

Special Education Interim Legislative Committee

Avera Hall-USD Community College
Sioux Falls, SD
Tuesday, August 27, 2019

Agenda

1. Special Education State Aid Funding Formula Overview
2. Extraordinary Cost Fund Overview
3. Out of District Placement overview
4. Questions

Special Education State Aid Formula

Terms to know:

1. Child Count
2. Disability Level
3. Local Effort
4. Effort Factor

More definitions: [SDCL 13-37-35.1](#)

Special Education State Aid Formula

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

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

Computation of state aid to districts for Special Education: [SDCL 13-37-36.3](#)

Special Education State Aid Formula

- Each Disability Category is assigned an “allocation” per student
- Disability Categories were increased by 2.5% for FY2020
- Disability Categories will be rebased effective FY2021

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	Total Need	\$3,043,453
**Level 1 count is 10% of ADM of the entire district			
All other Disability Levels are actual count			

Special Education State Aid Formula

Total Need		Property Tax Local Effort		Effort Factor		Excess Fund Balance		SPED State Aid
								
\$3,043,453								

Special Education State Aid Formula

Property Tax Local Effort important reminder

- Property Tax collections are calendar year (January-December)
- School & State budgets are fiscal year (July-June)

Special Education State Aid-Example District

	Pay 2019	AG	OO	Commercial/ 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	Commercial/ Other	Calculation
A Valuation		\$474,930,631	\$99,771,353	\$94,966,747	
B Levy**		\$1.616	\$1.616	\$1.616	
C Total Local Effort		\$767,488	\$161,231	\$153,466	(A / \$1000)*B
D Total FY2020 Local Effort*		\$383,744	\$80,616	\$76,733	C / 2



Pay 2020 Valuation Change		
AG	OO	Commercial/ Other
0%	5%	5%

% of Pay 2020 Overall Valuation Estimation		
AG	OO	Commercial/ Other
71%	15%	14%

1/2 Pay 2019 Property Tax Local Effort	\$517,421
1/2 Pay 2020 Property Tax Local Effort	\$541,093
Grand Total Fiscal Year 2020 Local Effort	\$1,058,514

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

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

Minimum levies to be eligible for Special Education State Aid:

Pay 2019	\$1.367
Pay 2020	\$1.416

Special Education State Aid Formula

Total Need		Property Tax Local Effort		Effort Factor		Excess Fund Balance		SPED State Aid
\$3,043,453		\$1,058,514						

Special Education State Aid Formula

[SDCL 13-37-35.1\(19\)](#)

"Effort factor," the school district's special education tax levy in dollars per thousand divided by \$1.416. The maximum effort factor is 1.0 (for Pay 2020).

The example district was levying the maximum at \$1.616 so effort factor is 1.0

Other examples:

	Levy	Effort Factor
Max Pay 2020 SPED Levy	\$1.616	1.00
Minimum Levy for full state aid	\$1.416	1.00
Levies less than 1.0 Effort Factor	\$1.400	0.99
	\$1.250	0.88
	\$1.000	0.71

- 1 school district in Pay 2018 received state aid with an effort factor less than 1.0
 - (95% effort with a \$1.200 levy out of \$1.461)
- 0 school districts in Pay 2019 received state aid with less than a 1.0 effort factor
- TBD for Pay 2020

Special Education State Aid Formula

Total Need		Property Tax Local Effort		Effort Factor		Excess Fund Balance		SPED State Aid
\$3,043,453		\$1,058,514		1.0				

Special Education State Aid Formula

[SDCL 13-37-44](#) (Excess Fund Balance)

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.

What this means:

- A school district's excess fund balance over 25% of its prior year expenditures is a reduction to SPED state aid for the amount over 25%
- If a school district received funds from the Extraordinary Cost Fund the Fund Balance cannot exceed 10%, otherwise a reduction to SPED state aid is applied for the amount over 10%

Special Education State Aid Formula

Total Need		Property Tax Local Effort		Effort Factor		Excess Fund Balance		SPED State Aid
\$3,043,453		\$1,058,514		1.0		\$0		

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

Special Education State Aid Formula

Total Need		Property Tax Local Effort		Effort Factor		Excess Fund Balance		SPED State Aid
								
