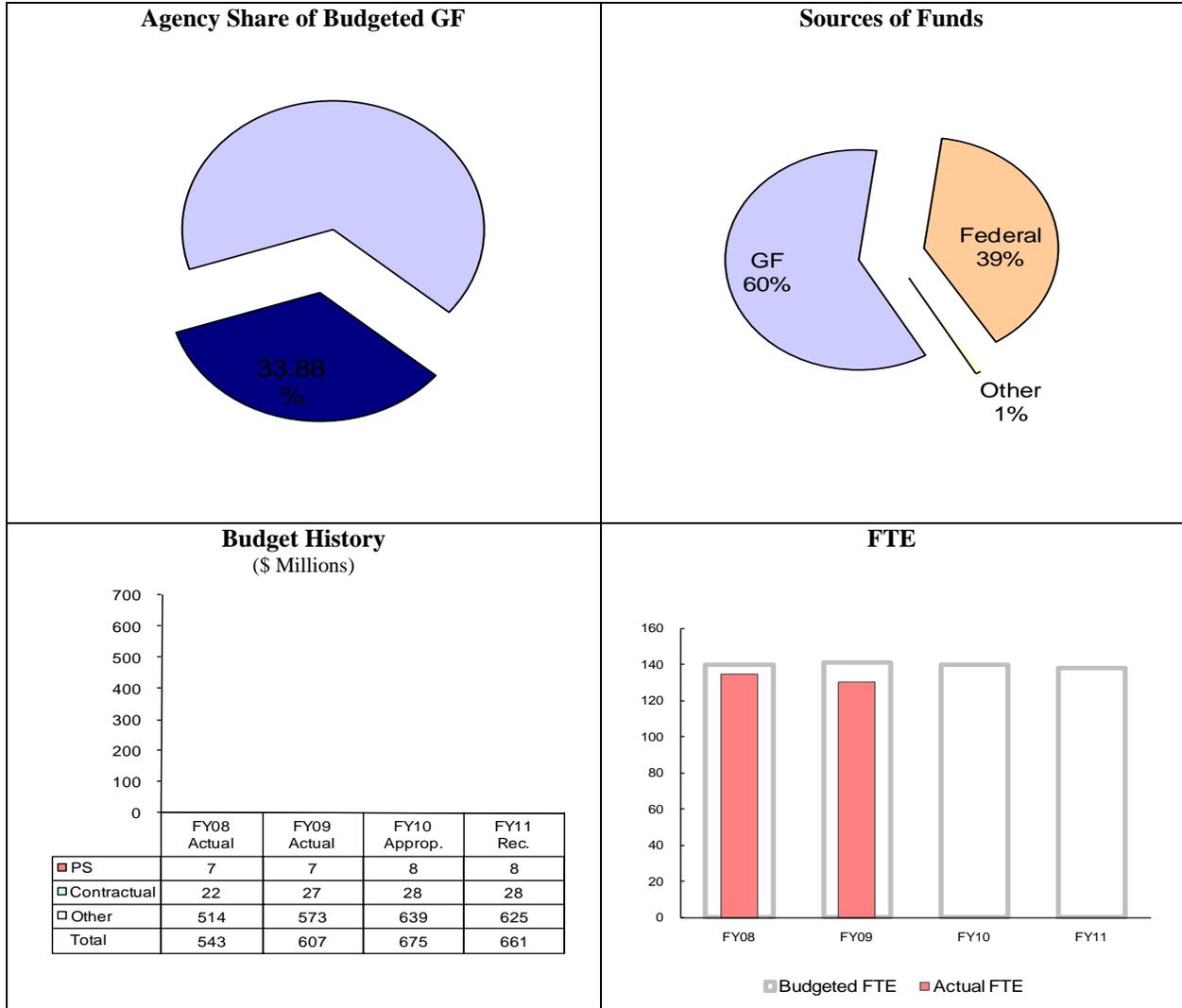


# FY2011 Budget Briefing

## Department of Education



### Key Responsibilities

- To advocate for education;
- To facilitate the delivery of statewide educational services; and
- To promote efficient, appropriate, and quality educational opportunities for all persons residing in South Dakota.

### Key Personnel

- Thomas J. Oster, Secretary
- Tamara Darnall, Director, Office of Finance and Management

## Department of Education Total

The Governor recommends a total appropriation of \$660,685,401 and 138.0 FTEs for the Department of Education for FY11. This is a decrease of \$17,428,792 in total funds. The recommended change is comprised of a decrease of \$9,666,927 in general funds, \$7,903,826 in federal fund expenditure authority, and an increase of \$141,961 in other fund expenditure authority. The Governor's recommended change is a 2.6% decrease.

Item	Actual	Budgeted	Agency	Recommended	Inc/Dec	% Change
	FY09	FY10	Requested FY11	FY11	FY11	From FY10
Personal Services	7,136,122	7,787,940	7,876,849	7,774,846	(13,094)	(0.2%)
Travel	597,010	811,136	817,552	811,136	-	0.0%
Contractual Services	26,813,766	28,070,579	29,605,327	28,245,935	175,356	0.6%
Supplies & Materials	521,505	505,065	505,865	505,065	-	0.0%
Grants And Subsidies	571,485,488	637,217,695	576,112,254	622,491,105	(14,726,590)	(2.3%)
Capital Outlay	630,125	857,314	1,224,040	857,314	-	0.0%
Other	75	0	0	0	-	0.0%
<b>Total</b>	<b>607,184,091</b>	<b>675,249,729</b>	<b>616,141,887</b>	<b>660,685,401</b>	<b>(14,564,328)</b>	<b>(2.2%)</b>
<b>Funding Types</b>						
General	397,348,095	406,320,762	412,558,473	399,518,299	(6,802,463)	(1.7%)
Federal	197,569,244	264,921,172	199,630,924	257,017,346	(7,903,826)	(3.0%)
Other	12,266,748	4,007,795	3,952,490	4,149,756	141,961	3.5%
<b>Total</b>	<b>607,184,087</b>	<b>675,249,729</b>	<b>616,141,887</b>	<b>660,685,401</b>	<b>(14,564,328)</b>	<b>(2.2%)</b>
FTE	130.2	140.0	142.0	138.0	(2.0)	(1.4%)

## Salary Policy

The Governor recommended no salary policy for FY2011.

	General Funds	Federal Funds	Other Funds	Total
0% PACE Movement	0	0	0	0
0% Across-the-Board	0	0	0	0
Health Insurance	24,013	24,240	1,316	49,569
	<b>24,013</b>	<b>24,240</b>	<b>1,316</b>	<b>49,569</b>

## Excess Personal Services History

	General Funds	Federal Funds	Other Funds	All Funds	FTE
FY 2009	0	533,500	88,514	622,015	10.9
FY 2008	0	336,266	40,483	376,749	5.2
FY 2007	118,664	338,073	55,949	512,686	5.0
FY 2006	253,669	342,683	50,705	647,057	8.8
FY 2005	140,655	675,132	54,979	870,766	14.8
<b>5 yr avg</b>	<b>102,598</b>	<b>445,131</b>	<b>58,126</b>	<b>605,855</b>	<b>8.9</b>

**Department's FY10 Highest Priorities**

- Enhancing *learning* through *leadership* and *service*:
  - Learning – Standards and Assessment System; Virtual School; Learning Power; GEAR UP
  - Leadership – High School 2025; Technical Institutes; Teacher Recruitment/Retention
  - Service – Education Service Agencies; Birth to Three; Technology in Schools; State Library's Online Resources

**Major Expansions and Reductions**

Program	Governor's Recommendation		
	State General Fund	All Funds	FTE
<b>State Aid K-12 Programs</b>			
<b>A. State Aid to General Education</b>			
Adjust current State Aid Base due to higher than est. 2009 property valuations	(3,817,994)	(3,817,994)	
Maintain Current Tax Levies and adjust for higher 2010 property valuations	(4,057,234)	(4,057,234)	
ARRA Swap from Federal to General	235,333	-	
B. State Aid to Special Education	(4,063,352)	(4,063,352)	
C. Technology In Schools		(88,392)	
D. Sparsity Payments	1,836,328	1,836,328	
E. School Consolidation Incentive Payments	785,446	785,446	
<b>Career and Technical Ed</b>			
F. State Aid to Post-Secondary Technical Institutes	2,696,804	2,696,804	
G. Reading First Grant Completed in FY2010	-	(48,344)	(1.0)
H. Unutilized FTE - Office of Curriculum	(11,159)	(27,904)	(1.0)
<b>Education Resources</b>			
I. Accreditation and Teacher Quality move to paperless	(23,156)	(46,316)	(1.0)
J. Ed Services and Support unutilized FTE	-	(29,008)	(1.0)
K. New or Expanded Federal Grants		1,360,089	
L. ARRA funding eliminated		(9,128,285)	
M. Birth to Three Program swap General for Federal	(341,219)	-	
<b>General Department Administration</b>			
N. Statewide Longitudinal Data System	-	88,909	2.0
O. Janitorial Billing Adjustments (Move to McKay Bldg)	(86,505)	(103,908)	
P. B.I.T. Computer Billing Increases	20,232	29,264	
Q. Health Insurance Increase	24,013	49,569	
<b>Total</b>	<b>(6,802,463)</b>	<b>(14,564,328)</b>	<b>(2.0)</b>

- A. The Governor recommends no inflationary increase in the per student allocation for **State Aid to General Education** for FY11. Even though the total per student funding will remain the same, at \$4,804.60, the amount of state funds would decrease because the property valuations were higher than the FY2010 state aid estimate. Last year, the Administration estimated taxable property valuations would grow at a rate of 3%. The valuations actually increased by 4.2%, which increases the local portion of state aid and decreases the state portion by \$3,817,994.

