

Budget Development Update

January 16, 2024



Agenda

- Budgetary assumptions
- Enrollment review
- Equitable Budgeting review
- Board Guidance
- RISE funding
- Fund balance
- BTC budget
- Tax variables
- Ballot language
- Motion



Budgetary Assumptions

Full list of assumptions posted on budget website

Wages & Benefits

- Most bargaining agreements are settled in the range of 5% increase. Health insurance premiums are estimated to increase by 16.4%.

BHS/BTC Bonding

- \$9.5 million increase in debt service due to bonding.

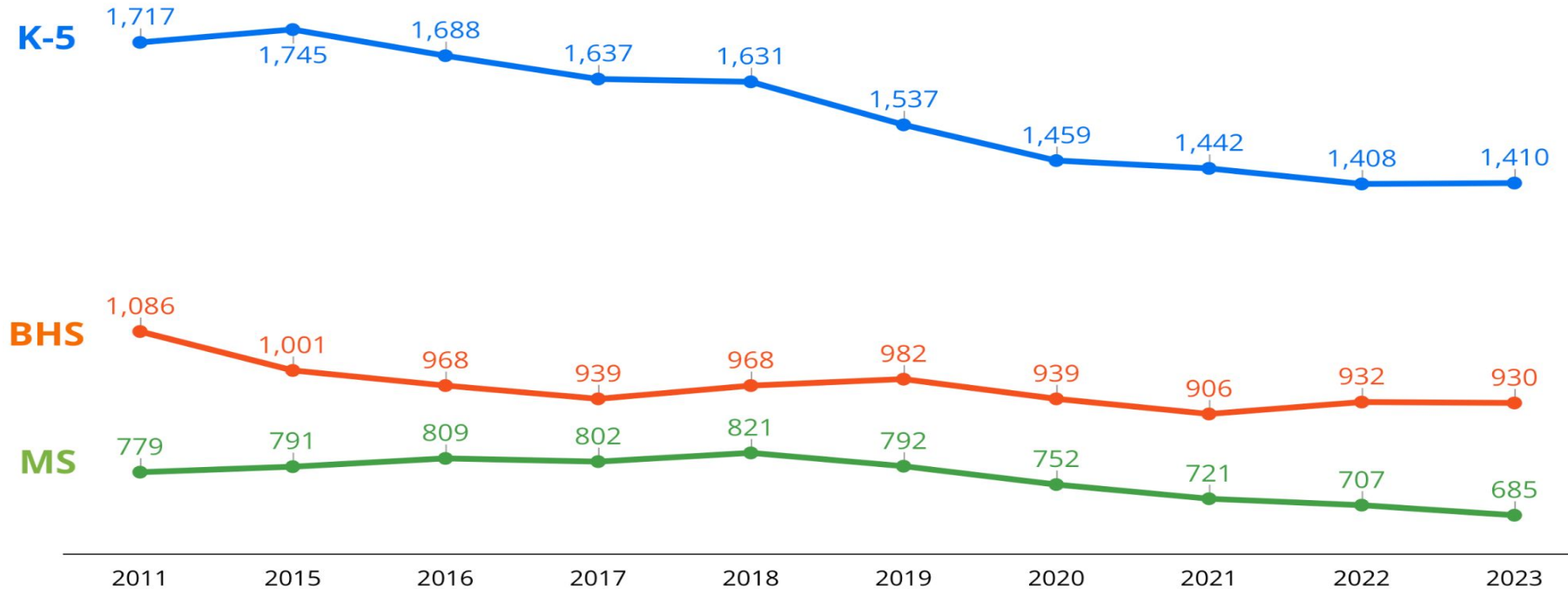
ESSER Funds:

- End of ESSER funding means that programs and positions funded by federal dollars can only be retained if budget is increased to support them.



BSD Enrollment History

BSD's K-12 Enrollment has dropped from 3,436 to 3,025 since 2018



Equitable Budgeting

A Brief History

- Research-based model created with input from the community.
- Overwhelming support for allocating resources to the students who need them most.
- Provides foundational level of support and additional funds for equity-focused investments unique to each school community: Recognizing Injustice and Seeking Equity (RISE) Funding
- Recognize that our staffing level must be responsive to enrollment changes.



