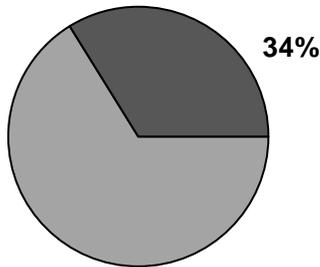


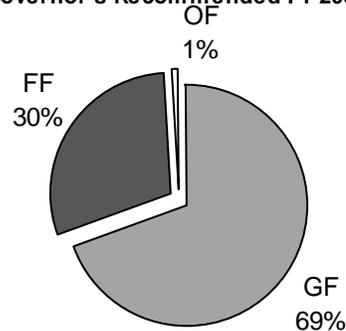
FY2007 Budget Briefing

Department of Education

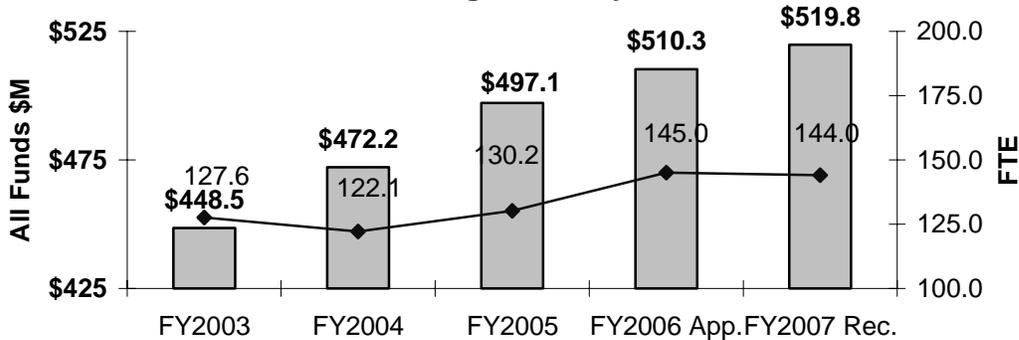
Agency's Share of Total Budgeted State General Fund FY2007



Agency's Funding Source Split Governor's Recommended FY 2007



Budget History



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

- Dr. Rick Melmer, Secretary
- Darla Mayer, Director, Office of Finance and Management

Department of Education Total

The Governor recommends a total appropriation of \$519,812,491 and 144.0 FTEs for the Department of Education for FY 2007. This is an increase of \$9,551,855 total funds and a reduction of 1.0 FTE. The total funding is comprised of a recommended appropriation of \$361,694,819 from the State General Fund, \$153,430,792 from federal funds, and \$4,686,880 from other funds. The Governor's recommended funding amounts are increases over FY 2006 of 0.7%, 3.8%, and 38.5%, respectively. The total increase is 1.9% over FY 2006.

Item	Actual FY2005	Approved FY2006	Agency Req. FY2007	Gov. Rec. FY2007	Change from FY2006	% Change from FY2006
Personal Services	5,906,310	6,979,442	7,064,032	7,292,178	312,736	4.5%
Travel	687,590	579,654	594,040	579,654	0	0.0%
Contractual Services	22,034,633	22,709,920	23,956,049	22,596,866	-113,054	-0.5%
Supplies and Materials	900,526	734,370	740,370	734,370	0	0.0%
Grants and Subsidies	463,758,480	478,928,753	491,938,568	488,280,926	9,352,173	2.0%
Capital Outlay	3,765,394	303,497	405,997	303,497	0	0.0%
Other	553	25,000	25,000	25,000	0	0.0%
TOTAL	497,053,486	510,260,636	524,724,056	519,812,491	9,551,855	1.9%
Funding Sources:						
General Funds	358,355,126	359,095,139	367,869,848	361,694,819	2,599,680	0.7%
Federal Funds	136,490,228	147,782,591	153,320,013	153,430,792	5,648,201	3.8%
Other Funds	2,208,132	3,382,906	3,534,195	4,686,880	1,303,974	38.5%
TOTAL	497,053,486	510,260,636	524,724,056	519,812,491	9,551,855	1.9%
FTE	130.2	145.0	147.0	144.0	-1.0	-0.7%

The Governor's recommendation throughout this analysis also includes funding for Performance And Compensation Equity (PACE) movement of 2.5% for those employees who are paid under the job-worth of their pay range, a 3% across-the-board increase for all permanent employees, and an increase in the employer paid portion of the state health insurance plan. The recommended amounts for each segment of the compensation package are as follows:

	General Funds	Federal Funds	Other Funds	Total
2.5% PACE Movement	41,755	39,139	945	81,839
3% Across-the-Board	95,533	89,968	2,331	187,832
Health Insurance	23,273	19,094	698	43,065
Total	160,561	148,201	3,974	312,736

