

General and Special Education State Aid Funding Formulas in South Dakota

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Topics

- General State Aid Formula
- Average Teacher Salary & Compensation
- Teacher Recruitment & Retention
- Teacher Compensation Accountabilities
- Special Education Funding Formula

General State Aid Terms To Know

1. State Aid Fall Enrollment
2. Target Teacher Salary
3. Target Teacher Benefits
4. Target Teacher Compensation
5. LEP Adjustment
6. Target Teacher Ratio
7. Formula Number of Teachers
8. Property Tax-Local Effort
9. Overhead Rate
10. Other Revenue

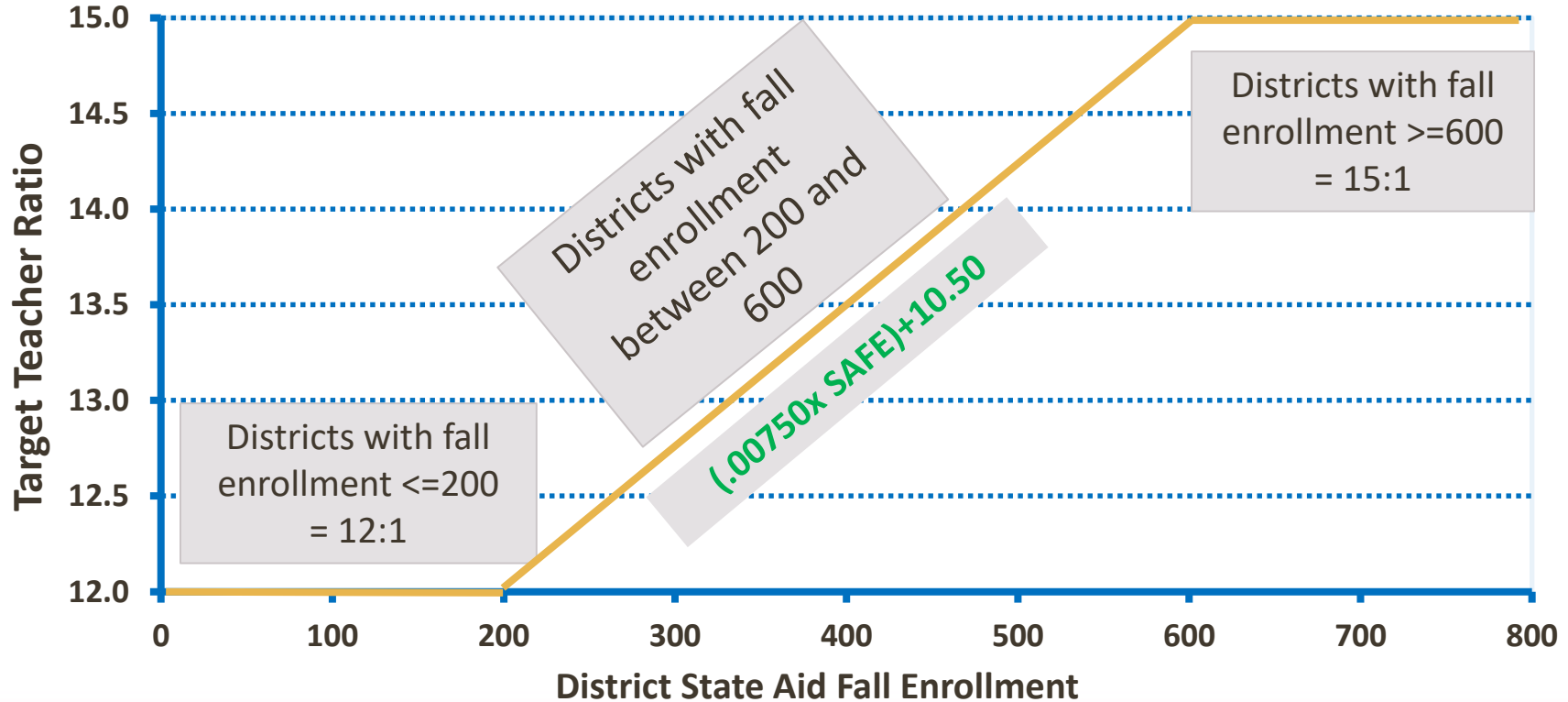
State Aid Fall Enrollment

1. Number of K-12 students enrolled in all schools operated by the school district
 - Count taken on the last Friday in September
 - Fall count is used to fund the current fiscal year
2. Limited English Proficiency Adjustment
 - Calculated by multiplying 25% times the number of kindergarten through twelfth grade students who, in the prior school year, scored below level four on the state-administered language proficiency assessment as required in the state's consolidated state application pursuant to 20 USC § 6311(b)(7) as of January 1, 2013

Calculating School District Need

- The Target Teacher Salary for FY2019 is set at \$49,131.96
 - Changes each year by the index factor
- The Target Teacher Benefit Rate is set at 29% of the Target Teacher Salary
- Total FY2019 Target Teacher Compensation is set at \$63,380.

Target Teacher Ratio



State Aid to General Education Formula Worksheet

District with greater than 200 students and less than 600

Example

Target Student to Teacher Ratio	District Size	Teacher Ratio Range
Minimum Student Teacher Ratio	200	12
Maximum Student Teacher Ratio	600	15

Target Number of Teachers:	
State Aid Fall Enrollment Count	400
/ Target Teacher Ratio	13.50
Base Target Number of Teachers	29.63

LEP Adjustment	
Number of Eligible LEP Students	5
X LEP Weight	25%
Weighted LEP Student Count	1.25
LEP Target Number of Teachers	0.09
Target Number of Teachers	29.72

