



Harding County School District #31-1

12474 Tipperary St, Buffalo, SD 57720

Establishing a Foundation for Future Endeavors

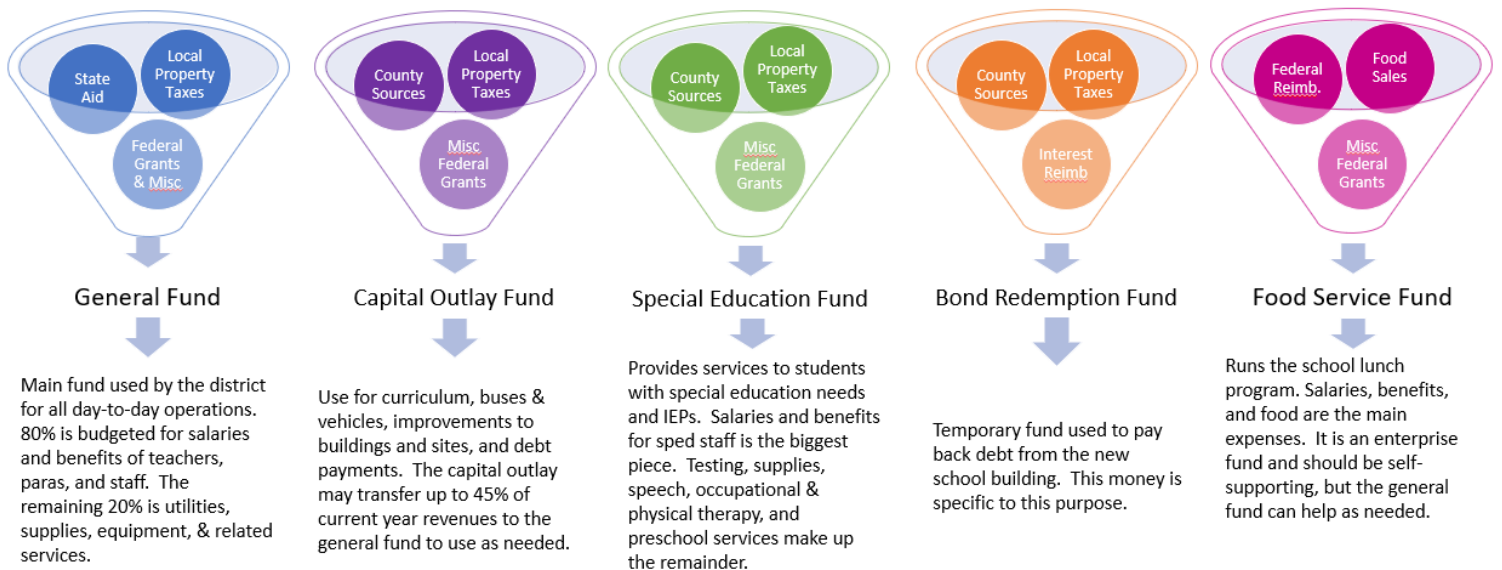
Rural School Referendum—Special Election

The resolutions to close the Camp Crook and Ludlow schools have been referred to a special election which will be held on Tuesday, February 20, 2024. Polls will be open from 7am to 7pm on the day of the election with all regular precincts open.

Enclosed in this newsletter are data, timelines, and conversations from the last eight months of meetings, leading up to the resolution to close the schools by the board on November 30, 2023. This is meant to be informational so that you, as the taxpayer, may make an informed decision. If you have additional questions, please contact the district directly at 605-375-3241.

Background Information

Harding County School District operates 5 different fiscal funds—General, Capital Outlay, Special Education, Bond Redemption, and Food Service. Each of the funds has a specific purpose:



General Fund Deficit

What Happened?

Prior to 2017, district finances had been relatively steady. There was good income from the mineral severance and utility taxes from the compressor stations running in the oil field. During the years 2016 - 2017, changes in the economy as well as the introduction of the Blue Ribbon Funding Formula for state aid decreased the incoming dollars to the district.

- The utility taxes plummeted from \$1 million in 2014 to \$190,000 in 2018 as the compressors shut down.
- At the same time, state aid funding changed. The district was advised to remain on the alternate funding formula due to historically high utility taxes and state aid remained flat.
- In 2016, mineral severance dropped by 50%, from \$624,000 to \$272,000 and to date has not recovered from those highs.

The district relied on fund balance and capital outlay transfers for two years, but the result was a large budget shortfall in 2019.

