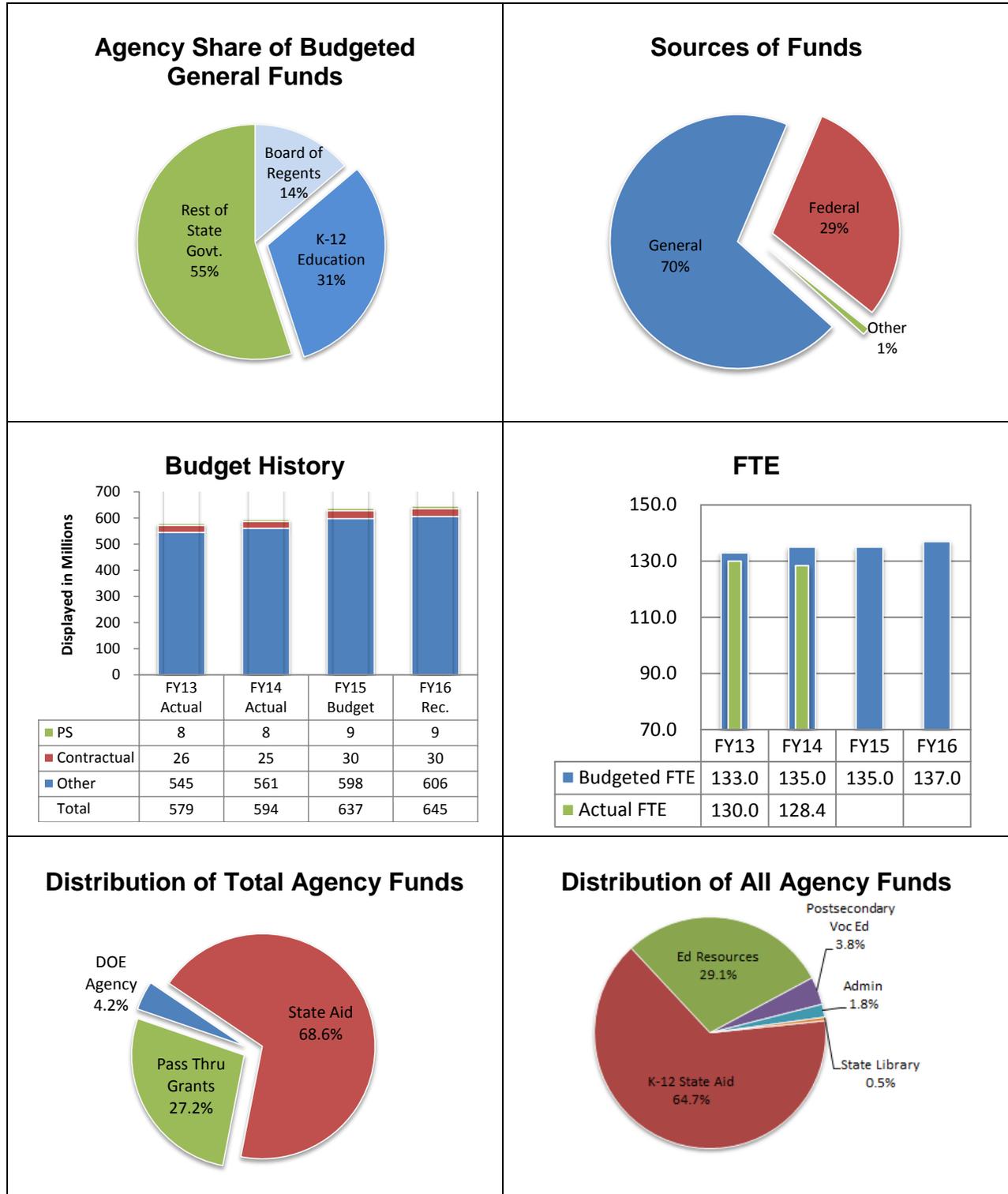


# FY16 Budget Briefing

# Department of Education

Information contained in this document is based on the Governor's original recommended FY16 budget.  
This document may not correspond with the final FY16 budget adopted by the Legislature.



## Presentation Agenda and Key Personnel

### Tuesday, January 20, 2015

8:00 – 10:15 - Department Overview/Aspirations/Goals –Dr. Melody Schopp, Department Secretary  
 10:30 – 12:00 – Agency Budget – Tamara Darnall, Director of Finance and Management

### Wednesday, January 21, 2015

8:00 – 8:30 – *Follow Up from Previous Day*  
 8:30 – 9:30 – Technology in Schools – Bureau of Information and Telecommunications  
     Jim Edman, Chief Security Officer  
     Pat Snow, Network Technologies Manager  
 9:45 – 12:00 – State Aid – Tamara Darnall

### Thursday, January 22, 2015

8:00 – 8:30 – *Follow Up from Previous Day*  
 8:30 – 9:00 – Postsecondary Technical Institute Funding Formula - Tamara Darnall  
 9:00 – noon – Postsecondary Technical Institutes – Greg Von Wald, Mitchell Technical Institute  
     Jeff Holcomb, Southeast Technical Institute (Sioux Falls)  
     Mark Wilson, Western Dakota Technical Institute (Rapid City)  
     Mike Cartney, Lake Area Technical Institute (Watertown)

## Department Total

	Actual FY13	Actual FY14	Budgeted FY15	Agency Request FY16	Gov Rec FY16	Gov Rec Inc/Dec for FY16	% Change From FY2015
<b>Personal Services</b>							
Employee Salaries	5,717,882	5,895,294	6,950,913	7,140,311	7,032,783	81,870	1.2%
Employee Benefits	1,798,953	1,999,651	2,232,697	2,296,084	2,261,502	28,805	1.3%
<b>FTE</b>	130.0	128.4	135.0	137.0	137.0	2.0	1.5%
<b>Funding Types</b>							
General	3,741,502	3,977,731	4,327,807	4,509,394	4,418,311	90,504	2.1%
Federal	3,668,100	3,844,391	4,588,617	4,659,815	4,608,788	20,171	0.4%
Other	107,233	72,823	267,186	267,186	267,186	0	0.0%
<b>Total PS</b>	7,516,835	7,894,945	9,183,610	9,436,395	9,294,285	110,675	1.2%
<b>Operating Expenses</b>							
Travel	464,833	459,921	833,993	887,138	837,721	3,728	0.4%
Contractual Services	26,100,192	24,991,214	29,979,723	31,043,480	30,252,995	273,272	0.9%
Supplies & Materials	345,321	260,037	352,468	358,843	356,218	3,750	1.1%
Grants and Subsidies	543,352,487	557,709,272	596,183,271	605,907,538	604,459,498	8,276,227	1.4%
Capital Outlay	1,053,777	1,968,408	135,454	147,844	145,719	10,265	7.6%
Other	13,616	814,364	0	0	0	0	0.0%
<b>Funding Types</b>							
General	399,267,880	417,399,751	434,368,308	447,011,570	445,228,959	10,860,651	2.5%
Federal	169,304,324	163,675,885	187,309,659	185,526,331	185,016,250	(2,293,409)	(1.2%)
Other	2,758,022	5,127,580	5,806,942	5,806,942	5,806,942	0	0.0%
<b>Total OE</b>	571,330,226	586,203,216	627,484,909	638,344,843	636,052,151	8,567,242	1.4%
<b>Totals</b>							
<b>Funding Types</b>							
General	403,009,382	421,377,482	438,696,115	451,520,964	449,647,270	10,951,155	2.5%
Federal	172,972,424	167,520,277	191,898,276	190,186,146	189,625,038	(2,273,238)	(1.2%)
Other	2,865,255	5,200,403	6,074,128	6,074,128	6,074,128	0	0.0%
<b>Total</b>	578,847,061	594,098,161	636,668,519	647,781,238	645,346,436	8,677,917	1.4%

## Department of Education Budget Changes

AGENCY/DIVISION/PROGRAM	GENERAL FUNDS		FEDERAL FUNDS		OTHER FUNDS		FTE		TOTAL FUNDS	
	INC/DEC	GOV REC	INC/DEC	GOV REC	INC/DEC	GOV REC	INC/DEC	GOV REC	INC/DEC	GOV REC
<b>12 - EDUCATION</b>	<b>10,951,155</b>	<b>449,647,270</b>	<b>(2,273,238)</b>	<b>189,625,038</b>	<b>-</b>	<b>6,074,128</b>	<b>2.0</b>	<b>137.0</b>	<b>8,677,917</b>	<b>645,346,436</b>
<b>1201 - General Administration</b>	<b>114,637</b>	<b>2,575,709</b>	<b>(224,881)</b>	<b>8,900,494</b>	<b>-</b>	<b>209,052</b>	<b>1.0</b>	<b>40.0</b>	<b>(110,244)</b>	<b>11,685,255</b>
120111 - Administration	-	978,366	-	70,737	-	145,780	-	8.0	-	1,194,883
120112 - State Board of Education	-	47,257	-	-	-	-	-	-	-	47,257
120114 - Professional Practices	-	-	-	-	-	34,598	-	-	-	34,598
120119 - Indian Education	-	187,216	-	4,983,736	-	-	-	2.0	-	5,170,952
120121 - General Administration	-	346,043	-	129,826	-	8,034	-	4.0	-	483,903
120122 - Data Management	114,637	261,411	(224,881)	2,127,342	-	15,000	1.0	9.0	(110,244)	2,403,753
120123 - Grants Management	-	43,455	-	1,045,224	-	1,500	-	7.0	-	1,090,179
120124 - Consolidated Accounting	-	560,844	-	513,834	-	4,140	-	8.0	-	1,078,818
120125 - State Aid/School Finance Admin	-	151,117	-	29,795	-	-	-	2.0	-	180,912
<b>1210 - Workforce Education Fund - Info</b>						<b>2,100,000</b>				<b>2,100,000</b>
12101 - Limited English Proficiency Funding						2,100,000				2,100,000
<b>1211 - State Aid to General Education</b>	<b>6,356,853</b>	<b>347,719,770</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>			<b>6,356,853</b>	<b>347,719,770</b>
1211 - State Aid to General Education	6,356,853	347,719,770	-	-	-	-			6,356,853	347,719,770
<b>1212 - State Aid to Special Education</b>	<b>2,666,902</b>	<b>54,883,378</b>							<b>2,666,902</b>	<b>54,883,378</b>
1212 - State Aid to Special Education	2,666,902	54,883,378							2,666,902	54,883,378
<b>1213 - Sparsity Payments</b>	<b>36,979</b>	<b>1,900,032</b>							<b>36,979</b>	<b>1,900,032</b>
1213 - Sparsity Payments	36,979	1,900,032							36,979	1,900,032
<b>1219 - Technology in Schools</b>	<b>1,752,472</b>	<b>9,312,086</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,804,346</b>	<b>-</b>	<b>-</b>	<b>1,752,472</b>	<b>11,116,432</b>
121951 - Connecting	53,518	5,474,807	-	-	-	1,804,346	-	-	53,518	7,279,153
121952 - Information Systems	235,954	2,374,279	-	-	-	-	-	-	235,954	2,374,279
121953 - Information Systems	1,463,000	1,463,000	-	-	-	-	-	-	1,463,000	1,463,000
<b>1222 - Postsecondary Vocational Education</b>	<b>683,812</b>	<b>24,033,398</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100,000</b>			<b>683,812</b>	<b>24,133,398</b>
1222 - Postsecondary Vocational Education	683,812	24,033,398	-	-	-	100,000			683,812	24,133,398
<b>1224 - Postsecondary Voc Ed Tuition Assistance</b>	<b>-</b>	<b>915,920</b>							<b>-</b>	<b>915,920</b>
1224 - Postsecondary Voc Ed Tuition Assistance	-	915,920							-	915,920
<b>1232 - Ed Resources</b>	<b>(660,500)</b>	<b>6,468,213</b>	<b>(2,048,357)</b>	<b>179,508,611</b>	<b>-</b>	<b>1,674,647</b>	<b>1.0</b>	<b>69.5</b>	<b>(2,708,857)</b>	<b>187,651,471</b>
123251 - Administration	802,500	2,109,577	-	4,739,561	-	902,452	-	14.0	802,500	7,751,590
123261 - Administration	-	163,699	-	16,319	-	-	-	2.0	-	180,018
123262 - Certification	-	587,919	-	11,082,725	-	588,489	-	6.0	-	12,259,133
123263 - Assessment and Accountability	(1,463,000)	2,847	-	3,924,225	-	-	-	3.0	(1,463,000)	3,927,072
123264 - Accountability	-	246,788	-	466,168	-	16,168	-	3.0	-	729,124
123281 - General Administration	-	300	-	205,923	-	-	-	3.5	-	206,223
123282 - Title Programs	-	3,761	(2,378,282)	58,051,029	-	-	-	9.0	(2,378,282)	58,054,790
123283 - Special Education Programs	-	1,653	71,094	37,179,481	-	-	1.0	9.0	71,094	37,181,134
123284 - School Health	-	-	-	89,672	-	-	-	1.0	-	89,672
123285 - Child and Adult Nutrition	-	958,170	-	60,083,158	-	7,038	-	9.0	-	61,048,366
123286 - Birth to Three Connections	-	1,496,998	258,831	2,506,369	-	-	-	4.0	258,831	4,003,367
123287 - Head Start	-	30,912	-	145,339	-	-	-	1.0	-	176,251
123291 - General Administration	-	865,589	-	1,018,642	-	160,500	-	5.0	-	2,044,731
<b>1243 - State Library</b>	<b>-</b>	<b>1,838,764</b>	<b>-</b>	<b>1,215,933</b>	<b>-</b>	<b>186,083</b>	<b>-</b>	<b>27.5</b>	<b>-</b>	<b>3,240,780</b>
124361 - Administration	-	481,343	-	-	-	20,000	-	4.0	-	501,343
124362 - Development Services	-	626,715	-	702,080	-	158,183	-	7.0	-	1,486,978
124363 - Access Services	-	730,706	-	513,853	-	7,900	-	16.5	-	1,252,459

