

SOUTH DAKOTA LEGISLATIVE RESEARCH COUNCIL

FISCAL NOTE, 2019 LEGISLATIVE SESSION

FISCAL NOTE 2019-HB1001A

HB 1001 revise the timing of the recalculation of the allocations for the disability levels in the state aid to special education formula.

HB 1001 proposes to change the recalculation of the allocations for disability levels for the state aid to special education funding formula from occurring every three years to occurring every two years. The recalculation would continue to be based on the statewide average expenditures for each disability within each funding level for the previous three school fiscal years as reported to the Department of Education (DOE) in the school district annual financial reports.

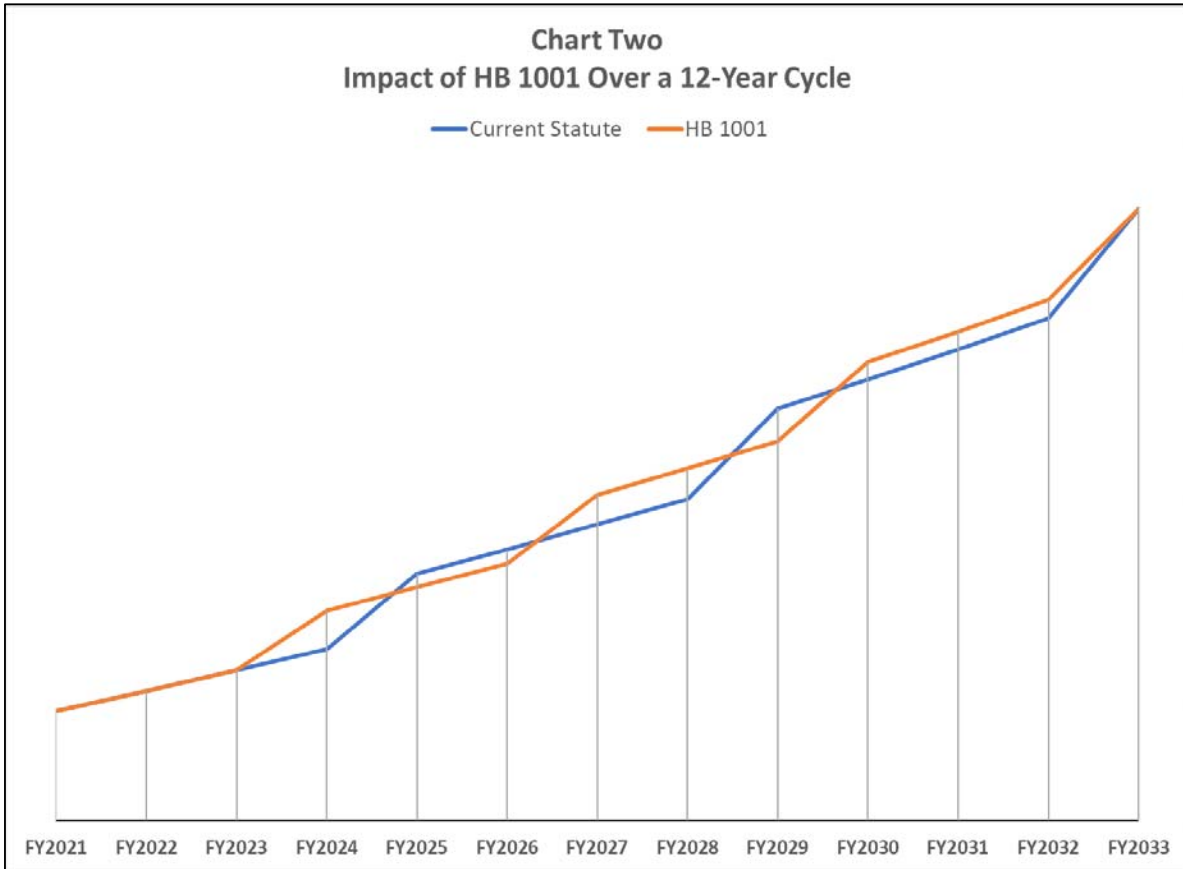
HB 1001 directs the DOE to do the recalculation in FY2020, so the new rates would be presented as a part of the FY2021 budget. Therefore, there would be no impact from this bill in the FY2020 budget.

HB 1001 does not change the methodology being used for the calculation other than requiring that it happen every two years instead of every three years. Three years of actual data will continue to be used. Therefore, since a rebase calculation will already occur in FY2021, there would be no fiscal impact in FY2021.

Under current statute, the next rebase would not occur again until FY2025. Under HB 1001, it would occur one year earlier. If the DOE were to continue with the same practice of waiting until the number of years specified in statute had been completed before doing the calculation, a fiscal impact would not be realized until FY2024. However, the analysis cannot simply stop at the first year of impact.

As illustrated in chart one, there will be a rebase under current statute and under HB 1001 in FY2033. This cycle would continue every 12th year. To estimate the fiscal impact of HB 1001, an analysis of the impact to the funding per disability level under current statute and HB 1001 for a 12-year cycle was performed. There are variations from year-to-year due to the timing of the rebase; however, excluding the impact of any other variables, at the end of the 12-year cycle, the funding per disability level would be the same (see chart two).

Chart One		
	Current Statute	HB1001
FY2017	Rebase	NA
FY2018	Yr 1	NA
FY2019	Yr 2	NA
FY2020	Yr 3	NA
FY2021	Rebase	Rebase
FY2022	Yr 1	Yr 1
FY2023	Yr 2	Yr 2
FY2024	Yr 3	Rebase
FY2025	Rebase	Yr 1
FY2026	Yr 1	Yr 2
FY2027	Yr 2	Rebase
FY2028	Yr 3	Yr 1
FY2029	Rebase	Yr 2
FY2030	Yr 1	Rebase
FY2031	Yr 2	Yr 1
FY2032	Yr 3	Yr 2
FY2033	Rebase	Rebase



Further analysis was performed to estimate the impact to the total amount distributed through the funding formula over the 12-year cycle. Assuming the same percentage growth in actual costs as seen over the last 4 years, student numbers staying constant, and a 3% increase in the funding per disability level for non-rebase years, total distributions over the 12-year cycle would be approximately 0.13% lower under HB 1001.

APPROVED BY: /s/ Jason Hancock DATE: 1/11/2019
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