

# 53<sup>rd</sup> South Dakota Association of School Business Officials SPRING CONFERENCE

April 25, 2019

Presenters:

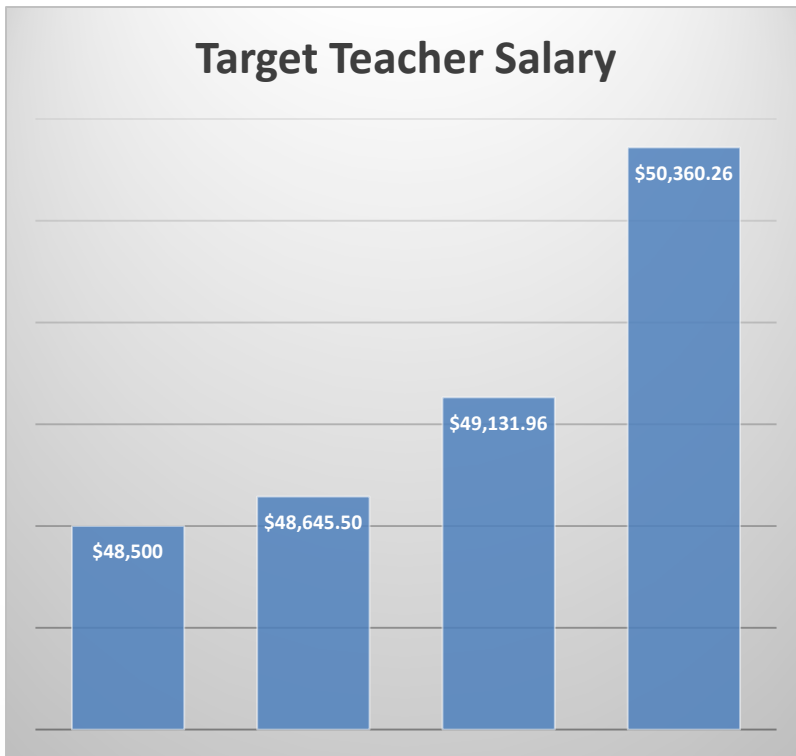
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# Quick FY2020 State Aid Reminders

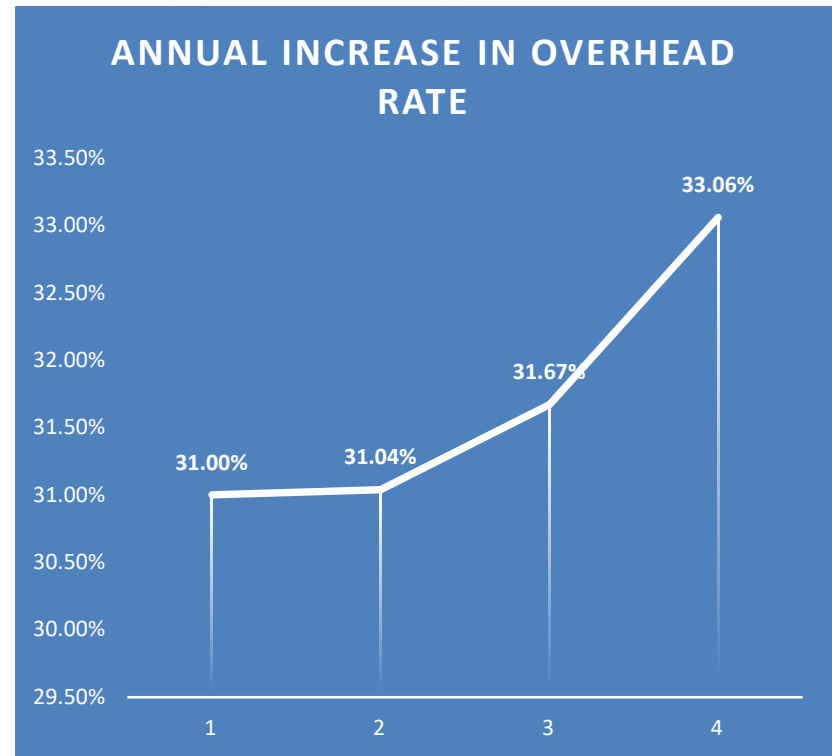
- Target Teacher Salary - \$50,360.26
- General State Aid Levies – Pay 2020
  - Agriculture \$1.473 per \$1,000 valuation
  - Owner Occupied \$3.296 per \$1,000 valuation
  - Non-Ag (Utilities) \$6.821 per \$1,000 valuation
- General State Aid Calculator -  
<https://doe.sd.gov/ofm/schoolbudget.aspx>
- FY2020 General State Aid Per Student Equiv. \$5,762.80
- Special Education Levies – Pay 2020
  - Local Effort, 100% participation funding formula \$1.416 per \$1,000 valuation
  - Maximum Levy (required for ECF districts) \$1.616 per \$1,000 valuation
- Extraordinary Cost Fund \$4,000,000

# Annual Increases to GSA

## Target Teacher Salary



## ANNUAL INCREASE IN OVERHEAD RATE



## State Aid 101 Quiz

- To estimate my district's general state aid for FY2020 I should increase my state aid from FY2019 by 2.5%.

