

# State Aid 101

*Class is in session*

Thursday, August 8, 2019

# Agenda

1. Overview of General State Aid Funding Formula
2. Average Teacher Compensation & General Fund Cash Balance Accountabilities
3. Overview of the Special Education State Aid Funding Formula
4. Extraordinary Cost Fund

# School District Funds

1. General Fund
2. Special Education Fund
3. Capital Outlay Fund
4. Pension Fund (closes 6/30/2020)
5. Enterprise Funds
6. Internal Service Fund(s)
7. Agency Fund(s)
8. Private-Purpose Fund(s)

# General Fund

[§ 13-16-3](#). General fund defined. The general fund of the school district is a fund provided by law to meet all the operational costs of the school district, excluding capital outlay fund and special education fund expenditures pursuant to [§ 13-13-37](#), and to redeem all outstanding warrants against the general fund. Notwithstanding the provisions of [§ 13-16-6](#), the general fund may be used to purchase or lease computer hardware and software. The general fund may be used to support a postsecondary technical institute and other career and technical education purposes.

## Typical General Fund Expenditures:

- 1.) Instructional Staff Salary & Benefits
- 2.) Support Staff Salary & Benefits (Superintendent, Business Manager, Custodians, etc.)
- 3.) Supplies & Materials
- 4.) Property Services (Utilities, Repairs & Maintenance, etc)
- 5.) Staff Travel, Conference Registration, Membership Dues and etc
- 6.) Transportation Costs
- 7.) Other purchased services

# General Fund Revenue Sources

What are some examples of General Fund Revenue sources:

Ad Valorem Taxes (Property Taxes)

General State Aid to Education

Earnings on Investments

Co-Curricular Receipts

State Apportionment

Utility Taxes

Wind Farm Tax

Bank Franchise Tax

Various Federal Grants

**\*Not an all-inclusive list of General Fund Revenue Sources\***

# Statewide Revenue FY2018

- Grand Total General Fund Revenue statewide = \$967,744,518
- Total Property Tax Effort = \$316,440,115
- Total State Aid = \$452,893,686

# General Fund State Aid Formula

[SDCL 13-13-10.1](#)

## Key Terms

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

# State Aid Fall Enrollment

Briefly defined as:

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

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.