Major Expansions and Reductions

Program	Agency Request			Governor's Recommendation		
	State General Fund	All Funds	FTE	State General Fund	All Funds	FTE
A. State Aid to General Education	6,115,376	6,115,376	0.0	-	-	0.0
B. School Efficiencies	-	-	0.0	3,460,070	3,460,070	0.0
C. Technology In Schools	-	-	0.0	(1,000,000)	-	0.0
D. Career and Technical Education	-	43,844	1.0	-	-	0.0
E. State Aid to Postsecondary Technical Institutes	2,118,439	2,118,439	0.0	1,116,103	1,116,103	0.0
F. Education Resources	-	40,746	1.0	-	-	(1.0)
G. Education Service Agencies	-	-	0.0	(1,200,000)	(1,200,000)	0.0
H. State Library	140,220	340,220	0.0	-	200,000	0.0
Total	8,374,035	8,658,625	2.0	2,376,173	3,576,173	-1.0

- A. The Governor recommends a status quo appropriation from the State General Fund for State Aid to General Education for FY 2007 based upon a 3% inflationary increase in the per student allocation but a declining adjusted average daily membership statewide. The FY 2007 recommendation includes a reappropriation of \$6,115,376 from the FY 2006 amount. (No narrative was provided by the agency as part of its budget request documents, but the agency's request documentation as of early November showed a requested increase of \$10,998,070 from the State General Fund. Later budget documents show an agency request for an increase of \$6,115,376, however.)
- B. The Governor recommends an increased appropriation of \$3,460,700 from the State General Fund for a new program called School Efficiencies. No narrative has been provided for this program. However, in his December 6, 2005, Budget Address, Governor Rounds mentioned that this program will "provide incentives to local schools to assist them in improving salary policy at the local level." The Governor recommends this as an ongoing program.
- C. The Department did not request it, but the Governor recommends a reduced appropriation of \$1,000,000 from the State General Fund for Technology in Schools with an increase of \$1,000,000 from other funds. The Governor's recommendation substitutes e-Rate revenues for State General Fund dollars.
- D. For Career and Technical Education for FY 2007, the Governor does not recommend the 1.0 FTE and \$43,844 from federal funds increases the Department requests for a High Schools That Work and Making Middle Grades Work coordinator.
- E. The Governor recommends an increased appropriation of \$1,116,103 from the State General Fund for State Aid to Postsecondary Technical Education Institutes based upon 3% inflation in the per student average and an increase in the number of students at the institutes.

- F. The department requested increased appropriations of 1.0 FTE and \$40,746 from federal funds for increased management responsibilities and new federal regulations in child nutrition programs issued by the federal government. The Governor does not recommend these increases. The Governor's recommendation reduces FTEs by 1.0 corresponding to the end of the SDREADS program, an intensive program designed to teach teachers how to better teach students how to read.
- G. The Governor recommends a reduced appropriation of \$1.2 million from the State General Fund associated with the end of the SDREADS program. This was not requested by the Department.
- H. The Department requested for FY 2007 an increase of \$140,220 from the State General Fund, \$100,000 from federal funds, and \$100,000 from other funds for the State Library. The federal funds are for grants to local libraries and the other funds are for a grant from the Bill and Melinda Gates Foundation for library computerization projects. The portion from the State General Fund is for operating expenses, including \$102,500 of that being for new digital equipment for the five state-owned studios producing recorded textbooks. The Governor recommends the federal and other funds (\$200,000), but does not recommend the State General Fund request.

General Administration

For FY 2007 the Governor recommends total funding of \$5,435,637 for the General Administration program. This funding consists of \$1,429,816 from the State General Fund, \$3,992,147 from federal funds, \$13,674 from other funds, and 33.0 FTEs. The FY 2007 funding is \$46,901 more from the State General Fund and \$32,372 more from federal funds, but the same from other funds and FTEs as the FY 2006 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 No Child Left Behind Act coordinator and Indian Education coordinator.

Item	Actual FY2005	Approved FY2006	Agency Req. FY2007	Gov. Rec. FY2007	Change from FY2006	% Change from FY2006
Personal Services	1,624,608	1,757,098	1,757,098	1,836,371	79,273	4.5%
Travel	107,368	49,588	50,483	49,588	0	0.0%
Contractual Services	563,087	425,812	427,088	425,812	0	0.0%
Supplies and Materials	41,001	61,520	61,520	61,520	0	0.0%
Grants and Subsidies	5,918,427	3,053,546	3,053,546	3,053,546	0	0.0%
Capital Outlay	47,075	8,800	8,800	8,800	0	0.0%
Other	12	0	0	0	0	n/a
TOTAL	8,301,578	5,356,364	5,358,535	5,435,637	79,273	1.5%
Funding Sources:						
General Funds	1,357,185	1,382,915	1,384,108	1,429,816	46,901	3.4%
Federal Funds	6,716,016	3,959,775	3,960,753	3,992,147	32,372	0.8%
Other Funds	228,377	13,674	13,674	13,674	0	0.0%
TOTAL	8,301,578	5,356,364	5,358,535	5,435,637	79,273	1.5%
FTE	30.7	33.0	33.0	33.0	0.0	0.0%