Teacher Compensation	
Target Teacher Salary (FY2019)	\$ 49,131.96
X Target Teacher Benefits %	29%
Target Teacher Compensation	\$ 63,380
Need based on Target Teacher Compensation	\$ 1,883,794

Overhead Costs	
X % of Overhead Costs (FY2019)	31.67%
State Aid Share Overhead Costs	\$ 596,598

GENERAL STATE AID LOCAL NEED	\$ 2,480,392
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State Aid to General Education Formula Worksheet

District with less than 200 students

Example

Target Student to Teacher Ratio	District Size	Teacher Ratio Range
Minimum Student Teacher Ratio	200	12
Maximum Student Teacher Ratio	600	15

<i>Target Number of Teachers:</i>	
State Aid Fall Enrollment Count	157
/ Target Teacher Ratio	12.00
Base Target Number of Teachers	13.08

<i>LEP Adjustment</i>	
Number of Eligible LEP Students	1
X LEP Weight	25%
Weighted LEP Student Count	0.25
LEP Target Number of Teachers	0.02
Target Number of Teachers	13.10

<i>Teacher Compensation</i>	
Target Teacher Salary (FY2019)	\$ 49,131.96
X Target Teacher Benefits %	29%
Target Teacher Compensation	\$ 63,380
Need based on Target Teacher Compensation	\$ 830,542

<i>Overhead Costs</i>	
X % of Overhead Costs (FY2019)	31.67%
State Aid Share Overhead Costs	\$ 263,033

GENERAL STATE AID LOCAL NEED	\$ 1,093,575
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State Aid to General Education Formula Worksheet

District with greater than 600 students

Target Student to Teacher Ratio	District Size	Teacher Ratio Range
Minimum Student Teacher Ratio	200	12
Maximum Student Teacher Ratio	600	15

Example

<i>Target Number of Teachers:</i>	
State Aid Fall Enrollment Count	4,470
/ Target Teacher Ratio	15.00
Base Target Number of Teachers	298.00

<i>LEP Adjustment</i>	
Number of Eligible LEP Students	147
X LEP Weight	25%
Weighted LEP Student Count	36.75
LEP Target Number of Teachers	2.45
Target Number of Teachers	300.45

<i>Teacher Compensation</i>	
Target Teacher Salary (FY2019)	\$ 49,131.96
X Target Teacher Benefits %	29%
Target Teacher Compensation	\$ 63,380
Need based on Target Teacher Compensation	\$ 19,042,267