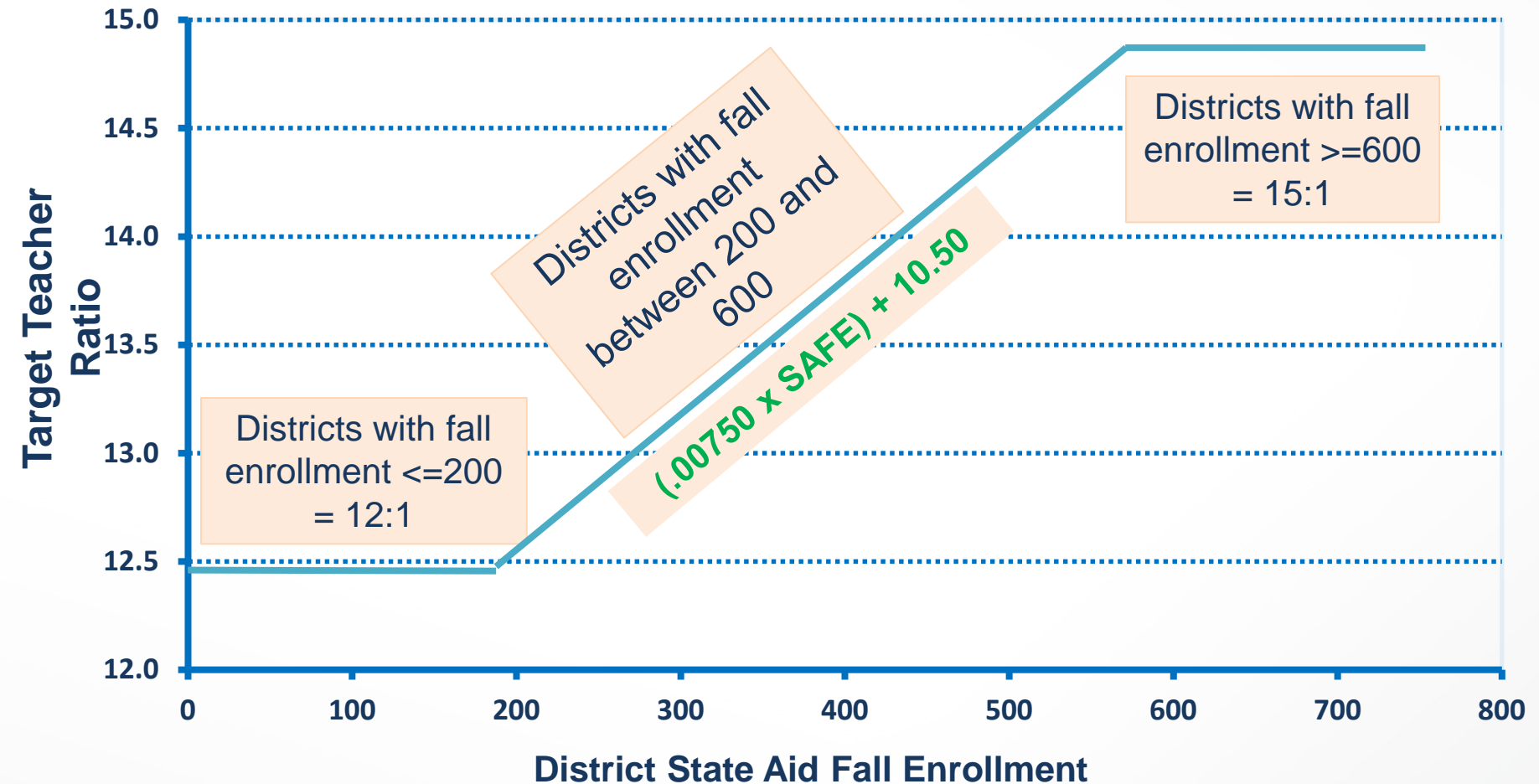
# Calculating School District Need

*Total General State Aid Need-Property Tax Local Effort-Other Revenue Local Effort=State Aid*

- The Target Teacher Salary for FY2020 is \$50,360.26
  - 2.5% increase over FY2019
  - School Districts are not required to meet the formula Target Teacher Salary.
  - Average Teacher Compensation Accountability differs from the formula Target Teacher Salary
- Target Teacher Benefit Rate for FY2020 is 29% of the Target Teacher Salary
- Total FY2020 Target Teacher Compensation is \$64,964.74

**Total Need Calculation still has a direct correlation to student enrollment**

# Target Teacher Ratio



# General State Aid Need Example

	Eureka School District	Parker School District	Hamlin School District
FY2019 Actual General State Aid Need			
State Aid Fall Enrollment	157	437	810
Target Teacher Ratio	12.00	13.78*	15.00
Total General State Aid Need (includes LEP)	\$ 1,091,701	\$ 2,659,100	\$ 4,520,357
<b><u>Per Student Equivalent</u></b>	<b><u>\$ 6,954.40</u></b>	<b><u>\$ 6,084.90</u></b>	<b><u>\$ 5,580.69</u></b>
*Includes LEP adjustment which isn't listed in the example			

## State Aid to General Education Formula Worksheet

*District with greater than 200 students and less than 600 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	400
/ Target Teacher Ratio	13.50
<b>Base Target Number of Teachers</b>	<b>29.63</b>

<i>LEP Adjustment</i>	
Number of Eligible LEP Students	5
X LEP Weight	25%
Weighted LEP Student Count	1.25
LEP Target Number of Teachers	0.09
<b>Target Number of Teachers</b>	<b>29.72</b>

<i>Teacher Compensation</i>	
Target Teacher Salary	\$ 50,360.26
X Target Teacher Benefits %	29%
Target Teacher Compensation	\$ 64,965
<b>Need based on Target Teacher Compensation</b>	<b>\$ 1,930,904</b>

<i>Overhead Costs</i>	
X % of Overhead Costs	33.06%
State Aid Share Overhead Costs	\$ 638,357
<b>GENERAL STATE AID LOCAL NEED</b>	<b>\$ 2,569,261</b>

[FY 2020 General State Aid Calculator on DOE website](#)

# Property Tax Local 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 2020, the 2nd half of Calendar Year 2019 property tax effort and the 1st half of Calendar Year 2020 property tax effort equal the total local property tax effort for the purposes of general state aid.

# Property Tax Local Effort

## Example Only

Example District of greater than 200 and less than 600 students

Pay 2019	AG	OO	Utility/Other	Totals	Calculation
A Valuation	\$474,930,631	\$95,020,336	\$90,444,521	\$660,395,488	
B Levy	\$1.512	\$3.383	\$7.001		
C Total Pay 2019 Local Effort	\$718,095	\$321,454	\$633,202	\$1,672,751	(A / \$1000)*B
D Total FY2020 Local Effort	\$359,048	\$160,727	\$316,601	\$836,376	C / 2

Pay 2020	AG	OO	Utility/Other	Totals	Calculation
A Valuation*	\$474,930,631	\$99,771,353	\$94,966,747	\$669,668,731	
B Levy	\$1.473	\$3.296	\$6.821		
C Total Pay 2020 Local Effort*	\$699,573	\$328,846	\$647,768	\$1,676,187	(A / \$1000)*B
D Total FY2020 Local Effort*	\$349,787	\$164,423	\$323,884	\$838,094	C / 2