Capital Outlay Transfers

The district makes an annual transfer from Capital Outlay to the General Fund. State law allows us to transfer up to 45% of current year property tax income to use in the General Fund as needed. While this is allowed, this is not ideal. It ties up capital outlay money that could be used in other areas and it creates a dependency on those dollars that will not be there in the future.

After our building debt is paid off in six years, our Capital Outlay request will drop substantially and our transfer ability will drop by close to \$200k per year. If we are dependent upon a \$500k transfer each year, we will very quickly be back in the same situation of a general fund deficit.

Fixing The Deficit

The district is taking several steps to bring the general fund back into the black. The main ones are:

- **4 full time staff positions were absorbed** through attrition rather than Reduction in Force
- **Cutting costs** for supplies, utilizing curriculum beyond its shelf life, and working to do repairs in house were able to save some money.
- **Capital Outlay Transfers** are a huge portion of correcting the deficit, though they can potentially create a shortfall in that fund and are not a cure-all. Even with transferring the full 45% each year, the general fund was still running negative.
- In 2021 we were able **to transition to the Blue Ribbon Funding Formula** which increased state aid and now we will continue to see the increases each year.

School Year	Capital Outlay Transfer	General Fund Balance
2016-2017	\$310,599	\$685,078
2017-2018	\$400,000	\$125,049
2018-2019	\$413,765	(\$291,057)
2019-2020	\$420,750	(\$486,804)
2020-2021	\$470,044	(\$375,997)
2021-2022	\$490,000	(\$126,215)
2022-2023	\$521,000	(\$4,114)

Avoiding Cuts while Meeting Goals

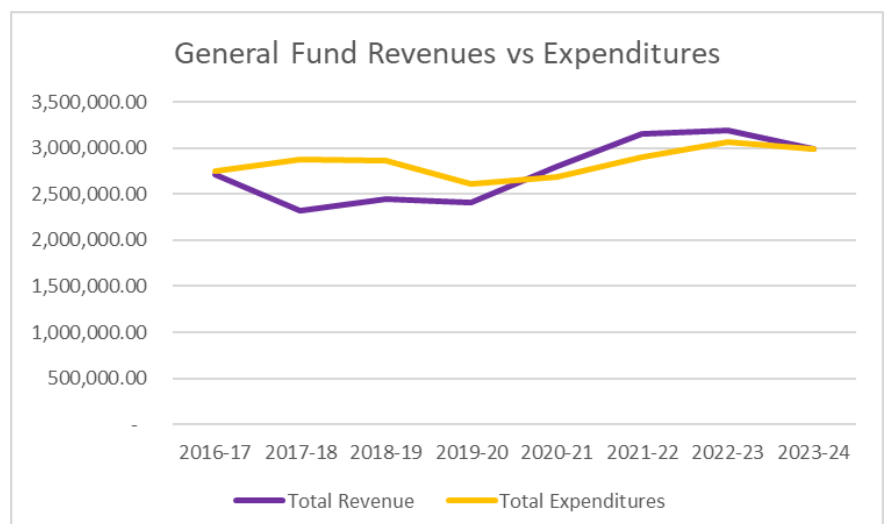
The District is Working to Avoid:

- **Opt-outs:** A general fund opt-out would be an additional tax request above and beyond what is already levied each year. It would be levied across the entire population of taxpayers.
- **Reduction in Force**—or “riffing” staff. Instead we absorbed positions where possible when staff chose to retire or resign; as a result we have absorbed 4 full time positions since 2019, with a savings of \$266,086.

Goals We are Meeting:

- **Teacher Pay Accountabilities** - The Blue Ribbon Funding added a Teacher Compensation Accountability to all districts. Teacher salary & benefits for each school year cannot fall below the district’s baseline set in 2017. Harding County School District has continued to meet this goal each and every year. Increases in state aid are allocated to teacher salaries.
- **Focusing on Education** - Test scores are consistently on par or higher than the state average each and every year. According to the Associated School Boards of South Dakota, Harding County “scored above the state average in all three subject areas—English Language Arts, Mathematics, and Science—on the annual state assessments” an achievement that less than half of the states schools reach.

- ◆ The chart at the right shows the comparison of the general fund revenues versus expenditures for the last seven years.
- ◆ Overall, expenses have remained relatively consistent with even a few years of decline.
- ◆ Increases in expenditures are due in large part to inflation, and the state requirement to continue increasing teacher salaries.
- ◆ The revenues dropped significantly before starting to rebound with the change in state aid.