<i>Overhead Costs</i>	
X % of Overhead Costs (FY2019)	31.67%
State Aid Share Overhead Costs	\$ 6,030,686

GENERAL STATE AID LOCAL NEED	\$ 25,072,954
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State Aid to General Education Formula Worksheet

Governor Noem Recommended FY2020--District with greater than 600 students

Target Student to Teacher Ratio	District Size	Teacher Ratio Range
Minimum Student Teacher Ratio	200	12
Maximum Student Teacher Ratio	600	15

Example

<i>Target Number of Teachers:</i>	
State Aid Fall Enrollment Count	4,470
/ Target Teacher Ratio	15.00
Base Target Number of Teachers	298.00

<i>LEP Adjustment</i>	
Number of Eligible LEP Students	147
X LEP Weight	25%
Weighted LEP Student Count	36.75
LEP Target Number of Teachers	2.45
Target Number of Teachers	300.45

<i>Teacher Compensation</i>	
Target Teacher Salary (Rec FY2020)	\$ 50,360.26
X Target Teacher Benefits %	29%
Target Teacher Compensation	\$ 64,965
Need based on Target Teacher Compensation	\$ 19,518,734

<i>Overhead Costs</i>	
X % of Overhead Costs (Rec FY2020)	33.06%
State Aid Share Overhead Costs	\$ 6,452,894

GENERAL STATE AID LOCAL NEED	\$ 25,971,628
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Total Need inflation example

- Example school district of greater than 600 students--change in Need with inflation only

Example

Total FY2020 Need (Inflation Only)	\$ 25,971,628
Total FY2019 Need	\$ 25,073,287
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Grand Total Need--Inflation	\$ 898,340

Total Need? Local Effort? State Aid? Other Revenue Equalization?

General State Aid Funding Formula:

Total State Aid Need – Local Property Tax Effort – Other Revenue Equalization = State Aid

Local Property Tax Effort

- Property taxes are based on a calendar year (January 1-December 31) while state and school budgets are based on fiscal year (July 1-June 30)
- For Fiscal Year 2019, the 2nd half of Calendar Year 2018 property tax effort and the first half of Calendar Year 2019 property tax effort equal the total local property tax effort for the purposes of general state aid.

Local Property Tax Effort

- General State Aid Formula has 3 types of property tax classifications and levies per \$1,000 of taxable valuation:

	Pay 2018 Levies	Pay 2019 Levies
Agriculture	\$1.507	\$1.512
Owner-Occupied	\$3.372	\$3.289
Other/Utilities	\$6.978	\$6.806

Property Tax Local Effort

Example District of 600 or greater students

Pay 2018	AG	OO	Utility/Other	Calculation
A Valuation	\$414,658,777	\$1,242,484,319	\$664,607,231	
B Levy	\$1.507	\$3.372	\$6.978	
C Total Local Effort	\$624,891	\$4,189,657	\$4,637,629	(A / \$1000) * B
D Total FY2019 Local Effort	\$312,446	\$2,094,829	\$2,318,815	C / 2

Pay 2019	AG	OO	Utility/Other	Calculation
A Valuation	\$364,250,616	\$1,330,809,700	\$705,098,060	
B Levy	\$1.512	\$3.289	\$6.806	
C Total Local Effort	\$550,747	\$4,377,033	\$4,798,897	(A / \$1000) * B
D Total FY2019 Local Effort	\$275,374	\$2,188,517	\$2,399,449	C / 2

1/2 Pay 2018 Property Tax Local Effort	\$4,726,090
1/2 Pay 2019 Property Tax Local Effort	\$4,863,340
Grand Total Fiscal Year 2019 Local Effort	\$9,589,430

Other Revenue Equalization

The following six revenues are set to be equalized under the current formula and will be counted as local effort upon equalization:

1. gross receipts tax on utilities
2. local revenue in lieu of taxes
3. county apportionment of revenue from traffic fines
4. county revenue in lieu of taxes
5. wind farm tax**
6. bank franchise tax

Wind Farms

- Wind farms that produce energy prior to July 1, 2016 will be part of the initial equalization
- For new wind farm projects, the wind farm taxes will be outside of the formula for five years and then will be phased into local effort the next five years using the same step down rate currently used
 - 10 years to fully equalize

Calculation of Local Effort-Other Revenue

A base amount would be calculated for each district based on the greatest amount of annual collections over a 3 year period.

