

State of South Dakota

EIGHTY-THIRD SESSION
LEGISLATIVE ASSEMBLY, 2008

497P0522

HOUSE BILL NO. 1172

Introduced by: Representatives Peters, Cutler, Gillespie, Gilson, Halverson, Hargens, Kirkeby, Krebs, Lucas, McLaughlin, Moore, Nelson, Novstrup (David), Rausch, Sigdestad, and Street and Senators Turbak Berry, Abdallah, Albers, Bartling, Hanson (Gary), Heidepriem, Jerstad, Koetzle, Nesselhuf, Olson (Ed), Peterson (Jim), and Sutton

1 FOR AN ACT ENTITLED, An Act to revise the index factor in the state aid to education
2 formula.

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 § 13-28-42.1 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



1 agencies and are attending a public school may be included in the average daily
2 membership of the receiving district when enrolled in the receiving district. When
3 counting a student who meets these criteria in its general enrollment average daily
4 membership, the receiving district may begin the enrollment on the first day of
5 attendance. The district of residence prior to the custodial transfer may not include
6 students who meet these criteria in its general enrollment average daily membership
7 after the student ceases to attend school in the resident district;

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

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

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

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

16 (2A) "Fall enrollment," the number of kindergarten through twelfth grade students enrolled
17 in all schools operated by the school district on the last Friday of September of the
18 previous school year minus the number of students for whom the district receives
19 tuition, except nonresident students who are in the care and custody of a state agency
20 and are attending a public school and students for whom tuition is being paid
21 pursuant to § 13-28-42.1, plus the number of students for whom the district pays
22 tuition. When computing state aid to education for a school district under the
23 foundation program pursuant to § 13-13-73, the secretary of the Department of
24 Education shall use either the school district's fall enrollment or the average of the

1 school district's fall enrollment and the school district's fall enrollment from the prior
2 year, whichever is higher;

3 (2B) "Current fall enrollment," the number of kindergarten through twelfth grade students
4 enrolled in all schools operated by the school district on the last Friday of September
5 of the current school year minus the number of students for whom the district
6 receives tuition except nonresident students who are in the care and custody of a state
7 agency and are attending a public school and students for whom tuition is being paid
8 pursuant to § 13-28-42.1, plus the number of students for whom the district pays
9 tuition;

10 (2C) "Small school adjustment," calculated as follows:

11 (a) For districts with a fall enrollment of two hundred or less, multiply 0.2 times
12 \$4,237.72;

13 (b) For districts with a fall enrollment of greater than two hundred, but less than
14 six hundred, multiply the fall enrollment times negative 0.0005; add 0.3 to that
15 result; and multiply the sum obtained times \$4,237.72;

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

1 (4) "Per student allocation," for school fiscal year 2008 is \$4,528.80. 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," is the sum of:

5 (a) The per student allocation multiplied by the fall enrollment; and

6 (b) The small school adjustment, if applicable, multiplied by the fall enrollment;
7 and

8 (c) The payment distributed pursuant to § 13-13-80, if applicable;

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 lesser of:

18 (a) The general fund balance percentage as of June 30, 2000; or

19 (b) The maximum allowable percentage for that particular fiscal year as stated in
20 this subsection.

21 For fiscal year 2008, the maximum allowable percentage is one hundred percent; for
22 fiscal year 2009, eighty percent; for fiscal year 2010, sixty percent; for fiscal year
23 2011, forty percent; for fiscal year 2012 and subsequent fiscal years, twenty-five
24 percent. However, the general fund base percentage can never be less than twenty-

- 1 five percent;
- 2 (10) "Allowable general fund balance," the general fund base percentage multiplied by the
3 district's general fund expenditures in the previous school fiscal year;
- 4 (11) "General fund exclusions," revenue a school district has received from the imposition
5 of the excess tax levy pursuant to § 10-12-43; revenue a school district has received
6 from gifts, contributions, grants, or donations; revenue a school district has received
7 under the provisions of §§ 13-6-92 to 13-6-96, revenue a school district has received
8 as compensation for being a sparse school district under the terms of §§ 13-13-78 and
9 13-13-79, inclusive; and any revenue in the general fund set aside for a noninsurable
10 judgment.