Numbers in the green boxes are equal to the  
 General Fund Budget for FY16 Recommended  
 State Aid to General Education

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**\$8,146,304 GF Increase – \$358,931,888 GF Total**

Budget Units and numbers within the red box contain the  
 three State Aid Formula Programs

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State Aid to General Education  
 State Aid to Special Education  
 Postsecondary Education

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**\$11,497,018 GF Increase - \$438,764,584 GF Total**

## Department Object Detail

Item	Actual Expenditures ←			→ Budgeted Expenditures		Inc/Dec Over	% Change Over	FY09-14 Actual Trend
	Actual FY2012	Actual FY 2013	Actual FY 2014	Budgeted FY2015	Governor Rec FY2016			
<b>PERSONAL SERVICES</b>								
General	3,633,440	3,741,502	3,977,731	4,327,807	4,418,311	90,504	2.1%	
Federal	3,652,969	3,668,100	3,844,391	4,588,617	4,608,788	20,171	0.4%	
Other Funds	115,328	107,233	72,823	267,186	267,186	0	0.0%	
<b>Total Personal Services</b>	<b>7,401,737</b>	<b>7,516,835</b>	<b>7,894,945</b>	<b>9,183,610</b>	<b>9,294,285</b>	<b>110,675</b>	<b>1.2%</b>	
FTE	132.1	130.0	128.4	135.0	137.0	2.0	1.5%	
<b>TRAVEL</b>								
General	152,234	162,982	161,799	239,375	247,395	8,020	3.4%	
Federal	301,774	295,031	287,730	577,674	573,382	(4,292)	(0.7%)	
Other Funds	4,662	6,819	10,392	16,944	16,944	0	0.0%	
<b>Total Travel</b>	<b>458,670</b>	<b>464,832</b>	<b>459,921</b>	<b>833,993</b>	<b>837,721</b>	<b>3,728</b>	<b>0.4%</b>	
<b>CONTRACTUAL SERVICES</b>								
General	11,452,361	11,503,522	13,096,894	14,489,472	14,970,160	480,688	3.3%	
Federal	9,882,482	12,345,063	10,642,510	12,880,262	12,672,846	(207,416)	(1.6%)	
Other Funds	1,885,498	2,251,607	1,251,810	2,609,989	2,609,989	0	0.0%	
<b>Total Contractual Services</b>	<b>23,220,341</b>	<b>26,100,192</b>	<b>24,991,214</b>	<b>29,979,723</b>	<b>30,252,995</b>	<b>273,272</b>	<b>0.9%</b>	
<b>SUPPLIES AND MATERIALS</b>								
General	93,045	82,104	65,068	96,631	98,881	2,250	2.3%	
Federal	242,193	250,635	192,631	232,257	233,757	1,500	0.6%	
Other Funds	15,054	12,581	2,338	23,580	23,580	0	0.0%	
<b>Total Supplies and Materials</b>	<b>350,292</b>	<b>345,320</b>	<b>260,037</b>	<b>352,468</b>	<b>356,218</b>	<b>3,750</b>	<b>1.1%</b>	
<b>GRANTS AND SUBSIDIES</b>								
General	350,743,428	386,811,884	402,408,432	419,464,070	429,824,748	10,360,678	2.5%	
Federal	155,115,391	156,095,957	152,480,316	173,563,272	171,478,821	(2,084,451)	(1.2%)	
Other Funds	141,174	444,646	2,820,524	3,155,929	3,155,929	0	0.0%	
<b>Total Grants and Subsidies</b>	<b>505,999,993</b>	<b>543,352,487</b>	<b>557,709,272</b>	<b>596,183,271</b>	<b>604,459,498</b>	<b>8,276,227</b>	<b>1.4%</b>	
<b>CAPITAL OUTLAY</b>								
General	134,436	693,772	1,642,360	78,760	87,775	9,015	11.4%	
Federal	258,463	317,637	72,699	56,194	57,444	1,250	2.2%	
Other Funds	569,022	42,368	253,349	500	500	0	0.0%	
<b>Total Capital Outlay</b>	<b>961,921</b>	<b>1,053,777</b>	<b>1,968,408</b>	<b>135,454</b>	<b>145,719</b>	<b>10,265</b>	<b>7.6%</b>	
<b>OTHER</b>								
General	11,315	13,616	25,197	0	0	0	0.0%	
Federal	0	0	0	0	0	0	0.0%	
Other Funds	0	0	789,167	0	0	0	0.0%	
<b>Total Other</b>	<b>11,315</b>	<b>13,616</b>	<b>814,364</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	
<b>TOTAL</b>								
<b>General</b>	<b>366,220,259</b>	<b>403,009,382</b>	<b>421,377,481</b>	<b>438,696,115</b>	<b>449,647,270</b>	<b>10,951,155</b>	<b>2.5%</b>	
<b>Federal</b>	<b>169,453,272</b>	<b>172,972,423</b>	<b>167,520,277</b>	<b>191,898,276</b>	<b>189,625,038</b>	<b>(2,273,238)</b>	<b>(1.2%)</b>	
<b>Other Funds</b>	<b>2,730,738</b>	<b>2,865,254</b>	<b>5,200,403</b>	<b>6,074,128</b>	<b>6,074,128</b>	<b>0</b>	<b>0.0%</b>	
<b>Total All Funds</b>	<b>538,404,269</b>	<b>578,847,059</b>	<b>594,098,161</b>	<b>636,668,519</b>	<b>645,346,436</b>	<b>8,677,917</b>	<b>1.4%</b>	

## Major Expansions and Reductions

Budget Item	Governor's Recommendation				FTE
	General Funds	Federal Funds	Other Funds	Total Funds	
State Aid to Education Formula					
A. General State Aid	6,356,853			6,356,853	
B. State Aid to Special Education	2,666,902			2,666,902	
C. State Aid - Technology	1,752,472			1,752,472	
D. State Aid - Sparsity	36,979			36,979	
Total Change to State Aid	10,813,206	0	0	10,813,206	0.0
E. Post Secondary Bond Payment	186,368			186,368	
Post Secondary Increase	497,444			497,444	
Total Change to Post Secondary	683,812	0	0	683,812	
F. Dual Credit Increase	802,500			802,500	
G. Move Assessments to Technology	(1,463,000)			(1,463,000)	
H. SD STARS Grant New FTE	65,072			65,072	1.0
I. Longitudinal Grant FF to SD STARS GF	49,565	(224,881)		(175,316)	
J. Data Manager for Federal Spec. Ed.		71,094		71,094	1.0
K. Birth-to-Three 2% and other adj.		258,831		258,831	
L. Reduction Federal Stimulus Auth.		(2,378,282)		(2,378,282)	
Total Change to Remaining Dept.	(545,863)	(2,273,238)	0	(2,819,101)	2.0
<b>Total Change to Department</b>	<b>10,951,155</b>	<b>(2,273,238)</b>	<b>0</b>	<b>8,677,917</b>	<b>2.0</b>

**A. State Aid to General Education - \$6,356,853** (Page 14)

**B. State Aid to Special Education - \$2,666,902** (Page 17)

**C. State Aid – Technology** – The Governor is recommending an increase of \$1,752,472 for inflationary increases at the **K-12 Data Center** at Dakota State University in Madison (\$53,518), ongoing support for the **SD STARS System** and **Career Cruising** for the ACT Prep Module (\$235,954), and a transfer in of the **statewide assessment costs** from the *Educational Services and Resources* budget to the *Technology in Schools* budget (\$1,463,000). The Governor recommends adding this item to the Total Local Need in the State Aid to Education formula calculation. (Page 22)

**D. Sparsity** – The Governor is proposing a **2% increase** (\$36,979) to account for the PSA adjustment used when calculating the payments to sparse schools. Twenty eight districts are estimated to receive the payment. The Governor recommends adding this item to the Total Local Need in the State Aid to Education formula calculation. (Page 19)