\$3,043,453		\$1,058,514		1.0		\$0		\$1,984,939



Disability Category Rebase

Rebasing of Disability Categories

[SDCL 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

Special Education Disability Rebase Schedule with passage of HB1001

FY2017	Effective Fiscal Year of disability category rebase	Fiscal Years used to calculate disability categories for FY2021		
FY2018				
FY2019				
FY2020	Rebase approved by legislature	Fiscal Years used to calculate disability categories for FY2024		
FY2021	Effective Fiscal Year of disability category rebase		<u>Statute change. Rebase every two years.</u>	
FY2022				
FY2023	Rebase approved by legislature	Fiscal Years used to calculate disability categories for FY2027		
FY2024	Effective Fiscal Year of disability category rebase			
FY2025				
FY2026	Rebase approved by legislature	Fiscal Years used to calculate disability categories for FY2030		
FY2027	Effective Fiscal Year of disability category rebase			
FY2028				
FY2029	Rebase approved by legislature	Fiscal Years used to calculate disability categories for FY2033		
FY2030	Effective Fiscal Year of disability category rebase			
FY2031				
FY2032	Rebase approved by legislature			
FY2033	Effective Fiscal Year of disability category rebase			



Extraordinary Cost Fund (very briefly)

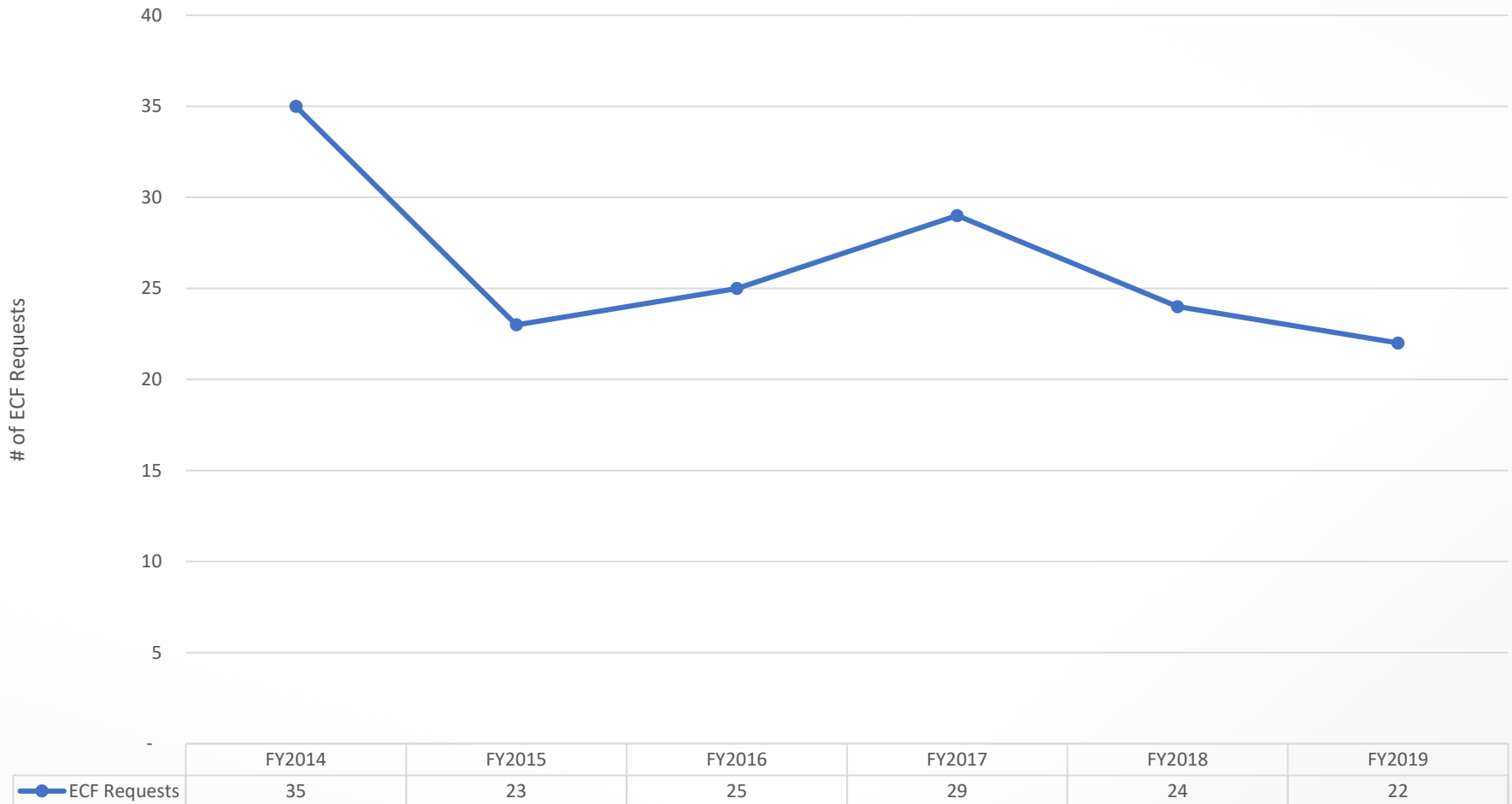
Extraordinary Cost Fund

- 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%

[SDCL 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.

