

# Sioux Falls School District



## Opt-Out Recommendation Summary

- \$168 Million General Fund Budget in FY18
- Business leaders recommend 8.5% fund balance
- Current factors indicate FY20 fund balance would be 3.9%
- Recommendation is to add \$5 Million to the existing \$7.5 Million Opt-Out
- Even with additional \$5 Million for schools, taxes will NOT increase since mil rate was projected to drop.

## **+\$5 Million Opt-Out Proposed With NO Tax Increase Needed**

Future funding challenges identified during preparation of the \$168 Million FY18 Budget caused the District to reconvene the Finance Action Network (FAN) – a committee of community CEOs and business leaders who could review District spending and make recommendations to achieve the highest level of fiscal responsibility without cutting programs.

A previous FAN committee determined – and the current committee agrees - the District's fund balance should be approximately 8.5% of the general fund expenditures. However, in FY20, the projected fund balance dips to 3.9% with a rebound still below the recommended mark in FY22 and a 7.6% fund balance.

Factors for consideration of additional opt-out:

- Uncertainty in federal education funding
- South Dakota's soft economy and sluggish tax comeback
- Already aggressive approach to 5-year plan with .75% additional efficiency each year
- District's conservative spending as compared to national peers and other SD school districts
- A +\$5 Million will NOT increase taxes. The FY18 mil rates of owner occupied property taxes are set to drop 30 cents from \$8.44 per thousand to \$8.14 per thousand. In FY18, the District recommends leveeing a portion of that drop. A full \$5 Million Opt Out would keep the current mil levy flat at the existing \$8.44 per thousand.

**Proposal: Increase Opt-Out amount from \$7.5 Million to \$12.5 Million. The additional \$5 Million is recommended for 10 years. However, the District vows fiscal responsibility to taxpayers and would only access the portion of increase that is needed.**