**E. Postsecondary Technical Institutes** – The net change to the Postsecondary budget is \$683,812 in general funds. The amount is based on an estimated **decrease in student FTE** of 105 (6,255 estimated in FY15 and 6,150 estimated in FY15). The Governor proposes a **2% increase in the per student allocation** to bring the total to \$3,395.71 per student. The Governor is also recommending funding for bond payments for the four Technical Institutes. (Page 23)

**F. Dual Credit Courses** – The Governor is recommending \$802,500 in general funds to expand the offering of Dual Credit Courses. Students can take college-level courses in high school and receive credit in the K-12 system as well as the postsecondary system. The FY15 budget for this program was \$300,000 to offer an estimated 2,857 credits. The actual is expected to greatly exceed the budget with almost 10,000 credits.(Page 31)

- G. Relocate the budget for **Student Assessments** from the Education Resources budget to the Technology. The amount is also being **added to the state aid formula**. (\$1,463,000 – general fund decrease) (See Item C.)
- H. **New Longitudinal Data Support FTE** – 1.0 FTE and \$65,072 in general funds is recommended to provide ongoing support for the SD DOE SD STARS (Longitudinal Data System). (Page 12)
- I. **Funding swap from federal funds to general funds** – the Governor is recommending a reduction in federal funds and an increase in general funds (\$49,565) for existing personnel funded with the federal longitudinal data system grant. The federal program is ending. The Department did alert the committee in the FY11 budget hearing that the Department would be seeking general funds when the grant terminated. (Page 12)
- J. **Special Education Federal Data Manager – 1.0 FTE** and \$71,094 in federal fund spending authority. This position would serve as a liaison between the Special Education Office and the Data Management Office to ensure accuracy of data collecting and reporting federal funds. (Page 31)
- K. Birth-to-Three – The Governor is recommending a **2% increase for the Birth-to-Three** direct service providers. (\$293,831 federal funds), and is also recommending a decrease of \$35,000 (federal funds) in BIT development services to **zero-base** the Birth-to-Three budget. Total change to Birth-to-Three is \$258,831. (Page 31)
- L. **Final decrease for ARRA Federal Stimulus Authority** – (\$2,378,282) (Page 31)

**Additional Funding Sources Available to School Districts**

School districts receive **state general funds** and **local property taxes** as prescribed in the State Aid Formula, but they also receive **other funds** for educational use:

<b>Local Revenues</b> tracked by the department include Local Revenue in Lieu of Taxes, Tuition from other districts – in- and out-of-state, preschool tuition, gross receipt taxes, Medicaid administration fee, student activity fee, admissions fees, and many others. A total of 34 separate funding sources make up this category.	\$58.7M
<b>County Revenues</b> include county apportionment, proceeds from the lease of county owned land, county revenue in lieu of taxes, revenue for joint facilities, and other county revenues.	\$10.8M
<b>State Revenues</b> include state apportionment, wind farm taxes, bank franchise taxes, training and support to teachers and school leaders funding, associate instructors, and six additional categories.	\$23.4M
<b>Federal Revenues</b> include various federal grants, special education funding, and numerous other federal sources.	\$70.0M
<b>Total Other Revenues – FY14</b>	<b>\$162.9</b>

*View the entire spreadsheet at <http://doe.sd.gov/secretary/documents/FY14OthRv.xlsx>*

**Governor's Recommended Employee Compensation and Billings Pool (page 01-23 of the Governor's FY16 budget book)**

For FY16, the Governor recommended the 1) state employee compensation plan, 2) bureau billings, and 3) captive insurance be placed in a pool in BFM to be distributed to each agency. *Therefore, individual agency personal services and contractual services budgets do not reflect budget increases for the compensation plan, bureau billings, or captive insurance.*

- Below are the estimated distributions for employee compensation for FY16. BFM will distribute dollars from the Pool after employees are placed in the new General Pay Structure and career band pay-for-performance scores and percentages are calculated. The distributed amount to the agency will be in addition to the agency's appropriated personal services budget.

<b>Est. FY16 Expenditures</b>	<b>General Funds</b>	<b>Federal Funds</b>	<b>Other Funds</b>	<b>Total Funds</b>
Market Adjustments	77,315	80,258	4,602	162,175
Movement Toward Market Value	92,965	89,173	3,009	185,147
<i>Total Comp Pkg</i>	170,280	169,431	7,611	347,322

- ✓ Recommended FY16 – 2% market adjustment for all permanent employees (except Career Bands); 0%-6.6% market adjustments for Career Bands; 2.5% movement toward market value for General Pay Structure and PACE; 0% to 4.5% pay for performance for Career Bands; 0% health insurance.
  - ✓ FY15 – 3% across-the-board/market adjustment for all permanent employees (including Career Bands); 3% adjustment toward job worth for PACE; 0%-4.5% pay for performance for Career Bands; targeted compensation adjustments for a small number of hard-to-fill, below market vocational jobs; 18.6% health insurance.
  - ✓ FY14 – 3% across-the-board for all permanent employees (except Career Bands); 3.5% to 4% market adjustment for Career Bands; 3.5% adjustment toward job worth for PACE; 0%-4.5% pay for performance for Career Bands; 14.7% health insurance.
  - ✓ FY13 – 3% across-the-board for all permanent employees (including Career Bands); 2.5% adjustment toward job worth for PACE; 0%-7% adjustment toward market value for Career Bands; 3.3% health insurance.
- Below are the estimated distributions for bureau billings for FY16. The amount distributed to the agency will be in addition to the agency's appropriated contractual services budget.

<b>Est. FY16 Expenditures</b>	<b>General Funds</b>	<b>Federal Funds</b>	<b>Other Funds</b>	<b>Total Funds</b>
Bureau Billings for Expansion	79,416	30,390	20,361	130,167
Bureau Billings for Comp Pkg	19,985	8,934	4,928	33,847
<i>Total</i>	99,401	39,324	25,289	164,014

- The estimated distribution for Captive Insurance is not available at this time.

## Interagency Billings

Below are the sources of funds the Department of Education used to pay for services provided by central governmental bureaus in FY2014.

FY14 Actual Expenditures	General Funds	Federal Funds	Other Funds	Total Funds
Bureau of Administration	536,376	318,245	7,892	862,513
Bureau of Finance and Management	37,573	56,360	-	93,933
Bureau of Human Resources	26,253	46,045	-	72,298
Bureau of Information and Telecommunications	722,224	287,896	231,086	1,241,207
<i>Total Bureau Billings</i>	1,322,427	708,546	238,979	2,269,951

## Federal Funds Project

The 2015 Joint Committee on Appropriations Budget Call Letter to agencies requested information on the amount of federal funds the agency expects in FY2016 and a contingency plan if the expected funds were to decrease. In FY13 (the most recent audited material), the Department of Education received 45 federal grants and expended \$167,520,277 in federal funds.

### STATE OF SOUTH DAKOTA

#### Schedule of Expenditures of Federal Awards by Federal Department Fiscal Year Ended June 30, 2013

Federal Agency	Program	FY13 Expenditures/ Disbursements/ Issuances	Mandatory (M) / Discretionary (D)	Match Rate State Share% /Fed Share %	Funding Available in FY16? If "No/Unknown", provide your contingency plan. If "Yes", provide dollar amount	Differen
Food and Nutrition Service	National School Lunch Program (Note 3A)	28,726,710	M	A set amount based on Per Capita Income	Yes - 35,632,691	6,905,981
Food and Nutrition Service	Child and Adult Care Food Program	9,417,066	M		Yes - 9,427,979	10,913
Food and Nutrition Service	School Breakfast Program	6,612,754	M		Yes - 9,000,000	2,387,246
Food and Nutrition Service	Fresh Fruit and Vegetable Program	1,625,540	M		Yes - 1,732,520	106,980
Food and Nutrition Service	Summer Food Service Program for Children	1,224,625	M		Yes - 2,409,401	1,184,776
Office of Library Services	Grants to States	1,091,691	D	34% Match & MOE	Yes - 1,197,782	106,091
Food and Nutrition Service	State Administrative Expenses for Child Nutrition	1,003,866	M	MOE	Yes - 1,000,963	(2,903)
Institute of Education Sciences	Statewide Data System	444,408	D		Unknown	(444,408)
Food and Nutrition Service	Commodity Supplemental Food Program	212,108	D		Yes - 304,735	92,627
Food and Nutrition Service	Team Nutrition Grants	130,862	D		Yes - 120,000	(10,862)
Food and Nutrition Service	Special Milk Program for Children	39,769	M		Yes - 33,750	(6,019)
Office of Elementary and Secondary Education	Title I Grants to Local Educational Agencies	48,291,255	D		Yes - 47,642,794	(648,461)
Office of Special Education and Rehabilitative Services	Special Education - Grants to States	31,582,231	D	X	Yes - 35,563,725	3,981,494
Office of Educational Research and Improvement	Twenty-First Century Community Learning Centers	6,148,866	D		Yes - 6,403,497	254,631
Office of Vocational and Adult Education	Career and Technical Education -- Basic Grants to States	3,974,678	D	MOE	Yes - 4,750,962	776,284
Office of Elementary and Secondary Education	Grants for State Assessments and Related Activities	3,129,091	D		Yes - 4,677,331	1,548,240
Office of Elementary and Secondary Education	ARRA - School Improvement Grant	2,913,039	D		No - Grants to Schools - will not fund them in the future	(2,913,039)
Office of Elementary and Secondary Education	Teacher Incentive Fund	2,797,969	D		No - Program ended	(2,797,969)
Office of Postsecondary Education	Gaining Early Awareness and Readiness for Undergraduate Programs	2,636,994	D	Match	Yes - 3,507,075	870,081
Office of Special Education and Rehabilitative Services	Special Education - Grants for Infants and Families With Disabilities	2,167,982	D	MOE	Yes - 2,647,117	479,135
Office of Elementary and Secondary Education	School Improvement Grants	1,752,497	D		Yes - 1,736,959	(15,538)

STATE OF SOUTH DAKOTA  
 Schedule of Expenditures of Federal Awards by Federal Department  
 Fiscal Year Ended June 30, 2013

