

Teacher Based Funding Model

Presented by:

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Tenets

- * Formula to be calculated to support 100% of teacher costs (salaries and benefits) based on certain targets
- * Although the formula is calculated based on these targets, it is still a local decision on how to actually expend the funds
- * The formula total need continues to be funded through a partnership between state and property taxes
- * KEEP IT SIMPLE

Basic Steps

1. Calculate target number of teachers
2. Determine target teacher salary
3. Calculate need to fund teacher salaries and benefits
4. Calculate need for non-teacher expenditures
 - * Admin salaries, classroom supplies, overhead, etc.

Variables To Be Decided

- * Target student to staff ratio
- * Target average teacher salary
- * Target teacher benefits
- * Target for non-teacher costs to be funded through the formula

Teacher Ratio

- * What is the target teacher ratio?
 - * FY2014 statewide ratio was 14.0
- * This would be used to calculate the formula number of teachers

Formula Calculations: Number of Teachers

Number of K12
students
enrolled on the
last Friday in
September



Target student
teacher ratio

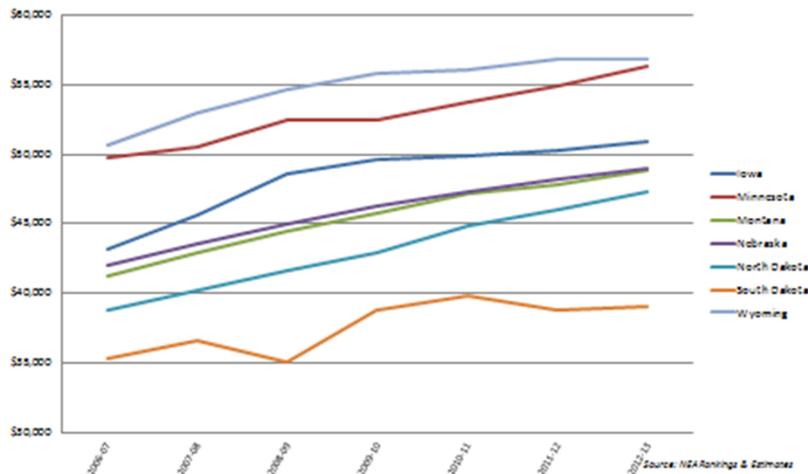


Formula number
of teachers

Average Teacher Salary

- * What is the target average teacher salary?
 - * FY2014 South Dakota's average teacher salary was \$40,023

Average Salaries of Public School Teachers



C-11. AVERAGE SALARIES OF PUBLIC SCHOOL TEACHERS, 2013-14 (\$)

