

Budget Development Update

January 19, 2020



Budget Benchmarks

Data to Guide Budget Discussion

Benchmark Amounts

1% of Total Budget = \$915,000

1% of Ed. Spending = \$682,000

Year	Education Spending Increase	Homestead Tax Rate Increase
FY19	\$470,000	3.32%
FY20	\$3,424,000	4.71%
FY21	\$2,836,000	6.23%

Budgetary Assumptions

Baseline growth, debt service & PCB Relocations = \$5.7m Increase

Baseline budget growth & Debt Service: \$2.8 million

- Wages, benefits, other anticipated cost increases ([Budget Assumptions](#) memo). \$500k debt service.

BHS Downtown: \$2.4 million

- Includes rent and related costs, plus repayment of fit up costs.
- If fit up costs receive state support this estimate would decrease by \$720,000.

BTC Relocations: \$460,000

- Estimate based on current locations. May change as location decisions are solidified.



Looking for Savings

1. Line item budget review
 - FY20 actual spending
 - FY21 spending trends
 - FY22 assumptions & projections
2. Requested reduction ideas from principals and directors
3. Ideas evaluated for
 - Short-term feasibility (could we do it?)
 - Long-term advisability (is it worth it?)
 - Balanced budget impact (what is the risk?)



Operating Reductions

No anticipated programmatic impact

Health Insurance Utilization	\$225,000		Building Maintenance Costs	\$30,000
HRA Utilization	\$400,000		Natural Gas	\$30,000
FICA	\$100,000		Electricity	\$25,000
State Health Fees	\$25,000		Professional Services	\$7,000
Water	\$15,000		Contingency Reduction	\$138,000
Copier Costs	\$5,000			
TOTAL SAVINGS				\$1,000,000

Budget Additions

Increase Communication and Support for Multilingual Families:

- \$120,000
- Necessary to equitably support families with limited English. We identified a gap in our communication during COVID-19 response.



Strategic Plan Implementation:

- \$100,000
- Will allow for limited implementation of some priority actions identified during the upcoming strategic planning process.



Cabinet Reduction Ideas

\$250,000 Eliminate vacant para positions.

\$100,000 Central office and department budgets.

\$10,000 Reduce elementary lunch/supervision budget.

\$360,000 TOTAL ADDITIONAL REDUCTIONS

Reallocations Not Reductions

- Annually, changes in enrollment and class sizes at particular schools or grade levels present the opportunity to better utilize our existing resources.
- Board & Finance Committee have seen enrollment trends [presentation](#).
- There is potential to reduce the number of homerooms (such as at EES) in order to reallocate the teaching position to another purpose.

Updated Expenditure Budget

Budget Baseline		\$91,525,000
Baseline Growth (updated), Debt Service, Etc.	\$2,800,000	
BHS Downtown & BTC Relocation	\$2,400,000	
BTC Relocation	\$460,000	
<i>Less</i> Operating Reductions	(\$1,000,000)	
<i>Less</i> 1st Year Impact of State Support for BHS	(\$720,000)	
<i>Less</i> Cabinet Reductions	(\$360,000)	
Projected Budget Increase		\$3,580,000
Updated FY22 Budget Estimate (3.5% increase)		\$95,105,000

FY20 Surplus

Recommended application of \$6 million surplus

First \$4,175,000: Revenue to reduce FY22 tax impact.

- Approximately \$2.9 million supports the BHS & BTC relocations and \$1.1 million supports general operating, which has been typical in past years.

Next \$1,825,000: Special FY22 contingency for PCB-related issues.

- After FY22 (assuming funds are not all spent), these funds could be used to pay the annual rent for BHS Downtown rent to limit the impact of this emergency on taxpayers.
- If state does not deliver on \$3.5 million to offset BHS fit up, these funds can be applied toward that cost.

