

FY23 Budget Development Update

January 18, 2022



Purpose and Next Steps

Purpose:

- Share BTC tuition
- Understand budget and tax estimates
- Review budget Q&A
- Approve budget

Next Steps:

Board Action 1/18

Town Meeting Day vote 3/1



Budget Benchmarks

Data to Guide Budget Discussion

Benchmark Amounts

1% of Total Budget = \$951,000

1% of Ed. Spending = \$689,000

Year	Education Spending Increase	Homestead Tax Rate Increase
FY20	\$3,424,000	4.71%
FY21	\$2,836,000	6.23%
FY22	\$681,539	1.03%

Budgetary Assumptions

Baseline growth = \$2.5m Increase

Baseline budget growth: \$2.5 million

- Wages, benefits, other anticipated cost increases (Budget Assumptions memo).

Downtown BHS: \$1.7 million

- Includes rent and utilities costs.

ESSER Funds:

- Federal expenses not included in total budget estimate.



Burlington Technical Center

BTC budget is embedded in the overall BSD budget.

BTC Budget = \$3.1 million

BTC Tuition = \$19,872

- The budget includes funding to cover facilities rent.
- Tuition is paid by both BSD and other sending districts, so BSD still pays for about half of the rent cost, but the other half is paid by sending districts.

RISE Allocation Themes

School-based, equity-oriented investments

- Elementary: Interventionists, Special Educators (SA, CES), Tutoring (SA, Smith), academic paraeducators (IAA, EES), classroom libraries (IAA, EES)
- Middle School: Interventionists, Guidance (EMS), Parent Ambassadors (HMS), Student Leadership (EMS),
- High School: Mental health counselor, Math and Reading Interventionists, Restorative Justice staff, Guided Study teacher, Librarian.

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	\$74,097,698 (7.55% increase)
Equalized pupil count	3,837.16 (4.93% decrease)*
Homestead dollar yield	\$13,846 (21.62% increase)*
Common level of appraisal	104.41% (44.77% increase)*

*A decrease in these variables increases the tax rate

Estimated Tax Implications

Hypothetical Property Payer	Property Tax Impact
Property rate change	-35.74%
Tax on \$370,000 homestead (average under new assessments)	\$ 4,834
Tax Difference (versus old average value \$252,500)	\$ -307

Hypothetical Income Payer - \$50k income	Income Tax Impact
Income Rate change	-8.09%
Tax on \$50,000 household income	\$ 1,156
Tax Difference from current rate	\$ -102

Figures reflect rounding. For education taxpayers who pay based on income, the impact will be reflected on the fiscal year 2024 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.

Fund Balance: Possible Approach

1. Assume an audited FY21 Fund Balance of approximately \$3.6m. Allocate as follow:
2. \$1.5 million to FY23 budget. This allocation will cover most of the rental costs for DtBHS, minimizing the impact of this expense on taxpayers.
3. \$600,000 to enhancing the DtBHS space (doors, noise mitigation, security cameras).
4. \$1.5 million to the new BHS/BTC project to reduce the need to borrow for this project.

Ballot Language

Shall the voters of the school district approve the school board to expend \$98,232,381 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 \$19,310.56 per equalized pupil. This projected spending per equalized pupil is 13.13% higher than spending for the current year.

Spending at this level could produce a property tax rate decrease of 6.98% (current estimate).

Budget Q&A

Why is spending per equalized pupil increasing by over 13%?

1. Overall spending is increasing by about \$3.1 million (3.3%).
2. Non-tax revenue to pay for spending is decreasing by over \$2 million.
3. The number of equalized pupils decreased by nearly 200 (about 5%).

Item 1 accounts for about 4% of the 13%.

Item 2 accounts for about 3% of the 13%.

Item 3 accounts for about 6% of the 13%.

Budget Q&A

Why is the tax rate projected to decrease despite the spending increase?

The Education Fund has a large surplus, which means that more Education Spending per Equalized Pupil can be supported before tax rates need to increase.

This is reflected in the 21.62% increase in the dollar yield.

Recommended Motion

I move to approve the annual school budget of \$98,232,381 with an education spending per equalized pupil amount of \$19,310.56.

Budget Development Timeline

- 1/18** School Board meeting
- 3/1** Town Meeting Day budget vote

Full budget timeline available at:
<http://www.bsdt.org/district/budget/>