Community Survey: Who did we hear from?

We heard from...

- 450+ students, family members, staff, and community members
- Individuals affiliated with every BSD school and program
- 43.2% of respondents' students receive free or reduced lunch
- 21.7% of respondents' students receive special education services
- 20.9% of our respondents self identified as BIPOC
- 14.4% of respondents speak a language other than English in their home



2020 Community Survey: What did we say?

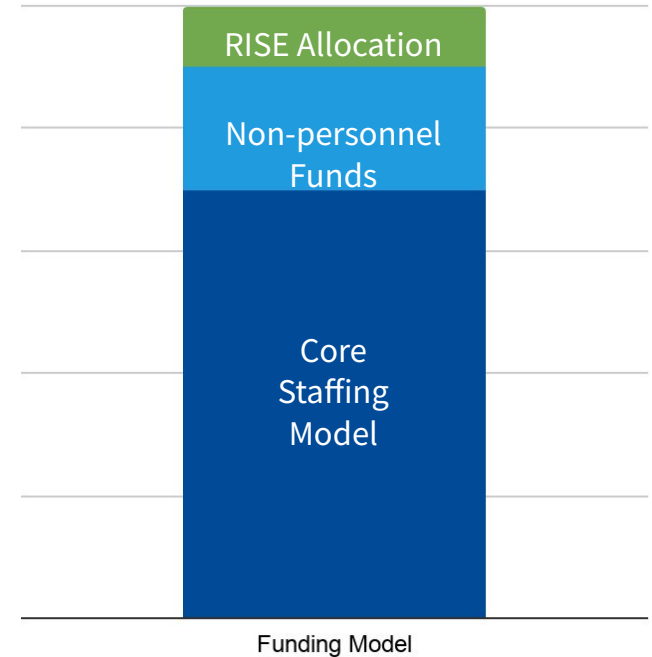
*72% of all respondents and 79% of BSD staff
strongly agree or agree that*

***resources should be allocated in a way that supports
the students who need them most - even if it means
reducing the resources at their school(s).***



Our proposed model has three components

- A **staffing model** will provide each school with its core staffing, using staff:student ratios (e.g. 1 school counselor staff for every 250 students)
- Non-personnel funds will be allocated based on a **per-student** basis
- An Equity Allocation will provide additional funding using a **weighted student formula**, meaning more funds in schools with greater need
 - Schools will have discretion in how best to serve their students using these funds
 - Intent and desired outcomes will be documented for future evaluation



Board Guidance

- Recognize that our staffing level must be responsive to enrollment changes.
- Limit budget growth due to increases in wages, benefits and pending BHS/BTC costs.
- Ensure funding to meet strategic plan objectives.
- Continue to offer robust programmatic offerings.
- Consider multi-year impact of changes and minimize annual disruptions.
- Identify investments that serve our most vulnerable students and are being made in response to the financial capacity gained from the new approach to pupil weighting.



Impact of Bond for BHS/BTC Project

- Majority of borrowing has occurred; BSD has borrowed \$130 million of the total \$165 million authorization
- Biggest tax impact of the project is in FY25 (+10% impact on taxes)
- If remaining \$35 million is borrowed, it will increase tax rates by an additional 2.8% (holding all other variables constant)
- Remaining borrowing likely to occur over two years; impact FY26 and FY27 budgets and tax rates.



