

Budget Planning

Public Meeting 3/7/2010

Purpose

- The purpose of tonight's meeting is to educate the public as to the current financial condition of the school district and to keep them abreast of the workings of the school board.
- The board is always seeking feedback.
 - Positive and negative

Agenda

- Introductions
- Explanation School District Funds
- School Funding Formula
- Historical Data
- Projections
- Solutions
- Question and Answer
 - Common Questions

Questions

- There is a question box for your questions. Please keep all questions professional and cordial.
- TELEVISION AUDIENCE
- If you have questions, please email your question to Tony.Kinneberg@k12.sd.us

Introductions

- Shayne McIntosh, Superintendent
- Craig Bruening, Business Manager
- Board Members

Explanation School District Funds

- General Fund
- Capital Outlay
- Special Education
- Pension Fund
- Bond Redemption Fund
- Food Service

General Fund

- The General Fund of a School District is the primary fund. For the current fiscal year, the General fund accounts for \$3.88 million dollars of a \$5.87 million dollar total budget.
- The General Fund is where a vast majority of the following expenditures are paid and NEARLY all of the discussion regarding cuts to education funding.
- This is the fund where the Governor has proposed a 10% cut to the per student allocation.

Where the Money Comes from

- Statewide: The per student allocation is funded by a combination of State Aid and local property taxes.
- The Statewide average is:
 - » 56% State Aid
 - » 44% Local Property Tax

Where the Money Comes

- There are other receipts:
 - Gross receipt taxes
 - Gate receipts
 - Federal Money (Title funds)
 - State Apportionment (School and Public Lands)
 - County apportionment (fine money)
 - Bank Franchise tax (down 30%)

Expenditures - General Fund

- Salaries
- Benefits – Health Insurance/SD Retirement
- Transportation
- Supplies
- Title Programs
- Utilities
- Co-Curricular/Extra Curricular Activities

Capital Outlay

- FY 2011 Budget is \$535,000
- The Primary Purpose of the Capital Outlay fund is for the maintenance and upkeep of the facilities.
- We also can purchase textbooks and much technology from the Capital Outlay fund.
- We are taxing at $\frac{2}{3}$ of the allowable rate.

Special Education

- Special Education funds can only be used for Special Education purposes.
- These include, SPED Teachers, Aides, Transportation, Speech Therapy, Occupational Therapy, SPED supplies
- Our SPED Budget is \$817,000, our second largest fund

Pension Fund

- The pension fund is used to pay for early retirement benefits and can be used for South Dakota Retirement Benefits.
- The Pension Fund budget is \$75,000

Bond Redemption Fund

- The only use of this fund is to repay the bond we have for payment of the elementary school.
- The budget is \$274,000
- The District has refinanced this fund twice, providing nearly ½ million in savings to the district.
- Our last payment is due 6/15/2018.

Food Service

- The food service fund can only be used for food service. Budget of \$285,000
- The food service fund is to be self-supportive
- We do carry outstanding debts/accounts
- Want people to know that by applying for free and reduced, it really helps the school in federal funding.

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School Funding Formula-General Fund

- South Dakota Codified Law states how the General Fund for schools will be financed.
- Schools are funded on a per student basis, with adjustments made for school size small school adjustment (SSA) and for sparsity.
- The state dictates how much we receive per year and how it is distributed between State Aid and local property taxes.- (56% to 44%)

	Actual	Actual	Actual	Actual	Actual
	2006-07	2007-08	2008-09	2009-2010	2010-2011
Actual ADM	650	602	578	594	566.03
Actual Our Home			26	29	30
Total w/o our home		626	552	565	536.03
Average Parkston				586	580.015
Average Our Home				27.5	29.5
Average w/o Our Home SSF				558.5	550.515
Per Student Allocation	\$4,364.85	\$4,528.80	\$4,664.66	4,804.60	4,804.60
Small School Adjustment	0	0	21.19	29.66	104.85
Total Per Student Allocation	\$4,364.85	\$4,528.80	\$4,685.85	\$4,834.26	\$4,909.45
	2,837,152.50	2,835,028.80	2,586,589.20	2,832,876.36	2,847,554.64

2009-2010 EXPENDITURE DATA & RANKINGS

The calculated cost per ADM reported here is intended to represent the cost of educating a student in-district, therefore the following expenditures were not included: tuition payments, summer school, adult programs, community services, preschool, and residential and day programs. Expenditures may also be reduced by revenues received for services provided other school districts (i.e. teacher sharing).

