

State of South Dakota

EIGHTIETH SESSION
LEGISLATIVE ASSEMBLY, 2005

776L0696

SENATE BILL NO. 185

Introduced by: Senators Knudson, Bogue, and Olson (Ed) and Representatives Frost, Dennert, Gillespie, Hackl, Hargens, and McLaughlin

1 FOR AN ACT ENTITLED, An Act to revise the calculation of a school district excess general
2 fund balance.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. That § 13-13-73.2 be amended to read as follows:

5 13-13-73.2. A school district's state aid for general education as calculated pursuant to § 13-
6 13-73 shall 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;~~



1 ~~(6) Add the result of (1) and the result of (5) the amount calculated by subtracting the~~
2 ~~allowable general fund balance from the general fund balance. If the result is less~~
3 ~~than zero, the result equals zero.~~

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

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

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

24 (b) For districts with an average daily membership of less than six hundred, but

1 greater than two hundred, raise the average daily membership to the 0.8293
2 power and multiply the result times 2.98;

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

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

9 (4) "Per student allocation," for school fiscal year 2005 is \$4,086.56. Each school fiscal
10 year thereafter, the per student allocation is the previous fiscal year's per student
11 allocation increased by the index factor;

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

14 (6) "Local effort," the amount of ad valorem taxes generated in a school fiscal year by
15 applying the levies established pursuant to § 10-12-42;

16 (7) "General fund balance," the unreserved fund balance of the general fund, less general
17 fund exclusions plus, beginning with transfers made in fiscal year 2001, any transfers
18 out of the general fund for the previous school fiscal year;

19 (8) "General fund balance percentage," is a school district's general fund balance divided
20 by the school district's total general fund expenditures for the previous school fiscal
21 year, the quotient expressed as a percent;

22 (9) "General fund base percentage," is the lesser of:

23 (a) the general fund balance percentage as of June 30, 2000; or

24 (b) the maximum allowable percentage for that particular fiscal year as stated in this

1 subsection.

2 For fiscal year 2006, the maximum allowable percentage is one hundred percent; for
3 fiscal year 2007, ninety percent; for fiscal year 2008, eighty percent; for fiscal year
4 2009, seventy percent; for fiscal year 2010, sixty percent; for fiscal year 2011 and
5 subsequent fiscal years, fifty percent. However, the general fund base percentage can
6 never increase and can never be less than ~~twenty~~ twenty-five percent;

7 (10) "Allowable general fund balance," the fund base percentage multiplied by the district's
8 general fund expenditures in the previous school fiscal year;

9 (11) ~~"Imputed interest rate," the average prime rate for the preceding fiscal year minus 2.5~~
10 ~~percentage points;~~

11 ~~(12)~~ "General fund exclusions," revenue a school district has received from the imposition
12 of the excess tax levy pursuant to § 10-12-43; revenue a school district has received
13 from gifts, contributions, grants, or donations; revenue a school district has received
14 under the provisions of §§ 13-6-92 to 13-6-96, inclusive; and any revenue in the
15 general fund set aside for a noninsurable judgment.