Also included in the State Aid recommendation is a proposal to **maintain current tax levies**, which is a diversion from the historical annual reduction in property tax rates. By maintaining the same tax rates, and realizing an increase in property valuations, the amount of local property taxes available for education will grow. This growth will free State General Funds in the amount of \$4,057,234.

The original FY2011 estimated **fall enrollment** figures in the December budget was 122,742, resulting in an increase from the FY2010 fall enrollment estimate (122,242) of 500. Since that time, however, the Bureau of Finance and Management has indicated the fall enrollment figures could be underestimated by as much as 500 to 600 students. This change in fall enrollment could amount to over \$2M increase to the Governor's recommended state aid appropriation.

- B. The Governor recommends a decrease in general funding for **State Aid to Special Education** due to stimulus funding. It is estimated that additional ARRA special education funding will reduce the need for schools to use the Extraordinary Cost fund this year. The one-time savings is estimated to be \$4,063,352.
- C. The Governor recommends a reduction in other fund expenditure authority of \$88,392 for costs associated with the **Classroom Connections** (school district laptop) Program. The other funds were budgeted from the Citibank donation funds.
- D. The **Sparsity Program** (SDCL 13-13-78) has historically been funded through special appropriations. Last year the sunset clause on this program was removed, thus making the program a normal, ongoing expense of state government. This program has not changed, but will now be part of the State Aid to Education portion of the General Appropriations Act.
- E. As with the Item D. above, the **School Consolidation Incentive Program** (SDCL 13-6) was also funded through an annual special appropriation. The program has not changed, but will now be part of the State Aid to Education portion of the General Appropriations Act.
- F. The Governor recommends an increase for **State Aid to Postsecondary Technical Institutes** funding based on an enrollment increase of 745 students. The per student funding will remain the same as the FY2010 level.
- G. A decrease of 1.0 FTE and \$48,344 in federal fund expenditure authority is recommended due to the end of the Reading First grant in FY2010.
- H. The Governor recommends a decrease of 1.0 FTE and \$11,159 in general funds and \$16,745 in federal fund expenditure authority for an **unused FTE** in the Curriculum Office.
- I. The Governor recommends a **reduction of 1.0 FTE** in the Office of Accreditation and Teacher Quality due to projected efficiencies when moving to a **paperless** accreditation system (\$23,156 general funds and \$23,160 in other fund expenditure authority).

- J. The Governor recommends a **reduction of 1.0 FTE** in the Office of Education Services and Support to bring the actual FTE closer to budget (\$29,008 federal fund expenditure authority).
- K. Changes in the Education Resources Division include increases in **other fund** spending authority for a grant from the Wellmark Foundation for the Coordinated School Health program (\$250,000). The Department requests additional **federal authority** for Title I grants (\$860,089) and 21<sup>st</sup> Century Community Learning grant (\$250,000).
- L. A reduction of \$9,128,285 in federal fund expenditure authority for **ARRA funds** is recommended. The funding was added to the FY2010 base budget and since it lasts through FY2011, only the estimated FY2011 authority is needed. Funding reduction consists of Title I Grants to LEAs (\$8,662,500), IDEA Part B 619 (\$190,035), School Lunch Equipment (\$244,250), and The Emergency Food Assistance Program - TEFAP (\$31,500).
- M. The **Birth to Three Program** is an early intervention program for infants and toddlers with disabilities. The program provided services to approximately 1,980 children last year. The Governor is requesting a decrease of \$341,219 of general funds that will be replaced by federal grants.
- N. The Governor recommends an **increase of 2.0 FTEs** and \$88,909 for the **statewide longitudinal data system**. The two FTE would be classified as a Help Desk Analyst (N14) and a Data Management Administrator (N16). Funding would be paid from the Longitudinal Data System Grant in FY2011 and FY2012, in years thereafter, the positions would be funded from general funds. The \$2,000,000 multi-year federal grant was authorized in FY2010.
- O. **Janitorial and Maintenance billing adjustment** is due to the upcoming move to the McKay Building (State Library). Also included in this item is an increase to pay for the FY10 4<sup>th</sup> quarter space bill in the Kneip Building as well. The space budgets for each office have been adjusted. (Decrease of \$86,505 general funds, decrease of \$19,526 federal funds, increase of \$2,123 in other funds)
- P. The Governor is recommending an increase in the Bureau of Information and Telecommunications (**BIT**) **user fees**. The total for the Department of Education will be \$29,264 (\$20,232 general funds, \$8,958 federal funds, and \$74 other funds).
- Q. The increase for **health insurance costs** for the entire department is \$49,569 (\$24,013 general fund, \$24,240 federal funds, and \$1,316 other funds).

## General Administration

For FY11, the Governor recommends total funding of \$9,979,228 for the General Administration program. This funding consists of \$2,068,118 from the general fund, \$7,897,394 in federal fund expenditure authority, \$13,716 in other fund expenditure authority, and 36.5 FTEs. The FY11 funding is \$173,961 more from the general fund and \$97,085 more in federal fund expenditure authority, \$42 more in other fund expenditure authority, and 2.0 FTEs over the FY10 budget.

General Administration includes the Secretariat and the Office of Finance and Management. The former is the policy-setting head of the department and includes the South Dakota Board of Education, which also sets policy for public education in South Dakota. The Office of Finance and Management is the financial and statistical center for all public education, kindergarten through postsecondary technical, and has as a major duty administering the State Aid to Education process and formulae. General Administration also includes the Indian Education coordinator and program.

Item	Actual	Budgeted	Agency	Recommended	Inc/Dec	% Change
	FY09	FY10	Requested FY11	FY11	FY11	From FY10
Personal Services	2,111,916	2,129,158	2,218,067	2,232,651	103,493	4.9%
Travel	62,955	82,940	89,356	82,940	-	0.0%
Contractual Services	897,721	2,870,136	3,101,012	3,037,731	167,595	5.8%
Supplies & Materials	69,959	71,609	72,409	71,609	-	0.0%
Grants And Subsidies	2,822,852	4,542,947	4,542,947	4,542,947	-	0.0%
Capital Outlay	11,973	11,350	14,350	11,350	-	0.0%
Other	69	0	0	0	-	0.0%
<b>Total</b>	<b>5,977,445</b>	<b>9,708,140</b>	<b>10,038,141</b>	<b>9,979,228</b>	<b>271,088</b>	<b>2.8%</b>
<b>Funding Types</b>						
General	2,082,614	1,894,157	2,124,223	2,068,118	173,961	9.2%
Federal	3,881,786	7,800,309	7,900,244	7,897,394	97,085	1.2%
Other	13,044	13,674	13,674	13,716	42	0.3%
<b>Total</b>	<b>5,977,444</b>	<b>9,708,140</b>	<b>10,038,141</b>	<b>9,979,228</b>	<b>271,088</b>	<b>2.8%</b>
FTE	33.8	34.5	36.5	36.5	2.0	5.8%

### Budget Notes

- The Governor recommends an increase of 2.0 FTEs and \$88,909 for the statewide longitudinal data system. The two FTE would be classified as a Help Desk Analyst (N14) and a Data Management Administrator (N16). Funding would be paid from the Longitudinal Data System Grant in FY2011 and FY2012; in years thereafter, the positions would be funded from general funds. The \$2,000,000 multi-year federal grant was authorized in FY2010.
- Janitorial and Maintenance billing increase is due to the upcoming move to the McKay Building (State Library). Also included in this item is an increase to pay for the FY10 4<sup>th</sup> quarter space bill in the Kneip Building as well. The Department will need to pay for space in both places as the move will occur between April and June 2010. The space budget for each office has been adjusted. (Administration: \$151,318 increase in general funds, \$259 decrease in federal funds, and \$42 increase in other funds)

- Computer Services – BIT Billings – An increase of \$16,494 is recommended due to an increase in the NT User Account rate from \$105 to \$107 per user per month; an increase is recommended to pay for the monthly GIS software licenses (173 users x \$5.75 per user x 12 months); and an increase is recommended due to an increase in the BIT development rate. (\$15,791 increase in general funds, \$703 increase in federal funds)
- The Governor’s recommended increase for health insurance includes \$6,852 in general funds and \$7,732 in federal funds.

**Selected Statistical Data**

	<b>Actual FY 2008</b>	<b>Actual FY 2009</b>	<b>Estimated FY 2010</b>	<b>Estimated FY 2011</b>
Scholarship Programs Administered	3	3	3	3
Scholarships Awarded	96	96	95	95
Scholarship Dollars Awarded	\$143,000	\$139,500	\$149,750	\$149,750
School Districts - Public	165	161	156	152
Schools - Public	707	702	692	687
Certified Staff - Public	9,078	9,137	9,100	9,250
Students (K-12 Fall Enrollment)--Public	121,089	121,015	121,000	121,000
Students (K-12 Fall Enrollment)--Nonpublic	16,378	16,206	16,250	16,250
Indian Education:				
Gear Up Participants - High School	250	1,863	2,734	3,563
Gear UP Participants - Middle School	1,800	1,721	1,750	1,750
Dakota Step (Native American Students)				
Math % Proficient or Advanced	46%	44%	47%	50%
Reading % Proficient of Advanced	63%	50%	53%	56%

## Department Other Fund Revenues

The Governor did not report Other Fund Revenues for the Department of Education in his annual budget report as per SDCL 4-7-10(8):

"Each program listed in the annual budget report shall contain a description of the revenues related to that program including the actual amounts received for the preceding fiscal years and projections of receipts for the current and next fiscal year."

The following table summarizes information reported by the Department of Legislative Audit and the Bureau of Finance and Management. The funds are appropriated through other fund spending authority in the General Appropriations Act.