District with greater than 600 students:

2013 Apportioned Funds	2014 Apportioned Funds	2015 Apportioned Funds	Greatest of 2013, 2014 or 2015	80% of Base Amount FY2019 State Aid	2017 Apportioned Funds	FY2019 Total Local Effort from Other Revenue
\$1,721,682	\$1,406,787	\$1,455,024	\$1,721,682	\$1,377,346	\$1,413,413	\$36,067

Property Tax, Other Revenue & State Aid

Total State Aid Need – Property Tax Local Effort – Other Revenue Equalization = State Aid

District with greater than 600 students

Total General State Aid Need	\$25,073,287
(-) Less Property Tax Local Effort	\$9,589,430
(-) Less Other Revenue Local Effort	\$36,067
<u>Total General State Aid</u>	<u>\$15,447,790</u>

Other Revenue Equalization Example: District Level

	Base Percentage	Other Revenue Base Amount	Actual Other Revenue Collections	Total Local Effort from Other Revenue Equalization	
FY2017	N/A		\$1,413,413		
FY2018	100%	\$1,721,682	\$1,494,866	\$0	<i>Actual Equalized Other Revenue</i>
FY2019	80%	\$1,377,346	\$1,494,866	\$36,067	<i>Actual Equalized Other Revenue</i>
FY2020	60%	\$1,033,009	\$1,494,866	\$461,857	<i>Actual Equalized Other Revenue</i>
FY2021	40%	\$688,673	\$1,494,866	\$806,193	<i>Estimated</i>
FY2022	20%	\$344,336	\$1,494,866	\$1,150,530	<i>Estimated</i>
FY2023	0%	\$0	\$1,494,866	\$1,494,866	<i>Estimated</i>

Note: Cells shaded the same color are relative.