2022-2023 Actual Expenditures			
	Ludlow	Camp Crook	Buffalo Elementary
	FY 2023 Expenditures	FY 2023 Expenditures	FY 2023 Expenditures
Teacher	42,900.00	49,400.00	295,875.00
Teacher Benefits	18,492.45	19,379.70	124,067.28
Substitutes	984.37	984.38	3,868.75
Rural Travel Stipends	1,800.00	1,800.00	-
Electric	1,800.30	2,218.52	20,938.07
Propane	1,296.75	1,643.22	13,449.73
Water/Garbage	436.80	1,153.80	1,329.41
Telephone	1,248.06	1,044.48	3,294.50
Travel - Specials (Fuel, wear & tear on vehicles, time, etc)	1,011.50	1,011.50	-
Supplies	1,234.81	1,179.82	8,845.92
Teacher Inst. Materials, Subscriptions, etc	812.67	812.67	812.67
Technology (J-touch, printers, toner, replacement computers, etc)	1,011.84	1,119.96	2,313.84
Equipment - replace tables, chairs, hvac repairs, water repairs	579.98	-	2,977.84
Dues & Fees	30.00	30.00	180.00
Building Rentals	-	3,000.00	-
Maintenance (Repairs, Roof, Trees, Snow Removal, Cleaning			
Parent Mileage	15,438.72	8,280.60	77,279.50
Bussing (Driver, Fuel, Mtnce, etc)			9,348.10
Total Expenditures	\$89,078.25	\$93,058.65	\$564,580.61
Student Enrollment	6	8	90
Per Student Cost	\$14,846.38	\$11,632.33	\$6,273.12
2023-2024 Projected Enrollment	4	7	92
2023-2024 Proj. Per Student Cost*	22,937.65	13,692.92	6,320.85

- Above are the actual expenditures for the 2022-2023 school year. The cost per student in Camp Crook was 2x more than Buffalo and Ludlow was 3x more.
- Projections estimate a conservative 3% increase in expenses if schools remain open.
- Projected enrollment is based on currently known students and families residing in the district.
- *Items that would not change based on the building, like textbooks are not included. The teachers materials are included as that would change the number purchased if there were fewer buildings.*

Total Costs	\$158,741
Less Bussing & Mileage (2024 Estimates)	\$42,544
Projected Savings Per Year	\$116,197

2023-24 Projected Cost Per Student	
Buffalo Elementary	\$6,321
Ludlow Elementary	\$22,938
Camp Crook Elementary	\$13,693

Expanding Transportation

With the suspension of the rural schools this year, we added two new transportation routes that accommodate an average of 16 students between Camp Crook and Ludlow. This reduces mileage costs and works to help the families facing longer commute times (as does the Reva route).

A newer van was purchased for this out of the Capital Outlay fund (which will not affect the general fund). Any future expansions (additional vans or buses) would also be purchased using Capital Outlay money and could help to reduce mileage paid.

Specials Travel Times

- Specials are the extra daily or weekly classes beyond regular classroom work. They include music, PE, counselor, or reading & math interventionists, as well as Special Education needs.
- Trips most often cannot be combined due to schedules, staffing, and those that work one-on-one with specific students.
- Does not include time spent at the schools.

For the **2022-2023** School year, staff traveled to both Camp Crook & Ludlow:

2 staff - 2x per week +
 3 staff - 1x per week =
 7 trips to each school each week

Adds up to:

-> 10,400 miles traveled
 -> \$2,023 fuel consumed
 -> 504 hours staff spent traveling or 68 school days



Well what about...

- *Brand new laptops for high school?*

They were purchased with COVID grants and replacements will also be purchased with grant funding in the future.

- *New white activities bus?*

Paid for with capital outlay dollars, whereas Dakota Bus had been a contract service through the general fund. We are saving \$42,000 per year from the general fund.

- *New LED Lighting Upgrades?*

The upgrades were paid for with a ten-year 0% interest loan through the State of South Dakota. The payment is made through the capital outlay fund and is the difference we save in electrical usage each year. The original lights/ballasts were needing to be replaced within the next 2-3 years as they were starting to fail. These new LED lights will last twice as long as the original fluorescent.

- *New smart boards in classrooms?*

Purchased with federal Small Rural Schools Achievement Grants

- *iPads for board members?*

They were surplus from classroom use

- *Teachers are constantly getting huge raises?*

No, they are in the bottom 15% of the state

- *Administration is the highest paid in the state?*

No, all administration are in the bottom 10% in the state

Position	Rank in State
Base Teacher Salary	71/85
Average Teacher Salary	74/85
Superintendent	66/67
K-12 Principal	118/125
Business Manager	77/81

Source: 2024 School Administrators of South Dakota (SASD) data

If you have additional questions, please contact the school, 605-375-3241.

