

State Aid to Special Education Fiscal Year 2020

Synopsis: 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 since then, this formula has been essentially unchanged.

Overview of Current Funding Formula

The special education aid funding formula is similar to the general state aid funding formula. There is a calculation of district need based on total student enrollment 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:

Level 1 Disability Allocation* X (District's prior year state aid fall enrollment count X .10)

+

Level 2 Disability Allocation* X number of students reported in prior school year on December child count with primary disabilities of cognitive disability and emotional disturbance

+

Level 3 Disability Allocation* X number of students reported in prior school year on December child count with primary disabilities of hearing loss, deafness, vision loss, deaf-blind, orthopedic impairment, and traumatic brain injury

+

Level 4 Disability Allocation* X number of students reported in prior school year on December child count with primary disability of autism

+

Level 5 Disability Allocation* X number of students reported in prior school year on December child count with primary disability of multiple disabilities

Per SDCL 13-37-36.2, for student to be funded at Level 5, student's primary disabilities must include at least two disability conditions in Levels 2 through 4, excluding the disability of deaf-blind.

+

Level 6 Disability Allocation* X number of children reported in prior school year on December child count

District's count of children identified as prolonged assistance provided to Office of State Aid & School Finance from Birth to Three program.

District need

**See Disability Funding Allocations section of this brief*

Like the general state aid funding formula, there is a local effort or local contribution to fund the district need, and the legislature annually 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.

$$\text{State aid} = \text{Total district need} - \text{local effort}$$

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 for which the district is eligible, 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, and must not exceed 25 percent 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% 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

Special Education Aid Allocations	FY2016	FY2017 (adj)	FY2018	FY2019	FY2020
Level 1 Disability (% of ADM)	\$4,896.58	10% \$5,456	\$5,472.37	\$5,527.09	\$5,665.27
Level 2 Disability (child count)	\$12,037.48	\$12,592	\$12,629.78	\$12,756.08	\$13,074.98
Level 3 Disability (child count)	\$16,002.36	\$16,049	\$16,097.15	\$16,258.12	\$16,664.57
Level 4 Disability (child count)	\$14,288.28	\$15,564	\$15,610.69	\$15,766.80	\$16,160.97
Level 5 Disability (child count)	\$21,634.78	\$27,799	\$27,882.40	\$28,161.22	\$28,865.25
Level 6 Disability (child count)	\$7,796.66	\$8,007	\$8,031.02	\$8,111.33	\$8,314.11

History of Special Education Levies

Local Tax Effort Special Education Aid	Maximum Special Education Levies
Taxes Payable 2014 = \$1.352	\$1.552
Taxes Payable 2015 = \$1.278	\$1.478
Taxes Payable 2016 = \$1.209	\$1.409
Taxes Payable 2017 = \$1.305	\$1.505
Taxes Payable 2018 = \$1.261	\$1.461
Taxes Payable 2019 = \$1.367	\$1.567
Taxes Payable 2020 = \$1.416	\$1.616

Historically the local effort levy is set at twenty cents less than 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 South Dakota 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 in school district annual reports by disability for the previous three school years. The next effective year of a recalculation will be FY2021.

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 of set aside for extraordinary expenses each fiscal year plus the total amount not reverted from previous fiscal years may not exceed \$5,500,000.

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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