Tax Rates

Tax rates are the result of four major inputs

- Education Spending: amount of Education Fund support a district's budget requires - something a district controls!
- Equalize Pupils: a weighted number of pupils that considers factors such as poverty and English Learners.
- Dollar Yield: a state variable reflecting the amount of money in the education fund.
- Common Level of Appraisal: a measure of property values in each community.

Tax Variable Estimates

Key Variables

Status

Education spending (updated)	\$68,895,605 (1.00% increase)
Equalized pupil count (updated)	4,036.27 (0.11% increase)
Homestead dollar yield	\$10,763 (2.14% decrease)*
Common level of appraisal	72.12% (3.54% decrease)*

*A decrease in these variables increases the tax rate

Tax Scenarios

Tax Rate rising despite a 1% increase in Education Spending

Homestead Tax Increase	Ed. Spending Growth	Difference from Current
12.8%	\$5.16 million	Original estimate
12.1%	\$3.94 million	January 5 estimate
7.15%	\$857,000	January 12 estimate
6.88%	\$682,000	Current estimate

Every 1% reduction to the tax growth rate requires \$650,000 in spending reductions.

Estimated Tax Implications

Hypothetical Property Payer	Property Tax Impact
Property rate increase	6.88%
Tax on \$250,000 homestead	\$5,497
Tax Difference from current rate	\$353

Hypothetical Income Payer - \$50k income	Income Tax Impact
Income Cap increase	6.47%
Tax on \$50,000 household income	\$1,331
Tax Difference from current rate	\$81

Figures reflect rounding. For education taxpayers who pay based on income, the impact will be reflected on the fiscal year 2023 property tax bill. Existing law provides additional property tax relief for households with incomes below \$47,000. This is known as a “circuit breaker.” Once a taxpayer qualifies for the circuit breaker, additional school district spending does not increase the taxpayer’s tax liability.

Estimated Tax Implications

Hypothetical Income Payer #2 - \$90k income	Income Tax Impact
Income Cap increase	6.47%
Tax on \$90,000 household income	\$2,396
Tax Difference from current rate	\$146

Hypothetical Income Payer #3 - \$120k income	Income Tax Impact
Income Cap increase	6.47%
Tax on \$120,000 household income	\$3,194
Tax Difference from current rate	\$194

Figures reflect rounding. For education taxpayers who pay based on income, the impact will be reflected on the fiscal year 2023 property tax bill. Existing law provides additional property tax relief for households with incomes below \$47,000. This is known as a “circuit breaker.” Once a taxpayer qualifies for the circuit breaker, additional school district spending does not increase the taxpayer’s tax liability.

Summary

1. Real effort to control spending and impact on taxpayers.
 - a. \$1m in operational reductions that will not impact students or programs.
 - b. \$360,000 in additional and carefully considered reductions to minimize impact on students.
 - c. \$4.175 million of surplus dedicated to immediate relief.
 - d. State support for BHS Downtown fit-up.
2. Although budget increase is 3.5%, surplus funds have reduced the need for an increase from the taxpayer supported Education Fund to 1%. However, factors outside of BSD's control result in a tax rate increase of 6.88%.

Ballot Language

Shall the voters of the school district approve the school board to expend \$95,105,00 which is the amount the school board has determined to be necessary for the ensuing fiscal year? It is estimated that this proposed budget, if approved, will result in education spending of \$17,069.13 per equalized pupil. This projected spending per equalized pupil is 0.89% higher than spending for the current year.

Board Discussion

Recommended Motion

I move to approve the annual school budget of \$95,105,000 with an education spending per equalized pupil amount of \$17,069.13 which is 0.89% more than the current fiscal year. This budget is inclusive of the additions and reductions identified by the school board at the January 19, 2021 meeting.

Budget Development Timeline

- 1/19** School Board meeting
- 1/25** City Council presentation
- 3/2** Town Meeting Day budget vote



Full budget timeline available at:

<http://www.bsdt.org/district/budget/>

THANK YOU



Cultivating caring, creative, and courageous people. Join the journey!