**\*Estimated**

1/2 Pay 2019 Property Tax Local Effort	\$836,376
1/2 Pay 2020 Property Tax Local Effort	\$838,094
<b>Grand Total Fiscal Year 2020 Local Effort</b>	<b>\$1,674,470</b>

Pay 2019 % of Overall Valuation

AG	OO	Utility/Other
72%	14%	14%

Estimated Pay 2020 Valuation Change

0.0%	5.0%	5.0%
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# Other Revenue Local Effort

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

1. Gross Receipts Tax on Utilities
2. Local Revenue In Lieu of Taxes
3. County Apportionment
4. County Revenue in Lieu of Taxes
5. Wind Farm Tax
6. Bank Franchise Tax

# Calculation of Other Revenue Local Effort

2013 Apportioned Funds	2014 Apportioned Funds	2015 Apportioned Funds	Greatest of 2013, 2014 or 2015	60% of Base Amount FY2020 State Aid	2018 Apportioned Funds	FY2020 Total Local Effort from Other Revenue
\$747,117	\$447,374	\$450,427	\$747,117	\$448,270	\$485,506	\$37,236





# Property Tax, Other Revenue & State Aid

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

**Example Only:**

District with greater than 200 students and less than 600 students

Total General State Aid Need	\$2,569,261
(-) Less Property Tax Local Effort	\$1,674,470
(-) Less Other Revenue Local Effort	\$37,236
<b><u>Total General State Aid</u></b>	<b><u>\$857,555</u></b>

Property Tax Local Effort (2nd Half Pay 2019)	\$836,376
Property Tax Local Effort (1st Half Pay 2020)	\$838,094
	<u>\$1,674,470</u>

# Other Revenue Equalization Example: District Level

	Base Percentage	Other Revenue Base Amount	Actual Other Revenue Collections	Total Local Effort from Other Revenue Equalization	
FY2018	100%	\$747,117	\$485,506	\$0	<i>Actual Equalized Other Revenue</i>
FY2019	80%	\$597,694	\$485,506	\$0	<i>Actual Equalized Other Revenue</i>
FY2020	60%	\$448,270	\$485,506	\$37,236	<i>Actual Equalized Other Revenue</i>
FY2021	40%	\$298,847	\$485,506	\$186,660	<i>Estimated</i>
FY2022	20%	\$149,423	\$485,506	\$336,083	<i>Estimated</i>
FY2023	0%	\$0	\$485,506	\$485,506	<i>Estimated</i>

Note: Cells shaded the same color are relative.

# **Projection for Illustrative Purposes Only**

## Summary of General State Aid Formula & Other Revenue Sources Available for Use

<b><u>Note: FY2017 was first year of new formula</u></b>	Actual 2016	Actual FY2017	Actual FY2018	Actual FY2019	Estimated FY2020	Estimated FY2021	Estimated FY2022	Estimated FY2023
State Aid Fall Enrollment	439	419	409	402	402	402	402	402
LEP Adjustment	10	7	17	13	13	13	13	13
Index Factor	2.1%	N/A	0.3%	1.0%	2.5%	2.0%	1.0%	1.0%
Overhead Rate (Estimated FY2021-FY2023)	N/A	31.00%	31.04%	31.67%	33.06%	34.81%	36.57%	38.30%
<b>Total Formula Need</b>	<b>\$ 2,216,247</b>	<b>\$ 2,532,249</b>	<b>\$ 2,489,511</b>	<b>\$ 2,508,522</b>	<b>\$ 2,591,983</b>	<b>\$ 2,678,568</b>	<b>\$ 2,740,657</b>	<b>\$ 2,803,247</b>
Total Property Tax Local Effort	\$ 766,501	\$ 853,393	\$ 822,030	\$ 821,340	\$ 840,100	\$ 848,501	\$ 856,986	\$ 865,555
Total Other Revenue Local Effort	\$ -	\$ -	\$ -	\$ 32,460	\$ 52,996	\$ 78,617	\$ 104,252	\$ 129,899
<b>Total State Aid</b>	<b>\$ 1,449,746</b>	<b>\$ 1,678,856</b>	<b>\$ 1,667,481</b>	<b>\$ 1,654,722</b>	<b>\$ 1,698,888</b>	<b>\$ 1,751,450</b>	<b>\$ 1,779,420</b>	<b>\$ 1,807,793</b>
Utility Taxes	\$ 44,355	\$ 89,158	\$ 90,064	\$ 90,965	\$ 91,874	\$ 92,793	\$ 93,721	\$ 94,658
Revenue in Lieu of Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County Apportionment	\$ 31,871	\$ 27,523	\$ 25,429	\$ 25,683	\$ 25,940	\$ 26,199	\$ 26,461	\$ 26,726
Revenue in Lieu of Taxes	\$ -	\$ 2,268	\$ 2,638	\$ 2,665	\$ 2,691	\$ 2,718	\$ 2,745	\$ 2,773
Wind Farm Energy Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bank Franchise Tax	\$ 11,128	\$ 10,956	\$ 7,948	\$ 8,027	\$ 8,107	\$ 8,188	\$ 8,270	\$ 8,353
<b>Total Other Revenues</b>	<b>\$ 87,353</b>	<b>\$ 129,904</b>	<b>\$ 126,078</b>	<b>\$ 127,339</b>	<b>\$ 128,613</b>	<b>\$ 129,899</b>	<b>\$ 131,198</b>	<b>\$ 132,510</b>
Grand Total Revenue Sources Available to Finance General Fund								
Budget related to the formula	\$ 2,303,600	\$ 2,662,153	\$ 2,615,589	\$ 2,603,401	\$ 2,667,600	\$ 2,729,849	\$ 2,767,603	\$ 2,805,858
Change in Revenues Sources over Prior Year	N/A	\$ 358,553	\$ (46,563)	\$ (12,188)	\$ 64,199	\$ 62,249	\$ 37,754	\$ 38,254
<i>Additional Property Tax Local Effort raised over Formula Need</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Change in Need from Other Revenue Equalization	N/A	N/A	\$ (8,492)	\$ 9,863	\$ 41,786	\$ 47,243	\$ 41,882	\$ 42,180