## State Aid 101 Quiz (True or False)

- **FALSE** the 2.5% increases the target teacher salary used in the formula. Other factors that may impact your state aid will be:
  - changes in student counts,
  - change in overhead rate,
  - valuation and
  - other revenue equalization.

## State Aid 101 Quiz

- For teacher compensation accountability my district's average teacher salary must meet the target teacher salary in the formula.

## State Aid 101 Quiz

- **FALSE**, the target teacher salary is only used for calculation of general state aid. To meet TC accountability the district's *AVERAGE* teacher compensation (salaries plus benefits) must be least as much as reported for FY2017.
  - How many of you *KNOW* your district's 2017 average TC?

## State Aid 101 Quiz

- My district has 3 teachers retiring next year and so to ensure that we meet the TC accountability my district may need to reinvest that savings into our negotiations of teacher salaries for the next year.



## State Aid 101 Quiz

- **TRUE**, the district **MUST** be able to document that in FY2020 and FY2021 that the **AVERAGE TC** is not less than reported in FY2017.

## State Aid 101 Quiz

- Last question.... My district will have \$25,000 of other revenue equalized in FY2020. This is a \$25,000 loss for my district.

## State Aid 101 Quiz

- **TRUE or FALSE**, depends are where your district may be in the “phase in” of the other revenues. **But mostly FALSE** because remember as we phase in the other revenue the \$\$ collected determine the increase in the overhead rate. Moving from 31.67% to 33.06% could have made a substantial difference in your total general state need and general state aid.

Example School District:

Other Revenue Baseline:

\$105,268

Funding Fiscal Year	Student Count	Baseline	Other Revenue Reported on Annual Report	Reported Revenue from Annual Report	Local Effort Recognized in Funding Formula	Total Amount from all school district added as local effort will increase the overhead % rate used in formula
FY2018	233	\$105,268	So for calculation of general aid in FY2020 the amount equalized will be the FY2018 actual revenues received compared against the base.	\$64,446	\$0	31.04%
FY2019	232	\$84,214	FY2017	\$71,722	\$0	31.67%
FY2020	232	\$63,161	FY2018	\$70,861	\$7,700	33.06%
FY2021	232	\$42,107	FY2019	\$70,861	\$28,754	35.09%
FY2022	232	\$21,054	FY2020	\$70,861	\$49,807	36.87%
FY2023	232	\$0	FY2021	\$70,861	\$70,861	38.65%

If added along with local effort - property taxes - result will be less state aid calculated for your district.

Estimates for explaining purposes only -- no reasonable way to project

**Note: Remember the "other revenues" will continue to be paid to the Example School District as in the past -- there was no change in how the revenue is received by the district.**

Year	Student Count	Need BEFORE Overhead Rate Applied	Overhead Rate	Overhead \$	TOTAL NEED	Local Effort - OTH Revenue	TOTAL OTHER REVENUE	Gain due to change in Overhead Rate
2017	256	\$1,289,585	31.00%	\$399,771	\$1,689,356	\$0	\$71,722	
2018	233	\$1,193,826	31.04%	\$376,564	\$1,570,390	\$0	\$70,861	\$478
2019	232	\$1,201,325	31.67%	\$380,459	\$1,581,784	\$0	\$70,861	\$8,049
2020	232	\$1,231,368	33.06%	\$407,087	\$1,638,455	\$7,700	\$70,861	\$25,366

# FY2020 Accountabilities

- Teacher Compensation

- Compare reported TC average from FY2017 to FY2019
- The district's FY2019 average **MUST BE equal to or greater than** the reported average from FY2017.
- Penalty for non-compliance - \$500 per total FTE reported for TC
- See Teacher Compensation Calculator - <https://doe.sd.gov/ofm/schoolbudget.aspx>

- Monthly Excess Cash Balance – General Fund

- % of cash balance = lowest monthly amount divided by the TOTAL general fund expenditures for FY2019 (may not include any “other financing uses”).
- Allowable percentages: (student count is the lesser of the 2 previous years or the current year)
  - » Student count less than 201 40%
  - » Student count 201 to 599 30%
  - » Student count greater than 599 25%

## Penalty for Teacher Compensation (TC) Non-Compliance

- My district's 2019 average TC is not equal or greater than the TC average reported for 2017 – what happens next?
  - District may complete a waiver form and submit before first Friday in November (October 31<sup>st</sup>).
  - Present waiver to School Finance & Accountability Board
  - If approved the waiver must then be also approved by Joint Committee on Appropriations (JCA)
  - If approved by JCA, no penalty.
  - If not approved by either SFAB or JCA, penalty is \$500 x total FTE of teachers reported for TC. Penalty is a reduction of general state aid in FY2020.

