

State of South Dakota

EIGHTY-EIGHTH SESSION
LEGISLATIVE ASSEMBLY, 2013

884U0054

HOUSE ENGROSSED NO. **HB 1213** - 02/14/2013

Introduced by: Representatives Hoffman, Cronin, Greenfield, and Novstrup (David) and
Senators Brown, Kirkeby, Peters, Soholt, Tidemann, and Welke

1 FOR AN ACT ENTITLED, An Act to provide a reduced amount of state aid to education
2 funding to certain school districts with a fall enrollment of less than one hundred.

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

4 Section 1. That § 13-6-97 be amended to read as follows:

5 13-6-97. Any school district that has a fall enrollment, as defined in § 13-13-10.1, of less
6 than one hundred and is not a sparse school district, as defined in § 13-13-78, shall ~~reorganize;~~

7 (1) Reorganize with another school district or school districts within two years to create
8 a newly reorganized school district with a fall enrollment of one hundred or greater:
9 ~~Any school district that is not sparse and has a fall enrollment of one hundred or less~~
10 ~~on July 1, 2007, shall prepare a plan for reorganization by June 30, 2009. After July~~
11 ~~1, 2007, if the fall enrollment of any school district that is not sparse falls to one~~
12 ~~hundred or below, that school district shall prepare a plan for reorganization within~~
13 ~~two years. If any such district fails to prepare a plan for reorganization by the~~
14 ~~deadline, the Board of Education shall prepare a reorganization plan for the district;~~
15 or



1 (2) Receive, beginning two years following the school fiscal year in which the fall
2 enrollment fell below one hundred, a reduced amount of state aid to education
3 funding that is calculated by dividing the school district's fall enrollment by one
4 hundred and multiplying the result by the foundation program state aid as computed
5 for the school district pursuant to § 13-13-73.

6 However, the provisions of this section do not apply to any school district that receives no
7 foundation program state aid distributed pursuant to chapter 13-13, and that is located at least
8 twenty-five miles from the nearest high school in an adjoining school district in the state.

9 Section 2. That § 13-13-10.1 be amended to read as follows:

10 13-13-10.1. Terms used in this chapter mean:

11 (1) "Average daily membership," the average number of resident and nonresident
12 kindergarten through twelfth grade pupils enrolled in all schools operated by the
13 school district during the previous regular school year, minus average number of
14 pupils for whom the district receives tuition, except pupils described in subdivision
15 (1A) and pupils for whom tuition is being paid pursuant to § 13-28-42.1 and plus the
16 average number of pupils for whom the district pays tuition;

17 (1A) Nonresident students who are in the care and custody of the Department of Social
18 Services, the Unified Judicial System, the Department of Corrections, or other state
19 agencies and are attending a public school may be included in the average daily
20 membership of the receiving district when enrolled in the receiving district. When
21 counting a student who meets these criteria in its general enrollment average daily
22 membership, the receiving district may begin the enrollment on the first day of
23 attendance. The district of residence prior to the custodial transfer may not include
24 students who meet these criteria in its general enrollment average daily membership

1 after the student ceases to attend school in the resident district;

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

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

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

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

10 (2A) "Fall enrollment," the number of kindergarten through twelfth grade students enrolled
11 in all schools operated by the school district on the last Friday of September of the
12 current school year minus the number of students for whom the district receives
13 tuition, except nonresident students who are in the care and custody of a state agency
14 and are attending a public school and students for whom tuition is being paid
15 pursuant to § 13-28-42.1, plus the number of students for whom the district pays
16 tuition. When computing state aid to education for a school district under the
17 foundation program pursuant to § 13-13-73, the secretary of the Department of
18 Education shall use either the school district's fall enrollment or the average of the
19 school district's fall enrollment from the previous two years, whichever is higher;

20 (2B) Repealed by SL 2010, ch 84, § 1.

21 (2C) "Small school adjustment," calculated as follows:

22 (a) For districts with a fall enrollment of two hundred or less, multiply 0.2 times
23 \$4,237.72;

24 (b) For districts with a fall enrollment of greater than two hundred, but less than

1 six hundred, multiply the fall enrollment times negative 0.0005; add 0.3 to that
2 result; and multiply the sum obtained times \$4,237.72;

3 The determination of the small school adjustment for a school district may not
4 include any students residing in a residential treatment facility when the education
5 program is operated by the school district, and the small school adjustment may not
6 be applied to any school district with a fall enrollment of less than one hundred that
7 is receiving a reduced amount of state aid to education funding pursuant to this Act;

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

12 (4) "Per student allocation," for school fiscal year 2012 is \$4,389.95. Each school fiscal
13 year thereafter, the per student allocation is the previous fiscal year's per student
14 allocation increased by the index factor;

15 (5) "Local need," is the sum of:

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

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

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

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

23 (8) "General fund reserves," the sum of a school district's nonspendable and restricted
24 fund balances of the general fund;

1 (9) "Nonspendable fund balance," that amount of the fund balance that is not in
2 spendable form;

3 (10) "Restricted fund balance," that amount of the fund balance that has constraints on
4 how it may be used that are externally imposed or are imposed by law.

5 Section 3. That § 13-13-73 be amended to read as follows:

6 13-13-73. The secretary of the Department of Education shall compute state aid to education
7 for each school district under the foundation program according to the following calculations:

8 (1) Determine each school district's fall enrollment;

9 (2) To arrive at the local need per district:

10 (a) Multiply the per student allocation by the fall enrollment;

11 (b) Multiply the small school adjustment, if applicable, by the fall enrollment; and

12 (c) Add the product of subsection (a) to the product of subsection (b);

13 (3) State aid is (a) local need minus local effort, or (b) zero if the calculation in (a) is a
14 negative number, and the state aid computed for certain school districts with a fall
15 enrollment of less than one hundred shall be reduced as provided in § 13-6-97;

16 (4) If the state aid appropriation for the general support of education is in excess of the
17 entitlement provided for in this section and the entitlement provided for in § 13-13-
18 85, the excess shall be used to fund any shortfall of the appropriation as provided for
19 in § 13-37-36.3. The secretary shall report to the Governor by January seventh of
20 each year, the amount of state aid necessary to fully fund the general aid formula in
21 the current year. If a shortfall in the state aid appropriation for general education
22 exists that cannot be covered by § 13-37-45, the Governor shall inform the
23 Legislature and provide a proposal to eliminate the shortfall.