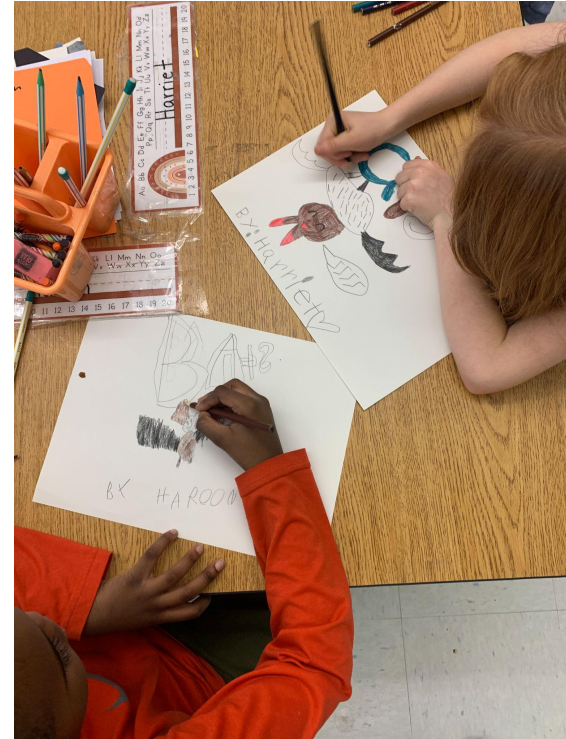
Act 127 and Tax Cap

- Act 127 includes a tax cap to help communities adjust spending over multiple years in response to new pupil counts.
- The tax cap had two features
 - A 5% cap on the increase in equalized tax rate (before CLA)
 - A review by the AOE if growth in spending per pupil exceeds 10%.
- Because the 5% cap is applied to equalized tax rates, it does not shield communities from tax rate increases resulting from CLA changes.
- Due to the CLA change in Burlington, any budget scenario subject to the 5% cap will still increase tax rates by nearly 14%.



Why is the Common Level of Appraisal (CLA) decreasing by 7.87%?

- CLA is a measure of how closely property in a community is valued (for tax purposes) at fair market value.
- Designed to ensure that every Education Property Tax payer in Vermont pays taxes on the basis of the fair market value of their property.
- Prices appreciated significantly for residential property in Burlington (and Chittenden County) the past few years. According to the City Assessor, annual price appreciation has often been in the 10%-20% range.
- When prices increase, the value of property for tax purposes falls further below fair market value. The CLA makes up for this by increasing the tax rate.



Impact of Common Level of Appraisal

- BSD received CLA information from the State on January 3rd.
- We anticipated CLA would remain closer to last year because of the recent City-wide reappraisal.
 - **Surprisingly, the CLA dropped by 7.87%**
- Initial proposal projected an 8% tax increase before the CLA.
 - With the CLA, that same proposal now results in a 17% tax increase.
- The CLA is applied after tax rate cap of 5% (see slide 11). Even without programmatic investments and with reductions, the CLA would result in a 13.67% tax rate increase AFTER the 5% Cap is applied.
- Because of the CLA, the only way to reduce the tax rate below 10% is to reduce FTE's (educators in schools) by 12% (which we believe is unrealistic and unsustainable).

Scenario Development

- The recent information about our CLA, and its impact on taxes, has been disruptive to our process in BSD and across the region.
- We have created five scenarios to illustrate the impact of the CLA and ACT 127 on our budget.
- The scenarios show that even when eliminating all programmatic investments and keeping all proposed reductions, the tax impact with the cap is 13.97%
- We can only achieve below 8% tax increase by making huge reductions in force (at least 12%).
- Many other districts in the state are in the same situation.
- The Superintendent recommends Scenario 2.

