

State of South Dakota

EIGHTY-FIRST SESSION
LEGISLATIVE ASSEMBLY, 2006

400M0642

CONFERENCE COMMITTEE ENGROSSED NO. **SB** **198** - 02/28/2006

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

Introduced by: The Committee on Education at the request of the Governor

1 FOR AN ACT ENTITLED, An Act to appropriate funds to increase funding to education and
2 to assist sparse school districts and to require legislation as part of the final report of the
3 study of school funding.

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

5 Section 1. There is hereby appropriated from the state general fund the sum of six million
6 five hundred thousand dollars (\$6,500,000), or so much thereof that may be necessary, to the
7 Department of Education. The secretary of the Department of Education shall distribute the
8 funds to school districts pursuant to sections 3 and 4 of this Act based on average daily
9 membership as defined in subdivision 13-13-10.1(1) at the same time that foundation program
10 state aid is distributed to school districts pursuant to §§ 13-13-10.1 to 13-13-41, inclusive.

11 Section 2. The secretary of the Department of Education shall approve vouchers and the
12 state auditor shall draw warrants to pay expenditures authorized by this Act.

13 Section 3. School districts that meet adequate yearly progress in reading and math under the
14 terms of the state's accountability system established in § 13-3-62 shall receive funding



1 according to the provisions of section 1 of this Act.

2 Section 4. Those school districts that fail to meet adequate yearly progress under the terms
3 of the state's accountability system established in § 13-3-62 may apply to the department for a
4 grant to assist the district in meeting future academic targets. In order to qualify for a grant, a
5 school district shall submit to the department a school district improvement plan outlining the
6 steps the district will undertake to reach adequate yearly progress, and the plan shall be
7 approved by the secretary of education. However, no grant may be awarded to a school district
8 in an amount that exceeds what that school district would have received if it had achieved
9 adequate yearly progress.

10 Section 5. There is hereby appropriated from the state general fund the sum of one million
11 five hundred thousand dollars (\$1,500,000), or so much thereof as may be necessary, to the
12 Department of Education for distribution to sparse school districts pursuant to this Act.

13 Section 6. Terms used in this Act mean:

- 14 (1) "Sparse school district," a school district that meets each of the following criteria:
- 15 (a) Has an average daily membership per square mile of 0.50 or less;
 - 16 (b) Has an average daily membership of five hundred or less;
 - 17 (c) Has an area of four hundred square miles or more;
 - 18 (d) Has at least fifteen miles between its secondary attendance center or centers
19 and that of an adjoining district;
 - 20 (e) Operates a secondary attendance center;
 - 21 (f) Levies ad valorem taxes at the maximum rates allowed pursuant to § 10-12-42
22 or more; and
 - 23 (g) Has a general fund balance percentage of thirty percent or less excluding
24 revenue received from opting out of property tax limitations pursuant to

1 chapter 10-12;

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

3 (a) For sparse school districts with an adjusted average daily membership as
4 defined in subdivision 13-13-10.1(2) of less than one hundred or greater than
5 two hundred seventy-five, divide the average daily membership as defined in
6 subdivision 13-13-10.1(1) by the area of the school district in square miles;

7 (b) Multiply the quotient obtained in subsection (a) times negative 0.125;

8 (c) Add 0.0625 to the product obtained in subsection (b); and

9 (d) Multiply the sum obtained in subsection (c) times the average daily
10 membership;

11 (3) "Sparsity adjusted average daily membership," calculated as follows: For any sparse
12 school district with an adjusted average daily membership as defined in subdivision
13 13-13-10.1(2) of no less than one hundred, but no more than two hundred seventy-
14 five, the sparsity adjusted average daily membership is two hundred seventy-five.

15 Section 7. At the same time that foundation program state aid is distributed to school
16 districts pursuant to §§ 13-13-10.1 to 13-13-41, inclusive, the secretary of the Department of
17 Education shall distribute funds to sparse school districts by multiplying either the sparsity
18 average daily membership calculation or the sparsity adjusted average daily membership
19 calculation in section 6 of this Act by the per student allocation as defined in § 13-13-10.1.
20 However, no sparse school district may receive a sparsity benefit in any year that exceeds two
21 hundred fifty thousand dollars.

22 Section 8. Sections 6 and 7 of this Act are repealed on June 30, 2009.

23 Section 9. That § 13-13-10.1 be amended to read as follows:

24 13-13-10.1. Terms used in this chapter mean:

1 (1) "Average daily membership," the average number of resident and nonresident
2 kindergarten through twelfth grade pupils enrolled in all schools operated by the
3 school district during the previous regular school year, minus average number of
4 pupils for whom the district receives tuition, except pupils described in subdivision
5 (1A) and pupils for whom tuition is being paid pursuant to § 13-28-42 and plus the
6 average number of pupils for whom the district pays tuition;

7 (1A) Nonresident students who are in the care and custody of the Department of Social
8 Services, the Unified Judicial System, the Department of Corrections, or other state
9 agencies and are attending a public school may be included in the average daily
10 membership of the receiving district when enrolled in the receiving district. When
11 counting a student who meets these criteria in its general enrollment average daily
12 membership, the receiving district may begin the enrollment on the first day of
13 attendance. The district of residence prior to the custodial transfer may not include
14 students who meet these criteria in its general enrollment average daily membership
15 after the student ceases to attend school in the resident district;

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

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

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

22 (c) For districts with an average daily membership of six hundred or more,
23 multiply 1.0 times their average daily 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 2006 is \$4,237.72. 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 adjusted average daily
8 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, revenue a school district has received
4 as compensation for being a sparse school district under the terms of this Act,
5 inclusive; and any revenue in the general fund set aside for a noninsurable judgment.

6 Section 10. That section 4 of chapter 94 of the 2005 Session Laws be amended to read as
7 follows:

8 Section 4. The Department of Education shall provide an interim report to the Legislature
9 no later than December 1, 2005. The interim report shall include preliminary findings regarding
10 sparse schools, and a final report ~~shall follow no later than December 1, 2006,~~ addressing the
11 factors enumerated in section 2 and including proposed legislation shall be submitted to the
12 Governor no later than November 15, 2006, and copies of the report shall be provided to the
13 Legislature.