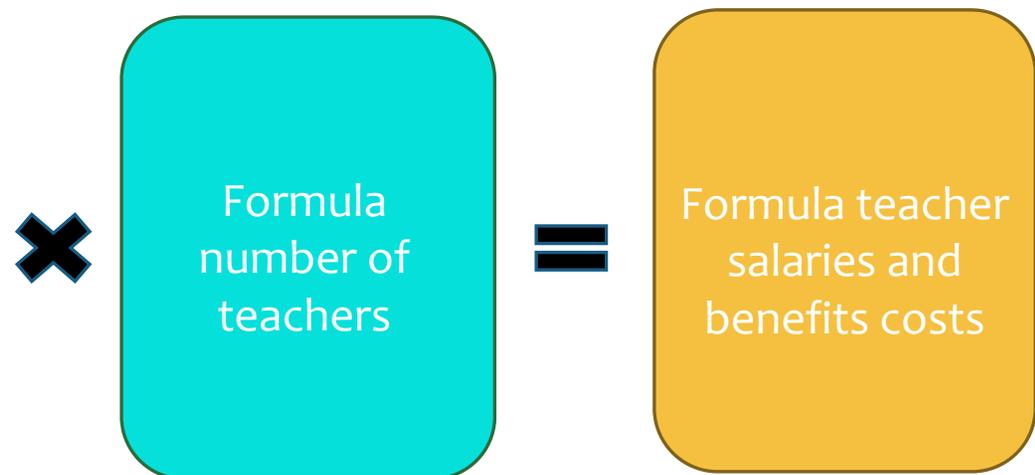
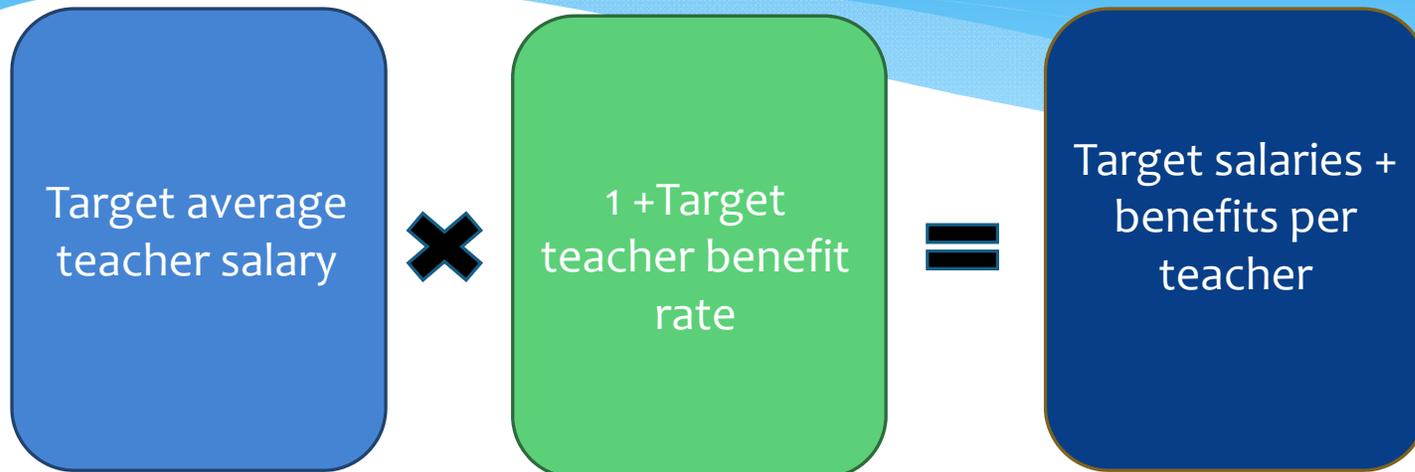
33.	MAINE	49,232
34.	LOUISIANA	49,067
35.	ALABAMA	48,720
36.	NORTH DAKOTA	48,666 *
37.	SOUTH CAROLINA	48,430
38.	KANSAS	48,221 *
39.	FLORIDA	47,780
40.	TENNESSEE	47,742
41.	ARKANSAS	47,319
42.	MISSOURI	46,750
43.	NEW MEXICO	45,727
44.	UTAH	45,695
45.	ARIZONA	45,335 *
46.	WEST VIRGINIA	45,086
47.	NORTH CAROLINA	44,990
48.	OKLAHOMA	44,549
49.	IDAHO	44,465
50.	MISSISSIPPI	42,187 *
51.	SOUTH DAKOTA	40,023
	MEDIAN	50,560



Teacher Benefits

- * What is the target % that should be put towards teacher benefits?
 - * Statewide All Funds Benefits as % of Salaries for FY2014 was 29.7%