Other Revenue Equalization Example

State Level

A

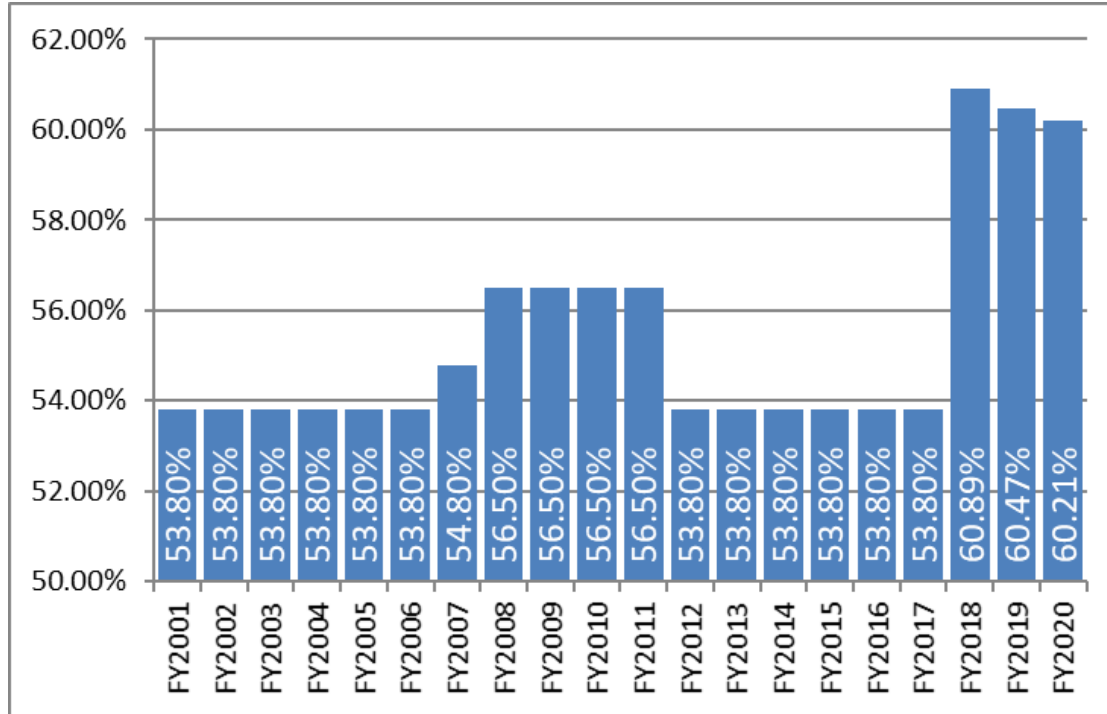
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Base %	Fiscal Year	Statewide Need Teacher Compensation	Overhead Rate	Statewide Need Overhead Costs	Other Revenue to be equalized	Statewide Need Overhead Costs + Equalized Other Rev	Adjusted Overhead Rate	
NA	FY2017	\$ 578,337,379	31.00%	\$ 179,284,587	NA	\$ 179,284,587	31.00%	Actual Overhead Rate
100%	FY2018	\$ 577,204,197	31.00%	\$ 178,933,301	\$ 257,799	\$ 179,191,100	31.04%	Actual Overhead Rate
80%	FY2019	\$ 595,484,031	31.04%	\$ 184,866,013	\$ 3,770,610	\$ 188,636,623	31.67%	Actual Overhead Rate
60%	FY2020	\$ 616,026,154	31.67%	\$ 195,095,483	\$ 8,549,028	\$ 203,644,511	33.06%	Actual Overhead Rate
40%	FY2021	\$ 634,506,939	33.06%	\$ 209,753,846	\$ 10,258,834	\$ 220,012,680	34.67%	Estimated Overhead Rate
20%	FY2022	\$ 653,542,147	34.67%	\$ 226,613,060	\$ 12,310,600	\$ 238,923,660	36.56%	Estimated Overhead Rate
0%	FY2023	\$ 673,148,411	36.56%	\$ 246,091,370	\$ 14,772,720	\$ 260,864,090	38.75%	Estimated Overhead Rate

Setting State Share

- Per statute, levies must be adjusted in order for local effort to increase at the same percentage rate as local need. Meaning the proportion of local effort and state aid is targeted to remain the same
- To comply with statute levies are set two years out to maintain the target state share
 - Example: FY2021 state share goal is targeted based on projected change in state-wide valuations.

Target State Share



Sparsity Formula

- Sparse school districts are defined as:
 - Fall Enrollment per square mile or less than or equal to 0.50
 - Fall Enrollment less than or equal to 500
 - Land area greater than or equal to 400 square miles
 - At least 15 miles to nearest high school
 - General Fund levies at the maximum
- These districts are eligible to receive 75% of the general state aid per student equivalent with a maximum payment to the district of \$110,000

Alternative Formula

- Districts with high other revenues per student were given the option to opt out of the new formula
- Funding will remain frozen at the amount per student that the district generated in FY2016 through the formula and the other revenues to be equalized
- 3 districts opted out:
 - Harding County School District
 - Hoven School District
 - White Lake School District