	FY2009			FY2010 Estimated			FY2011 Estimated		
	Receipts	Disburse-ments	Fund Balance	Receipts	Disburse-ments	Fund Balance	Receipts	Disburse-ments	Fund Balance
Hagen-Harvey Memorial Scholarship Fund (SDCL 13-55-37)	43,760	(22,750)	869,101	25,000	(34,500)	859,601	25,000	(34,500)	850,101
Postsecondary Technical Credentialing (SDCL 13-39-17.1)	2,400	-	35,355	Information Not Provided		35,355	Information Not Provided		35,355
State Institute Fund (SDCL 13-42-5.1)	139,180	(111,473)	618,651	135,000	(407,549)	346,102	135,000	(384,877)	96,225
Prof Teachers Practices and Standards Commission Fund (Administratively created to administer SDCL 13-43-23)	66,507	(53,953)	29,047	93,251	(96,236)	26,062	90,450	(96,236)	20,276
DOE Other Funds (milk refund, CITIBank, e-Rate, etc.) (Various funds created administratively - Excluding the above four funds.)	2,890,781	(3,668,022)	1,135,044	Information Not Provided		1,135,044	Information Not Provided		1,135,044
State Library Fund (Administratively created to administer SDCL 14-1-53 and 14-1-54)	12,547	(4,943)	35,846	106,842	(186,083)	(43,395)	5,200	(186,083)	(224,278)
Voc Ed Facilities Fund (SDCL 13-39-69)	78,153	(78,153)	1,500,000	Information Not Provided		1,500,000	Information Not Provided		1,500,000
Education Enhancement Tobacco Tax Fund (SDCL 4-5-45)	9,111,204	(8,182,361)	3,134,770	Information Not Provided		3,134,770	Information Not Provided		3,134,770
Voc Ed Facilities Fund (SDCL 13-39-69)	78,153	(78,153)	1,500,000	Information Not Provided		1,500,000	Information Not Provided		1,500,000
<b>Total Selected Other Funds</b>	<b>12,422,684</b>	<b>(12,199,808)</b>	<b>8,857,814</b>	<b>360,093</b>	<b>(724,368)</b>	<b>8,493,539</b>	<b>255,650</b>	<b>(701,696)</b>	<b>8,047,493</b>

## State Aid to Education (Excluding Postsecondary Technical)

State Aid to Education traditionally consists of a number of individual programs which are appropriated as line items in the General Appropriation Act, while there may be a change in the list of items from one year to the next. The following items comprise the Governor's State Aid to K-12 Education recommended appropriations for FY11: State Aid to General Education, State Aid to Special Education, Sparsity Payments, School Consolidation Incentives, and Technology in Schools. State Aid to Postsecondary Technical Education, though it goes to four local school districts, is not included in this budget.

For information purposes, the following table shows State Aid to K-12 Education only:

Item	Actual FY09	Budgeted FY10	Agency		Inc/Dec FY11	% Change From FY10
			Requested FY11	Recommended FY11		
Personal Services					-	0.0%
Travel	1,415				-	0.0%
Contractual Services	8,651,306	8,118,906	8,298,903	8,118,906	-	0.0%
Supplies & Materials				0	-	0.0%
Grants And Subsidies	387,424,600	392,934,127	396,405,842	383,528,929	(9,405,198)	(2.4%)
Capital Outlay	233,413	780,774	1,090,000	780,774	-	0.0%
Other					-	0.0%
<b>Total</b>	<b>396,310,734</b>	<b>401,833,807</b>	<b>405,794,745</b>	<b>392,428,609</b>	<b>(9,405,198)</b>	<b>(2.3%)</b>
<b>Funding Types</b>						
General	365,522,412	374,546,680	378,815,668	365,465,207	(9,081,473)	(2.4%)
Federal	22,069,562	24,677,980	24,677,980	24,442,647	(235,333)	(1.0%)
Other	8,718,760	2,609,147	2,301,097	2,520,755	(88,392)	(3.4%)
<b>Total</b>	<b>396,310,734</b>	<b>401,833,807</b>	<b>405,794,745</b>	<b>392,428,609</b>	<b>(9,405,198)</b>	<b>(2.3%)</b>

The following pages depict the individual components of the State Aid to Education budget:

- State Aid to General Education
- State Aid to Special Education
- Sparsity Payments
- School Consolidation Incentives
- Technology in Schools

## State Aid to General Education

The Governor's recommended appropriation for State Aid to General Education for K-12 includes a decrease of \$7,875,228 from the FY10 level. This recommended appropriation is \$313,431,221 from the general fund and \$24,442,647 from federal ARRA funds.

Item	Actual	Budgeted	Agency Requested	Recommended	Inc/Dec	% Change
	FY09	FY10	FY11	FY11	FY11	From FY10
Grants And Subsidies	335,350,384	345,749,096	349,035,889	337,873,868	(7,875,228)	(2.3%)
<b>Total</b>	<b>335,350,384</b>	<b>345,749,096</b>	<b>349,035,889</b>	<b>337,873,868</b>	<b>(7,875,228)</b>	<b>(2.3%)</b>
<b>Funding Types</b>						
General	311,878,417	321,071,116	324,357,909	313,431,221	(7,639,895)	(2.4%)
Federal	22,069,562	24,677,980	24,677,980	24,442,647	(235,333)	(1.0%)
Other	1,402,405	0	0	0	-	0.0%
<b>Total</b>	<b>335,350,384</b>	<b>345,749,096</b>	<b>349,035,889</b>	<b>337,873,868</b>	<b>(7,875,228)</b>	<b>(2.3%)</b>

### Budget Notes

- The Governor's recommended appropriation for State Aid to General Education shown above is based upon a 0% inflationary increase in the Per Student Allocation (PSA). The current law requires an increase of 3% or the change in CPI, whichever is less. Legislation would be required before this budget recommendation could be approved.
- The annual change in the CPI, as per 13-13-10.1, is 1.2%. A 1.2% increase to the State Aid to Education formula, as current law provides, would equate to approximately \$3,286,793 in state funds, assuming property values at the local level grow at the estimated 2.3%.
- Governor's recommendation is based on state aid fall enrollment of 122,742. This is an increase of 500 from 122,242 used in the FY2010 calculation.
- The department calculates each school district's fall enrollment according to SDCL 13-13-10.1(2A) and multiplies that by the PSA of \$4,804.60 to determine the Statewide Local Need. The district's property tax revenues are its Local Effort. Statewide Local Need minus Local Effort equals State Aid to that district.
  - Local Need = State Aid Fall Enrollment times PSA
  - State Aid = Local Need minus Local Effort
  - Total State Aid = the sum of all districts' State Aid

## Calculating LOCAL EFFORT (Local Tax Payer's Portion of State Aid)

Type	Gen. Fund Levy		Property Valuations		Amount Raised	
	2010	2011	2010 est.	2011 est.	½ 2010	½ 2011 est.
Agriculture	2.573	2.573	\$ 18,978,497,468	\$ 19,692,203,943	\$ 24,415,837	\$ 25,334,020
Non-Ag Z	3.573		\$ 617,937,498		\$ 1,103,945	
Owner Occupied	4.042	4.042	\$ 22,216,376,026	\$ 22,882,867,307	\$ 44,899,296	\$ 46,246,275
Commercial, Utility, etc.	8.656	8.656	\$ 14,990,201,698	\$ 15,514,858,757	\$ 64,877,593	\$ 67,148,309

Local Effort: \$ 274,025,275

## Calculating LOCAL NEED (Total Estimate for Educating All Children in South Dakota)

State Aid Fall Enrollment	122,742.23	<i>November estimate</i>
Per Student Allocation (PSA)	\$4,804.60	
Base Local Need	\$589,727,318	
Small School Adjustment	\$17,387,135	
Growing Enrollment	\$3,284,690	
Adjustment to account for school districts where local effort exceeds need	\$1,500,000	
<b>Total Local Need</b>	<b>\$611,899,143</b>	
Minus Total Local Effort	\$ (274,025,275)	
<b>Total State Share</b>	<b>\$337,873,868</b>	

- The Legislature adjusts statutory, mandatory property tax levies to maintain a proportional state/local balance from year to year reflecting increases in state appropriations and growth in local property values. This year, however, the Governor's proposal would suspend those provisions (SDCL 13-13-71, -72, and -72.1) which will decrease the state's portion of local need to an estimated 55.2%, keeping the same taxable levies for taxes payable in 2011 as those in 2010. The current state/local split is 56.5% state and 43.5% local. The total funding will remain constant, however the local tax payer's share will increase by \$4,057,234 and the state's share decreases by a like amount. The new split would be 55.2% state and 44.8% local.
- Because the State Aid Formula is driven by fall enrollment and calculated such that a district's State Aid is the difference between Local Need and Local Effort, not all districts receive the same amount of State Aid per student. Another difference is due to the small school adjustment, which is given to approximately 115 of the 156 school districts. Differing amounts of State Aid per student to the various districts, therefore, ultimately result in differing PSA.

FY2010 Data		
# Of School Districts	Fall Enrollment	Per Student Allocation
40	200 or less	\$5,652
75	201 to 600	\$5,653 - \$4,804
41	601 or more	\$4,805

➤ Eight-Year State Aid to General Education Funding History:

<b>Fiscal Year</b>	<b>Fall Enrollment</b>	<b>PSA</b>	<b>Total State Need w/ SSA</b>	<b>Total State Aid Payments</b>		<b>State Funds as % of Total State Need</b>
FY2008	122,121.00	\$4,528.80	\$ 575,031,520	\$ 318,094,585		55.32%
FY2009	122,170.00	\$4,664.66	\$ 591,116,193	\$ 334,362,474		56.56%
FY2010	122,242.00	\$4,804.60	\$ 604,966,767	\$ 345,749,096	***	57.15%
FY2011*	122,742.23	\$4,804.60	\$ 611,899,143	\$ 337,873,868	***	55.22%
* Governor's Recommended Budget for FY2011. Amounts reflect the proposed freeze of current tax levies, and a 0% increase in State Aid index factor.						
** FY2011 Figures excluding the Governor's proposed law changes - 1.2% increase in current law						
*** Budgeted or estimated amount, not actual expenditures.						

