as calculated pursuant to  
23 § 13-13-73 shall be reduced by the following calculation:

- 24 (1) Subtract the allowable general fund balance from the general fund balance. If the

- 1 result is less than zero, (1) equals zero;
- 2 (2) Determine the lower of the general fund base percentage or the general fund balance
- 3 percentage;
- 4 (3) Subtract ~~twenty percent (0.2)~~ forty percent (0.4) from the result of (2). If the result
- 5 is less than zero, (3) equals zero;
- 6 (4) Multiply the result of (3) by the district's general fund expenditures in the previous
- 7 school fiscal year;
- 8 (5) Multiply the result of (4) by the imputed interest rate;
- 9 (6) Add the result of (1) and the result of (5).