# How does this look state-wide?

## Other Revenue Equalization

FY2020

Index Factor	2.50%
Target Teacher Salary	\$ 50,360.26
Target Teacher Compensation	\$ 64,964.74
State Aid Fall Enrollment	136,512
Statewide Target Teacher Ratio	14.50
Formula Target Teachers	9,415
LEP Adjustment Teachers	67.85
Total Teacher Target	9,482
<b>A</b> Statewide Total Teacher Comp	\$ 616,026,154
<b>B</b> Statewide Overhead	\$ 195,095,483
<b>C</b> New Other Rev Equalization	\$ 8,549,028
<b>D</b> New Statewide Overhead	\$ 203,644,511
<b>E</b> New Statewide Overhead Rate	33.06%

Based on FY2019 Overhead Rate of 31.67%

$A \times B$

Based on Other Revenue step down. Revenues are collected from school district annual reports

New Statewide Overhead

$B + C$

FY2020 Overhead Rate

$D \div A$

Total Other Revenue equalized state-wide in FY2020 budget: \$13,122,211  
 Total Other Revenue collected state-wide in FY2018\*: \$47,100,628

\*most recent data collected by DOE

# How does this look state-wide?

## Overhead Rate History

Fiscal Year	Step Down	Overhead Rate	Amount Equalized by Fiscal Year*	Accumulative Equalization
FY2017	N/A	31.00%	\$0	\$0
FY2018	100%	31.04%	\$257,799	\$257,799
FY2019	80%	31.67%	\$3,770,610	\$4,593,200
FY2020	60%	33.06%	\$8,549,028	\$13,122,211
FY2021	40%	TBD (34.81%?)	???	???
FY2022	20%	TBD (36.57%?)	???	???
FY2023	0%	TBD (38.30%?)	???	???

Total Other Revenue collected state-wide in FY2018: \$47,100,628

\*Excludes the three districts in the alternative formula

# How does this look state-wide?

## State Aid to General Education Formula Worksheet

### State-Wide Calculation

<b>Target Student to Teacher Ratio</b>	<b>District Size</b>	<b>Teacher Ratio Range</b>
Minimum Student Teacher Ratio	200	12
Maximum Student Teacher Ratio	600	15

\*Slight differences because of rounding\*

<i>Target Number of Teachers:</i>	
<b>State Aid Fall Enrollment Count</b>	136,512
<b>/ Target Teacher Ratio</b>	14.50
<b>Base Target Number of Teachers</b>	9,414.62

<i>LEP Adjustment</i>	
<b>Number of Eligible LEP Students</b>	3,935
<b>X LEP Weight</b>	25%
<b>Weighted LEP Student Count</b>	983.75
<b>LEP Target Number of Teachers</b>	67.85
<b>Target Number of Teachers</b>	9,482.47

<i>Teacher Compensation</i>	
<b>Target Teacher Salary</b>	\$ 50,360.00
<b>X Target Teacher Benefits %</b>	29%
<b>Target Teacher Compensation</b>	\$ 64,964
<b>Need based on Target Teacher Compensation</b>	\$ 616,019,226

<i>Overhead Costs</i>	
<b>X % of Overhead Costs</b>	33.06%
<b>State Aid Share Overhead Costs</b>	\$ 203,655,956

<b>GENERAL STATE AID LOCAL NEED</b>	<b>\$ 819,675,182</b>
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# How does this look state-wide?