**Selected Statistical Data**

	<b>Actual FY 2008</b>	<b>Actual FY 2009</b>	<b>Estimated FY 2010</b>	<b>Estimated FY 2011</b>
State Aid K-12 Fall Enrollment	121,338	121,560	121,500	122,000
State Aid Payment K-12 Fall Enrollment *	122,121	122,170	122,242	122,742
Per Student Allocation	\$ 4,528.80	\$ 4,664.66	\$ 4,804.60	\$ 4,804.60

## State Aid to Special Education

A total appropriation of \$42,732,190 from the general fund is the Governor's recommendation for State Aid to Special Education for FY11. This amount represents a decrease of 8.7% from the appropriation for FY10.

Item	Actual	Budgeted	Agency	Recommended	Inc/Dec	% Change
	FY09	FY10	Requested FY11	FY11	FY11	From FY10
Grants And Subsidies	46,446,721	46,795,542	44,447,082	42,732,190	(4,063,352)	(8.7%)
<b>Total</b>	<b>46,446,721</b>	<b>46,795,542</b>	<b>44,447,082</b>	<b>42,732,190</b>	<b>(4,063,352)</b>	<b>(8.7%)</b>
<b>Funding Types</b>						
General	46,446,721	46,795,542	44,447,082	42,732,190	(4,063,352)	(8.7%)
Federal				0	-	0.0%
Other				0	-	0.0%
<b>Total</b>	<b>46,446,721</b>	<b>46,795,542</b>	<b>44,447,082</b>	<b>42,732,190</b>	<b>(4,063,352)</b>	<b>(8.7%)</b>

### Budget Notes

- The State of South Dakota uses a formula (SDCL 13-37-35.1) to calculate the amount of state aid to special education distributed to a school district each year. Local need for special education is calculated using a formula based upon a child count and six disability levels. Each disability level has a specific allocation amount specified in law and inflated annually by 3% or the consumer price index, whichever is lower. A portion of the money going into the formula is funded by the general fund, and a portion is funded by local property taxes. The local need is compared to the local tax effort calculated using the required levy, as specified in law, in order to determine the amount of state aid to special education for each school district.
- The Governor's recommendation is based on 0.0% increase in each disability level. Due to additional ARRA funds allocated to special education, it is expected that fewer requests will be made for funding from the Extraordinary Cost fund in both FY2010 and FY2011.
- The special education formula does not reflect an adjustment for small schools, but it does take into account Child Count statistics, which include private school students and those students in home schools.
- The FY11 State Aid to Special Education Estimate was determined as follows:

#### **Estimated Costs**

Base Formula	\$ 41,702,579
Extraordinary Cost Fund Need	4,314,026
<b>Total Estimated Costs for FY11</b>	<b>46,016,605</b>

#### **Available Funds**

Base FY10 Appropriation	46,795,542
Projected Carryover from FY10	6,658,175
<b>Total Available Funds for FY11</b>	<b>53,453,717</b>
State Maintenance of Effort	49,390,365
<b>FY11 Decrease</b>	<b>\$ (4,063,352)</b>

**Selected Statistical Data**

**Special Ed Students by State Aid Disability**

*Level/Payment Amount*

Level 1, Mild Disability  
 Level 2, Mental Retardation, Emotional disorder  
 Level 3, Hearing, Vision, Orthopedic Impair,  
     Deafness, Traumatic Brain Injury  
 Level 4, Autism  
 Level 5, Multiple Disability  
 Level 6, Prolonged Assistance

	<b>Actual FY 2008</b>	<b>Actual FY 2009</b>	<b>Estimated FY 2010</b>	<b>Estimated FY 2011</b>
Level 1, Mild Disability	13,326/\$3,823	14,054/\$4,057	14,025/\$4,057	14,025/\$4,057
Level 2, Mental Retardation, Emotional disorder	2,412/\$8,957	2,455/\$9,471	2,494/\$9,471	2,494/\$9,471
Level 3, Hearing, Vision, Orthopedic Impair, Deafness, Traumatic Brain Injury	410/\$13,614	403/\$15,220	380/\$15,220	380/\$15,220
Level 4, Autism	566/\$12,987	615/\$13,164	665/\$13,164	665/\$13,164
Level 5, Multiple Disability	370/\$17,186	380/\$16,539	387/\$16,539	387/\$16,539
Level 6, Prolonged Assistance	275/\$8,789	279/\$8,438	286/\$8,438	286/\$8,438

## **State Aid Sparsity Payments (formerly a Special Appropriation)**

In 2006, the Legislature approved the **Sparsity Payment Program** that addresses the unique challenges faced by extremely rural, isolated schools. These schools receive an additional allotment outside the regular formula calculated as per SDCL 13-13-78 and 13-13-79.

<b>Item</b>	<b>Special</b>	<b>Special</b>	<b>Agency</b>	<b>Recommended</b>	<b>Inc/Dec</b>	<b>% Change</b>
	<b>Appropriation</b>	<b>Appropriation</b>	<b>Requested</b>	<b>FY11</b>	<b>FY11</b>	<b>From FY10</b>
	<b>FY09</b>	<b>FY10</b>	<b>FY11</b>			
Grants And Subsidies	2,025,000	1,710,171	1,836,328	1,836,328	126,157	7.4%
<b>Total</b>	<b>2,025,000</b>	<b>1,710,171</b>	<b>1,836,328</b>	<b>1,836,328</b>	<b>126,157</b>	<b>7.4%</b>
<b>Funding Types</b>						
General	2,025,000	1,710,171	1,836,328	1,836,328	126,157	7.4%
Federal			0	0	-	0.0%
Other			0	0	-	0.0%
<b>Total</b>	<b>2,025,000</b>	<b>1,710,171</b>	<b>1,836,328</b>	<b>1,836,328</b>	<b>126,157</b>	<b>7.4%</b>

This program has traditionally been funded through a special appropriation. In 2009, the sunset provision was removed, thus making the program an "ordinary expense" of state government, which should be included in the General Appropriations Act.

### **FY2011 Estimated Sparsity Payments**

<b><u>District</u></b>	<b><u>Sparsity Allocation</u></b>	<b><u>District</u></b>	<b><u>Sparsity Allocation</u></b>
Agar-Blunt-Onida 58-3	\$34,803	Jones County 37-3	123,750
Bison 52-1	123,750	Kadoka Area 35-2	54,875
Doland 56-2	123,750	Lemmon 52-4	42,286
Dupree 64-2	37,921	Leola 44-12	9,092
Eagle Butte 20-1	42,309	McIntosh 15-1	123,750
Edgemont 23-1	123,750	Newell 09-2	37,767
Edmunds Central 22-5	123,750	Oelrichs 23-3	123,750
Eureka 44-1	123,750	Selby 62-5	123,750
Faith 46-2	123,750	Timber Lake 20-3	28,357
Harding County 31-1	102,107	Wall 51-5	34,520
Highmore-Harrold 34-2	31,995	White River 47-1	19,046
Hoven 53-2	123,750	<b>Total</b>	<b>\$1,836,328</b>

## **State Aid School Consolidation Incentives (formerly a Special Appropriation)**

In 2001 the Legislature approved legislation that provided an incentive payment for school districts who voluntarily consolidated. This program has traditionally been funded through a special appropriation, but has now been added to the General Appropriations Act as an ordinary expense of state government.

Item	Special	Special	Agency	Recommended	Inc/Dec	% Change
	Appropriation	Appropriation	Requested			
	FY09	FY10	FY11	FY11	FY11	From FY10
Grants And Subsidies	348,900	1,154,293	785,446	785,446	(368,847)	(32.0%)
<b>Total</b>	<b>348,900</b>	<b>1,154,293</b>	<b>785,446</b>	<b>785,446</b>	<b>(368,847)</b>	<b>(32.0%)</b>
<b>Funding Types</b>						
General	348,900	1,154,293	785,446	785,446	(368,847)	(32.0%)
Federal			0	0	-	0.0%
Other			0	0	-	0.0%
<b>Total</b>	<b>348,900</b>	<b>1,154,293</b>	<b>785,446</b>	<b>785,446</b>	<b>(368,847)</b>	<b>(32.0%)</b>

A report provided on the Department's website detailing the history of School Consolidation Payments can be found on Page 33.

### **FY2011 Estimated School Consolidation Payments**

<b>District</b>	<b>Payment</b>
Irene-Wakonda School District 13-3	\$32,504
Kadoka Area School District 35-2	34,596
Platte-Geddes School District 11-5	47,146
Highmore-Harrold School District 34-2	138,400
Mobridge-Pollock School District 62-6	181,600
Miller School District 29-4	162,606
Faulkton Area School District 24-4	134,594
Colome Consolidated 59-3	44,000
Lemmon 52-4	10,000
<b>Total FY2011</b>	<b>\$785,446</b>

### Alternative Education Program

This program provided funding for alternative education sites or schools that work with the Department of Labor to provide public education in an alternative setting to traditional high school.

Item	Actual	Budgeted	Agency		Inc/Dec	% Change
	FY09	FY10	Requested	Recommended		
	FY09	FY10	FY11	FY11	FY11	From FY10
Grants And Subsidies	450,000	0	0	0	-	0.0%
<b>Total</b>	<b>450,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>

# State Aid

### National Board Certified Teachers

This program provided stipends and reimbursements associated with teachers taking national examinations for certification in their fields.

Item	Actual	Budgeted	Agency		Inc/Dec	% Change
	FY09	FY10	Requested	Recommended		
	FY09	FY10	FY11	FY11	FY11	From FY10
Grants And Subsidies	67,252	0	0	0	-	0.0%
<b>Total</b>	<b>67,252</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>

# Discontinued in FY2010

### Teacher Compensation Assistance Program

Prior to FY2010, \$4,000,000 from the Education Enhancement Tobacco Tax Fund were appropriated through the General Bill to provide incentives to local school districts to improve teacher salaries.