School District	2009-2010	FY10 General Fund	Cost per		FY10 Total Educational	Cost Per	
	Enrollment ADM	Expenditures	ADM	Ranking	Expenditures*	ADM	Ranking
Parkston 33-3	594.789	\$3,535,916	\$5,945	135	\$4,397,873	\$7,394	121
Pierre 32-2	2,475.596	\$14,231,949	\$5,749	142	\$16,825,226	\$6,796	142
Plankinton 01-1	273.891	\$2,250,754	\$8,218	49	\$2,565,024	\$9,365	53
Platte-Geddes 11-5	436.307	\$3,068,599	\$7,033	90	\$3,510,532	\$8,046	99
Rapid City 51-4	13,230.838	\$76,444,513	\$5,778	140	\$93,396,487	\$7,059	136
Redfield 56-4	611.189	\$3,902,221	\$6,385	118	\$4,886,153	\$7,995	101
Rosholt 54-4	213.632	\$1,783,741	\$8,350	47	\$1,954,681	\$9,150	55
Roslyn 18-2	66.023	\$1,166,299	\$17,665	2	\$1,385,248	\$20,981	2
Rutland 39-4	121.320	\$992,958	\$8,185	50	\$1,150,010	\$9,479	48
Sanborn Central 55-5	199.632	\$1,558,151	\$7,805	59	\$1,754,558	\$8,789	68
Scotland 04-3	246.985	\$1,805,994	\$7,312	77	\$2,150,008	\$8,705	73
Selby 62-5	193.333	\$1,657,623	\$8,574	42	\$1,959,754	\$10,137	39
Shannon County 65-1	1,138.283	\$16,134,088	\$14,174	5	\$18,950,061	\$16,648	4
Sioux Falls 49-5	20,823.580	\$127,768,480	\$6,136	126	\$151,772,526	\$7,288	124
Sioux Valley 05-5	569.875	\$3,490,891	\$6,126	127	\$4,025,647	\$7,064	135
Sisseton 54-2	905.273	\$8,560,961	\$9,457	30	\$9,899,379	\$10,935	28
Smee 15-3	191.899	\$2,820,046	\$14,695	3	\$3,262,480	\$17,001	3
South Central 26-5	127.719	\$1,580,085	\$12,372	9	\$1,783,140	\$13,961	9
Spearfish 40-2	1,923.732	\$11,678,993	\$6,071	129	\$13,674,243	\$7,108	131
Stanley County 57-1	476.762	\$3,294,199	\$6,910	97	\$3,887,978	\$8,155	94
Stickney 01-2	125.877	\$1,076,915	\$8,555	44	\$1,230,830	\$9,778	44
Summit 54-6	125.991	\$1,012,013	\$8,032	52	\$1,138,219	\$9,034	58
Tea 41-5	1,187.492	\$6,129,853	\$5,162	153	\$7,400,402	\$6,232	153
Timber Lake 20-3	296.317	\$3,316,655	\$11,193	12	\$3,689,191	\$12,450	13
Todd County 66-1	1,973.428	\$25,126,954	\$12,733	8	\$27,558,922	\$13,965	8
Tripp-Delmont 33-5	216.271	\$1,940,298	\$8,972	33	\$2,365,900	\$10,940	27
Tri-Valley 49-6	801.973	\$5,469,466	\$6,820	101	\$6,165,934	\$7,688	109
Vermillion 13-1	1,242.499	\$8,168,205	\$6,574	110	\$9,209,462	\$7,412	118
Viborg 60-5	258.458	\$1,714,564	\$6,634	107	\$1,953,803	\$7,559	113
Wagner 11-4	756.694	\$6,844,112	\$9,045	31	\$7,670,761	\$10,137	38
Wall 51-5	240.390	\$2,390,163	\$9,943	20	\$2,687,595	\$11,180	25
Warner 06-5	298.175	\$1,954,774	\$6,556	111	\$2,141,829	\$7,183	127
Watertown 14-4	3,420.119	\$21,467,570	\$6,277	121	\$26,133,198	\$7,641	111
Waubay 18-3	171.881	\$1,759,043	\$10,234	19	\$1,987,202	\$11,561	19
Waverly 14-5	226.930	\$1,763,715	\$7,772	62	\$1,989,767	\$8,768	69
Webster 18-4	486.068	\$2,933,479	\$6,035	133	\$3,349,389	\$6,891	140