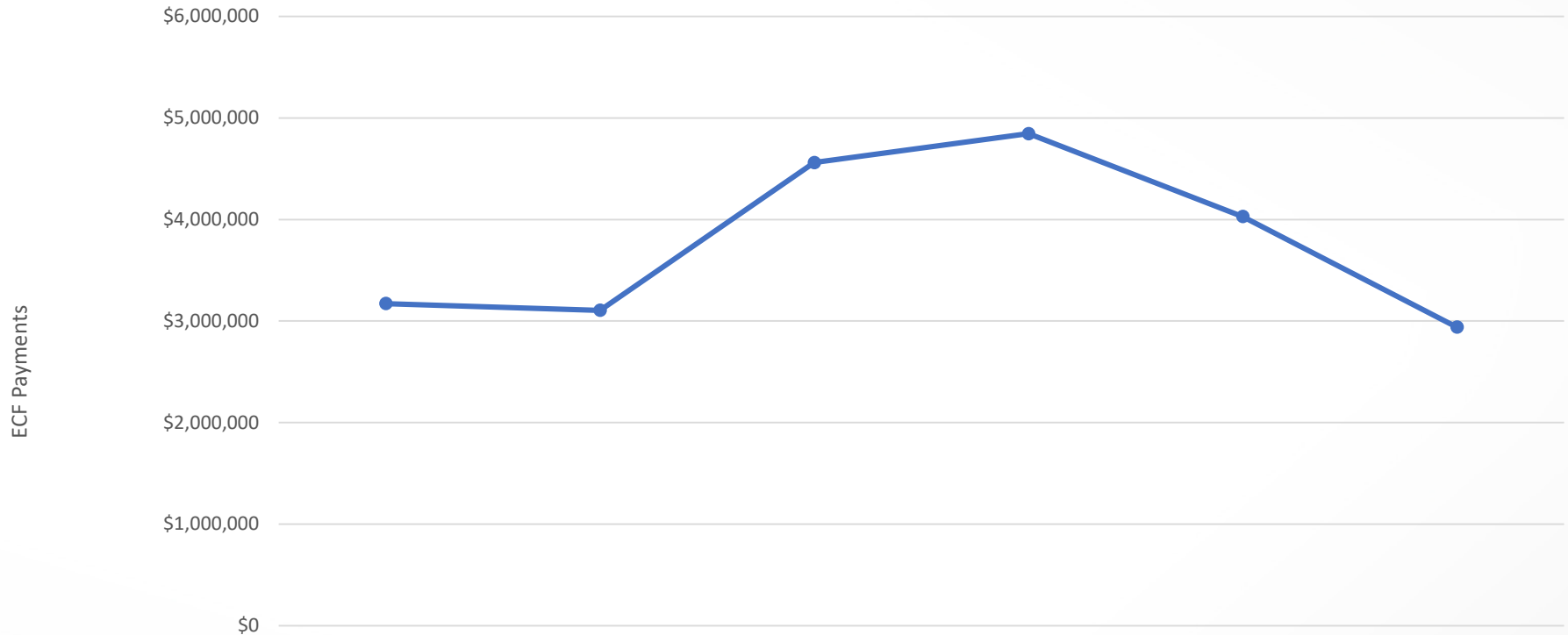
Extraordinary Cost Fund

of ECF Requests



Extraordinary Cost Fund

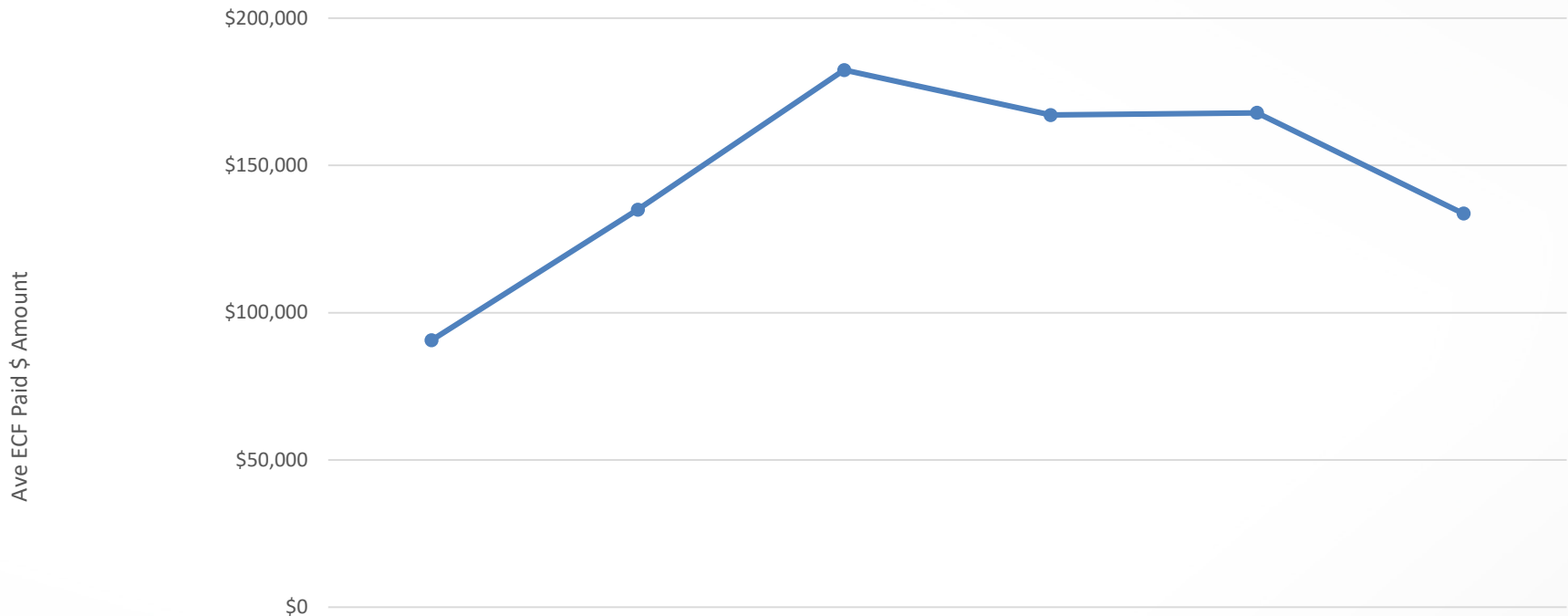
Total ECF Payment \$ Amount



	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
ECF Payments	\$3,171,335	\$3,104,864	\$4,559,803	\$4,845,535	\$4,028,314	\$2,939,924
ECF Payment % Change	1.8%	-2.1%	46.9%	6.3%	-16.9%	-27.0%

Extraordinary Cost Fund

Ave ECF Paid \$ Amount per Request



	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
● Ave ECF Paid \$ Amt	\$90,610	\$134,994	\$182,392	\$167,087	\$167,846	\$133,633
% Change in ECF Paid \$ Amt	-6.9%	49.0%	35.1%	-8.4%	0.5%	-20.4%

