**24:05:19:05.05.  Adjustment to local fiscal efforts in certain fiscal years.** Notwithstanding the excess cost and maintenance of effort requirements, and the exception regarding early intervening services in this chapter, for any fiscal year for which the allocation received by a district exceeds the amount the district received for the previous fiscal year, the district may reduce the level of expenditures, otherwise required, by not more than 50 percent of the amount of that excess.

If a school district exercises the authority under this section, the district must use an amount of local funds equal to the reduction in expenditures under this section to carry out activities that could be supported with funds under the ESEA regardless of whether the district is using funds under the ESEA for those activities.

Notwithstanding the requirements of this section, if the department determines that a district is unable to establish and maintain programs of FAPE that meet the requirements of this article or the department has taken action against the district under chapter 24:05:20, the department must prohibit the district from reducing the level of expenditures under this section for that fiscal year.

The amount of funds expended by a district for early intervening services under this chapter shall count toward the maximum amount of expenditures that the district may reduce under this section.

**Source:** 33 SDR 236, effective July 5, 2007.

**General Authority:** SDCL 13-37-1.1.

**Law Implemented:** SDCL 13-37-1.1.