

What is the purpose of this opt out?

It will shift the dollar amount requested in the opt out from the Capital Outlay to the General Fund

It was asked to be looked at during our budget meeting and the board will have it as an ongoing discussion item during the board meetings in November, December, January, and February

Our school district funding sources

- General fund
- Capital Outlay
- Special Education
- Bond

GF

The General Fund is how the school district pays most of the “operational” costs incurred as the school district provides education for our students. Eighty percent of this fund is used for paying salaries and benefits to employees. It is funded through a combination of state and local money. The levy for this fund and the [formula is determined annually by the SD Legislature](#).

CO

This is the second major fund that schools use. The CO fund is used for buildings, large pieces of equipment, technology and infrastructure, and textbooks. This fund is designed for the purchase of those things that will last for some time. This is funded through local property taxes. In 2016, the law was changed to decrease the growth in local Capital Outlay funds, and is now limited to growth of 3%, or the rate of inflation (CPI-W), whichever is less.

Sped

This is used for our special education students and pertains to staffing for our special education department. This levy is set by the district but must be enough so that school districts can go to the extraordinary cost fund if needed.

Bond
Used to pay off the school building

Why shift the money from Capital Outlay to the General Fund?

- Schools are allowed to use 45% of Capital Outlay funds for General fund expenditures
 - This is called capital outlay flexibility
- Everyone is taxed at the same rate in the Capital Outlay Fund
 - The current rate is \$2.53 per thousand
- This opt out is intended to move the dollars from Capital Outlay to the general fund
 - Agriculture levies are \$1.409 per thousand
 - Owner Occupied are \$3.153 per thousand
 - Other (businesses) are \$6.525 per thousand

This shift went into affect when the state budget was after the 2009-2010 school year
Currently we are transferring \$535,000 from capital outlay to the general fund which is 36% of the flexibility

The rate is the same for Ag, Owner Occupied, and Other

The opt out will shift the tax structure so it would alleviate some of the tax burden on the agricultural community

What is our total taxable valuation?

- Redfield \$623,366,135
 - Agriculture \$427,446,500
 - Owner Occupied \$93,763,958
 - Other \$69,943,752
 - Utility \$32,211,925

How does our valuation compare
\$623,366,135?

- Northwestern \$848,423,853
- Doland \$541,047,769
- Hitchcock/Tulare \$687,711,063
- Aberdeen \$2,415,919,809

Cost per student

- Redfield \$9,415
- Northwestern \$8,899
- Doland \$12,909
- Hitchcock/Tulare \$12,033
- Aberdeen \$8,373

Our cost per student is impacted by the general fund, capital outlay, and special education
We have a large special education population proportionately in our district
with 21.3% of our students qualifying for special education

Northwestern 14.3%

Doland 18.5%

HT 18.3%

Aberdeen 18.9%

Total current levies for all funds by group

- Agriculture
 - \$7.212 per thousand
- Owner Occupied
 - \$8.956 per thousand
- Other (businesses)
 - \$12.328 per thousand

This includes the general fund, capital outlay, special education, and bond

Opt out levies with \$100,000

Calculation of school levies (2021-22)	General	Cap. Outlay	Special Ed.	Bond Opt out	Gen abate	Totals	Difference current to opt out
Agriculture levy	1.409	2.53	1.67	1.603		7.212	
Owner Occupied levy	3.153	2.53	1.67	1.603		8.956	
Other levy	6.525	2.53	1.67	1.603		12.328	
Calculation with \$100,000 opt out							
Agriculture levy	1.409	2.37	1.67	1.603	0.09	7.142	-0.07
Owner Occupied levy	3.153	2.37	1.67	1.603	0.201	8.997	0.041
Other levy	6.525	2.37	1.67	1.603	0.417	12.585	0.257

You can see that Ag will see a decrease and the other groups will have an increase in their taxes

This is the information from the previous slide and the opt out values are on the bottom

Opt out levies at \$400,000

Calculation of school levies (2021-22)	General	Cap. Outlay	Special Ed.	Bond Opt out	Gen abate	Totals	Difference of current taxes to opt out	
Agriculture levy		1.409	2.53	1.67	1.603		7.212	
Owner Occupied levy		3.153	2.53	1.67	1.603		8.956	
Other levy		6.525	2.53	1.67	1.603		12.328	
Calculation with \$400,000 opt out								
Agriculture levy		1.409	1.889	1.67	1.603	0.36	6.931	-0.281
Owner Occupied levy		3.153	1.889	1.67	1.603	0.806	9.121	0.165
Other levy		6.525	1.889	1.67	1.603	1.667	13.354	1.026

You can see that Ag will see a decrease and the other groups will have an increase in their taxes

This is the information of a \$400,000 opt out and the information would be on the bottom on the impact

Calculator on the website

- People can use the calculator and type their overall valuation into the calculator for each opt out to see the impact
- I will have a video showing how to do it as well and where to put in the valuations

I have created a calculator on the website to show the impact that this will have

Questions from the board