

Creative ways to solve school building issues

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Many people including me, know the time has come to address the school building issues. It's important to make sure the public knows where schools will be located and the cost. More important, be honest with the public when explaining how the costs affect each of us individually.

For the Rapid City Area School (RCAS) to gain the confidence of the voters for this expensive Bond Issue, they must be clear and forthcoming with bonding information. Open calculations in plain view of the public might persuade voters.

People on both sides are capable of understanding complex amortization tables with variable statistics. Let's sit down and honestly go over this in full view of the public. Let's answer all of the questions. Just giving the public 3-5 minutes to speak and ask questions at a School Board meeting isn't the best way to convince voters, especially when the bond salesmen spend days generating numbers. It's not fair, and creates public distrust.

Jan 6th the RCJ published information from RCAS related to this bond. The Journal quoted District Finance Manager, Coy Sasse: "85¢ (mill) levy was the 'break-even' point in the debt service analysis". If 85¢ works, why not include it in the Ballot Language. The Ballot Language is silent on the mill levy. This silence allows the School Board to set and reset the mill levy arbitrarily without your approval. You pay but can't have a say! With respect to Mr. Sasse, I can't see 85¢ even coming close to paying for a \$190 Million Bond without heavy subsidies from Capital outlay funds or other sources.

The space the Journal allows for an editorial is not adequate to explain bond financing. So I will keep it short and outline the basics. We have \$8 Billion (not million) in our taxable base. Divide this base by 1,000 then multiply that number by another number (mill levy); in general that is how a bond payment is calculated from a tax base.

If we use the same method you used to finance your home -- 85¢ in mill levy won't work. It takes \$1.73 in mill levy to pay the bill. However I think the real number is less than \$1.73 and way more than 85¢. An 85¢ mill levy for this bond, adds \$212 per year to the taxes of a \$250K property, A mill levy of \$1.73 adds \$432 per year to the same \$250K property.

The variables you don't use to finance your homes are -- the % of increase assigned to the tax base and the subsidies from other sources used to offset negative amortizations. It's these subsidies that I am concerned about. The School Board at the Jan 6th meeting talked about using Capital Outlay funds as a subsidy for over 10 years. However the RCJ May 30, 2019 quoted School Business Manager David Janak "capital outlay funds will be freed up after existing debts are paid off in about 10 years time." If Mr. Janak was wrong please show us why he was wrong. RCAS recently referred to subsidies from the Capital Outlay Funds several times. This is no small thing. The public should know if Capital Outlay Funds are already committed. If RCAS is going to take the subsidies from the General Fund, then that needs to be made clear, and considered by the public -- it is their money.

Everybody knows we need to address the school buildings issue. I have heard it said the opposition has no plan. Not true -- but all the voters have to go by is the Ballot Language assigned to this Bond. If we reduce the Bond from \$190M and utilize a reasonable growth rates in the taxable base along with a moderate subsidy that ends in 5 years, maybe we will see some new schools built.

Political narratives don't solve problems, but an honest approach to the problem just might. Get the best minds together from both sides and find an amount the public will support. If we can't, then the bond issue will fail again, and we all, especially our children, will have to live with failure instead of success.