Selected Performance Indicators

	Actual FY2004	Actual FY2005	Estimated FY2006	Estimated FY2007
Scholarship Programs Administered	3	3	3	3
Scholarships Awarded	86	91	97	97
Scholarship Dollars Awarded	\$120,000	\$141,000	\$151,000	\$140,000
School Districts - Public	172	168	168	168
Schools - Public	727	711	689	680
Certified Staff - Public	9,030	8,988	8,940	8,900
Students (K-12 Fall Enrollment)--Public	123,058	121,327	120,500	119,700
Students (K-12 Fall Enrollment)--Non-Public	17,052	17,176	17,200	17,200
Accredited Private Schools *	80	80	80	80

*Does not include cooperatives, multi-districts, adjustment training centers, or correctional facilities.

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 compose the Governor's State Aid to K-12 Education recommended appropriations for FY 2007: State Aid to General Education, State Aid to Special Education, Alternative Education Program, National Board Certified Teachers, School Efficiencies*, and Technology in Schools. State Aid to Postsecondary Technical Education, though it goes to 4 local school districts, is not included in this table.

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

Item	Actual FY2005	Approved FY2006	Agency Req. FY2007	Gov. Rec. FY2007	Change from FY2006	% Change from FY2006
Contractual Services	6,535,765	8,751,325	8,751,325	8,751,325	0	0.0%
Supplies and Materials	41,949	0	0	0	0	n/a
Grants and Subsidies	321,798,146	326,485,835	332,601,211	329,945,905	3,460,070	1.1%
Capital Outlay	3,382,515	0	0	0	0	n/a
Other	66	0	0	0	0	n/a
TOTAL	331,758,441	335,237,160	341,352,536	338,697,230	3,460,070	1.0%
Funding Sources:						
General Funds	329,965,971	332,677,160	338,792,536	335,137,230	2,460,070	0.7%
Federal Funds	0	0	0	0	0	n/a
Other Funds	1,792,470	2,560,000	2,560,000	3,560,000	1,000,000	39.1%
TOTAL	331,758,441	335,237,160	341,352,536	338,697,230	3,460,070	1.0%
FTE	0.0	0.0	0.0	0.0	0.0	n/a

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

*School Efficiencies is a new line item in the FY 2007 recommended budget and was not requested by the Department. It replaces Education Enhancement [Trust Fund earnings] Distribution, a line item which for a couple of years was recommended as part of the initial recommended budget but which the Legislature earmarked in other areas each year (so that it did not appear in the eventually enacted appropriation law).

State Aid to General Education

The Governor's recommended appropriation for State Aid to General Education for K-12 is status quo with the Legislature's appropriation for FY 2006. This recommended appropriation is \$282,838,960 from the State General Fund.

Item	Actual FY2005	Approved FY2006*	Agency Req. FY2007	Gov. Rec. FY2007	Change from FY2006	% Change from FY2006
Grants and Subsidies	280,720,707	282,838,960	288,954,336	282,838,960	0	0.0%
TOTAL	280,720,707	282,838,960	288,954,336	282,838,960	0	0.0%
Funding Sources:						
General Funds	280,720,707	282,838,960	288,954,336	282,838,960	0	0.0%
Federal Funds	0	0	0	0	0	n/a
Other Funds	0	0	0	0	0	n/a
TOTAL	280,720,707	282,838,960	288,954,336	282,838,960	0	0.0%
FTE	0.0	0.0	0.0	0.0	0.0	n/a

*For FY 2007 the Governor recommends reappropriation of \$6,115,376 from the State General Fund that will be left over in FY 2006's appropriation.

- The Governor's recommended appropriation for State Aid to General Education shown above is based upon an inflationary increase in the Per Student Allocation (PSA) of 3% raising it from SDCL 13-13-10.1(4)'s \$4,237.72 to \$4,364.85. This is an increase in PSA of \$127.13. Unlike the previous several years, this inflationary increase, or Index Factor, is the only recommended change in PSA for FY 2007; there are no discretionary increases in PSA.
- The Governor's recommendation also uses a figure of 124,297 for adjusted average daily membership (AADM). This is a decline of 1,802 from the 126,099 used for FY 2006.
- The department calculates each school district's AADM according to SDCL 13-13-10.1(2) and multiplies that by PSA to determine Local Need. The district's property tax revenues are its Local Effort. Local Need minus Local Effort equals State Aid to that district.
 - Local Need = AADM times PSA
 - State Aid = Local Need minus Local Effort
 - Total State Aid = the sum of all districts' State Aid
- 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.
- Because the State Aid Formula is driven by AADM 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. Differing amounts of State Aid per student to the various districts, therefore, ultimately result in differing adjusted PSA. According to the Governor's calculations:

# Of School Districts	Adjusted	
	Average Daily Membership	Per Student Allocation
45	200 or less	\$5,238
81	201 to 600	\$4,365 to \$5,238
41	601 or more	\$4,365

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

Fiscal Year	AADM	PSA	Total State Need	State Aid Expenditure	State Aid as % of Total State Need
FY 2002	130,711	3,775.91	493,552,972	268,383,440	54.4%
FY 2003	128,931	3,889.19	501,437,156	264,852,086	52.8%
FY 2004	128,189	3,948.00	506,090,172	273,683,236	54.1%
FY 2005	126,809	4,086.56	518,212,587	280,720,707	54.2%
FY 2006	126,099	4,237.72	534,372,254	276,723,584	51.8%
FY 2007*	124,297	4,364.85	542,537,760	276,723,584	51.0%

*Governor's Recommended Budget for FY 2007.

State Aid to Special Education

A total appropriation of \$43,106,875 from the State General Fund is the Governor's recommendation for State Aid to Special Education for FY 2007. This amount is status quo with the appropriation for FY 2006.

Item	Actual FY2005	Approved FY2006	Agency Req. FY2007	Gov. Rec. FY2007	Change from FY2006	% Change from FY2006
Grants and Subsidies	40,555,360	43,106,875	43,106,875	43,106,875	0	0.0%
TOTAL	40,555,360	43,106,875	43,106,875	43,106,875	0	0.0%
Funding Sources:						
General Funds	40,555,360	43,106,875	43,106,875	43,106,875	0	0.0%
Federal Funds	0	0	0	0	0	n/a
Other Funds	0	0	0	0	0	n/a
TOTAL	40,555,360	43,106,875	43,106,875	43,106,875	0	0.0%
FTE	0.0	0.0	0.0	0.0	0.0	n/a

- The Governor's recommendation reflects SDCL 13-37-16.2, which mandates that local levies for special education be adjusted when valuations grow faster than local need.
- 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 in home schools. Average daily membership (ADM) for special education purposes is estimated at 131,800 for FY 2007, which is 1,000 less than FY 2006.
- The disability brackets' per student allocations are being increased the same 3.0% rate for inflation as State Aid to General Education.

Alternative Education Program

For FY 2007 the Governor recommends an appropriation of \$450,000 from the State General Fund, the same amount as for FY 2006 and previous years, for State Aid to Alternative Education. This program provides 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 FY2005	Approved FY2006	Agency Req. FY2007	Gov. Rec. FY2007	Change from FY2006	% Change from FY2006
Grants and Subsidies	450,000	450,000	450,000	450,000	0	0.0%
TOTAL	450,000	450,000	450,000	450,000	0	0.0%
Funding Sources:						
General Funds	450,000	450,000	450,000	450,000	0	0.0%
Federal Funds	0	0	0	0	0	n/a
Other Funds	0	0	0	0	0	n/a
TOTAL	450,000	450,000	450,000	450,000	0	0.0%
FTE	0.0	0.0	0.0	0.0	0.0	n/a

National Board Certified Teachers

The Governor recommends a status quo appropriation of \$90,000 from the State General Fund for State Aid to National Board Certified Teachers. This program provides stipends and reimburses fees associated with teachers taking national examinations for certification in their fields.

Item	Actual FY2005	Approved FY2006	Agency Req. FY2007	Gov. Rec. FY2007	Change from FY2006	% Change from FY2006
Grants and Subsidies	48,579	90,000	90,000	90,000	0	0.0%
TOTAL	48,579	90,000	90,000	90,000	0	0.0%
Funding Sources:						
General Funds	48,579	90,000	90,000	90,000	0	0.0%
Federal Funds	0	0	0	0	0	n/a
Other Funds	0	0	0	0	0	n/a
TOTAL	48,579	90,000	90,000	90,000	0	0.0%
FTE	0.0	0.0	0.0	0.0	0.0	n/a

School Efficiencies

The Governor recommends that \$3,460,070 from the State General Fund be appropriated in FY 2007 for this new program. This program, part of the Governor's "2010-E Initiative," will provide incentives to local school districts to improve salaries. The Governor recommends this as an on-going program.