Large School District SPED Fund Information FY2018

Enrollment Ranking (Based on General State Aid Fall Enrollment)	School District	SPED Fund Expenditures	Ending Special Education Fund Balance \$	Ending Fund Balance % of Expenditures
1	Sioux Falls School District 49-5	\$44,163,547	\$1,926,431	4.4%
2	Rapid City Area School District 51-4	\$21,953,357	\$5,245,388	23.9%
3	Harrisburg School District 41-2	\$6,238,653	\$719,394	11.5%
4	Aberdeen School District 06-1	\$7,385,572	\$1,350,505	18.3%
5	Brandon Valley School District 49-2	\$5,723,813	\$184,477	3.2%
6	Watertown School District 14-4	\$6,612,661	\$275,126	4.2%
7	Brookings School District 05-1	\$5,255,091	\$164,191	3.1%
8	Douglas School District 51-1	\$3,278,208	\$1,314,478	40.1%
9	Meade School District 46-1	\$3,970,476	\$760,802	19.2%
10	Mitchell School District 17-2	\$4,665,615	\$282,472	6.1%

Extraordinary Cost Fund

FY2019→FY2020

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
FY2020 Available ECF Balance	\$5,126,424
*Maximum balance is \$5,500,000	



Out of District Placements

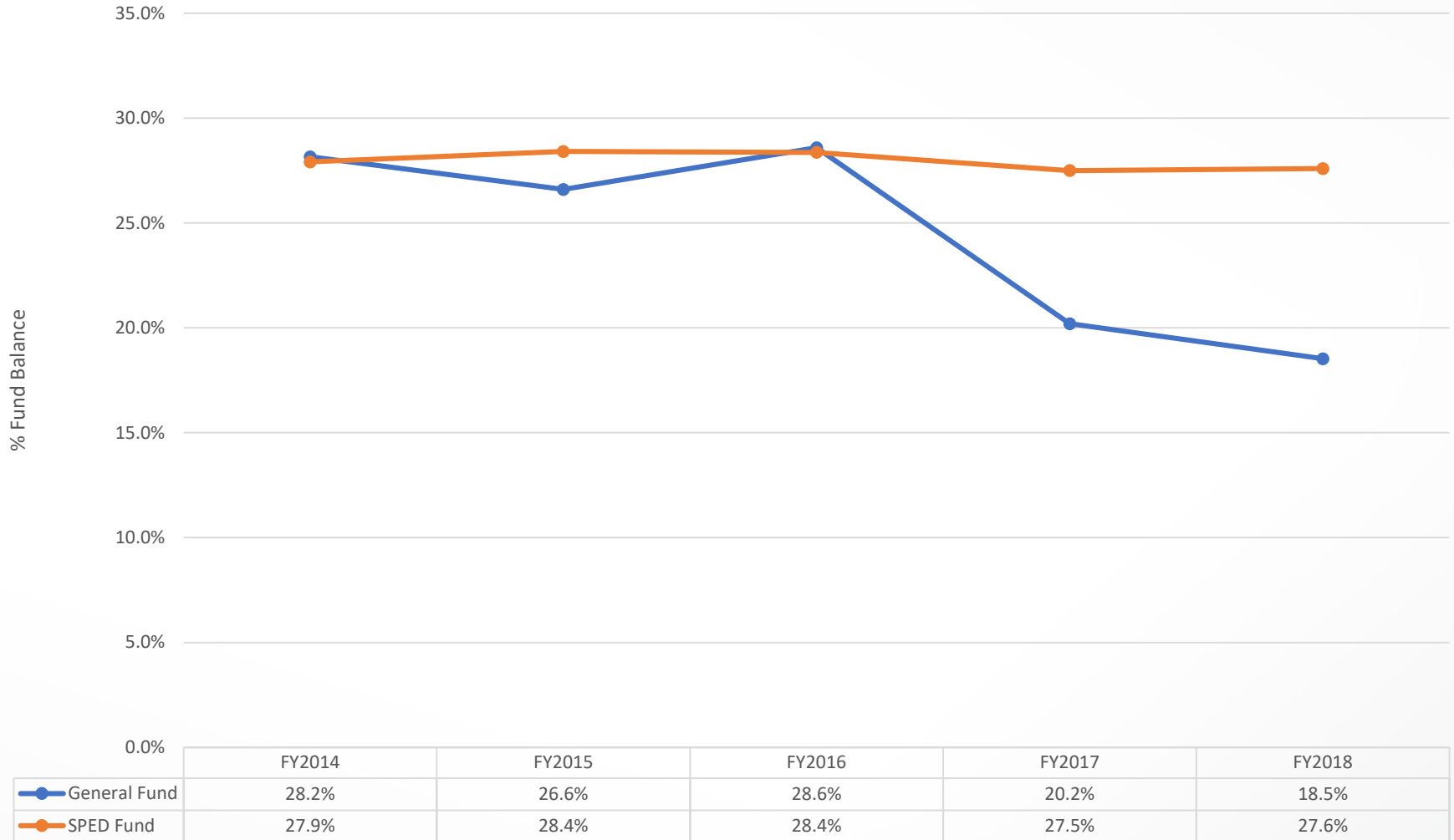
Statewide SPED Revenue & Expenditures % Change Over Prior Year