## State-Wide

Pay 2019	AG	OO	Utility/Other	Totals	Calculation
A Valuation	\$43,422,909,183	\$33,829,881,063	\$21,953,478,484	\$99,206,268,730	
B Levy	\$1.512	\$3.383	\$7.001		
C Total Pay 2019 Local Effort	\$65,655,439	\$114,446,488	\$153,696,303	\$333,798,230	(A / \$1000)*B
D Total FY2020 Local Effort	\$32,827,720	\$57,223,244	\$76,848,152	\$166,899,116	C / 2

Pay 2020	AG	OO	Utility/Other	Totals	Calculation
A Valuation*	\$43,422,909,183	\$35,521,375,116	\$23,051,152,408	\$101,995,436,707	
B Levy	\$1.473	\$3.296	\$6.821		
C Total Pay 2020 Local Effort*	\$63,961,945	\$117,078,452	\$157,231,911	\$338,272,308	(A / \$1000)*B
D Total FY2020 Local Effort*	\$31,980,973	\$58,539,226	\$78,615,956	\$169,136,155	C / 2

### \*Estimated

1/2 Pay 2019 Property Tax Local Effort	\$166,899,116
1/2 Pay 2020 Property Tax Local Effort	\$169,136,155
<b>Grand Total Fiscal Year 2020 Local Effort</b>	<b>\$336,035,271</b>

### Pay 2019 % of Overall Valuation

AG	OO	Utility/Other
44%	34%	22%

### Estimated Pay 2020 Valuation Change

0.0%	5.0%	5.0%
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# How does this look state-wide?

## General State Aid

Total General State Aid Need	\$819,675,182
(-) Less <i>Estimated</i> Property Tax Local Effort	\$336,035,271
(-) Less Other Revenue Local Effort	N/A
<b><u>Total General State Aid*</u></b>	<b><u>\$483,639,911</u></b>

\*For illustrative purposes only. Does not account for technology in schools, PRTFs, State Assessments and etc.

13-13-72. Legislative policy on annual increase in appropriation for state aid. It is the policy of the Legislature that the appropriation for state aid to education increase on an annual basis by the percentage increase in local need on an aggregate statewide basis so that the relative proportion of local need paid by local effort and state aid shall remain constant. For school fiscal years 2017 to 2022, inclusive, the proportion of local need paid by local effort and state aid shall be adjusted annually to maintain the proportion between state aid and local property taxes and to reflect adjustments in local effort due to the implementation of the other revenue base amount as defined in § 13-13-10.1.



# Other Formula Components

## 1. Sparsity

- Maximum allowed sparsity payment based on eligibility is \$110,000
  - 28 districts currently receive sparsity
  - Criteria:
    - (1) "Sparse school district," a school district that meets each of the following criteria:
      - (a) Has a fall enrollment per square mile of 0.50 or less;
      - (b) Has a fall enrollment of five hundred or less;
      - (c) Has an area of four hundred square miles or more;
      - (d) Has at least fifteen miles between its secondary attendance center or centers and that of an adjoining district;
      - (e) Operates a secondary attendance center; and
      - (f) Levies ad valorem taxes at the maximum rates
- \*Plus variances for enrollment sizes

## 2. Alternative Formula

- 3 districts participate (Harding County, Hoven, White Lake)

# DOE School Budget Page

- [Click here](#) for DOE's FY 2020 School Budget Page
  - General State Aid Calculator, FY2020
  - Impact of Other Revenue Equalization, FY2020
  - Maximum Capital Outlay Pay 2020 Tax Request
  - Capital Outlay Transfer Allowance Worksheet
  - Special Education State Aid Calculator, FY2020
  - Pay 2019 Valuations by District

# Teacher Compensation & Excess Cash Balance Accountabilities

# Blue Ribbon Task Force

- On March 11, 2016, Governor Dugaard signed into law HB 1182, SB 131, and SB 133. Those three bills made up the package that raised taxes to fund teacher salary increases, reformed the school funding formula, and created programs to help schools operate more efficiently.
- **HB 1182**  
The education funding package hinged on HB 1182, a bill that increases the state sales tax by one-half cent. That increase is expected to raise \$67 million for K-12 education, \$36 million for property tax relief, and \$3 million for improving instructor salaries at the four technical institutes.  
***First state sales tax increase since 1969***
- **SB 131**  
This bill contains the mechanics of the new funding formula.
- **SB 133**  
This bill focuses on voluntary shared services among school districts, classroom innovation grants, an expansion of course offerings through Northern State University's E-Learning Center, and a mentoring program for first- and second-year teachers

# Blue Ribbon Task Force

## These accountabilities are no longer applicable!!!

SB 131 contains a requirement that 85 percent of the increase in funding goes directly towards impacting teacher salaries. How will this work?