Item	Actual FY2005	Approved FY2006	Agency Req. FY2007	Gov. Rec. FY2007	Change from FY2006	% Change from FY2006
Grants and Subsidies	0	0	0	3,460,070	3,460,070	100.0%
TOTAL	0	0	0	3,460,070	3,460,070	100.0%
Funding Sources:						
General Funds	0	0	0	3,460,070	3,460,070	100.0%
Federal Funds	0	0	0	0	0	n/a
Other Funds	0	0	0	0	0	n/a
TOTAL	0	0	0	3,460,070	3,460,070	100.0%
FTE	0.0	0.0	0.0	0.0	0.0	n/a

Technology in Schools

Funding for the Technology in Schools program, as recommended by the Governor for FY 2007, totals \$8,751,325 which is status quo with FY 2006. Of this amount the Governor recommends an appropriation from the State General Fund of \$5,191,325 and \$3,560,000 from other funds. The Governor's recommended appropriation from the State General Fund is \$1,000,000 less than FY 2006. This program provides state funding to support the Dakota Digital Network and distance education in South Dakota.

Item	Actual FY2005	Approved FY2006	Agency Req. FY2007	Gov. Rec. FY2007	Change from FY2006	% Change from FY2006
Travel	0	0	0	0	0	n/a
Contractual Services	6,535,765	8,751,325	8,751,325	8,751,325	0	0.0%
Supplies and Materials	41,949	0	0	0	0	n/a
Grants and Subsidies	23,500	0	0	0	0	n/a
Capital Outlay	3,382,514	0	0	0	0	n/a
Other	66	0	0	0	0	n/a
TOTAL	9,983,795	8,751,325	8,751,325	8,751,325	0	0.0%
Funding Sources:						
General Funds	8,191,325	6,191,325	6,191,325	5,191,325	-1,000,000	-16.2%
Federal Funds	0	0	0	0	0	n/a
Other Funds	1,792,470	2,560,000	2,560,000	3,560,000	1,000,000	39.1%
TOTAL	9,983,795	8,751,325	8,751,325	8,751,325	0	0.0%
FTE	0.0	0.0	0.0	0.0	0.0	n/a

- The Governor's recommended appropriation for FY 2007 is again based upon use of e-Rates, a program 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. In FY 2006, the Legislature replaced \$2 million from the State General Fund with e-Rates revenue, bringing the total of e-Rates represented above for FY 2007 to \$3 million. (There had been "empty authority" in other funds, however, so FY 2006's appropriation from other funds was \$2,560,000, the same as had been approved for FY 2005.)
- In his FY 2007 Budget Address, the Governor spoke of a recommendation to fund a \$13 million dollar program to provide laptop computers to students in public schools grades 9 through 12. That program, though not mentioned in the FY 2007 Budget Report, will be recommended as a special appropriation.

Career and Technical Education

The Governor recommends total funding of \$5,178,798 and 11.5 FTEs for the office of Career and Technical Education for FY 2007. This includes a recommended increase in appropriation from the State General Fund of \$14,860 and an increased appropriation of \$11,181 from federal funds. This program coordinates and approves secondary career and technical education programs throughout the state and distributes State Aid to Postsecondary Technical Institutes.

Item	Actual FY2005	Approved FY2006	Agency Req. FY2007	Gov. Rec. FY2007	Change from FY2006	% Change from FY2006
Personal Services	448,726	580,711	624,555	606,752	26,041	4.5%
Travel	55,407	63,297	64,642	63,297	0	0.0%
Contractual Services	1,163,752	443,100	383,547	443,100	0	0.0%
Supplies and Materials	57,317	94,918	94,918	94,918	0	0.0%
Grants and Subsidies	3,634,780	3,968,231	3,968,231	3,968,231	0	0.0%
Capital Outlay	6,271	2,500	2,500	2,500	0	0.0%
Other	0	0	0	0	0	n/a
TOTAL	5,366,253	5,152,757	5,138,393	5,178,798	26,041	0.5%
Funding Sources:						
General Funds	921,231	432,471	433,526	447,331	14,860	3.4%
Federal Funds	4,383,450	4,566,011	4,550,592	4,577,192	11,181	0.2%
Other Funds	61,571	154,275	154,275	154,275	0	0.0%
TOTAL	5,366,253	5,152,757	5,138,393	5,178,798	26,041	0.5%
FTE	9.7	11.5	12.5	11.5	0.0	0.0%

Selected Performance Indicators

	Actual FY2004	Actual FY2005	Estimated FY2006	Estimated FY2007
Secondary Schools and Postsecondary Institutions:				
School Districts with Programs	134	129	133	130
Approved Secondary Programs	341	340	349	350
Approved Postsecondary Programs	101	106	110	110
Business/Industry Training	9,318	9,500	9,520	9,500
Apprenticeship	460	0	0	0
School Visitations	164	150	168	168
Minority Participation (Secondary and Postsecondary):				
American Indian	2,727	2,750	2,211	2,200
Black	315	320	263	260
Oriental	225	200	209	200
Spanish Surname	324	350	317	320
Custer Youth Correctional Center	105	110	112	110

- The Department requests an additional FTE and \$43,844 from federal funds for an employee on staff to coordinate High Schools That Work and Making Middle Grades Work programs. The agency also requested a reduction of \$60,000 from federal funds for contractual services where this coordination is currently being done. The Governor does not recommend these changes.