Federal Agency	Program	FY13 Expenditures/ Disbursements/ Issuances	Mandatory (M) / Discretionary (D)	Match Rate State Share% / Fed Share %	Funding Available in FY16? If "No/Unknown", provide your contingency plan. If "Yes", provide dollar amount	Difference
Bureau of Land Management	Distribution of Receipts to State and Local Governments - Mineral Leasing and Taylor Grazing	1,688,609	D	A set amount	Yes - 1,300,000	(388,609)
Office of Special Education and Rehabilitative Services	Special Education - Preschool Grants	1,463,848	D		Yes - 1,923,585	459,737
Office of Elementary and Secondary Education	Migrant Education - State Grant Program	1,050,691	D		Yes - 943,702	(106,989)
Office of Elementary and Secondary Education	Mathematics and Science Partnerships	720,766	D		Yes - 760,238	39,472
Food and Nutrition Service	Emergency Food Assistance Program (Administrative Costs) (Note 3A)	636,879	D	50% - Admin Only	Yes - 592,338	(44,541)
Office of Elementary and Secondary Education	English Language Acquisition Grants	584,612	D		Yes - 699,134	114,522
Centers for Disease Control and Prevention	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	436,009	D		No - Not available since FY2014.	(436,009)
Office of Elementary and Secondary Education	Education for Homeless Children and Youth	202,040	D		Yes - 199,311	(2,729)
Food and Nutrition Service	State Administrative Expenses for Child Nutrition - Child Nutrition Meal Pattern TA	182,108	M		No	(182,108)
Office of Elementary and Secondary Education	Migrant Education - Coordination Program	167,952	D		Yes - 122,738	(45,214)
Office of Elementary and Secondary Education	Title I Program for Neglected and Delinquent Children	141,682	D		Yes - 112,668	(29,014)
Office of Elementary and Secondary Education	Education Technology State Grants	105,415	D		No - Not available since 2013 dropped program	(105,415)
University of Minnesota - flow through	Special Education - Technical Assistance on State Data Collection	104,331	D		No - Additional Funding for an extra project	(104,331)
Office of Educational Research and Improvement	National Assessment of Educational Progress (NAEP)	101,817	D		Yes - 84,104	(17,713)
Office of Elementary and Secondary Education	Rural Education	98,402	D		Yes - 100,000	1,598
National Center for Educational Statistics	Grants and Contract Services	71,915	D		Yes - 10,806	(61,109)
Office of Vocational and Adult Education	Tech-Prep Education	71,211	D		No - Grants to Schools - will not fund them in the future	(71,211)
Office of Superintendent Public Instruction	ARRA - Race to the Top	56,232	D		No - Utilized as one time project money	(56,232)
Food and Nutrition Service	Fresh Fruit and Vegetable Program - Administrative Review and Training Method II	41,977	M		No - Discretionary Funding for a one time project	(41,977)
Office of Elementary and Secondary Education	Advanced Placement Test Fee Program	13,416	D		Yes - 15,000	1,584
Office of Elementary and Secondary Education	Even Start - State Educational Agencies	36	D		No - Not Funded	(36)
Office of Elementary and Secondary Education	Improving Teacher Quality State Grants	12,169,675	D		Yes - 11,129,572	(1,040,103)
Office of Postsecondary Education	College Access Challenge Grant Program	1,398,329	M	match	Yes - 1,515,231	116,902
Administration for Children and Families	Head Start	2,166,671	D	20% DOE	Yes - 149,515	(2,017,156)
		179,598,624			187,447,223	7,848,599

**Note:** The FY13 total displayed above will differ from the actual federal funds expended as displayed in the budget materials because some of the grants are expended from multiple agencies.

Department of Education	Number of Programs	FY16 Estm
FY16 Mandatory Federal Programs	8	\$60,752,535
FY16 Discretionary Programs	27	126,694,688
		\$187,447,223

Grants Ending or Decreasing	Discretionary	Mandatory
FY13 Grant Amounts	(\$11,356,688)	(\$233,007)

**Mandatory Grant**

A grant awarded under a program where the authorizing statute requires an award be given to each eligible entity under the conditions and in the amount (or based on the formula) specified in the statute.

**Discretionary Grant**

A grant for which the federal awarding agency may select the recipient and the amount of funding to be awarded.

## GOAC Performance Measurement Project

The Department of Education is one of four agencies working with the Government Operations and Audit Committee to provide relevant and useful performance measurement data to appropriators, policy committee members and the public. The table below displays data from the Governor's budget in a "Stop Light" format discussed by GOAC in the 2014 interim.

Due to the change from the previous state testing systems to the SMARTER Balanced assessments, all indicator lights for measurements affected by changes in testing methods have been removed until sufficient data is collected and reliable trends are established.

### Department of Education

	Performance Measures				HISTORICAL DATA				
	Trend	Status	FY14		FY12	FY13	FY14	FY15 estm.	FY16 estm.
			Actual	Target					
<b>Goal 1. All students enter 4th grade proficient or advanced in reading.</b>									
i. State Testing, Grade 3 Proficiency Rates			na	100%	77.0%	78.0%	na	38.0%	38.0%
ii. National Assessment of Educational Progress, Grade 4 Proficiency			32%	100%		32.0%	32.0%	33.0%	33.0%
iii. Summer Reading Program Libraries			100	tbd	85	90	100	105	106
iv. Summer Reading Program Participants			65,524	tbd	39,796	64,070	65,524	66,000	67,000
<b>Goal 2. All students enter 9th grade proficient or advanced in math.</b>									
i. State Testing, Grade 8 Proficiency Rates			na	100%	77.0%	73.6%	na	36.0%	36.0%
ii. National Assessment of Educational Progress, Grade 8 Proficiency			38%	100%	na	38%	38%	39%	39%
iii. End-of-course Algebra Exam - Students			2,224	tbd		2,151	2,224	2,300	2,350
iv. End-of-course Algebra Exam - Pass rate			79%	100%		80.6%	78.8%	75.0%	76.0%
<b>Goal 3. Increase the academic success of Native American Students.</b>									
i. State Assessment, All grades, Native American Proficiency Rates in Reading			na	100%	48.0%	46.0%	na	na	na
ii. State Assessment, All grades, Native American Proficiency Rates in Math			0%	100%	46.0%	41.0%			
iii. Graduation Rate for Native American			47%	100%	46.7%	49.1%	47.0%	47.2%	47.2%
iv. Completer Rate for Native American			64%	100%	na	63.8%	63.9%	64.0%	64.0%
v. NAEP Reading, % proficient, grade 4			9%	100%		9.0%	9.0%	10.0%	10.0%
vi. NAPE Math, % proficient, grade 8			11%	100%		11.0%	11.0%	12.0%	12.0%
<b>Goal 4. Students graduate high school ready for postsecondary or the workforce.</b>									
i. Statewide Graduation Rate			83%	100%	83.3%	82.3%	82.7%	85.0%	85.0%
ii. Statewide Completer Rate			90%	100%	88.2%	89.7%	90.0%	90.2%	90.5%
iii. ACT Composite			21.9	tbd	21.9	22.0	21.9	22.0	22.0
iv. Accuplacer - number of assessments			85	tbd		31	85	150	175
v. Accuplacer - Pass rate			59%	tbd			58.8%	65.0%	70.0%

#### Stop Light Indicator Legend

- Measure had positive trend line and target is achieved
- Measure had positive trend line, but target has not been achieved.
- Measure had negative trend line, even though target has been achieved.
- Measure had negative trend line, and target has not been achieved.

## GENERAL ADMINISTRATION

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 program.

The mission of this division is to provide leadership, direction, and coordination in setting and implementing departmental policies; to prepare and present the department's budget; to administer all federal grant dollars; to distribute state aid to local schools; to coordinate data collection and analysis; to provide accounting services for the entire department.

	Actual FY13	Actual FY14	Budgeted FY15	Agency Request FY16	Gov Rec FY16	Gov Rec Inc/Dec for FY16	% Change From FY2015
<b>Personal Services</b>							
Employee Salaries	1,809,196	1,915,738	2,182,047	2,277,058	2,222,982	40,935	1.9%
Employee Benefits	532,567	615,182	670,903	701,562	685,306	14,403	2.1%
<b>FTE</b>	37.5	38.5	39.0	39.0	40.0	1.0	2.6%
<b>Funding Types</b>							
General	1,372,087	1,431,473	1,448,265	1,573,935	1,538,769	90,504	6.2%
Federal	949,849	1,079,396	1,331,498	1,331,498	1,296,332	(35,166)	(2.6%)
Other	19,826	20,051	73,187	73,187	73,187	0	0.0%
<b>Total PS</b>	2,341,763	2,530,920	2,852,950	2,978,620	2,908,288	55,338	1.9%
<b>Operating Expenses</b>							
Travel	73,577	69,608	199,424	222,844	192,044	(7,380)	(3.7%)
Contractual Services	1,761,780	1,559,221	3,125,305	3,292,703	2,955,838	(169,467)	(5.4%)
Supplies & Materials	91,224	73,535	98,537	101,537	100,787	2,250	2.3%
Grants and Subsidies	3,271,948	701,026	5,474,700	5,474,700	5,474,700	0	0.0%
Capital Outlay	106,207	45,195	44,583	53,598	53,598	9,015	20.2%
Other	20	0	0	0	0	0	0.0%
<b>Funding Types</b>							
General	813,073	689,465	1,012,807	1,215,640	1,036,940	24,133	2.4%
Federal	4,344,879	1,627,915	7,793,877	7,793,877	7,604,162	(189,715)	(2.4%)
Other	146,804	131,204	135,865	135,865	135,865	0	0.0%
<b>Total OE</b>	5,304,756	2,448,584	8,942,549	9,145,382	8,776,967	(165,582)	(1.9%)
<b>Totals</b>							
<b>Funding Types</b>							
General	2,185,160	2,120,938	2,461,072	2,789,575	2,575,709	114,637	4.7%
Federal	5,294,728	2,707,311	9,125,375	9,125,375	8,900,494	(224,881)	(2.5%)
Other	166,630	151,255	209,052	209,052	209,052	0	0.0%
<b>Total</b>	7,646,518	4,979,504	11,795,499	12,124,002	11,685,255	(110,244)	(0.9%)

## Budget Notes

1. The **federal funds** for the longitudinal data system have been **eliminated** and the Governor is recommending the program, also known as SD STARS, be partially funded through general funds. The program currently has 2.0 FTE. **(general funds \$49,565)**
2. **Increase of 1.0 FTE** for the SD STARS program. As per the department, this request will help meet the foundational support of effective teachers and leaders and provide support for all of the department goals.

General funds to support the new FTE request:

- a. Personal Services - \$55,337
- b. Operating Expenses - \$9,735
- c. **Total – general funds - \$65,072**

In the FY2011 budget hearing, the Legislature approved an increase of 2.0 FTEs for the federal longitudinal data program. During the budget hearing, the Department announced that the two positions would need to be funded with general funds upon the termination of the multi-year grant (\$2M authorized in FY2010).

3. **Decrease of \$224,881** in federal fund spending authority due to the elimination of the grant.