Item	Actual	Budgeted	Agency		Inc/Dec	% Change
	FY09	FY10	Requested	Recommended		
	FY09	FY10	FY11	FY11	FY11	From FY10
Grants And Subsidies	3,816,153	0	0	0	-	0.0%
<b>Total</b>	<b>3,816,153</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>

## Technology in Schools

Funding for the Technology in Schools program, as recommended by the Governor for FY11, totals \$9,200,777, which is a decrease of 1% in total funds. This program provides state funding to support the Dakota Digital Network, email, internet access to student databases for school districts, and distance education in South Dakota.

Item	Actual	Budgeted	Agency Requested	Recommended	Inc/Dec	% Change
	FY09	FY10	FY11	FY11	FY11	From FY10
Personal Services	0	0	0	0	-	0.0%
Travel	1,415	0	0	0	-	0.0%
Contractual Services	8,651,306	8,118,906	8,298,903	8,118,906	-	0.0%
Supplies & Materials	0	0	0	0	-	0.0%
Grants And Subsidies	1,294,091	389,489	301,097	301,097	(88,392)	(22.7%)
Capital Outlay	233,413	780,774	1,090,000	780,774	-	0.0%
Other					-	0.0%
<b>Total</b>	<b>10,180,225</b>	<b>9,289,169</b>	<b>9,690,000</b>	<b>9,200,777</b>	<b>(88,392)</b>	<b>(1.0%)</b>
<b>Funding Types</b>						
General	6,680,022	6,680,022	7,388,903	6,680,022	-	0.0%
Federal	0	0	0	0	-	0.0%
Other	3,500,202	2,609,147	2,301,097	2,520,755	(88,392)	(3.4%)
<b>Total</b>	<b>10,180,224</b>	<b>9,289,169</b>	<b>9,690,000</b>	<b>9,200,777</b>	<b>(88,392)</b>	<b>(1.0%)</b>
FTE					-	0.0%

### Budget Notes

- The Governor's recommended appropriation for FY11 is based upon use of e-Rate revenue and the balance of a **Citibank donation**. The **e-Rate** program was established by Congress and the Federal Communications Commission to provide discounts and reimbursements of costs so schools and libraries in all communities can reap the benefits of affordable telecommunications and internet access.
- The estimated **e-Rate other fund** revenue for FY10 is \$2,000,000, which remains unchanged from FY10.
- The funding from the **Citibank donation** will be \$301,097 in **other funds**, which is a decrease of \$88,392, and will deplete this funding source by the end of FY2011, if spent according to this plan. This donation originated from a 1999 lawsuit settlement between the State Unclaimed Property division and Citibank. The state felt that Citibank should turnover all assets that were unable to be matched to a cardholder. Citibank refused and went to court. A settlement was reached in which Citibank would make a donation of \$4.2M to be used for technology projects.
- A possible grant from the Education Assistance Corporation will provide \$219,658 in **other funds** again in FY2011.
- A total of \$6,680,022 is needed in general funds to pay for the remaining portion of the \$9,200,777 total Technology in Schools budget.
- Overall, the Department is requesting a decrease of \$88,392 in total funds for ongoing costs associated with the Classroom Connections Program.

## Selected Statistical Data

	<b>Actual FY 2008</b>	<b>Actual FY 2009</b>	<b>Estimated FY 2010</b>	<b>Estimated FY 2011</b>
Classroom Connections Laptop Program				
Total Schools Participating	41	56	56	56
Year One School State Expenditure	779,329	570,128	62,351	
Year Two School State Expenditure	1,704,036	417,156	235,084	
Year Three School State Expenditure	95,996	462,999	58,773	254,817
Total Expenditure (State, Citibank, E-Rate)	2,579,361	1,450,283	356,208	254,817

## **Curriculum, Career and Technical Education**

The Governor recommends total funding of \$33,403,142 and 15.0 FTEs for the Office of Curriculum, Career and Technical Education for FY11. This includes a recommended increase in appropriation from the general fund of \$2,698,831 and a decreased appropriation of \$72,217 in federal fund expenditure authority. This program coordinates and approves secondary career and technical education programs throughout the state and distributes State Aid to Postsecondary Technical Institutes, which is included in the totals here and detailed in the following section.

Item	Actual	Budgeted	Agency	Recommended	Inc/Dec	% Change
	FY09	FY10	Requested FY11	FY11	FY11	From FY10
Personal Services	739,469	969,076	969,076	898,521	(70,555)	(7.3%)
Travel	92,031	115,275	115,275	115,275	-	0.0%
Contractual Services	1,994,943	3,256,315	3,259,775	3,256,680	365	0.0%
Supplies & Materials	50,241	85,654	85,654	85,654	-	0.0%
Grants And Subsidies	27,641,923	26,344,208	27,263,100	29,041,012	2,696,804	10.2%
Capital Outlay	4,365	6,000	6,000	6,000	-	0.0%
Other					-	0.0%
<b>Total</b>	<b>30,522,972</b>	<b>30,776,528</b>	<b>31,698,880</b>	<b>33,403,142</b>	<b>2,626,614</b>	<b>8.5%</b>
<b>Funding Types</b>						
General	20,348,335	21,058,597	21,989,396	23,757,428	2,698,831	12.8%
Federal	8,498,746	9,513,579	9,505,132	9,441,362	(72,217)	(0.8%)
Other	1,675,891	204,352	204,352	204,352	-	0.0%
<b>Total</b>	<b>30,522,972</b>	<b>30,776,528</b>	<b>31,698,880</b>	<b>33,403,142</b>	<b>2,626,614</b>	<b>8.5%</b>
FTE	13.0	17.0	17.0	15.0	(2.0)	(11.8%)

### **Budget Notes**

- A reduction of 2.0 FTEs is recommended by the Governor for the following reasons:
  - Reduction of 1.0 FTE to bring the budget closer to actual FTE utilization (\$11,159 general funds and \$16,745 federal fund expenditure authority)
  - Reduction of 1.0 FTE associated with the Reading First Grant that will end in FY2010 (\$48,344 federal fund expenditure authority)
- Janitorial and Maintenance billing decrease of \$2,943. The change is due to the reallocation of space in the McKay Building (State Library). The space budget adjustment is a \$9,053 increase in general funds and an \$11,996 decrease in federal funds.
- Computer Services – BIT Billing increase of \$3,308 is recommended. (\$411 increase in general funds, \$2,897 increase in federal funds)
- The Governor’s recommended increase for health insurance includes \$3,722 in general funds and \$1,971 in federal funds.

## Selected Statistical Data

	<b>Actual FY 2008</b>	<b>Actual FY 2009</b>	<b>Estimated FY 2010</b>	<b>Estimated FY 2011</b>
<b>HIGH SCHOOL 2025</b>				
<b><u>Relevance</u></b>				
Personal Learning Plans(students/schools)			35,000/130	38,000-159
Career Cluster Programs (programs-districts)	363-134	359-132	365-140	370-145
Youth Internships (students/schools)			500-40	600-40
Pre-Apprenticeships (students/schools)			25-5	30-6
Senior Experience (# of students/schools)		42	1,450-45	1,600-48
Entrepreneurship (# of students/schools)			20-6	30-8
Virtual CTE (Courses/Students/Schools)	30/202/31	34/417/39	38/400/42	40-425-45
Virtual Core Content Courses		76-TBD-TBD	78-500-50	80-550-55
CTSO's-Student Org. (Students/Chapters)	6,681/203	6,695/204	6,725/212	6,725-212
<b><u>Relationships</u></b>				
Career Interest Survey - Aptitude Test	NA	7,749	8,500-2,000	9,000-3,000
Teachers As Advisors (# of Schools)	38	44	50	55
Service Learning Experience (Schools)			5	10
Parental Portal(parents-districts)			8,000-75	10,000-100
<b><u>Rigor</u></b>				
AP courses (avail.-exams taken-passed 3+)	17-3,418-2,110	17-TBD-TBD	17-3,450-2,500	17-3,500-2,550
Dual Credit (students-districts-courses)			125-20-10	130-25-10
Articulation (# of students/schools)			200-50	250-60
Industry Certifications (students)			100	125
<b><u>Results</u></b>				
Total High School Students/Grad. Rate	TBD/88.6%	137,211-89.21%	137,300-90%	137,350-92%
Seniors w .5-1.75 CTE credits/Grad.Rate				
Seniors w 2 + CTE credits/Grad.Rate				
CTE Enrollment (# of Students)	24,493	31,003	31,250	31,500
<b><u>Technical Institutes</u></b>				
Enrollment (Head Count - FTE)	5,115 - 4,612	5,010 - 4,975	5,951 - 5,750	6,000 - 5,750
student FTE for Formula Payment	NA	NA	5,005	5,750
Approved Programs (# of Programs)	128	110	118	122
Approved Program Status				
Accreditation (# of Programs)	31	31	34	37
Advisory Board Council (# of Programs)	70	70	76	77
Apprenticeships (# of Students - Programs)	NA	-	13	15
Articulation (# of Students - Programs)	95/41	125/50	374/77	366/60
Dual Credit (# of Students - Programs)	173 /13	147/13	60/14	225/16
Hybrid Programs (# of Students - Programs)	1,773/38	2,136/21	2,415/49	2,365/50
Internships (# of Students - Programs)	1,097 /56	1,1536/60	1570/50	1655/62
Online Programs (# of Students - Programs)			149/13	225/5
# of Students - Programs		835/59	1034/64	1107/66
<b><u>Graduates</u></b>				
% Employed and/or Continuing Education	1,840	2,000	2,100	2,150
% Employed in a related field	98%	98%	98%	98%
% Employed in a related field in SD	87%	88%	88%	90%
Highest Average Hourly Salary per TI	75%	76%	77%	78%
	\$15.75-\$28.00	\$16.00-\$28.25	\$16.25-\$28.50	\$16.50-\$28.75
<b><u>Corporate Training</u></b>				
# of Companies	538	556	624	563
# of Individuals	\$ 5,613.00	\$ 7,508.00	\$ 7,870.00	\$ 8,000.00

## Postsecondary Technical Education

For State Aid to Postsecondary Technical Education for FY11 the Governor recommends an appropriation of \$20,814,229 from the general fund, an increase of \$2,696,804 or 13.6%. This appropriation is distributed to the four postsecondary technical institutes based upon tuition received by each institute, with a portion set aside for specific purposes.