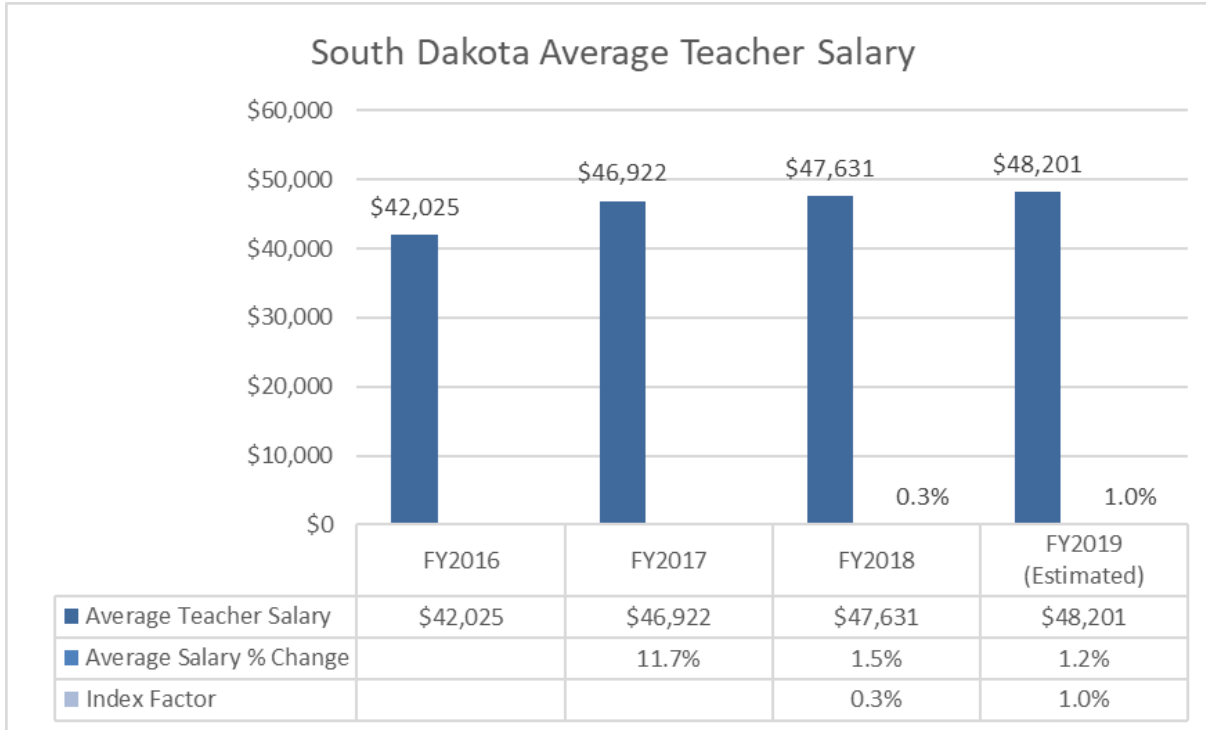
Other Items in the Formula

- Technology in Schools
- State-wide Assessments
- Crossborder Agreements
- Jump Start Scholarship
- Lead-Deadwood CTE (Boxelder Job Corps in Nemo)

General State Aid Appropriation

- 2018 Legislature made the following appropriations for FY2019:
 - State Aid to General Education \$467,381,046
 - One-Time Payment to Districts \$5,418,546
 - Sparsity \$2,011,464
 - Total General Appropriation \$474,811,056*
- *Excludes Technology in Schools, Assessment, and etc.

What return is SD getting from the Blue Ribbon Task Force Investment?



South Dakota: District Norms Teacher Average Starting/Base Salary



South Dakota School District Unfilled Vacancies, First Day of School

Vacancy Category – BY FTE	SY 2016-17	SY 2017-18	SY 2018-19
Administrators	2.95	1.00	3.00
Career and Technical Education	5.84	3.48	3.52
Education Specialists	11.10	12.11	6.20
English Language Learner	.17	1.00	
Fine Arts	.62	1.15	0.00 2.10
Language Arts	5.99	3.86	8.31
Math	4.48	3.73	4.77
Miscellaneous	4.42	2.00	1.52
Music	3.04	.80	4.48
Non-Credit	7.95	5.46	5.51
PE-Health	2.01	.19	.82
Science	1.03	1.80	1.27
Self Contained Elementary	19.61	13.46	7.50
Social Science	3.22	.97	.32
Special Education	9.37	12.52	7.95
World Language	1.28	.24	.30
TOTAL FTE	83.08	63.77	57.57
TEACHER FTE	69.03	50.66	48.37

SY 2018-2019 districts reported 9,731.18 FTEs & a headcount of 9,976 teachers

Average Teacher Compensation Accountabilities

Average Teacher Compensation:

- For fiscal years 2019, 2020, and 2021, if a district's average teacher compensation is less than the district's average teacher compensation in fiscal year 2017, state aid to general education funding to the district in the following fiscal year shall be reduced by an amount equal to five hundred dollars for each teacher employed in the school district.
- Link to Average Teacher Compensation by District, FY2017 & FY2018:

<https://doe.sd.gov/legislature/documents/advTC-2017vs2018.xlsx>

Monthly Cash Balance Example

School District with State Aid

Fall Enrollment of: **232**

Maximum Allowable Monthly Cash Balance % **30%**

	Monthly Cash Balance	Annual Expenditures	Monthly Cash Balance Percentage	
July	\$660,082	\$2,050,000	32.2%	
August	\$636,534	\$2,050,000	31.1%	
September	\$584,219	\$2,050,000	28.5%	
October	\$502,352	\$2,050,000	24.5%	
November	\$571,383	\$2,050,000	27.9%	
December	\$542,426	\$2,050,000	26.5%	
January	\$483,566	\$2,050,000	23.6%	
February	\$449,392	\$2,050,000	21.9%	
March	\$402,941	\$2,050,000	19.7%	
April	\$386,351	\$2,050,000	18.8%	Lowest Monthly Cash Balance
May	\$487,932	\$2,050,000	23.8%	
June	\$731,338	\$2,050,000	35.7%	

Capital Outlay Changes

1. Now have permanent capital outlay flexibilities can be used for ANY general fund purpose
 - Allowable amount: 45% of capital outlay tax revenues
2. Requires annual requests for capital outlay be made in the form a dollar amount instead of a levy
3. Limits future capital outlay growth to increase by 3% or inflation, whichever is less, plus new construction
4. Imposes an alternative maximum on capital outlay collections at \$2800 per student
 - This amount will increase annually by 3% or inflation, whichever is less
 - Takes effect in FY2021 (Pay 2021)

Special Education State Aid Formula

Terms to know:

1. Child Count
2. Disability Level
3. Local Effort
4. Effort Factor
5. Extraordinary Cost Fund

Special Education State Aid Formula

- School District Special Education State Aid Formula Need is based on Child Count as of December 1st of the preceding fiscal year.

Special Education State Aid Formula

1. Child Count per Disability Category x Disability Category Allocation = Total Need
2. $((\text{Total Need} - \text{Property Tax Local Effort}) \times \text{Effort Factor}) - \text{Excess Fund Balance} = \text{Special Education State Aid}$

Special Education State Aid Formula

- South Dakota recognizes six disability categories:

Level 1 Mild Disability

Level 2 Cognitive Disability or Emotional Disorder

Level 3 Hearing impairment, deafness, visual impairment, deaf-blindness, orthopedic impairment, or traumatic brain injury

Level 4 Autism

Level 5 Multiple Disabilities

Level 6 Prolonged Assistance

Special Education State Aid Formula

- Each Disability Category is assigned an “allocation” per student

Disability Category	Disability Category Allocation
Level 1 Mild Disability brain injury	\$5,527.09
Level 2 Cognitive Disability or Emotional Disorder	\$12,756.08
Level 3 Hearing impairment, deafness, visual impairment, deaf-blindness, orthopedic impairment, or traumatic	\$16,258.12
Level 4 Autism	\$15,766.80
Level 5 Multiple Disabilities	\$28,161.22
Level 6 Prolonged Assistance	\$8,111.33

Special Education State Aid Formula

Please Note:

December
2017 Child
Count is used
to determine
FY2019 Need

Example School District			
	Child Count	Disability Level Allocation	Total Special Education State Aid Need
Level 1**	250	\$5,527.09	\$1,381,773
Level 2	60	\$12,756.08	\$765,365
Level 3	10	\$16,258.12	\$162,581
Level 4	25	\$15,766.80	\$394,170
Level 5	10	\$28,161.22	\$281,612
Level 6	1	\$8,111.33	\$8,111
	356	Total Need	\$2,993,612
**Level 1 count is 10% of ADM of the entire district			
All other Disability Levels are actual count			