## TOTAL STATE AID TO EDUCATION (EXCLUDES POSTSECONDARY)

	Actual FY13	Actual FY14	Budgeted FY15	Agency Request FY16	Gov Rec FY16	Gov Rec Inc/Dec for FY16	% Change From FY2015
<b>Operating Expenses</b>							
Contractual Services	7,455,825	7,497,871	9,363,960	9,653,432	11,116,432	1,752,472	18.7%
Supplies & Materials	0	0	0	0	0	0	0.0%
Grants and Subsidies	365,618,061	382,905,769	397,542,446	406,719,138	406,603,180	9,060,734	2.3%
Capital Outlay	597,954	1,641,929	0	0	0	0	0.0%
Other	13,591	25,197	0	0	0	0	0.0%
<b>Funding Types</b>							
General	371,944,344	388,886,137	403,002,060	412,468,224	413,815,266	10,813,206	2.7%
Federal	0	0	0	0	0	0	0.0%
Other	1,741,088	3,184,629	3,904,346	3,904,346	3,904,346	0	0.0%
<b>Total OE</b>	<b>373,685,432</b>	<b>392,070,766</b>	<b>406,906,406</b>	<b>416,372,570</b>	<b>417,719,612</b>	<b>10,813,206</b>	<b>2.7%</b>
<b>Totals</b>							
<b>Funding Types</b>							
General	371,944,344	388,886,137	403,002,060	412,468,224	413,815,266	10,813,206	2.7%
Federal	0	0	0	0	0	0	0.0%
Other	1,741,088	3,184,629	3,904,346	3,904,346	3,904,346	0	0.0%
<b>Total</b>	<b>373,685,432</b>	<b>392,070,766</b>	<b>406,906,406</b>	<b>416,372,570</b>	<b>417,719,612</b>	<b>10,813,206</b>	<b>2.7%</b>

### State Aid to Education includes:

- State Aid to General Education Formula
- Workforce Education Fund
- State Aid to Special Education Formula
- Sparse School Payments
- Consolidation Incentive Payments (repealed)
- K-12 Technology
- Student Assessments

## STATE AID TO GENERAL EDUCATION

	Actual FY13	Actual FY14	Budgeted FY15	Agency Request FY16	Gov Rec FY16	Gov Rec Inc/Dec for FY16	Change From FY2015
<b>Proposed State Aid to Education - General Funds</b>							
General State Aid	316,219,516	326,308,762	341,362,917	350,505,471	347,719,770	6,356,853	1.9%
Sparsity	1,831,881	1,870,166	1,863,053	1,897,191	1,900,032	36,979	2.0%
Technology	6,312,692	8,055,171	7,559,089	6,386,086	7,848,561	289,472	3.8%
Assessments	0	0	0	1,463,000	1,463,000	1,463,000	0.0%
Workforce Ed Formula	0	2,100,000	2,004,428	1,820,970	1,820,970		0.0%
<b>Totals</b>							
General	324,632,889	336,346,899	350,785,059	360,251,748	358,931,363	8,146,304	2.3%
Federal	0	0	0	0	0	0	0.0%
Other (Workforce Ed Fu	0	2,100,000	2,004,428	1,820,970	1,820,970	0	0.0%
<b>Total</b>	<b>324,632,889</b>	<b>338,446,899</b>	<b>352,789,487</b>	<b>362,072,718</b>	<b>360,752,333</b>	<b>8,146,304</b>	<b>2.3%</b>

### Budget Notes

The Governor's recommended appropriation for State Aid to General Education shown above is based on the following changes:

#### State Aid to Education adjustments:

1. The Governor proposes a **2.0% increase**, or \$95.62, in the Per Student Allocation (PSA). The law requires the PSA to increase by the change in CPI or 3%, whichever is less. The change in CPI was 1.5%, however, the Governor recommends a 2% increase. The PSA in FY15 is \$4,781.14 and would increase to **\$4,876.76** in FY16. **\$12,550,125 state and local property taxes.**
2. The department estimates there will be 1,300 more students in the public schools in FY2016. The additional cost to the state's portion of the formula due to **student growth** is estimated to be **\$6,339,788 state and local property taxes.**
3. The Governor proposes to add three items to the formula **\$11,212,118**
  - a. Technology In Schools - \$7,849,086
  - b. Statewide Assessment costs - \$1,463,000
  - c. Sparsity - \$1,900,032
4. *Less* adjustments to the FY15 base budget for small school adjustment and the Limited English Proficiency adjustment – **(\$849,039)**
5. Increase in the **Total Need at the District Level is \$29,252,992** with the costs to be split between the state and local tax payers.
6. **FY15 Base Total District Need** **\$648,833,916**  
**FY16 Increase** (from No. 5 above) **29,252,992**  
**New FY16 Total Need** **\$678,086,908**
7. *Less Local Effort* **-\$317,334,576**
8. **FY16 State Share** **\$360,752,857**

## State Aid to General Education 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 \$4,764.42 (FY15 rec.) 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.

### Calculating LOCAL EFFORT

Property Type	Gen. Fund Levy			Property Valuations		Amount Raised	
	2015	Δ	2016 est.	2015	2016 est.	½ 2015	½ 2016 est.
Agriculture Owner Occupied Commercial, Utility, etc.	1.782	(0.214)	1.568	\$ 31,471,293,736	\$ 36,191,987,796	\$ 28,040,923	\$ 28,374,518
	4.252	(0.177)	4.075	\$ 26,197,294,217	\$ 27,507,158,928	\$ 55,695,448	\$ 56,045,836
	9.106	(0.379)	8.727	\$ 16,965,993,741	\$ 17,474,973,553	\$ 77,246,170	\$ 76,252,047

Local Effort: \$ 321,654,942

### Calculating LOCAL NEED

	FY15 Base	Incr Students	Incr 2%	FY16 Gov Rec
State Aid Fall Enrollment	131,250.00	1,300.00	131,250.00	132,550.00
Per Student Allocation (PSA)	\$4,781.14	\$4,876.76	\$95.62	\$4,876.76
Base Local Need	\$627,524,625	\$6,339,788	\$12,550,125	\$646,414,538
Small School Adjustment	\$17,583,588			\$17,037,376
ELL Adjustment	\$3,725,703			\$3,422,876
		Student Assessments Adjustment		\$1,463,000
		Technology in Schools Adjustment		\$7,849,086
		Sparsity Adjustment		\$1,900,032
<b>Total Local Need</b>	<b>\$648,833,916</b>	<b>Total Local Need</b>		<b>\$678,086,908</b>
Less Total Local Effort	(\$309,294,303)	Statewide local effort*	\$	(321,654,417)
Adjustment for school districts in totals, but don't receive State Aid	\$2,999,066	Adjustment for school districts in totals, but don't receive State Aid		\$4,320,366
<b>Total Local Effort</b>	<b>(\$306,295,237)</b>	<b>Total Local Effort</b>		<b>(\$317,334,051)</b>
<b>Total State Share</b>	<b>\$342,538,679</b>	<b>Total State Share</b>		<b>\$360,752,857</b>
Less ELL WEF Share	(\$2,004,428)	Less ELL WEF Share		(\$1,820,970)
FY15 Budget Transfer In	\$828,665	FY16 State Aid from GF		<b>\$358,931,887</b>
Student Assessments Adjustment	\$0			
Technology in Schools Adjustment	\$7,559,614	Less FY15 Base Gen Funds		(\$350,785,583)
Sparsity Adjustment	\$1,863,053			
<b>FY15 General Fund State Aid and Tech, Assess, Sparsity</b>	<b>\$350,785,583</b>	<b>FY16 General Fund Increase for SA, Tech, Assess, Sparsity*</b>		<b>\$8,146,304</b>

\*Adjusted for rounding error.

- The Legislature adjusts the property tax levies to maintain a proportional state/local balance from year to year reflecting increases in state appropriations and changes in local property values. The proposed percentage for FY16 is 53.2% state funds. The goal for the Cutler/Gabriel Percentage for FY17 is 53.8%. (Two years are required to smooth the effects of the calendar vs. fiscal year tax collections.)
- 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 (SSA)**, which is given to approximately 111 of the 151 school

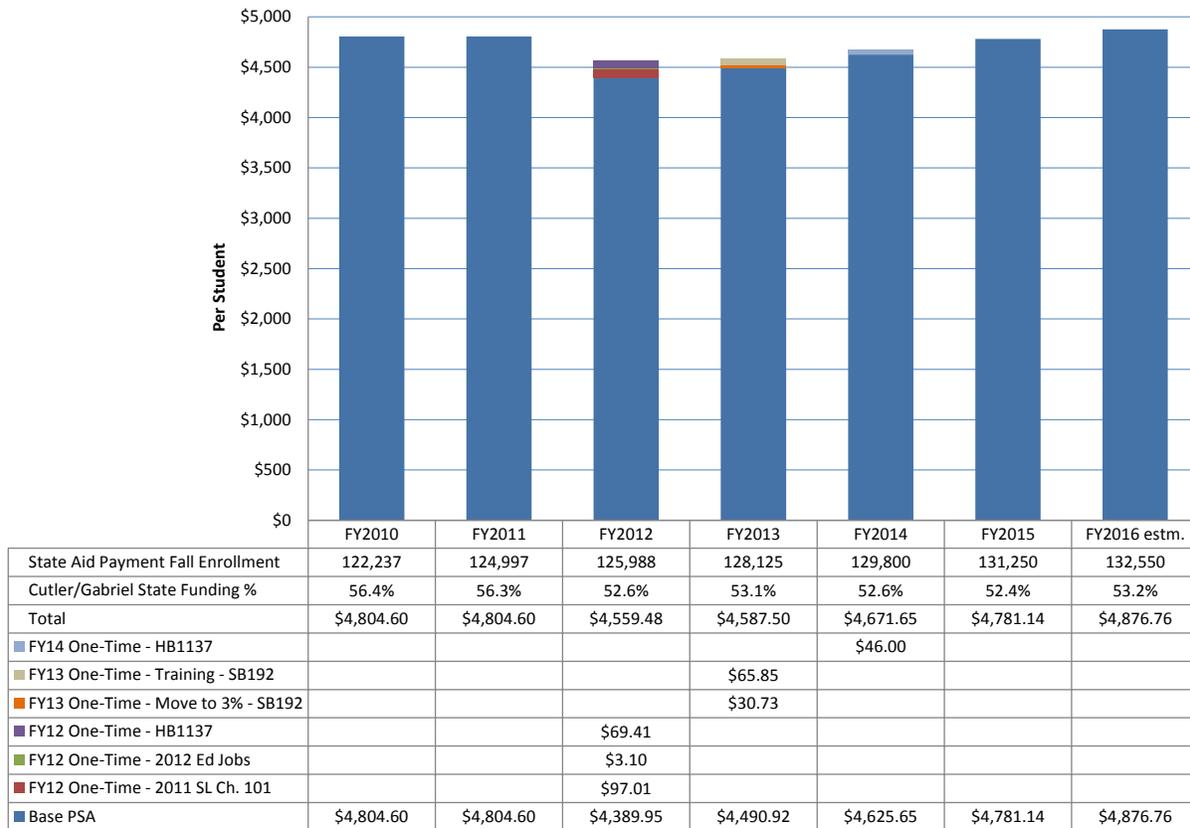
districts. Differing amounts of State Aid per student to the various districts, therefore, ultimately result in differing PSA.