Item	Actual	Budgeted	Agency Requested	Recommended	Inc/Dec	% Change
	FY09	FY10	FY11	FY11	FY11	From FY10
Contractual Services	824,000	1,650,000	1,650,000	1,650,000	-	0.0%
Grants And Subsidies	18,663,140	18,117,425	19,036,317	20,814,229	2,696,804	14.9%
<b>Total</b>	<b>19,487,140</b>	<b>19,767,425</b>	<b>20,686,317</b>	<b>22,464,229</b>	<b>2,696,804</b>	<b>13.6%</b>
<b>Funding Types</b>						
General	19,487,140	19,767,425	20,686,317	22,464,229	2,696,804	13.6%
Federal				0	-	0.0%
Other				0	-	0.0%
<b>Total</b>	<b>19,487,140</b>	<b>19,767,425</b>	<b>20,686,317</b>	<b>22,464,229</b>	<b>2,696,804</b>	<b>13.6%</b>

### Budget Notes

- The Governor's recommended increase in appropriation of \$2,696,804 from the general fund is for the increased number of Technical Institute students. There is no per student inflationary increase in this recommendation.

	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>Difference</u>
Budgeted Student FTE	4,757	5,005	5,750	745
Average Funding Per FTE	\$3,700	\$3,619.87	\$3,619.87	\$0.00
PSI Distribution	\$17,603,140	\$18,117,449	\$20,814,253	\$2,696,804
Annual Bond Payment	\$824,000	\$1,650,000	\$1,650,000	
M&R Set Aside	\$860,000			
Tech Prep 50/50	\$200,000			
<b>Total State Funds for PSI</b>	<b>\$19,487,140</b>	<b>\$19,767,449</b>	<b>\$22,464,253</b>	<b>\$2,696,804</b>

The State Board of Education recently approved a new funding formula for the Technical Institutes. Details of the formula are as follows:

1. Per student allocation for FY2010 and FY2011 is \$3,619.87;
2. 25% of the total allocation will be distributed equally among the four institutions as a baseline for common operations at each technical institute.
3. 75% of the total allocation will be distributed within three program categories:
  - (a) high cost-low density programs;
  - (b) high cost programs; and
  - (c) standard cost programs.
4. Implementation effective July 1, 2010.

## Education Resources

The Governor recommends for FY11 an overall decrease of \$7,828,600 for the Education Resources division. Of that dollar amount, the Governor recommends a decrease of \$365,292 in general funds, \$7,693,619 in federal fund expenditure authority, and increase of \$230,311 in other fund expenditure authority. This brings the total funding and staffing for the program to \$221,631,966 and 55.0 FTEs. This program provides general and fiscal support and coordination of all public elementary and secondary schools in the state, distributes money from federal and other sources, and administers a number of activities from child/school nutrition to statewide, standardized testing.

Item	Actual	Budgeted	Agency	Recommended	Inc/Dec	% Change
	FY09	FY10	Requested FY11			
Personal Services	2,941,683	3,308,460	3,308,460	3,254,206	(54,254)	(1.6%)
Travel	382,612	546,671	546,671	546,671	-	0.0%
Contractual Services	13,777,130	12,255,922	13,531,929	12,499,772	243,850	2.0%
Supplies & Materials	245,952	203,980	203,980	203,980	-	0.0%
Grants And Subsidies	153,525,240	213,124,843	147,628,795	205,106,647	(8,018,196)	(3.8%)
Capital Outlay	305,539	20,690	20,690	20,690	-	0.0%
Other	3			0	-	0.0%
<b>Total</b>	<b>171,178,159</b>	<b>229,460,566</b>	<b>165,240,525</b>	<b>221,631,966</b>	<b>(7,828,600)</b>	<b>(3.4%)</b>
<b>Funding Types</b>						
General	7,106,965	6,729,235	7,638,761	6,363,943	(365,292)	(5.4%)
Federal	162,217,085	221,736,792	156,354,480	214,043,173	(7,693,619)	(3.5%)
Other	1,854,110	994,539	1,247,284	1,224,850	230,311	23.2%
<b>Total</b>	<b>171,178,160</b>	<b>229,460,566</b>	<b>165,240,525</b>	<b>221,631,966</b>	<b>(7,828,600)</b>	<b>(3.4%)</b>
FTE	53.6	57.0	57.0	55.0	(2.0)	(3.5%)

### Budget Notes

- The Governor recommends a reduction of 1.0 FTE in the Office of Accreditation and Teacher Quality due to projected efficiencies when moving to a paperless accreditation system (\$23,156 general funds and \$23,160 in other fund expenditure authority).
- The Governor recommends a reduction of 1.0 FTE in the Office of Education Services and Support to bring the actual FTE closer to budget (\$29,008 federal fund expenditure authority).
- The Department receives many “Title” grants from the federal government. **Title I and Title III grants** provide federal funding for low-achieving children in the highest-poverty schools, limited English proficient children, migratory children, children with disabilities, Indian children, neglected or delinquent children, and young children in need of reading assistance. The FY2011 recommendation includes an **increase of \$860,089** in federal authority for Title I grants.
- Funds from the **federal special education grants** are used to improve learning for infants, toddlers, children, and youth with disabilities ages birth through 21 by providing leadership and financial support to assist states and local districts. The Individuals with Disabilities Education Act (IDEA) authorizes formula grants to states, and discretionary grants to

institutions of higher education and other non-profit organizations to support research, demonstrations, technical assistance and dissemination, technology and personnel development.

- The Office of Educational Services and Support is requesting an increase in the Coordinated **School Health – Wellmark Foundation Funding**: There is a possibility for a partnership opportunity with the Wellmark Foundation which would mean \$250,000/year for four years to expand Coordinated School Health efforts in the state. This funding would likely include mini-grants to ESAs and School districts to fund health promotion efforts.
- **21<sup>st</sup> Century Community Learning Centers (CCLC)** will receive an additional \$250,000 in federal funding to support grants to local learning centers that provide academic enrichment opportunities to students and their families in hours outside of the regular school day.
- The **Birth to Three Program** is an early intervention program for infants and toddlers with disabilities. The program began in 2004 and was funded with federal (IDEA Part C) funds, unused State Aid to Education money, and funding from the Department of Social Services. The program provided services to approximately 1,980 children in FY09.
  - **FY2009, the total expenditure was \$3,893,878**, which included \$1,495,822 in general funds, \$2,391,313 in regular federal funds, and \$5,139 in ARRA funds.
  - **FY2010, the total appropriation is \$6,676,088** which includes \$1,838,217 in general funds, \$2,685,146 in federal fund expenditure authority, and \$2,151,725 in ARRA expenditure authority.
  - **FY2011 total recommend is \$6,676,088**; however there is a recommended funding flip of \$341,219 from general to federal funds.
  - South Dakota has nine regional programs that hire twenty-three service coordinators to receive and act on referrals. There are sixty-six counties in the state. Each service coordinator covers specific counties. There are 163 local school districts that are responsible for evaluating all children referred to determine eligibility for Part C. The service coordinator works closely with each school district to arrange evaluations. Service coordinators also play a major role in maintaining contact with primary referral sources in their area.
  - A funding change is recommended as the ARRA Part C grant and regular Part C grant are sufficient to supplement the program to keep general fund expenditures at the maintenance of effort level in FY2011.
    - Service Coordinator Contracts – reduce general funds by \$37,835 and increase federal fund spending authority by a like amount; and
    - Grants for Direct Services – reduce general funds by \$303,384 and increase federal fund spending authority by a like amount
- **Reduction of ARRA funding** – A reduction of \$9,128,285 in federal fund expenditure authority for ARRA funds is recommended. The funding was added to the FY2010 base budget and since it lasts through FY2011, only the estimated FY2011 authority is needed. Funding reduction consists of Title I Grants to LEAs (\$8,662,500), IDEA Part B 619 (\$190,035), School Lunch Equipment (\$244,250), and The Emergency Food Assistance Program - TEFAP (\$31,500).

- **Space billing** adjustments will require a decrease of \$9,048 in general funds, \$7,282 in federal funds, and an increase of \$2,081 in other funds.
- **Computer Services** – BIT Billing increase of \$8,099 is recommended. (\$2,914 increase in general funds, \$5,111 increase in federal fund expenditure authority and \$74 increase in other fund expenditure authority)
- The **Health Insurance** increase is as follows: \$5,217 general funds, \$14,537 federal fund expenditure authority, and \$1,316 in other fund expenditure authority.

