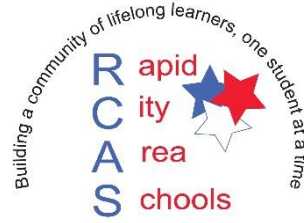


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News Release

Rapid City Area School District Presents Budget Development Plan

January 7, 2015 – Rapid City Area Schools: Superintendent Dr. Tim Mitchell and the Rapid City Area School Board will begin discussions with the staff and public on a proposed plan to develop the 2015-2016 Budget. These Town Hall Meetings are being held to discuss the current fiscal situation, present a proposed plan for reductions and reprioritizing of funds, answer questions and gather input. The plan under development will be designed to create a balanced budget for the 2015-2016 school year as well as create ongoing dollars to enhance compensation.

If enrollment stays the same, the Governor’s Proposed Budget for 2015-2016 allocates approximately \$1.3 million in new revenue for Rapid City Area Schools. This increase may not be enough to cover increased costs of operations and will have a limited ability to allow dollars for ongoing salary policy. The district will not be able to maintain its existing and forecasted expense structure without reducing expenditures or increasing revenue. Reserves were used in the 2013-2014 and 2014-2015 school years to fund ongoing rather than one-time expenses. Due to this, Mitchell has drafted a preliminary budget development plan that includes some proposed ideas to help accommodate the needs of the district.

Personnel costs currently comprise 85 percent of the General Fund Budget. Any major effort to reduce expenditures will require reducing staff at all levels as well as finding ways to combine positions and address the growing costs of benefits. One proposal would be to eliminate the early retirement benefit but this would be subject to negotiations, it will save the district \$1 million and could be fully realized after 2020 when all participants are paid out. Approximately \$3.1 million could be reduced by allocating a set amount for all staff for the insurance benefit. This would also be subjected to the negotiations process with staff. By contracting out or reorganizing custodial, maintenance, grounds and utility management, it could reduce \$900,000. If the district eliminates 100 staff members it could reduce the district’s spending by \$5 million. This staff reduction process could be accomplished over a two year period.

Dr. Tim Mitchell stated “I heard clearly this fall that enhancing compensation in this district needed to be a priority. To make this a reality some hard choices need to be considered. In order to get different results we have to confront our current fiscal situation and make some tough decisions to lead us to the desired result, enhanced compensation for staff.”

Revenue enhancement options are also being explored, although because education funding in South Dakota is regulated by state law, there are few revenue generation opportunities. Options being explored include an opt-out and various grants. However, if an opt-out passed tomorrow, the dollars from it would not be available until 2017.

For more information on the proposed budget development plan, please view Superintendent Dr. Tim Mitchell's video [here](#).

Three town hall meetings will be held to discuss the proposed plan and to get public input. The meetings will be held:

- Thursday, January 8, 2015 – 6:30 p.m. – West Middle School
- Thursday, January 29, 2015 – 6:30 p.m. – East Middle School
- Thursday, February 5, 2015 – 6:30 p.m. – North Middle School

The School Board will take action on a budget development framework at their regular meeting on Tuesday, February 17, 2015 at 5:30 at Rapid City High School Multi-purpose room.

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