

MEMORANDUM

To: Burlington Board of School Commissioners
From: Tom Flanagan, Superintendent
CC: Nathan Lavery, Executive Director of Finance and Operations
Date: 11/07/2023
Subject: FY25 Preliminary Budget Assumptions

Summary: This memo is intended to provide an overview of the preliminary assumptions that will drive the development of the FY25 budget. These estimated increases, in particular the wage and health care cost increases, indicate that BSD's baseline budget will increase even without adding programs or staffing.

Limited new investments may be proposed (particularly in relation to the strategic plan), but will be offset wherever possible by reduced spending in other areas. The Equitable Budgeting Model includes baseline staffing allocations that are designed to ensure that staffing remains aligned to our enrollment levels at each school. Last year, schools moved more closely into alignment with the model, but in some instances, schools were allowed to retain some additional staffing to ease the transition to the model's recommended levels. This year, we expect to propose staff that aligns with the model in nearly every instance; as we have done in past years, our goal will be to limit or avoid layoffs by working to find different placement options for staff impacted by instances of realignment. Schools may elect to utilize their RISE allocations to retain certain positions that are no longer part of their baseline staffing.

Assumptions:

- Wages: Varied, pursuant to collective bargaining agreements. Typically in the 5% range.
- Health insurance: 16.4% increase. This assumption is VEHI's annual rate filing.
- Cash in lieu of health insurance: 16.4% increase, proportional to premiums.
- HRA/HSA: 4% increase.
- Other Post-employment Benefits: 16.4% increase proportional to health insurance premiums.
- City retirement: 5% increase in typical annual growth estimate.
- Workers Compensation: 4% increase. District experience rating increase will drive higher rates.
- Property/Liability Insurance: 6% increase. District insurance agent has signaled challenging market conditions.
- Utilities: 3% increase.
- Copier leases: No change.
- Rent: 3% increase.
- Transportation: 6% increase.
- Phones and Internet: 3% increase.
- Supplies: 3% increase. Increase to partially offset inflationary pressure on supply costs.