**Revenues**

	<b>Actual FY 2008</b>	<b>Actual FY 2009</b>	<b>Estimated FY 2010</b>	<b>Estimated FY 2011</b>
OESS - CANS processed food handling fee	23,881	25,288	24,000	15,000
Teacher Certificates	124,500	139,180	135,000	135,000
Total	\$ 148,381	\$ 164,468	\$ 159,000	\$ 150,000

## Selected Statistical Data

	<b>Actual FY 2008</b>	<b>Actual FY 2009</b>	<b>Estimated FY 2010</b>	<b>Estimated FY 2011</b>
<u>Office of Assessment and Technology Systems</u>				
Dakota STEP, Grade 3 (public school scores)				
Students Tested	8,843	8,900	9,084	9,355
Mathematics % Proficient/Advanced	80%	75%	78%	81%
Reading % Proficient/Advanced	89%	79%	82%	84%
Dakota STEP, Grade 4 (public school scores)				
Students Tested	8,777	8,900	9,041	9,050
Mathematics % Proficient/Advanced	79%	77%	80%	82%
Reading % Proficient/Advanced	90%	77%	80%	82%
Dakota STEP, Grade 5 (public school scores)				
Students Tested	8,893	8,900	8,879	9,100
Mathematics % Proficient/Advanced	77%	76%	79%	81%
Reading % Proficient/Advanced	86%	77%	80%	82%
Dakota STEP, Grade 6 (public school scores)				
Students Tested	9,047	9,100	9,097	9,100
Mathematics % Proficient/Advanced	77%	78%	81%	83%
Reading % Proficient/Advanced	84%	76%	79%	81%
Dakota STEP, Grade 7 (public school scores)				
Student Tested	9,142	9,200	9,139	9
Mathematics % Proficient/Advanced	74%	75%	78%	80%
Reading % Proficient/Advanced	84%	75%	78%	80%
Dakota STEP, Grade 8 (public school scores)				
Student Tested	9,301	9,500	9,169	9,150
Mathematics % Proficient/Advanced	76%	74%	77%	79%
Reading % Proficient/Advanced	81%	74%	77%	79%
Dakota STEP, Grade 11 (public school score)				
Students Tested	8,146	8,200	8,451	8,450
Mathematics % Proficient/Advanced	66%	65%	68%	70%
Reading % Proficient/Advanced	69%	70%	73%	75%
SAT 9 Writing Exam, Grade 5				
Students Tested			8,761	8,700
Percent Proficient and Advanced			61%	63%
SAT 9 Writing Exam, Grade 7				
Students tested			8,955	8,900
Percent Proficient and Advanced			70%	73%
SAT 9 Writing Exam, Grade 10				
Students tested			9,311	9,300
Percent Proficient and Advanced			60%	63%
ACT Composite	21.7	21.9	22.0	22.1

	<b>Actual FY 2008</b>	<b>Actual FY 2009</b>	<b>Estimated FY 2010</b>	<b>Estimated FY 2011</b>
<b>NAEP</b>				
Reading Scale Score 4th Grade	N/A	225	N/A	225
Reading Scale Score 8th Grade	N/A	272	N/A	272
Math Scale Score 4th Grade	N/A	245	N/A	245
Math Scale Score 8th Grade	N/A	290	N/A	290
<b><u>Office of Accreditation &amp; Teacher Quality</u></b>				
School Districts - Public	165	161	156	152
Schools - Public	707	702	692	687
Certified Staff - Public	9,078	9,137	9,100	9,250
Accredited Private Schools & Tribal	68	68	69	69
<b>Alternative Schools</b>				
Multi-Districts/Coops	16	16	16	16
Community Based Service Providers	16	16	16	16
Stand Alone Alternative Schools	7	7	7	7
Special Populations	4	4	3	3
State Special Education Schools	3	3	3	3
Correctional Facilities	2	2	2	2
Children Excused from Attendance	2,484	2,805	2,800	2,800
Certificates in Effect	21,947	26,058	26,000	26,000
Certificates Suspended/Revoked	4/2	2/7	2/7	2/7
Approved Teacher Education Insitutions	11	11	11	11
<b><u>Child and Adult Nutrition</u></b>				
Agencies	379	389	385	380
Number of Meals (millions)	30	30	30	30
Fiscal Impact (Millions of \$'s)	34	34	35	34
<b>Food Distribution</b>				
Lbs of Food (Millions)	6	6	5	5
Value of Food (Millions)	4	5	5	5
<b>Federal Programs:</b>				
<b>Title I, Part A</b>				
Programs/Schools/Students Served	161/352/32,201	157/352/32,200	156/355/35,000	156/355/35,000
<b>Homeless Programs</b>				
Programs/Districts/Number Identified	2/2/1,391	2/2/1,863	2/2/2,000	2/2/2,000
<b>Migrant Program</b>				
Programs/Districts/Number Identified	3/3/167	3/3/197	2/2/200	2/2/200
Neglected/Delinquent Programs	29	27	27	27
Title III English Language Acquisition	9	7	7	7
<b>Title I Part B Even Start:</b>				
Programs/Families/Adults/Children	2/52/54/95	2/74/76/142	1/42/44/80	1/42/44/80
<b>Children Enrolled in Special Ed:</b>				
Age Birth to 2	1,132	1,128	1,130	1,186
Ages 3-5/6-21	2,683/15,288	2,734/15,133	2,700/15,100	2,690/15,000
Total Children with Disabilities, 3-21	17,971	17,867	17,850	17,825
Birth to 3 Connections, Children Served	1,981	1,978	1,978	2,076
Public Schools Monitored On-Site	22	38	35	35
Nonpublic Facilities & State Instit Reviewed	10	9	10	10
Districts Receiving IDEA, VI-B	162	157	154	153
Complaints/Due Process/Mediations	15/1/4	4/0/2	6/1/4	7/1/5
21st Century Community Learning Center Grantees			44.0	47.0

## Education Service Agencies

Education Service Agencies were created by the Legislature in 2004. The department contracts with the seven education service agencies to support local public schools, allocate federal money for specific federal mandates, and support curriculum and professional development activities.

Item	Actual	Budgeted	Agency Requested	Recommended	Inc/Dec	% Change
	FY09	FY10	FY11	FY11	FY11	From FY10
Travel					-	0.0%
Contractual Services	2,199,317	500,000	1,000,000	500,000	-	0.0%
Grants and Subsidies					-	0.0%
<b>Total</b>	<b>2,199,317</b>	<b>500,000</b>	<b>1,000,000</b>	<b>500,000</b>	<b>-</b>	<b>0.0%</b>
<b>Funding Types</b>						
General	500,000	500,000	1,000,000	500,000	-	0.0%
Federal	0	0	0	0	-	0.0%
Other	1,699,317	0	0	0	-	0.0%
<b>Total</b>	<b>2,199,317</b>	<b>500,000</b>	<b>1,000,000</b>	<b>500,000</b>	<b>-</b>	<b>0.0%</b>
FTE					-	0.0%

The Education Service Agencies (ESA) began as a vehicle to better deliver services to schools. The seven regional agencies were selected from proposals submitted to the Department of Education. Each agency is responsible for providing services to regional school districts, and serves as a resource for schools.

- The Northeast Educational Services Cooperative ESA **Region One** supports schools in the area north of Sioux Falls and east of I-29. The business office is located in Hayti.
- The East Dakota Educational Cooperative Education Service Agency **Region Two** supports 28 school districts in Southeastern South Dakota. The business office is located in Sioux Falls.
- Mid-Central Educational Cooperative (ESA **Region Three**) serves 28 school districts in the south central region. The business office is located in Platte.
- ESA **Region Four** supports schools in the north central region of the state. The business office is in Aberdeen.
- ESA **Region Five** supports schools from the upper western half of the state. The ESA has offices in Isabel and Mobridge.
- The West Central ESA, **Region Six**, serves thirteen school districts and is headquartered out of Sturgis with an office in Rapid City as well.
- ESA **Region Seven** supports seventeen school districts and covers the southwestern South Dakota. The business is shared with Region Six in Sturgis and Rapid City.

In FY2010, the Education Enhancement Tobacco Tax fund dollars were cut from this budget leaving \$500,000 in state general fund dollars as the sole funding source. In FY09 the EETTF provided almost \$1.7M to the ESAs.

**Selected Statistical Data**

	<b>Actual FY 2008</b>	<b>Actual FY 2009</b>	<b>Estimated FY 2010</b>	<b>Estimated FY 2011</b>
Total ESA professional development participants total events	37,062	39,400	40,000	40,000
Percent satisfaction with ESA support services	90%	90%	90%	92%
development opportunities	85%	90%	90%	92%
Total events held within calendar year	1,398	1,450	1,500	1,500

## State Library

For FY11, the Governor recommends funding of \$1,863,603 from the general fund, \$1,192,770 in federal fund expenditure authority, and \$186,083 in other fund expenditure authority.

Item	Actual	Budgeted	Agency	Recommended	Inc/Dec	% Change
	FY09	FY10	Requested FY11	FY11	FY11	From FY10
Personal Services	1,343,054	1,381,246	1,381,246	1,389,468	8,222	0.6%
Travel	57,997	66,250	66,250	66,250	-	0.0%
Contractual Services	1,492,666	1,569,300	1,413,708	1,332,846	(236,454)	(15.1%)
Supplies & Materials	155,353	143,822	143,822	143,822	-	0.0%
Grants And Subsidies	70,872	271,570	271,570	271,570	-	0.0%
Capital Outlay	74,835	38,500	93,000	38,500	-	0.0%
Other	0	0	0	0	-	0.0%
<b>Total</b>	<b>3,194,777</b>	<b>3,470,688</b>	<b>3,369,596</b>	<b>3,242,456</b>	<b>(228,232)</b>	<b>(6.6%)</b>
<b>Funding Types</b>						
General	2,287,769	2,092,093	1,990,425	1,863,603	(228,490)	(10.9%)
Federal	902,065	1,192,512	1,193,088	1,192,770	258	0.0%
Other	4,943	186,083	186,083	186,083	-	0.0%
<b>Total</b>	<b>3,194,777</b>	<b>3,470,688</b>	<b>3,369,596</b>	<b>3,242,456</b>	<b>(228,232)</b>	<b>(6.6%)</b>
FTE	29.8	31.5	31.5	31.5	-	0.0%

### Budget Notes

- Space billing adjustments will require a decrease of \$237,828 in general funds and an increase of \$11 in federal funds.
- Computer Services – BIT Billing increase of \$1,363 is recommended. (\$1,116 increase in general funds and \$247 increase in federal fund expenditure authority)
- The Health Insurance Increase is recommended to be funded with general funds in the amount of \$8,222.