Scenario 1 - Investments and Reductions

| Operational Investments | Amount | Programmatic Investments | Amount | Reductions | Amount |
|-----------------------------|---------------------|---|--------------------|--|---------------------|
| Wages & Benefits | \$4,000,000 | Magnet School Recommendations | \$340,000 | Central Office Department reductions | -\$340,000 |
| Operating | \$760,000 | Mental health support for alt. programs | \$100,000 | District Data team - reduce by 1 FTE (vacant); reorganization of the Tech Integration Team | -\$100,000 |
| BHS/BTC Bonding | \$9,500,000 | BHS instructional coach (1.0 FTE) (per funding model) | \$100,000 | HR Specialist | -\$60,000 |
| DtBHS lease | \$250,000 | Special Educator at Horizons (1.0 FTE) | \$100,000 | Psychologists - reduce 1.0 FTE (vacant) | -\$100,000 |
| Rock Point Lease | \$475,000 | SLPs for Early Education Programming to maintain current model. (3.0 FTE) | \$300,000 | BHS teachers - reduce 2.0 FTE per model (enrollment based) | -\$200,000 |
| Sara Holbrook lease | \$205,000 | Elementary Dean of Students for Flynn & Champlain | \$200,000 | Flynn homeroom - reduce 1.0 FTE per model (enrollment based) | -\$100,000 |
| YMCA Rental | \$50,000 | Assoc. Dir. of Health or Lead Nurse, plus budget of \$20k (1.0 FTE) | \$130,000 | 0.5 FTE guidance at HMS (per funding model) | -\$50,000 |
| BHS School Safety | \$94,000 | ARC - reduced professional learning and supports & curricular materials | \$200,000 | 0.5 FTE health at EMS (per funding model) | -\$50,000 |
| HHB/Title IX Investigations | \$100,000 | Recruitment Plan activities | \$100,000 | Hiring Limit | -\$100,000 |
| Subtotal | \$15,434,000 | RP Support for Schools | \$100,000 | Subtotal Reductions | -\$1,100,000 |
| | | Added RISE for Smith/EES | \$100,000 | | |
| | | Ex. Dir. School Leadership | \$166,000 | | |
| | | Subtotal Discretionary Additions | \$1,936,000 | | |

Scenario 1 - Summary

| | |
|---|---------------|
| Total Budget Increase | \$16,270,000 |
| Equalized Tax Rate (before CLA) | 7.51% |
| Actual Tax Rate (after CLA) | 16.96% |
| Capped Equalized Tax Rate (before CLA) | 5.00% |
| Capped Actual Tax Rate (after CLA) | 13.97% |
| Spending per LTWADM | \$14,032.06 |
| Total Budget | \$120,414,584 |

This was our original proposal before we received updated CLA information on January 3. After receiving that information, we revisited the initial proposal to further refine our additions and reductions. While Scenario 1 provides the greatest level of investment, Scenario 2 is the Recommended Budget Proposal because it is responsive to the long-term challenging tax climate while providing some programmatic investments.

Scenario 2 - Recommended Budget Investments and Reductions

| Operational Investments | Amount |
|-----------------------------|---------------------|
| Wages & Benefits | \$4,000,000 |
| Operating | \$760,000 |
| BHS/BTC Bonding | \$9,500,000 |
| DtBHS lease | \$250,000 |
| Rock Point Lease | \$475,000 |
| Sara Holbrook lease | \$205,000 |
| YMCA Rental | \$50,000 |
| BHS School Safety | \$94,000 |
| HHB/Title IX Investigations | \$50,000 |
| Subtotal | \$15,384,000 |

| Programmatic Investments | Amount |
|--|--------------------|
| Magnet School Recommendations | \$200,000 |
| Mental health support for alt. programs (0.5 FTE) | \$50,000 |
| BHS instructional coach (1.0 FTE) (per funding model) | \$0 |
| Special Educator addition (1.0 FTE) | \$0 |
| SLPs for Early Education Programming to maintain current model (2.0 FTE) | \$200,000 |
| Elementary Dean of Students for Flynn & Champlain | \$0 |
| Alt. Program nurse, lead nurse, sub (1.0 FTE) | \$80,000 |
| ARC - reduced professional learning and supports & curricular materials | \$180,000 |
| Recruitment Plan activities | \$50,000 |
| RP Support for Schools | \$50,000 |
| Added RISE for Smith/EES/Champlain/Flynn | \$100,000 |
| Ex. Dir. School Leadership | \$166,000 |
| EL Teacher (1.0 FTE) | \$100,000 |
| Subtotal Investments | \$1,176,000 |

| Reductions | Amount |
|--|---------------------|
| Central Office Department reductions | -\$340,000 |
| District Data team - reduce by 1 FTE (vacant); reorganization of the Tech Integration Team | -\$100,000 |
| HR Specialist | -\$60,000 |
| Psychologists - reduce 1.0 FTE (vacant) | -\$100,000 |
| BHS teachers - reduce 2.0 FTE per model (enrollment based) | -\$200,000 |
| Flynn homeroom - reduce 1.0 FTE per model (enrollment based) | -\$100,000 |
| 0.5 FTE guidance at HMS (per funding model) | -\$50,000 |
| 0.5 FTE health at EMS (per funding model) | -\$50,000 |
| Hiring Limit | -\$100,000 |
| Subtotal Reductions | -\$1,100,000 |