Most Recent Special Education Fund Levies

Description	Pay 2018	Pay 2019
Maximum SPED Levy	\$1.461	\$1.567
# of Districts* at maximum SPED Levy	99	97
Minimum SPED Levy for full state aid effort	\$1.261	\$1.367
# of Districts* at or above minimum levy for full state aid effort	108	106
# of Districts* levying below the state aid minimum	41	43
*Out of 149 total school districts		

Statewide General & Special Education Fund Balance as % of Expenditures



Special Education Fund Balance FY2018

SPED Ending Fund Balance % of Expenditures	# of School Districts	% of School Districts
>400%	3	2.0%
>200%	14	9.4%
>100%	42	28.2%
>50%	61	40.9%
>25%	85	57.0%
<10%	44	29.5%

Transfers from General Fund to SPED Fund

Fiscal Year	School District Name	Transfer out of General Fund to SPED Fund
FY2014	Bennett County 03-1	\$230,000
	Edgemont 23-1	\$14,568
	Wolsey-Wessington 02-6	\$30,000
	Fiscal Year Total	\$274,568
FY2015	Bennett County 03-1	\$41,000
	Brookings 05-1	\$54,729
	Fiscal Year Total	\$95,729
FY2016	Bennett County 03-1	\$10,000
	Edgemont 23-1	\$43,598
	Fiscal Year Total	\$53,598
FY2017	Bennett County 03-1	\$62,500
	Estelline 28-2	\$57,596
	Baltic 49-1	\$10,241
	Fiscal Year Total	\$130,337
FY2018	Edgemont 23-1	\$27,000
	Montrose 43-2	\$3,426
	Newell 09-2	\$11,445
	Sioux Valley 05-5	\$30,000
	Wilmot 54-7	\$2,131
	Fiscal Year Total	\$74,002

Out of District Placements

Fiscal Year	Total SPED Expenditures	Out of District Placement Costs	% of Overall SPED Costs compare to Out of District Placement Costs
FY2014	\$167,054,657	\$11,230,178	6.7%
FY2015	\$174,059,174	\$12,048,115	6.9%
FY2016	\$185,028,369	\$12,513,315	6.8%
FY2017	\$207,859,671	\$14,029,325	6.7%
FY2018	\$216,844,632	\$15,516,422	7.2%

Out of District Placements

FY2018 Statistics

- 376 (1.74%) of 21,625 reported students are served outside the district
- 91 districts had 1 or more students placed out of district
- Of the 376 total students, 112 of them were ages 19-21
- Placement in day programs = 163
- Placement in residential programs = 84
- Combination of Lifescope/Children's Home Society/Behavioral Care Specialists = 176 (46.8% of all out of district placements)
- Primary Disabilities of those placed out of District:
 - Multiple Disabilities 113
 - Cognitive Disabilities 91
 - Autism 62
 - Emotional Disability 55
 - Other Health Impaired 25
 - ALL other disabilities 30

Useful DOE Web Pages

- Legislature 2019
 - <https://doe.sd.gov/legislature/2019.aspx>
- State Aid
 - <https://doe.sd.gov/ofm/statefunding.aspx>
 - Documents → Special Education Issue Brief
 - State Aid Calculations & Payments by Fiscal Year
- School Budgets
 - <https://doe.sd.gov/ofm/schoolbudget.aspx>
 - State Aid Budget Calculators, Property Valuations, 5 Year Levy & Allocation History

Questions?

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