Within Section 27 of SB 131, there are two accountabilities that districts must meet moving from FY 2016 to FY 2017. First, a district must spend 85 percent of its total new money on instructional salaries and benefits. Second, a district's average instructional salary and benefits must also go up by 85 percent of the percentage increase in new money. Districts must meet BOTH of these measures in order to avoid a penalty in FY 2018.

Calculating Accountability #1: Multiply the amount of new money (see B-1) by 85 percent. This is the MINIMUM dollar amount that teacher salaries and benefits must increase by.

Calculating Accountability #2: Divide the amount of new money (see B-1) by the amount of total need generated under the funding formula in place for FY 2016. Multiply the result by 85 percent to arrive at the MINIMUM percent that teacher salaries and benefits must increase by.

[13-13-73.6](#). Increases in teacher compensation. The Department of Education shall calculate the following for each school district:

- (1) The average teacher salary, based on data collected pursuant to §§ 13-8-47 and 13-3-51;
- (2) The increase in local need pursuant to § 13-13-10.1, excluding any effect due to change in the school district's fall enrollment and less the amount of revenue generated in school fiscal year 2016 pursuant to § 13-10-6 as a percentage increase, from fiscal year 2016 to fiscal year 2017; and
- (3) The increase in average teacher compensation as a percentage increase, as defined in § 13-8-47, from fiscal year 2016 to fiscal year 2017.

For each school district, the district's increase in average teacher compensation from fiscal year 2016 to 2017 shall be equal to at least eighty-five percent of the district's increase in local need, as defined in subdivision (2), from fiscal year 2016 to fiscal year 2017 and, notwithstanding any negotiated agreement, at least eighty-five percent of the increase in state aid to general education funding the school district receives for fiscal year 2017 less the amount of revenue generated in fiscal year 2016 pursuant to § 13-10-6 shall be used to increase instructional salaries and benefits for certified instructional staff.

If a district fails to comply with the requirements of this section, state aid to general education funding to the district in fiscal year 2018 shall be decreased by an amount equal to fifty percent of the amount calculated in subdivision (2). 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.

A school district may request a waiver from any penalty imposed under this section from the School Finance Accountability Board.

**24:44:01:01**. **Definitions.** Terms used in this article mean:

(1) "Benefits," expenditures paid by the school district which are not included in an instructional salary and are not paid directly to an employee, but are calculated into the cost to the school district for compensation, including group health or life insurance, employee retirement contributions, social security, workers compensation, and payments for sabbatical leave;

(2) "Board," the School Finance Accountability Board;

(3) "Department," the South Dakota Department of Education;

(4) "Instructional salary," the annual contracted salary representative of a fiscal year of teaching, exclusive of hiring bonuses, extra duty pay, extended contract pay, or any other bonuses;

(5) "Teacher compensation," the instructional salary and benefits paid to a teacher compensation staff member in a single fiscal year;

(6) "Teacher compensation staff member," a certified teacher assigned to a grade K-12 self-contained class, course, or classroom situation. This term does not include any instructional aide, administrative staff, long term substitute, counselor, librarian, speech therapist, technology coordinator, director, professional development center teacher, or any non-certified teacher;

(7) "Total teacher compensation," the total amount spent by a school district on instructional salaries and benefits for all teacher compensation staff in a single fiscal year.



# Teacher Compensation & Excess Cash Accountabilities

- **Teacher Compensation (TC)**

- Compare reported TC average from FY2017 to FY2019
- The district's FY2019 average **MUST BE equal to or greater than** the reported average from FY2017.
- Penalty for non-compliance - \$500 per total FTE reported for TC
- See Teacher Compensation Calculator - <https://doe.sd.gov/ofm/schoolbudget.aspx>

- **Monthly Excess Cash Balance – General Fund**

- % of cash balance = lowest monthly cash balance divided by the TOTAL general fund expenditures for FY2019 (may not include any “other financing uses”).
- **Allowable percentages:** (student count is the lesser of the 2 previous years or the current year)
  - » Student count less than 201 40%
  - » Student count 201 to 599 30%
  - » Student count greater than 599 25%



# Teacher Compensation Accountability Calculator

## Teacher Compensation Accountability CALCULATOR

as of 3/19/2019

School District:  Select your School District from the dropdown box

FY2017 Average Teacher Compensation:

FY2019 Average Teacher Compensation:

Average Teacher Compensation Increase/Decrease:

**SDCL 13-13-73.6** ...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.

### Accountability Summary:

Met Average Teacher Compensation Accountability:

K12 Instructional FTE for Teacher Compensation:

Potential Penalty: (FY2020 State Aid)

**NOTE: No penalty may be applied if the district is not eligible for general state aid.**

## Penalty for Teacher Compensation (TC) Non-Compliance

- My district's 2019 average TC is not equal to or greater than the TC average reported for 2017 – what happens next?
  - District may complete a waiver form and submit before first Friday in November (October 31<sup>st</sup>).
  - Present waiver to School Finance & Accountability Board
  - If approved the waiver must then be also approved by Joint Committee on Appropriations (JCA)
  - If approved by JCA, no penalty.
  - If not approved by either SFAB or JCA, penalty is \$500 x total FTE of teachers reported for TC.
    - Penalty is a reduction of general state aid in FY2020.