Scenario 2 (Recommended Budget) - Summary

| | |
|---|---------------|
| Total Budget Increase | \$15,460,000 |
| Equalized Tax Rate (before CLA) | 6.51% |
| Actual Tax Rate (after CLA) | 15.60% |
| Capped Equalized Tax Rate (before CLA) | 5.00% |
| Capped Actual Tax Rate (after CLA) | 13.97% |
| Spending per LTWADM | \$13,901.83 |
| Total Budget | \$119,604,584 |

***This is the Superintendent's recommended scenario** because it responds to CLA pressures, while allowing necessary programmatic and operational investments.*

Scenario 3 - Investments and Reductions

| Operational Investments | Amount |
|-----------------------------|---------------------|
| Wages & Benefits | \$4,000,000 |
| Operating | \$760,000 |
| BHS/BTC Bonding | \$9,500,000 |
| DtBHS lease | \$250,000 |
| Rock Point Lease | \$475,000 |
| Sara Holbrook lease | \$205,000 |
| YMCA Rental | \$50,000 |
| BHS School Safety | \$94,000 |
| HHB/Title IX Investigations | \$50,000 |
| Subtotal | \$15,384,000 |

| Programmatic Investments | Amount |
|--------------------------|--------|
| N/A | \$0 |

| Reductions | Amount |
|--|---------------------|
| Central Office Department reductions | -\$340,000 |
| District Data team - reduce by 1 FTE (vacant); reorganization of the Tech Integration Team | -\$100,000 |
| HR Specialist | -\$60,000 |
| Psychologists - reduce 1.0 FTE (vacant) | -\$100,000 |
| BHS teachers - reduce 2.0 FTE per model (enrollment based) | -\$200,000 |
| Flynn homeroom - reduce 1.0 FTE per model (enrollment based) | -\$100,000 |
| 0.5 FTE guidance at HMS (per funding model) | -\$50,000 |
| 0.5 FTE health at EMS (per funding model) | -\$50,000 |
| Hiring Limit | -\$100,000 |
| Subtotal Reductions | -\$1,100,000 |

The Superintendent does not recommend this scenario as it does not lower capped taxes from Scenario 2, nor does it include investments that support our Strategic Plan.

Scenario 3 - Summary

| | |
|---|---------------|
| Total Budget Increase | \$14,284,000 |
| Equalized Tax Rate (before CLA) | 5.27% |
| Actual Tax Rate (after CLA) | 14.25% |
| Capped Equalized Tax Rate (before CLA) | 5.00% |
| Capped Actual Tax Rate (after CLA) | 13.97% |
| Spending per LTWADM | \$13,739.43 |
| Total Budget | \$118,428,584 |

The Superintendent does not recommend this scenario as it does not lower capped taxes from Scenario 2, nor does it include investments that support our Strategic Plan.

Scenario 4 - Investments and Reductions

| Operational Investments | Amount |
|-----------------------------|---------------------|
| Wages & Benefits | \$4,000,000 |
| Operating | \$760,000 |
| BHS/BTC Bonding | \$9,500,000 |
| DtBHS lease | \$250,000 |
| Rock Point Lease | \$475,000 |
| Sara Holbrook lease | \$205,000 |
| YMCA Rental | \$50,000 |
| BHS School Safety | \$94,000 |
| HHB/Title IX Investigations | \$50,000 |
| Subtotal | \$15,384,000 |

| Programmatic Investments | Amount |
|--------------------------|--------|
| N/A | \$0 |

| Reductions | Amount |
|--|---------------------|
| Central Office Department reductions | -\$340,000 |
| District Data team - reduce by 1 FTE (vacant); reorganization of the Tech Integration Team | -\$100,000 |
| HR Specialist | -\$60,000 |
| Psychologists - reduce 1.0 FTE (vacant) | -\$100,000 |
| BHS teachers - reduce 2.0 FTE per model (enrollment based) | -\$200,000 |
| Flynn homeroom - reduce 1.0 FTE per model (enrollment based) | -\$100,000 |
| 0.5 FTE guidance at HMS (per funding model) | -\$50,000 |
| 0.5 FTE health at EMS (per funding model) | -\$50,000 |
| Hiring Limit | -\$100,000 |
| Reduce 50 FTE's | -\$5,000,000 |
| Subtotal Reductions | -\$6,100,000 |