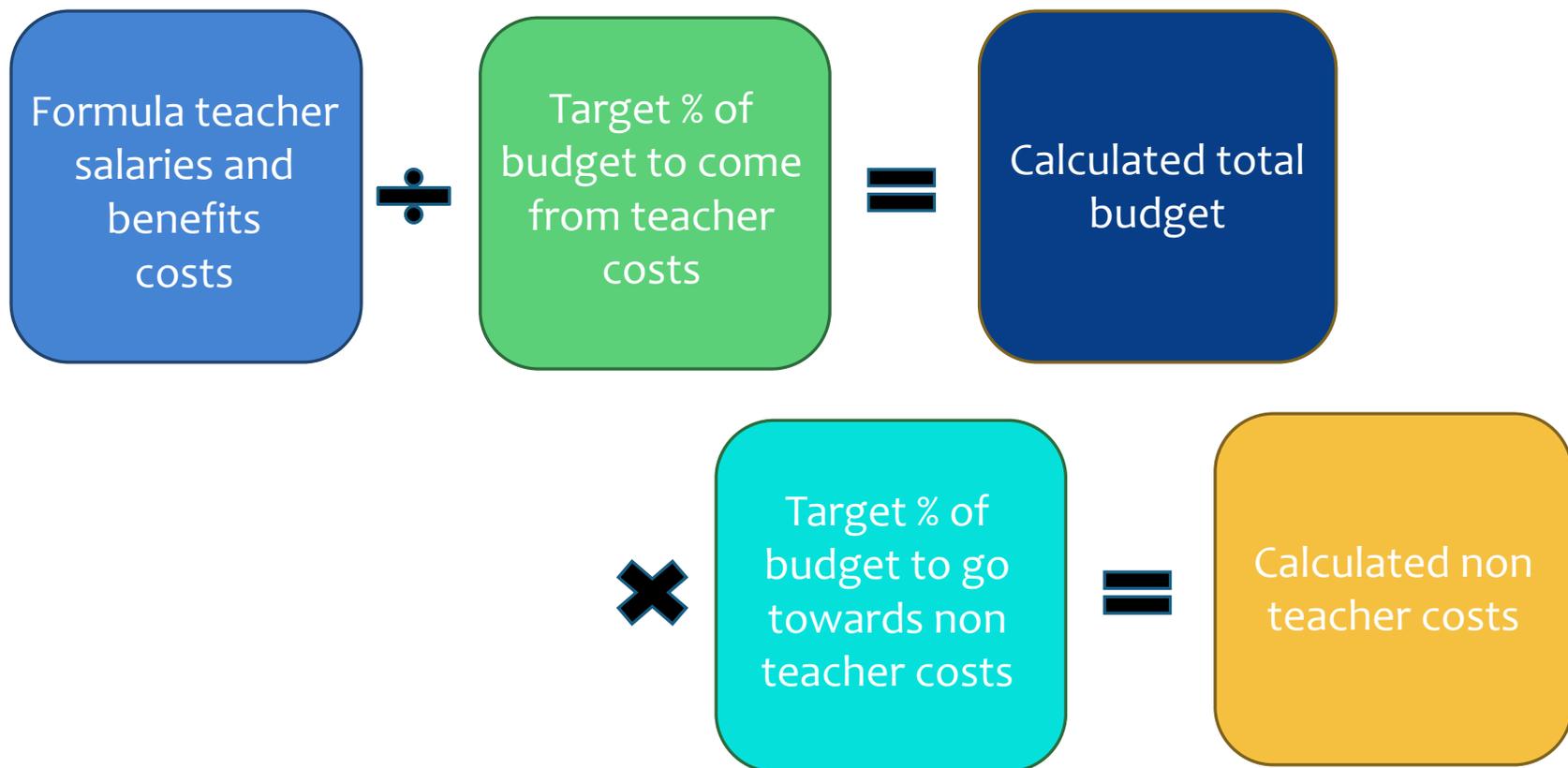
Formula Calculations: Teacher Salaries and Benefits Need



Non-Teacher Costs

- * What are the target non-teacher costs?
- * 65% Solution
 - * refers to a policy that aims to shift education spending away from administrative costs toward classroom expenses, so that eventually at least 65 cents of every dollar spent by a school district directly reaches the classroom.
- * In South Dakota, based on 2014 data, it is estimated that 54% of general fund expenditures are spent on K-12 Instructional salaries and benefits in SD public school districts