Local Effort

Special Education State Aid

Pay 2018	AG	OO	Utility/Other	Calculation
A Valuation	\$202,777,995	\$735,485,447	\$381,560,620	
B Levy**	\$1.461	\$1.461	\$1.461	
C Total Local Effort	\$296,259	\$1,074,544	\$557,460	(A / \$1000) * B
D Total FY2019 Local Effort	\$148,130	\$537,272	\$278,730	C / 2

Pay 2019	AG	OO	Utility/Other	Calculation
A Valuation	\$200,905,659	\$762,361,422	\$390,671,802	
B Levy**	\$1.567	\$1.567	\$1.567	
C Total Local Effort	\$314,819	\$1,194,620	\$612,183	(A / \$1000) * B
D Total FY2019 Local Effort	\$157,410	\$597,310	\$306,092	C / 2

1/2 Pay 2018 Property Tax Local Effort	\$964,132
1/2 Pay 2019 Property Tax Local Effort	\$1,060,812
Grand Total Fiscal Year 2019 Local Effort	\$2,024,944

**Example assumes school district is taxing a the maximum levy

School Districts are eligible for Special Education State Aid by levying at least:

Pay 2018 \$1.261

Pay 2019 \$1.367

SPED levies are the same across all categories of property tax classifications

Local Effort & State Aid

Total Special Education State Aid Need	\$2,993,612
*Property Tax Local Effort (2nd Half Pay 2018)	\$964,132
*Property Tax Local Effort (1st Half Pay 2019)	\$1,060,812
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Total Special Educaton State Aid	\$968,668

*Total Property Tax Local Effort FY2019 \$2,024,944

Effort Factor, Excess Fund Balance, & State Aid

- 13-37-35.1 "Effort factor," the school district's special education tax levy in dollars per thousand divided by \$1.367. The maximum effort factor is 1.0.
 - Maximum levy is \$1.567 for Pay 2019
- 13-37-36.3 Computation of state aid to districts for special education. The secretary of the Department of Education shall compute state aid for special education for each school district according to the following calculations:
 - (1) Calculate the local need of a school district;
 - (2) State aid for special education is:
 - (a) Local need minus local effort, the difference multiplied by the effort factor; or
 - (b) Zero if the calculation in (a) is a negative number.
- 13-37-44. Reduction of district's aid for special education for excess balance in fund. A school district's state aid for special education as calculated pursuant to § 13-37-36.1 shall be reduced by the amount which its ending special education fund balance exceeds twenty-five percent of its special education expenditures for the prior fiscal year or one hundred thousand dollars, whichever is greater, if the school district did not receive money set aside in § 13-37-40 during the prior fiscal year; or the amount which its ending special education fund balance exceeds ten percent of its special education expenditures for the prior fiscal year if the school district received money set aside in §§ 13-37-38 to 13-37-40, inclusive, during the prior fiscal year.

Rebasing of Disability Categories

- Per current statute, the six disability categories are rebased every three years.
- Rebased every three years on average expenditures per disability level.
- Next rebase will be in FY2020 effective in FY2021 using expenditures from FY2017, FY2018, FY2019.

Other Special Education State Aid Items

- **Extraordinary Cost Fund**
 - Statutorily set aside appropriation of \$4 million and any unused appropriation is carried over for a maximum ECF balance of \$5.5 million
 - Appropriation is to support eligible districts for high cost student, high cost program, or supplemental aid
 - Must levy at the maximum Special Education Levy
 - Must have a Fund Balance less than 10%
- **SD School for the Blind and Visually Impaired**
 - Formula funds support for the summer program
- **Maintenance of Effort**
 - To meet State MOE the same amount needs to be available as previous fiscal year.

2018 Legislature appropriation for Special Education State Aid for FY2019: \$68,548,042

More Information

- SD DOE Legislature 2019 page
 - <https://doe.sd.gov/legislature/2019.aspx>
- SD DOE Homepage
 - <https://doe.sd.gov/>