- FY16 Estimated Small School Adjustment (SSA)

# of School			
Districts	Fall Enrollment	Per Student Allocation	SSA Calculation
34	200 or less	\$5,724.30	PSA + \$847.54
77	201 to 600	\$5,724.29 - \$4,876.77	PSA + between \$0-\$847.54
40	601 or more	\$4,876.76	PSA Only

**State Aid to General Education Funding History**

**State Aid to General Education Funding**



## STATE AID TO SPECIAL EDUCATION

	Actual FY13	Actual FY14	Budgeted FY15	Agency Request FY16	Gov Rec FY16	Gov Rec Inc/Dec for FY16	% Change From FY2015
<b>Operating Expenses</b>							
Grants and Subsidies	47,432,264	52,070,441	52,216,476	52,216,476	54,883,378	2,666,902	5.1%
<b>Totals</b>							
<b>Funding Types</b>							
General	47,432,264	52,070,441	52,216,476	52,216,476	54,883,378	2,666,902	5.1%
Federal	0	0	0	0	0	0	0.0%
Other	0	0	0	0	0	0	0.0%
<b>Total</b>	<u>47,432,264</u>	<u>52,070,441</u>	<u>52,216,476</u>	<u>52,216,476</u>	<u>54,883,378</u>	<u>2,666,902</u>	<u>5.1%</u>

### Budget Notes

**State Aid to Special Education** – The Governor recommends a budget increase of \$2,666,902 in general funds. This is based on a 2% increase for each disability level, an estimated Extraordinary Cost Fund need of \$4,000,000 and \$200,000 for a summer program at the SD School for the Blind and Visually Impaired.

The State of South Dakota uses a formula (SDCL 13-37) 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 an allocation 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 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 Department must maintain the current levels of budget due to Federal Maintenance of Effort (MOE) requirements.

SDCL 13-37-40 allows the Department to carry forward surplus Special Education funds to help fund the next year's Special Education expenses.

### South Dakota School for the Blind and Visually Impaired – Summer Program

In FY2000, the SDSBVI summer program was funded in the Department of Education with general funds. In 2001, the general funds were replaced with federal funds. The federal funds will be eliminated in FY16 and the Governor is recommending the program now be funded with \$200,000 in general fund dollars.

The 6-week summer program provides instruction for visually-impaired students and helps them continue progress during time away from school.

## Calculating State Aid to Special Education

### Calculating LOCAL EFFORT - Special Education

Property Type	Sp. Ed. Levy			Property Valuations		Amount Raised	
	2015	Δ	2016 est.	2015	2016 est.	½ 2015	½ 2016 est.
Agriculture	1.278	(0.069)	1.209	\$ 31,471,293,736	\$ 36,191,987,796	\$ 20,110,157	\$ 21,878,057
O.O.	1.278	(0.069)	1.209	\$ 26,197,294,217	\$ 27,507,158,928	\$ 16,740,071	\$ 16,628,078
Other	1.278	(0.069)	1.209	\$ 16,965,993,741	\$ 17,474,973,553	\$ 10,841,270	\$ 10,563,622

Local Effort\*: \$ 96,761,253

### Calculating LOCAL NEED - Special Education

FY15 Base			FY16 Base Recommended		
	Child Count	PSA		Child Count	2% Inc. PSA
Level 1 Disability	14,158.89	4,800.57	Level 1 Disability	14,339.61	4,896.58
Level 2 Disability	2,696.00	11,801.45	Level 2 Disability	2,776.00	12,037.48
Level 3 Disability	366.00	15,688.59	Level 3 Disability	367.00	16,002.36
Level 4 Disability	884.00	14,008.12	Level 4 Disability	934.00	14,288.28
Level 5 Disability	384.00	21,210.57	Level 5 Disability	390.00	21,634.78
Level 6 Disability	298.00	7,643.78	Level 6 Disability	308.00	7,796.66
	18,786.89	128,335,370		19,114.61	133,688,158
Extraordinary Cost Fund		4,000,000	Extraordinary Cost Fund		4,000,000
			NEW Proposed SDBVI Summer School		200,000
	<b>Total Local Need</b>	<b>\$132,335,370</b>		<b>Total Local Need</b>	<b>\$137,888,158</b>
	<b>Less Total Local Effort</b>	<b>(\$93,520,838)</b>		<b>Statewide local effort</b>	<b>(\$96,761,253)</b>
Adjustment for school districts incl. in totals, but no State Aid		\$12,648,226	Adjustment for school districts incl. in totals, but no State Aid		\$13,756,473
	<b>Total State Share - 38.9%</b>	<b>\$51,462,758</b>		<b>Total State Share - 39.8%</b>	<b>\$54,883,378</b>
Spec. Ed. FY15 GF Budget		\$52,216,476	Less Spec. Ed. FY15 GF Budget		(\$52,216,476)
	<b>Possible FY15 Reversion</b>	<b>\$753,718</b>		<b>FY16 General Fund Increase for State Aid to Special Education</b>	<b>\$2,666,902</b>

\*Adjusted for rounding.

## Disability Levels Defined in 13-37-35.1

- (1) "Level one disability," a mild disability;
- (2) "Level two disability," cognitive disability or emotional disorder;
- (3) "Level three disability," hearing impairment, deafness, visual impairment, deaf-blindness, orthopedic impairment, or traumatic brain injury;
- (4) "Level four disability," autism;
- (5) "Level five disability," multiple disabilities;
- (5A) "Level six disability," prolonged assistance;

## STATE AID – SPARSITY PAYMENTS

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 that is currently outside the regular formula calculated as per SDCL 13-13-78 and SDCL 13-13-79.

	Actual FY13	Actual FY14	Budgeted FY15	Agency Request FY16	Gov Rec FY16	Gov Rec Inc/Dec for FY16	% Change From FY2015
<b>Operating Expenses</b>							
Grants and Subsidies	1,831,881	1,870,166	1,863,053	1,897,191	1,900,032	36,979	2.0%
<b>Totals</b>							
<b>Funding Types</b>							
General	1,831,881	1,870,166	1,863,053	1,897,191	1,900,032	36,979	2.0%
Federal	0	0	0	0	0	0	0.0%
Other	0	0	0	0	0	0	0.0%
<b>Total</b>	<b>1,831,881</b>	<b>1,870,166</b>	<b>1,863,053</b>	<b>1,897,191</b>	<b>1,900,032</b>	<b>36,979</b>	<b>2.0%</b>

### Budget Notes

The sparsity payment is based on 75% of the Per Student Allocation (PSA). The Governor recommends an increase of 2%, or \$36,979 in general funds. There are 28 school districts currently receiving sparsity payments (see next page). The Governor recommends adding this item to the Total Local Need in the State Aid to Education formula calculation.

#### Definition of a Sparse School District:

- a) Has a fall enrollment per square mile of 0.50 or less;
- b) Has a fall enrollment of five hundred or less;
- c) Has an area of four hundred square miles or more;
- d) Has at least fifteen miles to its nearest high school;
- e) Operates a secondary attendance center; and
- f) Levies at the maximum rate for the general fund of a school district.

Each payment is based on 75% of the PSA with a maximum payment of \$110,000.

**Sparsity Payments – FY13 through FY16**

District Name	Dist #	FY13	FY14	FY15	FY15	FY16
		Sparsity Allocation	Sparsity Allocation	Sparsity Allocation	Revised Sparsity Allocation	Sparsity Allocation
Agar-Blunt-Onida 58-3	58003	\$31,707	\$32,658	\$33,638	\$33,728	\$34,403
Bennett County 03-1	3001	\$20,777	\$21,525	\$22,042	\$20,584	\$20,995
Bison 52-1	52001	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000
Doland 56-2	56002	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000
Dupree 64-2	64002	\$39,643	\$40,833	\$42,057	\$42,134	\$42,976
Eagle Butte 20-1	20001	\$39,549	\$40,862	\$41,957	\$44,677	\$45,570
Edgemont 23-1	23001	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000
Edmunds Central 22-5	22005	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000
Eureka 44-1	44001	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000
Faith 46-2	46002	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000
Faulkton Area 24-4	24004	\$21,134	\$21,768	\$22,421	\$22,258	\$22,703
Haakon 27-1	27001	\$40,315	\$41,524	\$42,770	\$42,659	\$43,512
Harding County 31-1	31001	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000
Highmore-Harold 34-2	34002	\$29,784	\$30,678	\$31,598	\$31,547	\$32,178
Hoven 53-2	53002	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000
Jones County 37-3	37003	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000
Kadoka Area 35-2	35002	\$48,960	\$50,429	\$51,942	\$53,144	\$54,206
Lemmon 52-4	52004	\$36,077	\$37,159	\$38,274	\$40,405	\$41,213
Leola 44-2	44002	\$41,665	\$39,445	\$44,202	\$110,000	\$110,000
Lyman 42-1	42001	\$30,646	\$31,566	\$32,513	\$30,837	\$31,454
McIntosh 15-1	15001	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000
Miller 29-4	29004	\$25,156	\$25,911	\$26,688	\$25,136	\$25,639
Newell 09-2	9002	\$34,891	\$35,938	\$37,016	\$37,147	\$37,890
Oelrichs 23-3	23003	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000
Selby 62-5	62005	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000
Timber Lake 20-3	20003	\$32,926	\$33,914	\$34,931	\$34,857	\$35,554
Wall 51-5	51005	\$32,373	\$33,344	\$34,344	\$35,264	\$35,970
White River 47-1	47001	\$6,278	\$6,652	\$6,660	\$11,694	\$11,928
		\$1,831,881	\$1,844,206	\$1,863,053	\$1,936,071	\$1,946,191

## STATE AID – CONSOLIDATION INCENTIVES (DISCONTINUED)

	Actual FY13	Actual FY14	Budgeted FY15	Agency Request FY16	Gov Rec FY16	Gov Rec Inc/Dec for FY16	% Change From FY2015
<b>Operating Expenses</b>							
Grants and Subsidies	134,400	56,400	0	0	0	0	0.0%
<b>Totals</b>							
<b>Funding Types</b>							
General	134,400	56,400	0	0	0	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other	0	0	0	0	0	0	0.0%
<b>Total</b>	134,400	56,400	0	0	0	0	0.0%

### Budget Notes

In 2001, the Legislature created the Consolidated Incentive Payment Program for school districts that voluntarily consolidated. In 2010, the Legislature repealed this program and set FY14 as the last year of funding.

Below is a table showing the number of school districts in 1919 compared to the current number (there have been no consolidations since the 2012-2013 school year).

### NUMBER OF PUBLIC SCHOOL DISTRICTS SUMMARY

School Years 1919 to 2013

Year	Common District	Independent Districts	Consolidated Districts	Total
1919-20	2846	250	78	3,174
1929-30	3072	260	94	3,426
1939-40	3076	270	83	3,429
1949-50	3045	268	85	3,398
1959-60	2815	255		3,070
1969-70	551	208		759

Year	No. of Districts
1979-80	195
1989-90	191
1994-95	177
1999-00	176
2004-05	168
2009-10	156
2010-11	152
2011-12	152
2012-13	151

*Data Source: Department of Education*

## STATE AID – TECHNOLOGY IN SCHOOLS

This budget includes costs associated with the maintenance and support of the K-12 technology infrastructure serving public school districts across the state. Services provided by the state include: frame relay and ATM technologies that connect the schools, internet service for the schools, network management, email, web hosting and Web CT for schools, DDN Video Services, BIT staff time associated with support of the K-12 network, firewalls, filters and network security. In addition, E-rate technical assistance is provided to the school districts so they can maximize E-rate discounts available to their district.

