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## Governor: Schools can opt out for more cash

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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'

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