

State of South Dakota

EIGHTY-SECOND SESSION
LEGISLATIVE ASSEMBLY, 2007

794N0456

HOUSE BILL NO. 1220

Introduced by: Representatives Wick, Dykstra, Hunt, Kirkeby, Krebs, Miles, Steele, and Willadsen and Senators Jerstad, Abdallah, Gant, and Koetzle

1 FOR AN ACT ENTITLED, An Act to distribute state aid to education funds to certain school
2 districts with growing enrollments based on current enrollment data.

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 (1B) "Current 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 from the last Friday in September through the first Monday in
9 December during the current school year, minus the average number of pupils for
10 whom the district receives tuition, except pupils described in subdivision (1A) and
11 pupils for whom tuition is being paid pursuant to § 13-28-42, and plus the average
12 number of pupils for whom the district pays tuition;

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

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

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

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

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

- 1 (4) "Per student allocation," for school fiscal year 2006 is \$4,237.72. Each school fiscal
2 year thereafter, the per student allocation is the previous fiscal year's per student
3 allocation increased by the index factor;
- 4 (5) "Local need," the per student allocation multiplied by the adjusted average daily
5 membership. However, for school districts that meet the criteria established in
6 section 2 of this Act, the local need for the last six months of each fiscal year is the
7 per student allocation multiplied by the current average daily membership;
- 8 (6) "Local effort," the amount of ad valorem taxes generated in a school fiscal year by
9 applying the levies established pursuant to § 10-12-42;
- 10 (7) "General fund balance," the unreserved fund balance of the general fund, less general
11 fund exclusions plus, beginning with transfers made in fiscal year 2001, any transfers
12 out of the general fund for the previous school fiscal year;
- 13 (8) "General fund balance percentage," is a school district's general fund balance divided
14 by the school district's total general fund expenditures for the previous school fiscal
15 year, the quotient expressed as a percent;
- 16 (9) "General fund base percentage," is the general fund balance percentage as of June 30,
17 2000. However, the general fund base percentage can never increase and can never
18 be less than twenty percent;
- 19 (10) "Allowable general fund balance," the fund base percentage multiplied by the
20 district's general fund expenditures in the previous school fiscal year;
- 21 (11) "Imputed interest rate," the average prime rate for the preceding fiscal year minus 2.5
22 percentage points;
- 23 (12) "General fund exclusions," revenue a school district has received from the imposition
24 of the excess tax levy pursuant to § 10-12-43; revenue a school district has received

1 from gifts, contributions, grants, or donations; revenue a school district has received
2 under the provisions of §§ 13-6-92 to 13-6-96, revenue a school district has received
3 as compensation for being a sparse school district under the terms of §§ 13-13-78 and
4 13-13-79, inclusive; and any revenue in the general fund set aside for a noninsurable
5 judgment.

6 Section 2. That chapter 13-13 be amended by adding thereto a NEW SECTION to read as
7 follows:

8 If a school district's current average daily membership as defined in this Act exceeds the
9 school district's average daily membership by ten percent or more, or by at least fifty students,
10 that school district's local need, beginning in January of the current school year, shall be
11 calculated based not on the school district's average daily membership, but on the school
12 district's current average daily membership. In addition, that school district shall receive a one-
13 time payment equal to the difference between the amount of funding the district would have
14 received in state aid to education payments during the first six months of the fiscal year if the
15 payments had been calculated based on the school district's current average daily membership
16 and the amount of state aid funding the school district actually received during the first six
17 months of the fiscal year based upon its average daily membership.

18 Section 3. There is hereby created within the state treasury the increasing enrollment fund.
19 All moneys in the fund created by this section shall be used to provide the one-time payments
20 to school districts pursuant to section 2 of this Act. The fund shall be administered by the
21 Department of Education. Any funds not lawfully expended or obligated by June twentieth of
22 each year shall be transferred to the general fund.

23 Section 4. On June thirtieth of each fiscal year, the commissioner of the Bureau of Finance
24 and Management shall transfer the amount of money appropriated as state aid to general

1 education that is in excess of the amount required to meet the entitlement provided for in
2 chapter 13-13 plus any amount required to meet a shortfall pursuant to § 13-13-73, up to a
3 maximum amount of three million dollars, to the increasing enrollment fund.

4 Section 5. This Act is effective on June 26, 2007.