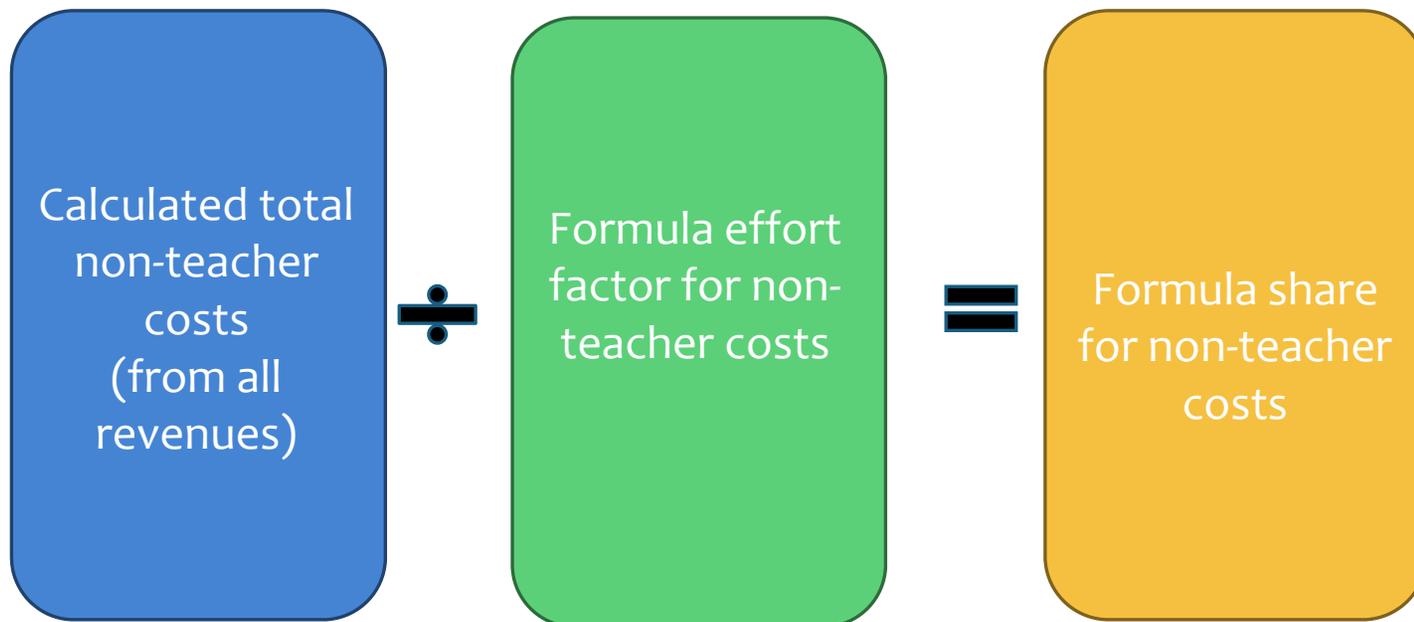
Formula Calculations: Non-Teacher Costs



Non-Teacher Costs Funded by Formula vs Non-Formula Revenues

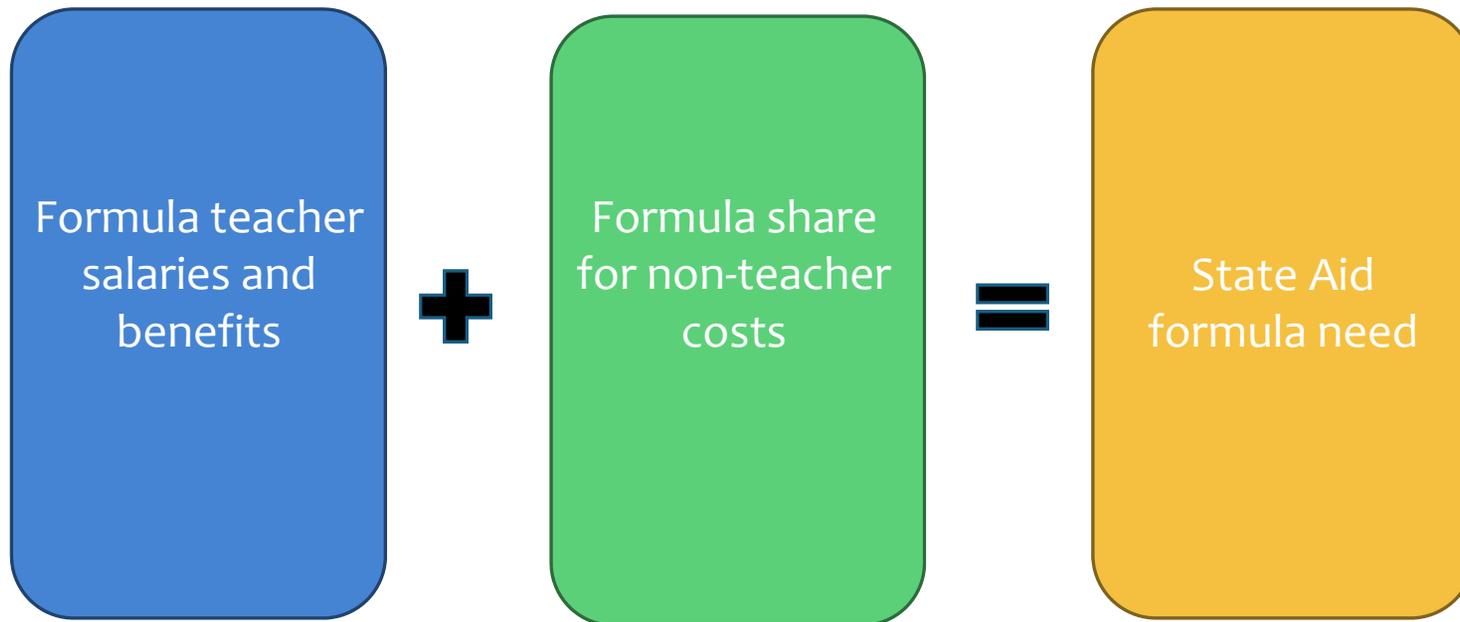
- * State aid formula is not the only revenue source
 - * Other state, local, and federal revenues flow into the school district general fund
- * Based on FY2014, if K-12 instructional salaries and benefits are taken out, 42% of non-teacher costs are covered by revenue from the state aid formula (\$161M)