2009-2010 EXPENDITURE DATA & RANKING

The calculated cost per ADM reported here is intended to represent the cost of educating a student in-district, therefore the follow payments, summer school, adult programs, community services, preschool, and residential and day programs. Expenditures may services provided other school districts (i.e. teacher sharing).

School District	2009-2010 Enrollment ADM	FY10 General Fund Expenditures	Cost per ADM	Ranking	FY10 Enrollment ADM
Parkston 33-3	594.789	\$3,535,916	\$5,945	135	
Pierre 32-2	2,475.596	\$14,231,949	\$5,749	142	
Plankinton 01-1	273.891	\$2,250,754	\$8,218	49	
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Rapid City 51-4	13,230.838	\$76,444,513	\$5,778	140	
Redfield 56-4	611.189	\$3,902,221	\$6,385	118	
Rosholt 54-4	213.632	\$1,783,741	\$8,350	47	
Roslyn 18-2	66.023	\$1,166,299	\$17,665	2	
Rutland 39-4	121.320	\$992,958	\$8,185	50	
Sanborn Central 55-5	199.632	\$1,558,151	\$7,805	59	
Scotland 04-3	246.985	\$1,805,994	\$7,312	77	
Selby 62-5	193.333	\$1,657,623	\$8,574	42	
Shannon County 65-1	1,138.283	\$16,134,088	\$14,174	5	
Sioux Falls 49-5	20,823.580	\$127,768,480	\$6,136	126	20,823.580
Sioux Valley 05-5	569.875	\$3,490,891	\$6,126	127	
Sisseton 54-2	905.273	\$8,560,961	\$9,457	30	
Smee 15-3	191.899	\$2,820,046	\$14,695	3	
South Central 26-5	127.719	\$1,580,085	\$12,372	9	

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A Balanced Budget	2009-2010
Actual ADM	594
Our Home	29
Total w/o OH	565
Ave Parkston	586
Average OH	27.5
Average for SSF	558.5
PSA	\$ 4,804.60
SSA	\$ 29.66
Total PSA	\$ 4,834.26
	\$ 2,832,876.36

Last Year's Legislation

	2009-2010	2010 -2011
Actual ADM	594	566.03
Actual Our Home	29	30
Total w/o our home	565	536.03
Average Parkston	586	580.015
Average Our Home		29.5
Average w/o Our Home SSF		550.515
Per Student Allocation	\$ 4,804.60	\$ 4,804.60
Small School Adjustment	\$ 29.66	\$ 135.54
Total Per Student Allocation	\$ 4,834.26	\$ 4,940.14
	\$ 2,832,876.36	\$ 2,865,355.30

