south dakota
DEPARTMENT OF EDUCATION
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State Aid to Special Education
Fiscal Year 2023

History of Formula: Prior to 1995 aid for special education was an expenditure driven formula. The funding need of the school districts was based on the expenditures reported in the prior fiscal year. In 1995, the legislature revised the funding formula. This formula change was based on a new calculation of school district need based on two categories, students with mild disabilities and students with severe disabilities. In 1999, the formula was again modified to expand the funding categories into five disability levels. A sixth disability category was added in 2001 and this formula has been essentially unchanged since this date.

Overview of Current Funding Formula

The special education aid funding formula has many similarities to the general state aid funding formula. There is a calculation of district need based on both total student enrollment count as defined in SDCL 13-37-35.1(17) in the prior fiscal year and the count of students on the December child count multiplied by a disability allocation amount.

The special education need for a district is calculated as follows:

1) Multiply the prior year special education fall enrollment count for the district times 10.72%. The results of this calculation are then multiplied by the level 1 disability allocation (see disability funding allocations section of this brief).
2) Multiply the sum of students reported in the prior school year on the December child count with primary disabilities of cognitive disability and emotional disturbance times the level 2 disability allocation.
3) Multiply the sum of students reported in the prior school year on the December child count with primary disabilities of hearing loss, deafness, vision loss, deaf-blind, orthopedic impairment, and traumatic brain injury times the level 3 disability allocation.
4) Multiply the sum of students reported in the prior school year on the December child count with a primary disability of autism times the level 4 disability allocation.
5) Multiply the sum of students reported in the prior school year on the December child count with a primary disability of multiple disabilities times the level 5 disability allocation. As per SDCL 13-37-36.2 for a student to be funded at the level 5 the student's primary disabilities must include at least 2 disability conditions in levels 2 through 4, excluding the disability of deaf-blind.
6) The count of children by school district is provided to the Office of State Aid & School Finance from the Birth to Three office. The sum of children reported in the prior school year on December child count is multiplied by the level 6 disability allocation.
7) Sum the results of steps 1 through 6 to calculate the need of the district.

Like the general state aid funding formula there is a local effort or local contribution to fund the district need and annually the legislature sets the levy on which this local effort will be calculated. Local effort is calculated by multiplying the district valuation by the levy set by the legislature for

special education funding purposes. If the local effort exceeds the calculated need the district would not receive any special education state aid.

State aid is the result of total district need less local effort.

Unlike general state aid the special education funding formula has additional factors that may impact the total special education aid for the district, levy effort factor and excess fund balance. To receive the full amount of funding eligible to the district the special education levy of the district must meet or exceed the levy effort set by the legislature and the ending fund balance of the district, less any Impact Aid revenue reported, must not exceed 25% or $100,000, whichever is greater (SDCL 13-37-44).

Disability Funding Levels

Funding Levels
Level 1 = mild disability (speech/language, other health impaired, specific learning disability, developmental delay) 10.72% of ADM
Level 2 = cognitive disability, emotionally disturbed
Level 3 = hearing loss, deafness, vision loss, deaf-blind, orthopedic impairment, traumatic brain injury
Level 4 = autism
Level 5 = multiple disability (2 or more disabilities from levels 2,3,4 not including deaf-blind)
Level 6 = prolonged assistance

History of Disability Funding Allocations

	FY2020	FY2021 (adj)	FY2022	FY2023 (adj)
Level **1** Disability (% of ADM)	$5,665.27	10% $6,152	$6,299.65	10.72% $6,532
Level **2** Disability (child count)	$13,074.98	$14,655	$15,006.72	$15,411
Level **3** Disability (child count)	$16,664.57	$19,194	$19,654.66	$19,682
Level **4** Disability (child count)	$16,160.97	$15,405	$15,774.72	$15,981
Level **5** Disability (child count)	$28,865.25	$32,348	$33,124.35	$34,293
Level **6** Disability (child count)	$8,314.11	$8,261	$8,459.26	$9,066

History of Special Education Levies

Local Tax Effort Special Education Aid	Maximum Levy Special Education Fund
Taxes Payable 2020 = $1.416	$1.616
Taxes Payable 2021 = $1.484	$1.684
Taxes Payable 2022 = $1.470	$1.670
Taxes Payable 2023 = $1.399	$1.599

Historically the local effort levy is set twenty cents less the maximum levy for special education fund allowed by state statute and set annually by the legislature.

Recalculate Disability Allocations

As per SDCL 13-37-35.2, the Department of Education shall recalculate the amounts of the allocations for the disability levels. The recalculation shall be based on statewide average expenditures as reported to the Department of Education in school district annual reports by disability for the previous three school years.

Extraordinary Cost Fund

In addition to the special education funding formula there is also an appropriation set aside for extraordinary expenses incurred in providing special education programs and services to children with disabilities. Applications for this additional special education funding must be submitted by a school district; reviewed and recommended by an oversight board and approved by the Secretary of Education. The total amount set aside for extraordinary expenses each fiscal year plus the total amount not reverted from previous fiscal years may not exceed five million five hundred thousand dollars.

The amount appropriated for extraordinary expenses shall be recalculated at the same time as the allocations for the disability levels.

For More Information

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