Postsecondary Vocational Education

For State Aid to Postsecondary Vocational Education for FY 2007 the Governor recommends an appropriation of \$18,076,536 from the State General Fund, an increase of \$1,116,103 over FY 2006 or 6.6%. This appropriation is distributed to the four postsecondary technical institutes based upon enrollments and student completions of academic programs.

Item	Actual FY2005	Approved FY2006	Agency Req. FY2007	Gov. Rec. FY2007	Change from FY2006	% Change from FY2006
Contractual Services	824,000	0	824,000	824,000	824,000	100.0%
Grants and Subsidies	16,169,467	16,960,433	18,254,872	17,252,536	292,103	1.7%
TOTAL	16,993,467	16,960,433	19,078,872	18,076,536	1,116,103	6.6%
Funding Sources:						
General Funds	16,993,467	16,960,433	19,078,872	18,076,536	1,116,103	6.6%
Federal Funds	0	0	0	0	0	n/a
Other Funds	0	0	0	0	0	n/a
TOTAL	16,993,467	16,960,433	19,078,872	18,076,536	1,116,103	6.6%
FTE	0.0	0.0	0.0	0.0	0.0	n/a

- The Governor's recommended increase in appropriation of \$1,116,103 from the State General Fund is the result of applying 3.0% inflation to the per-student average and multiplying that by an expected larger number of students at the postsecondary technical institutes. For the current year, the per-student average is \$3,537.92 and there are 4,561 student-FTEs. The number of students for FY 2007 is expected to increase to 4,734 and 3% inflation on the per-student amount brings that to \$3,644.05. Multiplying the per-student amount by the number of student-FTEs yields the \$17.25 million shown for FY 2007 Grants and Subsidies.
- The Governor's recommendation also shifts \$824,000 from grants to contractual services to make bond payments for the postsecondary institutes' construction projects.

Education Resources

The Governor recommends for FY 2007 an overall increase of \$5,807,235 and reduction of 1.0 FTE for the Education Resources program. Of the dollar amount, the Governor recommends an increase of \$111,071 from the State General Fund, \$5,492,190 from federal funds, and \$203,974 from other funds. This brings the total funding and staffing for the program to \$146,883,727 and 63.0 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 FY2005	Approved FY2006	Agency Req. FY2007	Gov. Rec. FY2007	Change from FY2006	% Change from FY2006
Personal Services	2,683,037	3,250,267	3,291,013	3,394,556	144,289	4.4%
Travel	474,042	394,288	405,262	394,288	0	0.0%
Contractual Services	10,529,545	8,767,891	9,216,061	9,030,837	262,946	3.0%
Supplies and Materials	595,310	432,249	432,249	432,249	0	0.0%
Grants and Subsidies	116,237,660	128,179,797	133,579,797	133,579,797	5,400,000	4.2%
Capital Outlay	103,040	52,000	52,000	52,000	0	0.0%
Other	475	0	0	0	0	n/a
TOTAL	130,623,109	141,076,492	146,976,382	146,883,727	5,807,235	4.1%
Funding Sources:						
General Funds	6,543,073	3,674,182	4,072,608	3,785,253	111,071	3.0%
Federal Funds	123,961,431	136,833,436	142,283,611	142,325,626	5,492,190	4.0%
Other Funds	118,605	568,874	620,163	772,848	203,974	35.9%
TOTAL	130,623,109	141,076,492	146,976,382	146,883,727	5,807,235	4.1%
FTE	57.8	64.0	65.0	63.0	-1.0	-1.6%

Revenues

	<u>Actual FY2004</u>	<u>Actual FY2005</u>	<u>FY2006 Estm.</u>	<u>FY2007 Estm.</u>	<u>% Change Over FY2004</u>
Teacher Certificates	\$119,531	\$155,304	\$120,000	\$120,000	0.4%