The Superintendent does NOT recommend this scenario, as achieving this tax rate would require a reduction of approximately 50 FTEs (equivalent to 12% of our teachers).

Scenario 4 - Summary

| | |
|---|---------------|
| Total Budget Increase | \$9,284,000 |
| Equalized Tax Rate (before CLA) | -0.47% |
| Actual Tax Rate (after CLA) | 8.02% |
| Capped Equalized Tax Rate (before CLA) | -0.47% |
| Capped Actual Tax Rate (after CLA) | 8.02% |
| Spending per LTWADM | \$13,002.72 |
| Total Budget | \$113,428,584 |

The Superintendent does NOT recommend this scenario, as achieving this tax rate would require a reduction of approximately 50 FTEs (equivalent to 12% of our teachers).

Scenario 5 - Investments and Reductions

| Operational Investments | Amount |
|-----------------------------|---------------------|
| Wages & Benefits | \$4,000,000 |
| Operating | \$760,000 |
| BHS/BTC Bonding | \$9,500,000 |
| DtBHS lease | \$250,000 |
| Rock Point Lease | \$475,000 |
| Sara Holbrook lease | \$205,000 |
| YMCA Rental | \$50,000 |
| BHS School Safety | \$94,000 |
| HHB/Title IX Investigations | \$50,000 |
| Subtotal | \$15,384,000 |

| Programmatic Investments | Amount |
|--------------------------|--------|
| N/A | \$0 |

| Reductions | Amount |
|--|---------------------|
| Central Office Department reductions | -\$340,000 |
| District Data team - reduce by 1 FTE (vacant); reorganization of the Tech Integration Team | -\$100,000 |
| HR Specialist | -\$60,000 |
| Psychologists - reduce 1.0 FTE (vacant) | -\$100,000 |
| BHS teachers - reduce 2.0 FTE per model (enrollment based) | -\$200,000 |
| Flynn homeroom - reduce 1.0 FTE per model (enrollment based) | -\$100,000 |
| 0.5 FTE guidance at HMS (per funding model) | -\$50,000 |
| 0.5 FTE health at EMS (per funding model) | -\$50,000 |
| Hiring Limit | -\$100,000 |
| Reduce 74 FTE's | -\$7,400,000 |
| Subtotal Reductions | -\$8,500,000 |

The Superintendent does NOT recommend this scenario, as achieving this tax rate would require a reduction of approximately 74 FTEs (equivalent to 18% of our teachers).

Scenario 5 - Summary

| | |
|---|---------------|
| Total Budget Increase | \$6,884,000 |
| Equalized Tax Rate (before CLA) | -3.13% |
| Actual Tax Rate (after CLA) | 5.14% |
| Capped Equalized Tax Rate (before CLA) | -3.13% |
| Capped Actual Tax Rate (after CLA) | 5.14%* |
| Spending per LTWADM | \$12,643.21 |
| Total Budget | \$111,028,584 |

The Superintendent does NOT recommend this scenario, as achieving this tax rate would require a reduction of approximately 74 FTEs (equivalent to 18% of our teachers).