# Timeline for Teacher Compensation

- **Currently available**, Teacher Compensation calculator available to all school district administrators to determine if meeting the accountability regarding average TC.
- **July 1, 2019**, school districts may start to enter TC data (Annual Financial Report)
- **August 1, 2019**, TC data is due. (SDCL 13-8-47)
- **August 30, 2019**, TC data is considered late and subject to penalties (SDCL 13-8-47 & 13-13-38)
- **September 25, 2019**, SASF staff complete their review and notify school district administrators to finalize their submission by signing final certification.
- **October 4, 2019**, all districts will be notified by email of their TC accountability status based on submitted data and penalties pursuant to SDCL 13-13-73.6. (ARSD 24:44:01:04)
- **October 9, 2019**, TC waiver form will be posted and accessible for districts to use.
- **October 31, 2019**, waiver form and all supporting documentation for TC must be submitted to DOE (ARSD 24:44:01:08).
- **November 13, 2019**, SFAB board will meet to review submitted waivers. All districts submitting a waiver must be in attendance.
- **November 20, 2019**, SFAB will meet to approve a written report of their determinations, this report must be submitted within 5 business days to the Joint Committee on Appropriations for approval. (ARSD 24:44:01:08)



# Timeline for Excess Cash

- **July 1, 2019**, AFR program open and data files, teacher compensation, monthly cash balance data may be submitted.
- **August 1, 2019**, Annual report data DUE (SDCL 13-8-47)
- **August 30, 2019**, Annual report past due and subject to penalties (SDCL 13-8-47 & 13-13-38)
- **September 25, 2019**, SASF staff complete their review and notify school district administrators to finalize their submission by signing final certification.
- **October 4, 2019**, all districts will be notified by email of their excess monthly cash status based on submitted data and penalty.
- **October 9, 2019**, Excess cash balance waiver form will be posted and accessible for districts to use.
- **October 31, 2019**, waiver form and all supporting documentation for TC must be submitted to DOE.
- **November 13, 2019**, SFAB board will meet to review submitted waivers. All districts submitting a waiver must be in attendance.
- **November 20, 2019**, SFAB will meet to approve a written report of their determinations, this report must be submitted within 5 business days to the Joint Committee on Appropriations for approval. (ARSD 24:44:01:08)

## Preparation for ESSA Reporting

- In FY2018 DOE developed an excel template to be tested by a few districts to assist in ESSA school level fiscal reporting.
- In FY2019 **ALL districts** will be asked to report expenditures (via survey added to annual report) to further test the process. Results will be provided to all districts to review.
- In FY2020 All districts will report ESSA calculations AND data will be displayed on school/district report cards.

## ESSA Template

- Developed by DOE to assist school business officials in reporting school level expenditures by revenue source (federal or state/local) per student.
- Modeled after the Excess Cost report used by Grants Management Office for Special Education.
- Received positive feedback from our volunteer districts.

## Timeline for ESSA Reporting

- Complete template with all reported financial data. Data will be available after all districts have signed off on their annual reports and DOE has prepared an upload file of other needed data items (early December).
- Districts will have 1 month to complete the template and enter the ESSA information into a survey form as part of the annual report.
- Starting in FY2021, based on FY2020 data, a file will be provided to include per student costs on report card.

## Tips to Make ESSA easier

- **TRACK** your federal expenditures for all restricted federal grants. Assign a # to each grant and include in your coding for both revenue and expenditures.
- The sum of all restricted federal grants received should be very comparable to the total federal expenditures reported on ESSA template (all restricted federal grants are paid on a reimbursement basis). Some expenditures may be an “excluded” expenditure such as PK, capital acquisitions, etc.
- Use additional coding fields to track school level expenditures when it can be identified.

## Special Education Data Analysis

- New legislation passed that requires DOE to rebase SE disability funding amounts every 2 years.
- Have you ever seen or reviewed your district's SEDA (Special Education Data Analysis)?
- Based on SE expenditure data reported AND child count – a cost per disability is calculated for each district.
- Accuracy of this calculation is based on the quality of financial and child count reporting from the districts.

## Special Education Data Analysis

- This report analyzes your district's special education expenditures and child count.
- Calculates a cost per child count for instruction, support services, administration, transportation and other.
- Important to report expenditures correctly and assign an appropriate “program code” to each student on the child count.
- Data used for biennially rebasing of the disability funding amounts used in SE aid formula.



# Pension Fund

- When MUST a district close their Pension Fund?
  - An allowance to operate a Pension Fund by a school district ends as of 6/30/2020.
  - So any time between NOW and 6/30/2020 a school district may close this fund.

*Section 25 (SB131, 2016) The pension fund of the school district is provided for the purpose of financing payments to the South Dakota Retirement System and to finance pensions to retired employees of a school district that has established a pension system. Upon discontinuance of the pension fund any unexpended balance shall be transferred to the general fund. This section is repealed on July 1, 2020.*

## Factors to consider:

- Timing of transfer due to Excess Monthly Cash Balance in General Fund accountability
- If GF in excess district could consider transfer a portion to SE Fund?