

# State of South Dakota

SEVENTY-NINTH SESSION  
LEGISLATIVE ASSEMBLY, 2004

753J0756

## SENATE BILL NO. 169

Introduced by: Senators Bogue, Apa, Brown, Duniphan, Jaspers, Kleven, Koskan, LaPointe, McCracken, Napoli, and Olson (Ed) and Representatives Rave, Dykstra, Hackl, Juhnke, Klaudt, LaRue, Lintz, Peterson (Bill), Rhoden, and Teupel

1 FOR AN ACT ENTITLED, An Act to provide a sparsity factor when distributing certain school  
2 district revenue.

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,  
8 multiply 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 (2A) "Sparsity average daily membership," calculated as follows:

15 (a) For districts that operate at least one elementary attendance center, divide the  
16 average daily membership by the area of the school district in square miles;

17 (b) If the result of subsection (a) of this subdivision is 0.50 or less, multiply the  
18 quotient obtained in subsection (a) times negative 0.5. If the result of  
19 subsection (a) of this subdivision exceeds 0.50, the district is not eligible for  
20 the sparsity factor;

21 (c) Add 0.25 to the result of subsection (b) of this subdivision; and

22 (d) Multiply the result of subsection (c) of this subdivision times the average daily  
23 membership;

24 (3) "Index factor," is the annual percentage change in the consumer price index for urban

- 1 wage earners and clerical workers as computed by the Bureau of Labor Statistics of  
2 the United States Department of Labor for the year before the year immediately  
3 preceding the year of adjustment or three percent, whichever is less;
- 4 (4) "Per student allocation," for school fiscal year 2004 is \$3,967.88. Each school fiscal  
5 year thereafter, the per student allocation is the previous fiscal year's per student  
6 allocation increased by the index factor;
- 7 (5) "Local need," the per student allocation multiplied by the sum of adjusted average  
8 daily membership plus the sparsity average daily membership;
- 9 (6) "Local effort," the amount of ad valorem taxes generated in a school fiscal year by  
10 applying the levies established pursuant to § 10-12-42;
- 11 (7) "General fund balance," the unreserved fund balance of the general fund, less general  
12 fund exclusions plus, beginning with transfers made in fiscal year 2001, any transfers  
13 out of the general fund for the previous school fiscal year;
- 14 (8) "General fund balance percentage," is a school district's general fund balance 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 (9) "General fund base percentage," is the general fund balance percentage as of June 30,  
18 2000. However, the general fund base percentage can never increase and can never  
19 be less than twenty percent;
- 20 (10) "Allowable general fund balance," the fund base percentage multiplied by the  
21 district's general fund expenditures in the previous school fiscal year;
- 22 (11) "Imputed interest rate," the average prime rate for the preceding fiscal year minus 2.5  
23 percentage points;
- 24 (12) "General fund exclusions," revenue a school district has received from the imposition

1 of the excess tax levy pursuant to § 10-12-43; revenue a school district has received  
2 from gifts, contributions, grants, or donations; revenue a school district has received  
3 under the provisions of §§ 13-6-92 to 13-6-96, inclusive; and any revenue in the  
4 general fund set aside for a noninsurable judgment.