Selected Performance Indicators

	ACTUAL FY 2004	ACTUAL FY 2005	ESTIMATED FY 2006	ESTIMATED FY 2007
Office of Curriculum, Technology Assessment				
Dakota Step, Grade 3				
Students Tested	9,900	9,953	9,800	9,900
Average %ile Rank	62	65	63	64
Dakota Step, Grade 4				
Students Tested	10,154	10,024	10,000	9,800
Average %ile Rank	65	65	66	67
Dakota Step, Grade 5				
Students Tested	10,397	10,284	10,000	10,000
Average %ile Rank	65	65	66	67
Dakota Step, Grade 6				
Students Tested	10,871	10,468	10,000	10,000
Average %ile Rank	62	64	63	64
Dakota Step, Grade 7				
Students Tested	10,728	10,817	10,500	10,000
Average %ile Rank	63	63	64	65
Dakota Step, Grade 8				
Students Tested	11,051	10,617	10,500	10,500
Average %ile Rank	64	69	65	66
Dakota Step, Grade 11				
Students Tested	9,738	9,325	10,000	9,800
Average %ile Rank	67	69	68	69
SAT 9 Writing Exam, Grade 5				
Students Tested	10,325	10,500	10,000	10,000
Percent Proficient	n/a	n/a	n/a	n/a
SAT 9 Writing Exam, Grade 9				
Students Tested	10,934	11,000	10,000	10,000
Percent Proficient	n/a	n/a	n/a	n/a
Semester Long, Video-Based Classes On DDN				
Students Participating in a DDN Class	1,930	2,561	2,661	2,761
Professional Development Offerings on DDN				
Educational "Events" on DDN	537	625	650	675
Teachers Trained in Ed Technology	1,147	451	450	475
	2,100	3,000	3,500	3,500
Office of Accreditation & Teacher Quality				
Certified Staff - Public				
Certificates in Effect	9,988	9,900	9,900	9,900
	25,000	26,000	26,000	26,000
Office of School Enhancement				
CANS Performance Indicators:				
Agencies	361	355	355	360
Number of Meals (millions)	24.5	24.5	24.5	25
Food Distribution				
Lbs of Food (Millions)	6.4	6.5	6.5	6.6
Value of Food (Millions)	\$5.9	\$6.0	\$6.0	\$6.1
Office of Education Services & Support				
Federal Programs:				
Title I, Part A				
Programs/Schools/Students Served	163/347/25,940	163/347/25,600	163/347/25,900	163/347/25,900
Homeless Programs	2/2/693	2/2/693	2/2/125	2/2/900
Migrant Program	19/19/885	19/19/900	19/19/900	13/13/800
Neglected/Delinquent Programs	20	20	20	24
Title V Grants	171	167	167	167
Even Start				
Programs	5	5	5	5
Families Served	227	230	230	230
Adults/Children	242/348	245/348	245/348	245/348
Children Enrolled in Special Ed:				
Ages 6-21/3-5/B-2	15,224/2,548/830	15,380/2,600/830	15,380/2,600/830	15,150/2,703/830
Total Children with Disabilities, 3-21	17,772	18,105	18,105	17,853

- The Department requests an increase of 1.0 FTE for a total of 65.0 for this program. The Governor recommends, however, a reduction of 1.0 FTE to make the total recommended FTEs 63.0. The FTE requested by the Department is for management of child nutrition programs. The FTE eliminated is the coordinator of the SDREADS program, which is ending.
- For FY 2007 the Governor recommends an increased appropriation of \$5,400,000 from federal funds as follows: \$3 million for Title programs and No Child Left Behind (NCLB) funding; \$1.8 million for Individuals with Disabilities Education Act funding; and \$600,000 for Child and Adult Nutrition Services (CANS) flow-through funding for distribution to eligible facilities. CANS personnel, among other duties, administer the federal aid to local districts and distribution of commodity foods, analyze and recommend diet plans, and inspect and audit school meal programs.
- Also requested and recommended is an increased appropriation of \$150,000 from the State General Fund to match \$650,000 from federal funds of Phase 2 of the CANS computerization project.
- The agency requests an increased appropriation from the State General Fund of \$150,000 for the teacher mentoring program created in SDCL 13-43-55.1. The Governor recommends this funding item.
- The Department requests, and the Governor recommends, an increase of \$50,000 from other funds for the Bureau of Information and Technology to continue developing and be able to upgrade and implement an on-line teacher certification system.

➤ **Education Service Agencies**

Education Service Agencies were created by the Legislature in 2004. For FY 2007, the Governor recommends an appropriation of \$500,000 from the State General Fund and \$1,372,849 from federal funds. Compared to FY 2006, the Governor's recommendation removes \$1,200,000 from the State General Fund amount. 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 FY2005	Approved FY2006	Agency Req. FY2007	Gov. Rec. FY2007	Change from FY2006	% Change from FY2006
Contractual Services	1,261,409	3,072,849	3,072,849	1,872,849	-1,200,000	-39.1%
Grants and Subsidies	0	0	0	0	0	n/a
TOTAL	1,261,409	3,072,849	3,072,849	1,872,849	-1,200,000	-39.1%
Funding Sources:						
General Funds	500,000	1,700,000	1,700,000	500,000	-1,200,000	-70.6%
Federal Funds	761,409	1,372,849	1,372,849	1,372,849	0	0.0%
Other Funds	0	0	0	0	0	n/a
TOTAL	1,261,409	3,072,849	3,072,849	1,872,849	-1,200,000	-39.1%
FTE	0.0	0.0	0.0	0.0	0.0	n/a