# Timeline for Teacher Compensation

- **Currently available**, Teacher Compensation calculator available to all school district administrators to determine if meeting the accountability regarding average TC.
- **July 1, 2019**, school districts may start to enter TC data (Annual Financial Report)
- **August 1, 2019**, TC data is due. (SDCL 13-8-47)
- **August 30, 2019**, TC data is considered late and subject to penalties (SDCL 13-8-47 & 13-13-38)
- **September 25, 2019**, SASF staff complete their review and notify school district administrators to finalize their submission by signing final certification.
- **October 4, 2019**, all districts will be notified by email of their TC accountability status based on submitted data and penalties pursuant to SDCL 13-13-73.6. (ARSD 24:44:01:04)
- **October 9, 2019**, TC waiver form will be posted and accessible for districts to use.
- **October 31, 2019**, waiver form and all supporting documentation for TC must be submitted to DOE (ARSD 24:44:01:08).
- **November 13, 2019**, SFAB board will meet to review submitted waivers. All districts submitting a waiver must be in attendance.
- **November 20, 2019**, SFAB will meet to approve a written report of their determinations, this report must be submitted within 5 business days to the Joint Committee on Appropriations for approval. (ARSD 24:44:01:08)

# Timeline for Excess General Fund Cash

- Timeline mirrors Average Teacher Compensation
- Penalty for Excess Cash is a dollar for dollar reduction in General State Aid for the amount in excess

<u>Month</u>	<u>General Fund - 10</u>
July	\$2,096,534
August	\$1,771,717
September	\$1,548,903
October	\$1,136,941
November	\$1,885,419
December	\$1,627,453
January	\$1,274,660
February	\$931,057
March	\$559,413
April	\$429,978
May	\$1,065,559
June	\$2,189,731

# Timeline for Excess General Fund Cash

- Mirrors Average Teacher Compensation
- Penalty for Excess Cash is a dollar for dollar reduction in General State Aid for the amount in excess

## FY2018 Monthly Cash Balance (SDCL 13-13-73.6) - General Fund

as of 11/1/2018



District Name	Lowest Monthly Balance	Total GF Expenditures	Lowest Balance as % of Expenditures	Lowest SAFE Count	Allowable %	Exceed Limits
Custer 16-1	\$429,978	\$7,104,321	6.05%	881.16	25%	No

Source: <https://doe.sd.gov/legislature/2019.aspx> "Excess Cash Balance Calculations"

# SD DOE Important School Finance Related Links

- 2020 School Budget webpage:  
<https://doe.sd.gov/ofm/schoolbudget.aspx>
- Statistical Digest webpage  
<https://doe.sd.gov/ofm/statdigest.aspx>
- School Finance webpage  
<https://doe.sd.gov/ofm/schfinance.aspx>
- Legislature 2019 webpage:  
<https://doe.sd.gov/legislature/2019.aspx>
- General & Special Education State Aid webpage:  
<https://doe.sd.gov/ofm/statefunding.aspx>
- Grant Allocations webpage:  
<https://doe.sd.gov/ofm/grantallocations.aspx>

# 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

Child Count per Disability Category x Disability Category Allocation = Total Need

$((\text{Total Need} - \text{Property Tax Local Effort}) \times \text{Effort Factor}) - \text{Excess Fund Balance} = \text{Special Education State Aid}$



# Special Education State Aid Formula

- Each Disability Category is assigned an “allocation” per student
- Disability Categories were increased by 2.5% for FY 2020

Disability Category	Disability Category Allocation
Level 1 Mild Disability	\$5,665.27
Level 2 Cognitive Disability or Emotional Disorder	\$13,074.98
Level 3 Hearing impairment, deafness, visual impairment, deaf-blindness, orthopedic impairment, or traumatic brain injury	\$16,664.57
Level 4 Autism	\$16,160.97
Level 5 Multiple Disabilities	\$28,865.25
Level 6 Prolonged Assistance	\$8,314.11

Special Education State Aid Calculator [Click Here](#)