	2009-2010	2010 -2011	5% -2011-12
Actual ADM	594	566.03	552
Actual Our Home	29	30	30
Total w/o our home	565	536.03	522
Average Parkston	586	580.015	559.015
Average Our Home		29.5	30
Average w/o Our Home SSF		550.515	529.015
Per Student Allocation	\$ 4,804.60	\$ 4,804.60	\$ 4,564.37
Small School Adjustment	\$ 29.66	\$ 135.54	\$ 165.27
Total Per Student Allocation	\$ 4,834.26	\$ 4,940.14	\$ 4,729.64
	\$ 2,832,876.36	\$ 2,865,355.30	\$ 2,643,939.70
	Balanced Budget	Where will this be?	(\$188,936.66)

	2009-2010	2010 -2011	5% -2011-12	10% -2011-2012
Actual ADM	594	566.03	552	552
Actual Our Home	29	30	30	30
Total w/o our home	565	536.03	522	522
Average Parkston	586	580.015	559.015	559.015
Average Our Home		29.5	30	30
Average w/o Our Home SSF		550.515	529.015	529.015
Per Student Allocation	\$ 4,804.60	\$ 4,804.60	\$ 4,564.37	\$ 4,324.14
Small School Adjustment	\$ 29.66	\$ 135.54	\$ 165.27	\$165.27
Total Per Student Allocation	\$ 4,834.26	\$ 4,940.14	\$ 4,729.64	\$ 4,489.41
	\$ 2,832,876.36	\$ 2,865,355.30	\$ 2,643,939.70	\$ 2,509,647.53
			(\$188,936.66)	(\$323,228.83)

History of Enrollment and PSA

	Actual	Actual	Actual	Actual	Actual	Projected
	2006-07	2007-08	2008-09	2009-2010	2010-2011	2011-2012
Actual ADM	650	602	578	594	566.03	552
Actual Our Home			26	29	30	30
Total w/o our home		626	552	565	536.03	522
Average Parkston				586	580.015	559.015
Average Our Home				27.5	29.5	30
Average w/o Our Home SSF				558.5	550.515	529.015
Per Student Allocation	\$ 4,364.85	\$ 4,528.80	\$ 4,664.66	\$ 4,804.60	\$ 4,804.60	\$ 4,324.14

The Perfect Storm

- Over the last 6 years, we have lost nearly 100 students in our enrollment
- We were managing the declining enrollment and we believed we were able to continue to manage next year's decline
- However, with a 10% reduction in funding and the decline, we have found ourselves in a difficult position

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Solutions

- Legislative Assistance
 - SB 152
 - SB 133
 - Capital Outlay Law
- Budget Reduction
- Increased Revenue

Solutions –Legislative Assistance

- SB 152 - Will Freeze property taxes at a level similar to this year.
 - Also an appropriation of \$12 million involved, likely to be vetoed
 - Net result of the bill will be a 8.5% cut to PSA

Solutions –Legislative Assistance

- SB 133 (Parkston Bill)
 - Would have freed up a one time allocation of \$26 million by changing the date when state aid is paid, thereby moving obligation to the state, freeing up money to be redistributed to schools
 - After much research, became clear that it would take the support of the Executive Branch for this to be successful and they opposed it.
 - Bill was killed

Solutions –Legislative Assistance

- Capital Outlay Bill – (short term assistance)
- This bill will allow schools to temporarily pay for certain expenditures out of the capital outlay fund that would not normally be allowed.
- Problem is it does not address long term cut to PSA and as a result, does not assist with structural deficit caused by cut in PSA

Solutions – Budget Reduction

- During the past years, as our enrollment declined, we have addressed the problem with budget cuts
 - We reduced a number of staff
 - We reduced expenditures in co-curriculars
 - We reduced travel
 - We reduced Supplies
 - We encouraged retirements

Budget Reductions

- Now however, we find that we are one of the most efficient school districts in the state as indicated by the earlier slide, ranking as the 20th most efficient out of 154.
- We find that we have little room left to cut without cutting in to programs, efficiency and especially, quality.

Increased Revenue

- Past Legislation – Averaging and SSA bill
- New Legislation - Referendum
- More Children
- Increased PSA
- Opt Out

Governor Says Schools Should Opt Out

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Sioux Falls' Leading Website

Governor: Schools can opt out for more cash

MEGAN LUTHER • mmluther@argusleader.com • January 25, 2011

Some South Dakota school districts might need to ask local taxpayers to help offset a proposed 10 percent cut in state K-12 education spending this next fiscal year, Gov. Dennis Daugaard said.