Summary of Options

| Scenario 1 | | Scenario 2 - Superintendent Recommendation | | Scenario 5 | |
|---|---------------|---|---------------|---|---------------|
| Total Budget Increase | \$16,270,000 | Total Budget Increase | \$15,460,000 | Total Budget Increase | \$6,884,000 |
| Equalized Tax Rate (before CLA) | 7.51% | Equalized Tax Rate (before CLA) | 6.51% | Equalized Tax Rate (before CLA) | -3.13% |
| Actual Tax Rate (after CLA) | 16.96% | Actual Tax Rate (after CLA) | 15.60% | Actual Tax Rate (after CLA) | 5.14% |
| Capped Equalized Tax Rate (before CLA) | 5.00% | Capped Equalized Tax Rate (before CLA) | 5.00% | Capped Equalized Tax Rate (before CLA) | -3.13% |
| Capped Actual Tax Rate (after CLA)** | 13.97% | Capped Actual Tax Rate (after CLA)** | 13.97% | Capped Actual Tax Rate (after CLA) | 5.14%* |
| Spending per LTWADM | \$14,032.06 | Spending per LTWADM | \$13,901.83 | Spending per LTWADM | \$12,643.21 |
| Total Budget | \$120,414,584 | Total Budget | \$119,604,584 | Total Budget | \$111,028,584 |

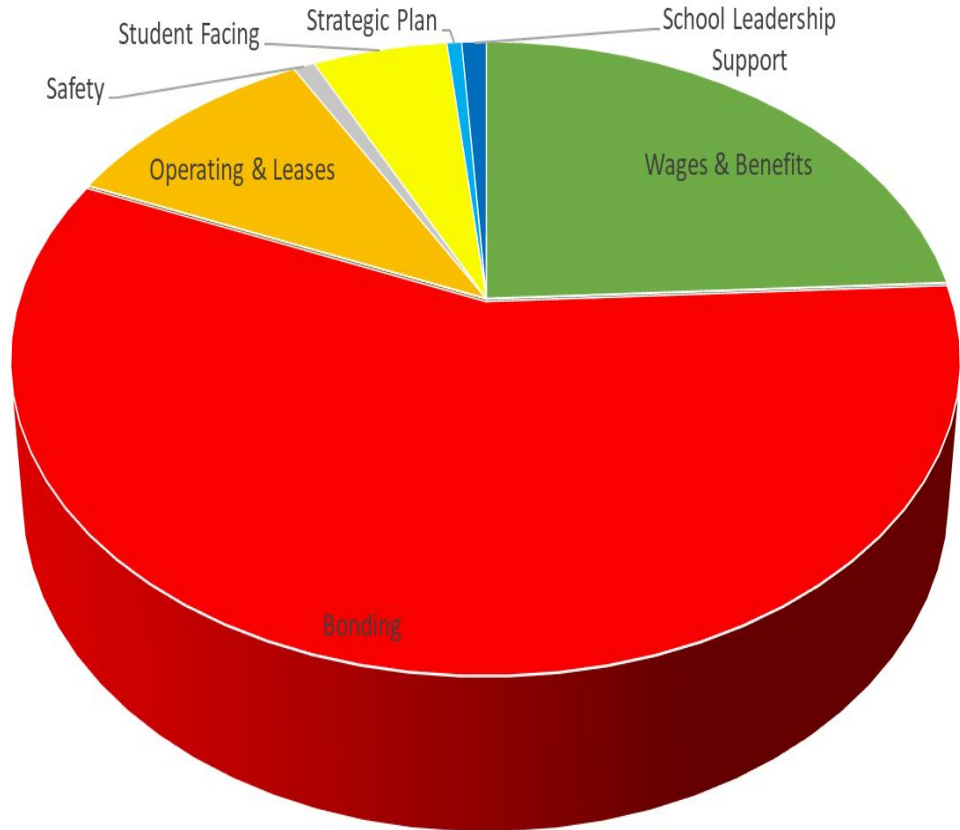
* Scenario 1 & 2 result in the same tax rate for next year, though Scenario 2 offers less investments more reductions.

**Achieving the tax rate in Scenario 5 would require a reduction of approximately 74 FTEs, and is NOT recommended. (Only Scenarios 4 and 5 will reduce the tax rate and both require unsustainable reductions.)