# Special Education State Aid Formula

**Please Note:**

December 2018 Child Count is used to determine FY2020 Need

Example School District			
	Child Count	Disability Level Allocation	Total Special Education State Aid Need
Level 1**	250	\$5,565.27	\$1,391,318
Level 2	60	\$13,074.98	\$784,499
Level 3	10	\$16,664.57	\$166,646
Level 4	25	\$16,160.97	\$404,024
Level 5	10	\$28,865.25	\$288,653
Level 6	1	\$8,314.11	\$8,314
	356	<b>Total Need</b>	<b>\$3,043,453</b>
**Level 1 count is 10% of ADM of the entire district			
All other Disability Levels are actual count			

# Property Tax-Local Effort

## Special Education State Aid

Example District

	Pay 2019	AG	OO	Utility/Other	Calculation
A	Valuation	\$474,930,631	\$95,020,336	\$90,444,521	
B	Levy**	\$1.567	\$1.567	\$1.567	
C	Total Local Effort	\$744,216	\$148,897	\$141,727	$(A / \$1000) * B$
D	Total FY2020 Local Effort	\$372,108	\$74,449	\$70,864	C / 2

	Pay 2020	AG	OO	Utility/Other	Calculation
A	Valuation	\$532,603,256	\$99,789,081	\$104,528,423	
B	Levy**	\$1.616	\$1.616	\$1.616	
C	Total Local Effort	\$860,687	\$161,259	\$168,918	$(A / \$1000) * B$
D	Total FY2020 Local Effort	\$430,344	\$80,630	\$84,459	C / 2

1/2 Pay 2019 Property Tax Local Effort	\$517,421
1/2 Pay 2020 Property Tax Local Effort	\$595,433
<b>Grand Total Fiscal Year 2020 Local Effort</b>	<b>\$1,112,854</b>

\*\*Example assumes school district is taxing at the maximum levy

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

Pay 2019 \$1.367

Pay 2020 \$1.416

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

# Property Tax Local Effort & State Aid

Total Special Education State Aid Need	\$3,043,453
*Property Tax Local Effort (2nd Half Pay 2019)	\$517,421
*Property Tax Local Effort (1st Half Pay 2020)	\$541,093
Total Special Education State Aid	\$1,984,939
*Total Property Tax Local Effort FY2020	\$1,058,514

# 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 \$1.616 for Pay 2020
- 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

[13-37-35.2](#). Department to recalculate allocations for disability levels triennially beginning in 2004. In fiscal year 2004 and every three years thereafter, the Department of Education shall recalculate the amounts of the allocations for the disability levels defined in § 13-37-35.1. 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 fiscal years.

- Next rebase will be in FY2020, effective in FY2021 using expenditures from FY2017, FY2018, FY2019.
- [HB 1001](#) in the 2019 Legislative Session revises the rebase to every two years.
- Subsequent rebased with HB 1001 enacted will be in FY2023, effective in FY2024 using expenditures from FY2020, FY2021, FY2022

# Extraordinary Cost Fund

- 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%

[13-37-40](#). Portion of appropriation set aside for extraordinary expenses. Subject to the limitation in § 13-37-42, the secretary of the Department of Education shall, for school fiscal year 2014 and each year thereafter, set aside four million dollars of the state aid to districts for special education appropriation for extraordinary expenses incurred in providing special education programs or services to one or more children with disabilities, with expenditures to be made as recommended by an oversight board and approved by the secretary of the Department of Education. Any funds not expended or obligated pursuant to this section shall not be subject to reversion pursuant to § 4-8-19. 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 amount of the allocations for disability levels as provided in § 13-37-35.2.

# Extraordinary Cost Fund FY2019

FY2019 ECF Funds Available	\$4,066,348
ECF Board Approved Funding	\$2,939,924
FY2019 ECF Balance	\$1,126,424
FY2020 ECF Base Appropriation	\$4,000,000
<b>FY2020 Available ECF Balance</b>	<b>\$5,126,424</b>
*Maximum balance is \$5,500,000	

22 school districts applied to ECF in FY2019



# Summary of FY2019 State Aid Payments

General State Aid Need	\$785,263,393
Special Education State Aid Need	\$166,758,792

General State Aid Paid	\$460,222,250
One-Time Funds Paid	\$5,418,546
Sparsity Paid	\$2,017,234
Special Education State Aid Paid	\$63,228,313
Extraordinary Cost Fund Payments	\$2,939,924
<b>Total State Payments</b>	<b>\$533,826,267</b>

General Fund Local Property Tax Effort	\$323,158,306
Special Education Local Property Tax Effort	\$127,412,610

<b>Total State &amp; Local General Fund &amp; SPED Fund Payments</b>	<b>\$984,397,183</b>
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# Questions?

Matt Flett  
Director of Finance & Management  
South Dakota Department of Education  
[Matt.Flett@state.sd.us](mailto:Matt.Flett@state.sd.us)  
605-773-6231