He is proposing \$60 million in cuts to school districts in the next budget year that begins July 1. As part of that proposal, property taxes would be reduced next year and the year after. But districts could choose to opt out on the reduction or ask taxpayers for a hike in their property taxes, the governor said.

"They may need to go to their taxpayers. I think that's a good healthy conversation," Daugaard told the Argus Leader editorial board Monday.

It's not an option for some of the state's property-poor counties, said Brian Aust, spokesman for Associated School Boards of South Dakota.

"They would literally have to tax themselves out of their homes and ranches to make up for the 10 percent cut," Aust said.

Less than a week since he proposed the 10 percent reduction across state government to cover a \$127 million structural deficit, Daugaard vowed Monday to reject any budget from the Legislature that doesn't eliminate the deficit.

House Majority Whip Nick Moser, R-Yankton, said he supports the governor's plan. Because education is a large part of the budget, it has to be considered, Moser said.

"I think we are still early enough in the game that everything is on the table," he said.

No tax increase, Daugaard reiterates

Daugaard also reiterated Monday that he intends to stick to his campaign promise of not raising taxes. But South Dakota Democratic Party Chairman Ben Nesselhuf said Daugaard is passing the buck "to the local level and forcing local school boards to opt out so they have to bear the ramifications."

House Minority Leader Bernie Hunhoff of Yankton said the governor's proposed cut shifts the responsibility for education from the state to local level.

"I think property taxes are plenty high in South Dakota, and that's a really dangerous policy to shift an even greater burden of public education on the property taxpayers," Hunhoff said. "They are paying their fair share and more."

40% of districts are under opt-out

As of now, 40 percent - or 60 school districts - are using an opt-out. The Sioux Falls School District has the option to take up to \$5 million in property tax revenue each year through 2018. This year, the district decided to use \$2.7 million.

Daugaard expects K-12 education representatives to push back, saying they have the best-organized lobbying effort.

"There's another larger, much less organized group called the taxpayer, and they are interested in responsible budgetary management, and I believe that's what I'm offering," Daugaard said.

He said his proposal actually cuts only 5.4 percent when other revenue sources to schools are factored in, such as capital outlay and special education funding - money that is earmarked.

Governor creates 'false impression'

Advertisement



The advertisement features the USA Today logo at the top. Below it, the word "AutoPilot" is written in a large, bold, sans-serif font, with a small airplane icon to its right. Underneath, a smartphone is shown displaying the app's interface, which includes a search bar and a list of travel options. To the right of the phone, the text reads "The new travel app for iPhone and iPod touch". Below this, it says "Presented by: Hamilton" with the Hamilton logo. At the bottom right, there is a call to action: "SEE HOW IT WORKS" with a double arrow pointing right.

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Common Questions

- Why don't you pay for cost from capital outlay?
- Why don't you cut extra curricular?
- Why don't we cut bussing?
- Why don't you cut administration?
- Why do we need preschool?

Your Questions

- Give us your questions.
 - Please be courteous
 - Please avoid from using names and finger pointing
 - » We want to be productive and professional

What is Next (as of today....it could change)

- Board is putting together next year's budget.
- At the current time we plan to develop this budget by using cuts, the capital outlay option and reserves.
- The structural deficit will remain significant and reserves will not last long.
- Board will use the next year to evaluate all options.

What Can You Do?

- Give us your feedback, your thoughts
- As you enter into discussions regarding this matter, please keep the following in mind:
 - Please feel free to call us to find out the facts, there are many, many, many misconceptions, misunderstandings and poor facts out there.
- Contact your legislators
- Have more children!!

Legislative Contacts

- A link can be found with contact information on the Parkston School District homepage.
- Feel free to share your thoughts with the Governor as well.