

State of South Dakota

EIGHTY-FIRST SESSION
LEGISLATIVE ASSEMBLY, 2006

488M0421

SENATE BILL NO. 81

Introduced by: Senators Schoenbeck, Abdallah, Duniphan, Kelly, Kloucek, Koetzle, McCracken, Moore, and Olson (Ed) and Representatives Cutler, Haley, Jensen, McCoy, Murschel, Nelson, and Roberts

1 FOR AN ACT ENTITLED, An Act to revise the index factor for determining the per student
2 allocation for 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,
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 (3) "Index factor," is the weighted composite of the following two indexes: the annual
15 percentage change in the consumer price index for urban wage earners and clerical
16 workers as computed by the Bureau of Labor Statistics of the United States
17 Department of Labor for the year before the year immediately preceding the year of
18 adjustment times fifteen percent plus the annual percentage change in the
19 employment cost index-total compensation: elementary and secondary schools, state
20 and local governments as computed by the Bureau of Labor Statistics of the United
21 States Department of Labor for the year before the year immediately preceding the
22 year of adjustment times eighty-five percent or three percent, whichever is less;

23 (4) "Per student allocation," for school fiscal year 2006 is \$4,237.72. Each school fiscal
24 year thereafter, the per student allocation is the previous fiscal year's per student

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