This budget also provides funding for statewide data systems for the schools such as the student information system, the Child and Adult Nutrition system, and the SDMyLife system.

	Actual FY13	Actual FY14	Budgeted FY15	Agency Request FY16	Gov Rec FY16	Gov Rec Inc/Dec for FY16	% Change From FY2015
<b>Operating Expenses</b>							
Contractual Services	7,455,825	7,497,871	9,363,960	9,653,432	11,116,432	1,752,472	18.7%
Supplies & Materials	0	0	0	0	0	0	0.0%
Grants and Subsidies	0	0	0	0	0	0	0.0%
Capital Outlay	597,954	1,641,929	0	0	0	0	0.0%
<b>Totals</b>							
<b>Funding Types</b>							
General	6,312,692	8,055,171	7,559,614	7,849,086	9,312,086	1,752,472	23.2%
Federal	0	0	0	0	0	0	0.0%
Other	1,741,088	1,084,629	1,804,346	1,804,346	1,804,346	0	0.0%
<b>Total</b>	<b>8,053,780</b>	<b>9,139,800</b>	<b>9,363,960</b>	<b>9,653,432</b>	<b>11,116,432</b>	<b>1,752,472</b>	<b>18.7%</b>

### Budget Notes

The Governor recommends funding for this budget be included as an additional component in the state aid formula. This budget utilizes e-Rate revenue and general funds. The e-Rate program was established by Congress and the Federal Communications Commission to provide discounts and reimbursements of costs to ensure schools and libraries in all communities could benefit from affordable telecommunications and internet access.

**State Aid – Technology** – Before the amount is added to the formula, the Governor is recommending an increase of **\$1,752,472** for inflationary and expansion increases for technology.

1. Inflationary increases for the State's use of the **K-12 Data Center** on the campus of Dakota State University. **(\$53,518 general funds)**
2. Ongoing support for the SD STARS System and Career Cruising for the ACT Prep Module **(\$235,954 general funds)**
3. Relocating the funding for the statewide assessment costs from the Educational Services and Resources budget to this budget. **(\$1,463,000 general funds)**

## POSTSECONDARY VOCATIONAL EDUCATION

The mission of the technical institutes is to provide students with the aptitude, knowledge, and technical and people skills necessary for entry into and advancement in their chosen career field.

The technical institutes are able to accomplish this effectively and efficiently by utilizing industry partnerships and advisory councils. Industry partnerships give students access to the latest developments in new technologies while helping offset the costs of these technologies for the technical institutes. Advisory councils help the institutes to make adjustments when necessary, in order to ensure they are providing students with the most up-to-date and relevant industry information.

Each institute also offers a Corporate Education component, in which instructors work directly with a business or industry to design a specific training to meet their unique needs.

	Actual FY13	Actual FY14	Budgeted FY15	Agency Request FY16	Gov Rec FY16	Gov Rec Inc/Dec for FY16	% Change From FY2015
<b>Operating Expenses</b>							
Travel	0	0	0	0	0	0	0.0%
Contractual Services	1,685,765	1,772,526	2,625,880	2,625,880	2,812,248	186,368	7.1%
Supplies & Materials	0	0	0	0	0	0	0.0%
Grants and Subsidies	19,189,207	19,821,990	21,739,626	23,786,753	22,237,070	497,444	2.3%
Capital Outlay	0	0	0	0	0	0	0.0%
<b>Totals</b>							
<b>Funding Types</b>							
General	20,839,207	21,571,990	24,265,506	26,312,633	24,949,318	683,812	2.8%
Federal	0	0	0	0	0	0	0.0%
Other	35,765	22,526	100,000	100,000	100,000	0	0.0%
<b>Total</b>	<b>20,874,972</b>	<b>21,594,516</b>	<b>24,365,506</b>	<b>26,412,633</b>	<b>25,049,318</b>	<b>683,812</b>	<b>2.8%</b>

## Budget Notes

The Governor's recommended increase of \$683,812 is a combination of the following:

1. **Decreased Student Numbers** – (\$356,550) This budget was prepared before Build Dakota Initiative was announced – will projection be revised?
2. **2% increase** in the Per Student Allocation - \$416,461 general funds (calculation on following page)
3. Increase in **Bond Payments** - \$186,368 as per the Governor's budget book – This increase will provide the state's required 50% match of the amount of total technical institute's student fees earmarked for bonding. (Page 24)
4. Increase of \$437,533 in general funds for **maintenance and repair** at the Technical Institute campuses. Currently, the technical institutes have approximately a .5% sustainable funding stream for M&R coming from student fees and operational funds through the PSA and tuition. (Page 24)

## Postsecondary Funding Calculation

	Actual FY14	Estimated FY15 Budgeted	Estimated FY16 Rec.	Difference
Budgeted Student FTE	6,018	6,255	6,150	(105.0)
Average Funding Per FTE	\$3,210.70	\$3,329.13	\$3,395.71	\$66.58
PSI Distribution	\$ 19,321,990	\$ 20,823,708	\$20,883,617	\$ 59,911 *

### Increase 2% Inflation

Inflationary Increase	6,255 Students	\$66.58 Increase in PSA	<b>416,458 Inflationary Increase</b>
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### Decrease due to Student Decline

Average Funding Per FTE	(105.0) Students	\$3,395.71 Per Student Average	<b>(356,550) Increase due to Student Growth</b>
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**Total Postsecondary Inflationary Increase\***                      **59,911**

*\*Adjusted for rounding difference*

The calculation for the per student allocation for the Technical Institutes is not based on an indexed amount in law as the K-12 PSA. This PSA is actually based on the average amount of tuition per student collected in the prior fiscal year. As shown above, the inflationary adjustment of 2% is then applied to determine the total distribution amount for the next year. Twenty five percent of this amount will be distributed on an equal basis to each of the four institutes for baseline operations. The remaining 75% is distributed based on the cost of programs using a weighted program factor given to high cost-low density programs; high cost programs; and standard cost programs.

## Postsecondary Bonding Payments

The state provides an annual payment to the tuition subaccount for the purposes of allowing the Technical Institutes to bond for larger programs. The annual bond payments are then made from the tuition subaccount.

The 2013 Legislature approved HB1098 which requires the State to pay an amount that is equal to or greater than 50% of the technical institute fee for debt service – which is one-third of the bond payment. The projected bond payment in FY16, with the new \$20M bond, is \$8,136,745. The state general fund portion is \$2,712,248. FY2015 budget includes \$2,525,880, leaving a deficit of **\$186,368 which is included in the FY16** recommended budget.

## Postsecondary Maintenance and Repair Request

The FY16 recommendation includes an increase in general funds to assist with the maintenance and repair of the buildings at the Technical Institutes. Currently, there is no state funding for technical institute buildings beyond bonding support. Elsewhere in state government, namely Bureau of Administration, the Department of Military, and the Board of Regents, maintenance and repair budgets are at almost 2% of the replacement value of their buildings. The technical institutes report that they have approximately a .5% sustainable funding stream for M&R coming from student fees and operational funds through the PSA and tuition. The **requested amount is \$437,533** in general funds. 2% of the average replacement value would be approximately \$3,915,404.

### Technical Institute Tuition Buy-Down Program

The Governor and Legislature approved a tuition buy-down for the postsecondary technical institute students last fiscal year. The tuition for FY15 was held at \$104 per credit hour when it could have increased to \$109 without this program. The Agency requested double that amount in FY16, however, it was not included in the Governor’s recommendation.

	Actual FY13	Actual FY14	Budgeted FY15	Agency Request FY16	Gov Rec FY16	Gov Rec Inc/Dec for FY16	% Change From FY2015
<b>Operating Expenses</b>							
Grants and Subsidies	0	0	915,920	1,831,840	915,920	0	0.0%
<b>Funding Types</b>							
<b>Totals</b>							
<b>Funding Types</b>							
General	0	0	915,920	1,831,840	915,920	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other	0	0	0	0	0	0	0.0%
<b>Total</b>	<b>0</b>	<b>0</b>	<b>915,920</b>	<b>1,831,840</b>	<b>915,920</b>	<b>0</b>	<b>0.0%</b>

### Build Dakota Scholarship Partnership

Source: <http://doe.sd.gov/builddakota/>

Between 2014 and 2018, \$50 million dollars will be invested through private donations from T. Denny Sanford and the South Dakota Future Fund to create and operate the Build Dakota Scholarship program.

Build Dakota Scholarships will be awarded to students entering high-need workforce programs at South Dakota’s technical institutes to fill the state’s technical careers with skilled professionals. The scholarship program will both grow South Dakota’s own and recruit new South Dakotans. Recipients of the full-ride scholarships will commit to living and working in the state, in their field of study, for three years following graduation. The full-ride scholarships will support tuition, fees, books and other required program expenses in the eligible technical institute programs.

In the first five years, approximately 300 scholarships will be awarded annually. Beyond the first five years, the endowment will support approximately 50 full-ride scholarships.

## Technical Institute Funding Formula

The funding formula for the Technical Institutes is detailed in administrative rule as follows:

**24:10:42:28. Formula for funding.** The postsecondary technical institutes shall receive state funding, from the amount appropriated by the Legislature less funds reserved in § 24:10:42:27, under a formula that distributes these funds based on full-time equivalent students as follows:

- (1) Subtract the total set-asides reserved in § 24:10:42:27 from the total amount appropriated by the Legislature within the general appropriations act;
- (2) Determine the number of full-time equivalent students at each institution for the preceding fiscal year using the following calculation:
  - (a) One "full-time equivalent student" equals 30 credit hours of instruction;
  - (b) The number of full-time equivalent students for an institution is calculated by dividing tuition collected for the preceding fiscal year by program as per chart of accounts prescribed within the South Dakota School District Accounting Manual by the tuition fee per credit and the quotient is divided by 30 credit hours;
- (3) Multiply the number of full-time equivalent students at each institution by the per student allocation to determine the total allocation for the distribution formula. The distribution formula is as follows:
  - (a) "Per student allocation," for school fiscal year 2015 is \$3,329.12;
  - (b) Twenty-five percent (25%) of the total allocation will be distributed equally among the four institutions as a baseline for common operations at each technical institute. The funds shall be divided by four (4);
  - (c) Seventy-five percent (75%) of the total allocation will be distributed within three program categories: high cost-low density programs, high cost programs, and standard cost programs. The funds shall be distributed by determining each program's full-time equivalent students, multiplied by the weighted program factor multiplied by the weighted per student value;
  - (d) The Director of the Office of Curriculum, Career & Technical Education, will identify the weighted program factor of each program documented on the South Dakota School District Accounting Manual;
  - (e) The weighted per student value is determined by the allocation divided by adding the total high cost-low density program's full-time equivalent students multiplied by a weighted program factor, plus the total high cost program's full-time equivalent students multiplied by a weighted program factor, plus the total standard cost program's full-time equivalent students by a weighted program factor.