Superintendent's Recommendation - Scenario 2

- Responsive to budget pressures; limits investments and includes reductions
- Minimizes impact on staffing
- Includes modest programmatic investments to support strategic plan and leadership development
- Offsets programmatic investments with reductions
- Tax rate identical to a budget with no strategic investments (13.97%)
- Tax increase without bond = 3.97%
- Tax increase without CLA = 5.00%

Proportion of Increased Spending



RISE Allocation Themes

Nearly \$1.5m of School-directed, Equity-oriented Investments

- Elementary: Full-time art teachers, RP specialists, Interventionists, Special Education positions, co-teaching PD
- Middle School: Literacy, math and guidance positions, project-based learning curriculum, social-emotional supports and PD
- High School: Mental health counselor, STEM Interventionist, co-teaching PD and release time, Special Education delivery model redesign, deeper learning activity funds, community-building funds (student-led investments).

FY23 Audit and Fund Balance

FY23 Audit is in final phase of review

FY23 Audited Fund Balance

- \$2,400,000 available to support FY25 budget.
- This surplus is in line with prior year results.
- Represents roughly 2% of the total budget.

Fund Balance is One Time Money

- Careful budget management should result in annual surpluses.
- Currently supports significant costs associated with rent for temporary spaces (DtBHS, BTC, etc.).

BTC Budget

Tuition increase due to enrollment decline

FY25 Budget = \$3.8m

- No budget increase for FY25.
- Reflects 126.07 “average” enrollment over six semesters, a 6% decrease from prior year.
- **Announced Tuition of \$24,623.** Since the program is half-day, the actual tuition cost is also halved.
 - i. This represents an 8.75% increase due to declining enrollment despite a level funded budget.

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!
- Long Term Weighted Average Daily Membership: enrollment that weighs 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

\$94,424,438

LTWADM

6,792.23 (updated)*

Homestead Dollar Yield (Tax dept.)

\$9,452*

Common Level of Appraisal

87.83 (7.87% decrease)*

*A decrease in these variables increases the tax rate

Property Tax Impact (Scenario 2)

| Hypothetical Property Payer - \$370k example (avg value) | Property Tax Impact |
|--|---------------------|
| Property rate change | 13.97% |
| Tax on \$370,000 homestead | \$6,108 |
| Tax Difference from current rate | \$ 749 |

| Hypothetical Income Payer - \$500k example | Income Tax Impact |
|--|-------------------|
| Property rate change | 13.97% |
| Tax on \$500,000 homestead | \$8,254 |
| Tax Difference from current rate | \$ 1,012 |

Figures reflect rounding. For education taxpayers who pay based on income, the impact will be reflected on the fiscal year 2025 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.

Income Adjustment Tax Impact (Scenario 2)

| Hypothetical Income Payer - \$50k income | Income Tax Impact |
|--|-------------------|
| Income Rate change | 10.99% |
| Tax at \$50,000 household income | \$ 1,216 |
| Tax Difference from current rate | \$ 134 |

| Hypothetical Income Payer - \$120k income | Income Tax Impact |
|---|-------------------|
| Income Rate change | 10.99% |
| Tax on \$120,000 household income | \$ 3,239 |
| Tax Difference from current rate | \$ 321 |

Figures reflect rounding. For education taxpayers who pay based on income, the impact will be reflected on the fiscal year 2026 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.

Budget Summary

| Year | Budget | Change |
|--------------------|---------------|--------|
| Total Budget | \$119,604,584 | 14.84% |
| Offsetting Revenue | \$22,830,146 | 0.00% |
| Surplus | \$2,350,000 | 0.00% |
| Education Spending | \$94,424,438 | 19.58% |

Offsetting Revenue (federal grants, BTC funding, etc.) and Surplus reduce the needed Education Spending, which helps reduce the pressure on tax rates.

Ballot Language

Shall the voters of the Burlington School District approve the school board to expend \$119,604,584, which is the amount the school board has deemed necessary for the support of the school system for the ensuing fiscal year?

Recommended Motion

I move to approve the annual school budget of \$119,604,584 and the recommended ballot language.

Budget Development Timeline

- 1/9** Finance & Facilities Committee
- 1/9** School board meeting
- 1/16** School Board meeting (vote)
- 3/5** Town Meeting Day budget vote



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