Selected Performance Indicators

	Actual FY2004	Actual FY2005	Estimated FY2006	Estimated FY2007
Professional Development Participants				
Single District Events	0	9,377	9,800	9,800
Regional Events	0	4,332	5,000	5,000
% Satisfaction with ESA	172	168	168	168
Support Services	0	75	82	80

- The Governor recommends reduction of \$1.2 million from the State General Fund for the end of the SDREADS program.
- The FTE associated with SDREADS is the 1.0 FTE reduction in Education Resources.

State Library

For FY 2007, the Governor recommends for the State Library funding of \$2,318,653 from the State General Fund, \$1,162,978 from federal funds, and \$186,083 from other funds. These amounts represent an increase over FY 2006's State General Fund amount of \$50,675, \$112,458 more from federal funds, and \$100,000 more from other funds. FTEs are status quo with FY 2006.

Item	Actual FY2005	Approved FY2006	Agency Req. FY2007	Gov. Rec. FY2007	Change from FY2006	% Change from FY2006
Personal Services	1,149,939	1,391,366	1,391,366	1,454,499	63,133	4.5%
Travel	50,773	72,481	73,653	72,481	0	0.0%
Contractual Services	1,157,076	1,248,943	1,281,179	1,248,943	0	0.0%
Supplies and Materials	164,948	145,683	151,683	145,683	0	0.0%
Grants and Subsidies	0	280,911	480,911	480,911	200,000	71.2%
Capital Outlay	226,494	240,197	342,697	240,197	0	0.0%
Other	0	25,000	25,000	25,000	0	0.0%
TOTAL	2,749,230	3,404,581	3,746,489	3,667,714	263,133	7.7%
Funding Sources:						
General Funds	2,074,199	2,267,978	2,408,198	2,318,653	50,675	2.2%
Federal Funds	667,922	1,050,520	1,152,208	1,162,978	112,458	10.7%
Other Funds	7,108	86,083	186,083	186,083	100,000	116.2%
TOTAL	2,749,230	3,404,581	3,746,489	3,667,714	263,133	7.7%
FTE	32.1	36.5	36.5	36.5	0.0	0.0%

Selected Performance Indicators

	ACTUAL FY2004	ACTUAL FY2005	ESTIMATED FY2006	ESTIMATED FY2007
SDLN Full Member/Associate Libraries	34/24	34/25	34/26	34/27
SDLN Remote Member Libraries	150	128	150	150
Group Training Opportunities Provided	118	43	90	150
On-Site Visits: Public, Institutional, Sch. Libs	72	34	100	200
Libraries' Administrative Questions Answered	1,236	621	1,500	2,000
Collection Development:				
Books Cataloged (Titles)	5,412	3,950	5,000	5,000
State / Fed. Documents Cataloged (Titles)	196/3,446	62/491	250/3,000	200/3,000
Total Books Owned	183,242	185,742	188,000	194,000
State / Federal Publications Owned	84,648/245,160	88,983/249,733	93,000/253,700	97,000/257,700
Items Loaned	98,848	79,366	100,000	100,000
Patrons Using Public Terminals	9,398	9,696	9,500	9,500
Electronic Views (InfoTrac State Library)	56,735	48,525	50,000	50,000
Electronic Views (ProQuest Statewide)	496,931	563,623	600,000	630,000
Electronic Views (E-Books Statewide)	18,138	21,496	25,000	28,000
State Library Web Page Users' Views	619,877	1,013,690	1,200,000	1,400,000
Interlibrary Network Borrows In-SD/Outside-SD	45,793/23,850	45,688/31,449	50,000/30,000	50,000/30,000
Braille and Talking Book Library:				
Users	5,267	5,139	5,345	5,560
Volunteer Hours	987	925	945	965
Talking Books Received and Processed from Library of Congress	18,688	18,948	19,325	19,715
Total Collection Volumes / Titles	171,552/41,642	179,528/44,578	183,118/45,470	186,780/46,380
Summer Reading Program Participants	72	63	66	69

- The Governor concurs in the Department's request for an increased appropriation of \$100,000 from federal funds so the State Library may award additional grants to local libraries.
- The Governor also concurs in the Department's request for an increased appropriation from other funds for expenditure of a \$100,000 grant from the Bill and Melinda Gates Foundation to increase the level of computer connectivity at the local level in libraries and to build capacity for sustaining the computers involved.

Other Departmental Issues

A. Interim Appropriation Actions

No interim appropriations actions were taken.