Source: 23 SDR 139, effective March 10, 1997; 25 SDR 150, effective June 6, 1999; 28 SDR 169, effective June 17, 2002; 32 SDR 117, effective January 5, 2006; 35 SDR 306, effective July 1, 2009; 36 SDR 169, adopted April 21, 2010, effective July 1, 2010; 40 SDR 229, effective July 1, 2014.

## EDUCATION RESOURCES

The mission of this division is to provide general oversight and regulation of state's K-12 education system, including the certification of teachers/administrators; to ensure adherence to state and federal laws, rules and regulations; to provide technical assistance and training in the areas of: learning and instruction, career and technical education, special education, assessment, and Title programs; to oversee and provide technical assistance to schools and local agencies implementing federal nutrition programs.

	Actual FY13	Actual FY14	Budgeted FY15	Agency Request FY16	Gov Rec FY16	Gov Rec Inc/Dec for FY16	% Change From FY2015
<b>Personal Services</b>							
Employee Salaries	2,918,297	2,966,662	3,604,563	3,698,950	3,645,498	40,935	1.1%
Employee Benefits	909,790	994,176	1,150,897	1,183,625	1,165,299	14,402	1.3%
<b>FTE</b>	64.8	63.6	68.5	70.5	69.5	1.0	1.5%
<b>Funding Types</b>							
General	1,280,675	1,379,118	1,638,634	1,694,551	1,638,634	0	0.0%
Federal	2,460,006	2,528,948	2,922,827	2,994,025	2,978,164	55,337	1.9%
Other	87,407	52,772	193,999	193,999	193,999	0	0.0%
<b>Total PS</b>	3,828,088	3,960,838	4,755,460	4,882,575	4,810,797	55,337	1.2%
<b>Operating Expenses</b>							
Travel	348,477	345,114	568,640	598,365	579,748	11,108	2.0%
Contractual Services	14,265,591	12,969,464	13,513,816	13,822,703	12,017,715	(1,496,101)	(11.1%)
Supplies & Materials	200,692	147,519	201,180	204,555	202,680	1,500	0.7%
Grants and Subsidies	155,272,871	154,278,087	171,263,616	169,764,064	169,981,665	(1,281,951)	(0.7%)
Capital Outlay	79,838	203,604	57,616	60,991	58,866	1,250	2.2%
Other	5	788,872	0	0	0	0	0.0%
<b>Funding Types</b>							
General	5,157,411	5,728,538	5,490,079	6,119,217	4,829,579	(660,500)	(12.0%)
Federal	164,178,147	161,237,018	178,634,141	176,850,813	176,530,447	(2,103,694)	(1.2%)
Other	831,916	1,767,104	1,480,648	1,480,648	1,480,648	0	0.0%
<b>Total OE</b>	170,167,474	168,732,660	185,604,868	184,450,678	182,840,674	(2,764,194)	(1.5%)
<b>Totals</b>							
<b>Funding Types</b>							
General	6,438,086	7,107,656	7,128,713	7,813,768	6,468,213	(660,500)	(9.3%)
Federal	166,638,153	163,765,967	181,556,968	179,844,838	179,508,611	(2,048,357)	(1.1%)
Other	919,323	1,819,876	1,674,647	1,674,647	1,674,647	0	0.0%
<b>Total</b>	173,995,562	172,693,499	190,360,328	189,333,253	187,651,471	(2,708,857)	(1.4%)

## **Budget Notes**

1. **Dual Credit Courses** – The Governor is recommending \$802,500 in general funds to expand the offering of Dual Credit Courses. Students can take college-level courses in high school and receive credit in the K-12 system as well as the postsecondary system. The program includes courses at both Board of Regents institutions as well as Technical Institutions and includes both on-line and on campus classes.

Currently students who pass their approved high school course can pay \$40 per credit hour (plus course expenses) and the state will fund \$105 per credit.

2. **Special Education Federal Data Manager – 1.0 FTE** and \$71,094 in federal fund spending authority. This position would serve as a liaison between the Special Education Office and the Data Management Office to ensure accuracy of data collecting and reporting federal funds.
3. Birth-to-Three – Computer services – a decrease of \$35,000 (federal funds) in BIT development services is requested to **zero-base** the Birth-to-Three budget.
4. Birth-to-Three – The Governor is recommending a **2% increase for the Birth-to-Three** direct service providers. (\$293,831 federal funds)
5. **Final decrease for ARRA Federal Stimulus Authority** – (\$2,378,282)

## STATE LIBRARY

The mission of the State Library is to improve the quality of life for our citizens, providing for their informal and supplementary informational and educational needs by preservation of our history, exposure to the fine arts, and availability of library services.

	Actual FY13	Actual FY14	Budgeted FY15	Agency Request FY16	Gov Rec FY16	Gov Rec Inc/Dec for FY16	% Change From FY2015
<b>Personal Services</b>							
Employee Salaries	990,389	1,012,894	1,164,303	1,164,303	1,164,303	0	0.0%
Employee Benefits	356,596	390,293	410,897	410,897	410,897	0	0.0%
<b>FTE</b>	27.7	26.2	27.5	27.5	27.5	0.0	0.0%
<b>Funding Types</b>							
General	1,088,740	1,167,140	1,240,908	1,240,908	1,240,908	0	0.0%
Federal	258,245	236,047	334,292	334,292	334,292	0	0.0%
Other	0	0	0	0	0	0	0.0%
<b>Total PS</b>	1,346,985	1,403,187	1,575,200	1,575,200	1,575,200	0	0.0%
<b>Operating Expenses</b>							
Travel	42,780	45,199	65,929	65,929	65,929	0	0.0%
Contractual Services	931,230	1,192,133	1,350,762	1,648,762	1,350,762	0	0.0%
Supplies & Materials	53,404	38,983	52,751	52,751	52,751	0	0.0%
Grants and Subsidies	400	2,400	162,883	162,883	162,883	0	0.0%
Capital Outlay	269,778	77,681	33,255	33,255	33,255	0	0.0%
Other	0	295	0	0	0	0	0.0%
<b>Funding Types</b>							
General	513,845	523,621	597,856	895,856	597,856	0	0.0%
Federal	781,299	810,952	881,641	881,641	881,641	0	0.0%
Other	2,448	22,117	186,083	186,083	186,083	0	0.0%
<b>Total OE</b>	1,297,592	1,356,690	1,665,580	1,963,580	1,665,580	0	0.0%
<b>Totals</b>							
<b>Funding Types</b>							
General	1,602,585	1,690,761	1,838,764	2,136,764	1,838,764	0	0.0%
Federal	1,039,543	1,046,999	1,215,933	1,215,933	1,215,933	0	0.0%
Other	2,448	22,117	186,083	186,083	186,083	0	0.0%
<b>Total</b>	2,644,577	2,759,877	3,240,780	3,538,780	3,240,780	0	0.0%

## Budget Notes

The Governor did not recommend any changes from the FY15 budget; however, the Agency did request one item. The agency narrative states that in FY16, the State Library will no longer provide an Inter Library Loan (ILL) system to support public and school libraries. General funds (\$298,000) were requested to provide an integrated statewide network which would facilitate interlibrary loan across the state and resource sharing between and among the libraries of the state.

## Other Fund Balances

Company and Fund Name	Blue Book Page	Ending Cash and Investment Balance on June 30			60-Month Average	Lowest Monthly Cash Balance in Past Five Years	
		FY2012	FY2013	FY2014	Cash Balance	Amount	Month
Company 3019 -Ed Enhancement Tobacco Tax Fund	205	\$ -	\$ -	\$ -	\$ 325,498	\$ (16,773)	February 2011
Company 3138 -Hagen-Harvey Memorial Scholarship	206	\$ 906,901	\$ 898,289	\$ 881,266	\$ 891,217	\$ 841,601	August 2009
Company 3138 -Postsecondary Tech Credentialing Fund	207	\$ 31,898	\$ 29,630	\$ 33,122	\$ 32,298	\$ 28,115	January 2013
Company 3138 -State Institute Fund	208	\$ 358,730	\$ 304,528	\$ 293,739	\$ 346,032	\$ 199,222	November 2013
Company 3138 -Prof. Teachers Practices and Standards	209	\$ 44,428	\$ 67,713	\$ 66,923	\$ 70,573	\$ 31,043	June 2010
Company 3138 -Dept. of Education Other	210	\$ 2,736,385	\$ 2,878,664	\$ 2,072,009	\$ 2,715,063	\$ 767,725	August 2009
Company 3146 -State Library	211	\$ 35,237	\$ 33,126	\$ 14,011	\$ 57,813	\$ 13,810	April 2014
Company 3189 - Workforce Education Fund	212		\$ 2,100,000	\$ 6,796	\$ 322,037	\$ 6,796	June 2014
Company 8501 - Postsecondary Technical Institutes Facilities Fund	214	\$ 1,500,000	\$ 1,500,000	\$ -	\$ 1,480,214	\$ -	June 2014
Company 8501 - Postsecondary Technical Institutes Equipment Fund	215			\$ 1,500,000	\$ 25,000	\$ -	July 2013

#Average cash balance and lowest cash balance are actually less than five years due to age of fund.

## Teacher Training - \$8.4M

The Legislature approved an **\$8.4M special appropriation** in the 2012 legislative session. As of December 31, 2014 the Department has obligated or expended almost \$6.6M. The table below was provided by the department showing current and future uses of the special appropriation.

Source: Department of Education

Investing in Teachers Allocation					<b>\$8,437,031.00</b>
<b>EXPENDITURES</b>		FY 13 & 14	FY 15	FY 16	
Common Core		\$3,643,684.31	\$82,744.81		\$3,726,429.12
Administrators & Teacher/Principal Effectiveness		\$156,671.91	\$1,988,241.96		\$2,144,913.87
Science Academies		\$307,307.18	\$227,728.60		\$535,035.78
School Counselors		\$160,023.12	\$26,917.45		\$186,940.57
<b>Subtotal (Expenditures)</b>		<b>\$4,267,686.52</b>	<b>\$2,325,632.82</b>	<b>\$0.00</b>	<b>\$6,593,319.34</b>
<b>OBLIGATIONS TO DATE</b>					
Common Core: In District Trainings			\$1,049,550.00		\$1,049,550.00
Administrators & Teacher/Principal Effectiveness			\$203,320.00		\$203,320.00
Science Academies			\$0.00		\$0.00
School Counselors			\$129,024.43		\$129,024.43
<b>Subtotal (Obligations)</b>		<b>\$0.00</b>	<b>\$1,381,894.43</b>	<b>\$0.00</b>	<b>\$1,381,894.43</b>
<b>FUTURE EXPENDITURES</b>					
Common Core: In District Trainings & Coaching				\$337,482.23	\$337,482.23
Administrators: Teacher/Principal Effectiveness Training				\$0.00	\$0.00
Science Academies: Elementary Science Academies				\$0.00	\$0.00
School Counselors: Additional Training				\$124,335.00	\$124,335.00
<b>Subtotal (Future Expenditures)</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$461,817.23</b>	<b>\$461,817.23</b>
<b>BALANCE</b>					<b>\$0.00</b>