## Selected Statistical Data

	<b>Actual FY 2008</b>	<b>Actual FY 2009</b>	<b>Estimated FY 2010</b>	<b>Estimated FY 2011</b>
<b>Library Development:</b>				
Group Training Opportunities Provided	204	284	290	300
Attendance at Workshops	1,349	2,308	2,500	2,600
On-Site Visits: Public, Institutional, Sch. Li	28	187	225	225
Libraries' Administrative Questions Answered	1,470	1,540	1,700	1,750
<b>Research Services:</b>				
Reference Requests		10,563	15,000	17,000
Requests from State Employees		1,756	2,000	2,500
Attendance: State Employee Training	87	81	100	125
<b>Collection Usage:</b>				
In-Person Circulation	9,118	477	500	525
Interlibrary Loan In-SD/Outside SD	41,470 / 30,392	33,931 / 32,906	35,000 / 33,000	35,000 / 33,000
Electronic Views	845,688	1,047,660	1,079,090	1,111,462
Electronic Sessions	476,637	664,785	684,728	705,270
<b>Collection Development:</b>				
Books Cataloged (Titles)	4,561	2,011	1,000	3,000
State / Fed. Documents Cataloged (Titles)	59 / 1,327	595 / 1,956	750 / 2,200	875 / 2,300
Total Books Owned	36,176	17,152	18,000	20,000
Active Serial Titles	358	332	300	300
State / Federal Publications Owned	97,500 / 230,000	89,066 / 249,058	91,000 / 249,800	2,500 / 251,000
State Publications Items Distributed	12,792	8,391	8,200	8,000
<b>Braille and Talking Book Library:</b>				
BTB Users	5,862	5,217	5,374	5,535
BTB Circulation of Materials	112,220	97,329	100,249	103,256
BTB Volunteer Hours	476	483	483	483
BTB Talking Books Received	15,000	15,000	18,600	20,000
BTB Educational Material Titles	1,209	1,246	1,255	1,270
BTB Total Collection Volumes / Titles	82,122 / 63,481	62,619 / 55,226	64,785 / 66,800	68,500 / 69,500
BTB Summer Reading Program Participants	54	49	53	57

## **Other Departmental Issues**

### **A. Budget Transfers**

In FY09, the department transferred \$1,319,349 of State Aid General Education to State Aid to Special Education. The department also transferred \$190,748 **from** National Board Certified Teachers (\$25,748), Educational Resources (\$130,000), and the State Library (\$35,000) **to** the General Administration budget.

### **B. General Fund Reversions**

FY2005 - \$182,077 (\$4,581,878 was transferred out of State Aid to General Education)

FY2006 - \$2,867,470 (all from State Aid)

FY2007 - \$129 (\$4,304,153 was transferred out of State Aid to General Education)

FY2008 - \$0

FY2009 - \$0

**Consolidation Incentive Funding Description**

**AFTER July 1, 2001 & ON OR BEFORE before July 1, 2007: Consolidation Incentive Payment + Retention of Small School Adjustment (SSA) for an Eight Year Period (SDCL 13-13-1.4 & 13-13.15)**

13-6-92. Consolidated school districts entitled to additional funds. If two or more school districts consolidate after July 1, 2001, and on or before July 1, 2007, the new school district is entitled to an additional three hundred dollars per average daily membership as defined in § 13-13-10.1, up to a maximum of four hundred average daily membership from each school district or partial school district as it existed prior to consolidation for the first year after consolidation. If two or more school districts consolidate after July 1, 2001, and on or before July 1, 2007, the new school district is entitled to an additional two hundred dollars per average daily membership as defined in § 13-13-10.1, up to a maximum of four hundred average daily membership from each school district or partial school district as it existed prior to consolidation for the second year after consolidation. If two or more school districts consolidate after July 1, 2001, and on or before July 1, 2007, the new school district is entitled to an additional one hundred dollars per average daily membership as defined in § 13-13-10.1, up to a maximum of four hundred average daily membership from each school district or partial school district as it existed prior to consolidation for the third year after consolidation.

Reorganizing Districts	Last/First School Year of Operation	Fall 2006 State Aid Fall Enrollment	Eligible Student Count	1st year following consolidation (FY2009)	2nd year following consolidation (FY2010)	3rd year following consolidation (FY2011)
Irene School District	2007	192	192	\$300	\$200	\$100
Wakonda School District	2007	135	135	\$300	\$200	\$100
NEW - Irene-Wakonda School District	2008	327	327	\$98,100	\$65,400	\$32,700
Midland School District	2007	39	39	\$300	\$200	\$100
Kadoka School District	2007	322	322	\$300	\$200	\$100
NEW - Kadoka Area School District	2008	361	361	\$108,300	\$72,200	\$36,100
Platte School District	2007	428	400	\$300	\$200	\$100
Gekkes School District	2007	75	75	\$300	\$200	\$100
NEW - Platte-Gekkes School District	2008	503	475	\$142,500	\$95,000	\$47,500
<b>SUMMARY over a 3 year period (FY2009 through FY2011)</b>	<b>District No.</b>	<b>Total Incentives</b>				
Irene-Wakonda School District	13003	\$196,200				
Kadoka Area School District	35002	\$216,600				
Platte-Gekkes School District	11005	\$285,000				
<b>Total</b>		<b>\$697,800</b>				

Consolidation Incentives Program - Page 2

**AFTER July 1, 2007 & ON OR BEFORE July 1, 2008: Consolidation Incentive Payments only - no eligibility for retention of SSA, all students (maximum of 400) counted for purposes of incentive calculations.**

Notwithstanding the provisions § 13-6-92, if two or more school districts consolidate after July 1, 2007 and the secretary of education has issued an order to give effect to the reorganization plan pursuant to § 13-6-48, no later than July 1, 2008, the new school district is entitled to an additional six hundred dollars per fall enrollment as defined in § 13-10-1, up to a maximum of four hundred fall enrollment from each school or a prorated portion thereof from a partial school district as it existed prior to consolidation for the first year after consolidation. If two or more school districts consolidate after July 1, 2007, and the secretary of education has issued an order to give effect to the reorganization plan pursuant to § 13-6-48, no later than July 1, 2008, the new school district is entitled to an additional four hundred dollars per fall enrollment, up to a maximum of four hundred enrollment from each school districts or a prorated portion thereof from a partial school district as it existed prior to consolidation for the second year after consolidation. If two or more school districts consolidate after July 1, 2007, and the secretary of education has issued an order to give effect to the reorganization plan pursuant to § 13-6-48, no later than July 1, 2008, the new school district is entitled to an additional two hundred dollars per fall enrollment, up to a maximum of four hundred enrollment from each school districts or a prorated portion thereof from a partial school district as it existed prior to consolidation for the third year after consolidation.

Reorganizing Districts	Last/First School Year of Operation	Fall 2007 State Aid Fall Enrollment	Eligible Student Count	1st year following consolidation (FY2010)	2nd year following consolidation (FY2011)	3rd year following consolidation (FY2012)
Polo School District	2008	10,000	10,000	\$600	\$400	\$200
Miller Area School District	2008	496,003	400,000	\$600	\$400	\$200
Faulkton Area School District	2008	333,000	333,000	\$600	\$400	\$200
NEW - Miller School District (receiving 65.15% of Polo's student count)	2009		406,522	\$243,909	\$162,606	\$81,203
NEW - Faulkton Schools District (receiving 34.85% of Polo's student count)	2009		336,479	\$201,891	\$134,594	\$67,297
Hyde School District	2008	297,000	297,000	\$600	\$400	\$200
Harrold School District	2008	49,000	49,000	\$600	\$400	\$200
NEW - Highmore-Harrold School District	2009	346,000	346,000	\$207,600	\$138,400	\$69,200
Pollock School District	2008	5,400	5,400	\$600	\$400	\$200
Mobridge School District	2008	57,471	400,000	\$600	\$400	\$200
NEW - Mobridge-Pollock School District	2009	628,771	46,400	\$272,400	\$181,600	\$90,800
<b>SUMMARY over a 3 year period (FY2010 through FY2012):</b>	<b>District No.</b>	<b>Total Incentives</b>				
Miller School District	29004	\$487,818				
Faulkton Schools District	24004	\$403,782				
Highmore-Harrold School District	34002	\$415,200				
Mobridge-Pollock School District	62006	\$544,800				
<b>Total</b>		<b>\$1,851,600</b>				

**AFTER July 1, 2008: Consolidation Incentives only — student count based on number of students received by a consolidating district.**

If two or more school districts consolidate after July 1, 2007, for the first year after consolidation, each new school district is entitled to one thousand dollars for each sending student included in the receiving district's fall enrollment for the first year after consolidation, up to a maximum of four hundred sending district students. If two or more school districts consolidate after July 1, 2007, for the second year after consolidation, each new school district is entitled to eight hundred dollars for each sending district student included in the receiving district's fall enrollment for the first year after consolidation, up to a maximum of four hundred district students. If two or more school districts consolidate after July 1, 2007, for the third year after consolidation, each new school district is entitled to four hundred dollars for each sending district student included in the receiving district's fall enrollment for the first year after consolidation, up to a maximum of four hundred district students.

For the purposes of the entitlement provided above, if a receiving district receives fewer than 10 sending district students, the receiving district is entitled to payment for ten sending district students.

The following terms mean:

- (1) "New school district," a school district which is formed as the result of a consolidation of two or more school districts;
- (2) "Receiving district," a new school district in which a secondary attendance center was operated prior to consolidation and is operated after consolidation;
- (3) "Sending district," a school district which is not a receiving school district whose land has become part of another school district; and
- (4) "Sending district student," a student who was included in the current fall enrollment as defined in § 13-13-10.1 of a sending school district for the school year prior to the first year the new school district operates.

Districts eligible under this plan:
\$1,000/\$800/\$400
Reorganizations effective in school fiscal years 2010 and beyond