Formula Calculations: Formula Share on Non-Teacher Costs



Formula Total Need

- * The total need for each district would be expressed as:



Other Items to Consider

- * Fall Enrollment Count
 - * Base on current year still?
 - * Still allow for 2 year averaging?
- * Other Formula Adjustments
 - * Limited English Proficient Students
 - * Small School Adjustment
 - * Sparsity
- * How to fund additional cost?

Other Revenues in Formula

- * 3 Options
 - * Equalize all selected other revenues at once
 - * Hold districts harmless at current level and equalize future increases
 - * Equalize new money over time (i.e. new windfarms)
- * Total Select Other Revenues for SY2014 = \$50,783,238
 - * Estimated \$394.44 per student if ran through the current funding formula
 - * Estimated \$5,438.59 per teacher based on 2014 instructional FTE
- * How to do this without a PSA?
 - * One method would be to count the other revenues towards local effort and increase the amount going to school districts accordingly by adjusting the effort factor for non-teacher expenses

Capital Outlay to General Fund

- * Current flexibilities expire on July 1, 2018
- * Should a portion of the Capital Outlay levy be transitioned to the General Fund?
 - * If 0.5 mil were moved from capital outlay to the general fund it would generate \$37,314,920 statewide based on Pay 15 valuations
 - * Estimated \$285.08 per student if ran through the current funding formula
 - * Est \$3,996.21 per teacher based on 2014 instructional FTE
- * Not all districts levying at the maximum levy of 3.00 mil

Pension Levy to General Fund

- * Should the Pension Levy be transitioned to the General Fund?
 - * Current max is 0.30 mil
 - * Pay 15 statewide amount generated at current levies is \$19,671,836
 - * Would need to do statewide levy of 0.263 to generate this same amount
 - * This would come to \$149.95 per student if ran through the current funding formula
 - * Est \$2,102.01 per teacher based on 2014 instructional FTE
 - * For Pay 2015, 56 districts levy at the max
 - * 12 districts have no pension levy

Fund Balance Caps

- * Allowed the lesser of the district's general fund balance percentage as of June 30, or:
 - * FY2008 = 100%
 - * FY2009 = 80%
 - * FY2010 = 60%
 - * FY2011 – FY2014 = 40%
 - * FY2015 and beyond = 25%
- * Lesser of fund balance as of June 30, 2000, or
- * Lesser of fund balance as of June 30, 2011, or
- * If calculated base is less than 25%, then at 25%
- * Repealed during 2011 legislative session (SB200)

Fund Balance Caps - Exemptions

- * Allowed to exempt the following when calculating fund balances:
 - * Revenue from opt-outs
 - * Revenue from gifts, contributions, grants, or donations
 - * Revenue from consolidation incentives
 - * Revenue from sparsity funding formula
- * Excess General Fund Oversight Board
 - * Purpose was to review and make recommendations on requests for exemption made by school districts

Questions?

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