

Budget Development Update

November 13, 2018





The mission of the Burlington School District is to graduate students who:

- Value different cultures
- Engage with the community
- Communicate effectively
- Think creatively
- Skillfully solve problems
- Achieve at their highest academic, intellectual and personal potential

The Budget Process

- Public and staff input
- Analysis and prioritization
- Review of revenue and expenditure projections
- Board review and feedback
- Tax impact analysis
- Board support
- Community education
- Town Meeting Day vote



Consultation Phase

- 4 Community forums were held
- Online input tool is available
- Principals met with staff to discuss ideas and needs
- Principals and department leaders reviewed and prioritized ideas, including a scoring for consistency with strategic priorities



Community Consultation Themes

New Investment Ideas

Classroom teachers
Special education teachers
EL teachers
Special education paras
Kindergarten paras
Multilingual liaisons
Community partnerships
Professional development
Programs for high academic achievers
Capital improvements
Inclusion initiatives

Reduction Ideas

Teachers
Coaches
Administration
Consultants
Sports
Preschool
Programs for high academic achievers
School consolidation
Supplies & materials

District Collective Budgeting Process

- **Goal:** Create united budget request that furthers the District's Mission.
- **Objectives:**
 - To identify current activities we would curtail or eliminate in order to fund other priorities.
 - To identify what efficiencies in our operation are possible without sacrificing quality
- **Method:** Whole faculty, small group and 1-1 discussions at each BSD school led by the Principal.
- **Outcomes:** Articulation of the budgeting needs from a variety of different perspectives.

Clarifying our Vision and alignment to the districts strategic plan

Systems Leader Meeting on November 1, 2018

- **Objective:** Build alignment across buildings and programs
- **Method:** Unpack **The Mission of the Burlington School District is to graduate students who:**
 - Value different cultures
 - Engage with the community
 - Communicate Effectively
 - Think Creatively
 - Skillfully solve problems
 - Achieve at their highest academic, intellectual, and personal potential
- **Outcomes:** Common beliefs among Principals and Senior directors

Collective budgeting process

Prioritization by Senior directors and Principals

Systems Leader Meeting on November 6, 2018

Objective: Collectively narrowed budget ideas to be presented to the board

Method:

1. Get on the balcony and consider what is needed across BSD K-12
2. Connect each budgetary request to a designated area of the Strategic Plan each budgetary request is connected. “People are willing to make sacrifices if they see the reason why.” Ronald Heifetz
3. Applied a budget rubric specifically considering purpose and student achievement in order to prioritize the budgetary requests
4. Share out and synthesis

Preliminary draft of Inclusive Teaching and Learning budgetary ideas

- Elementary EL Staffing
- K-12 EL Multilingual Liaison
- EL Coach
- General Para Educators in all Kindergarten Classrooms
- 6-12 Flexible Pathways Staffing
- High School Math Teacher
- High School Literacy Teacher
- Horizons Increase ELA and History staff to
- Maintain two Preschool Classrooms

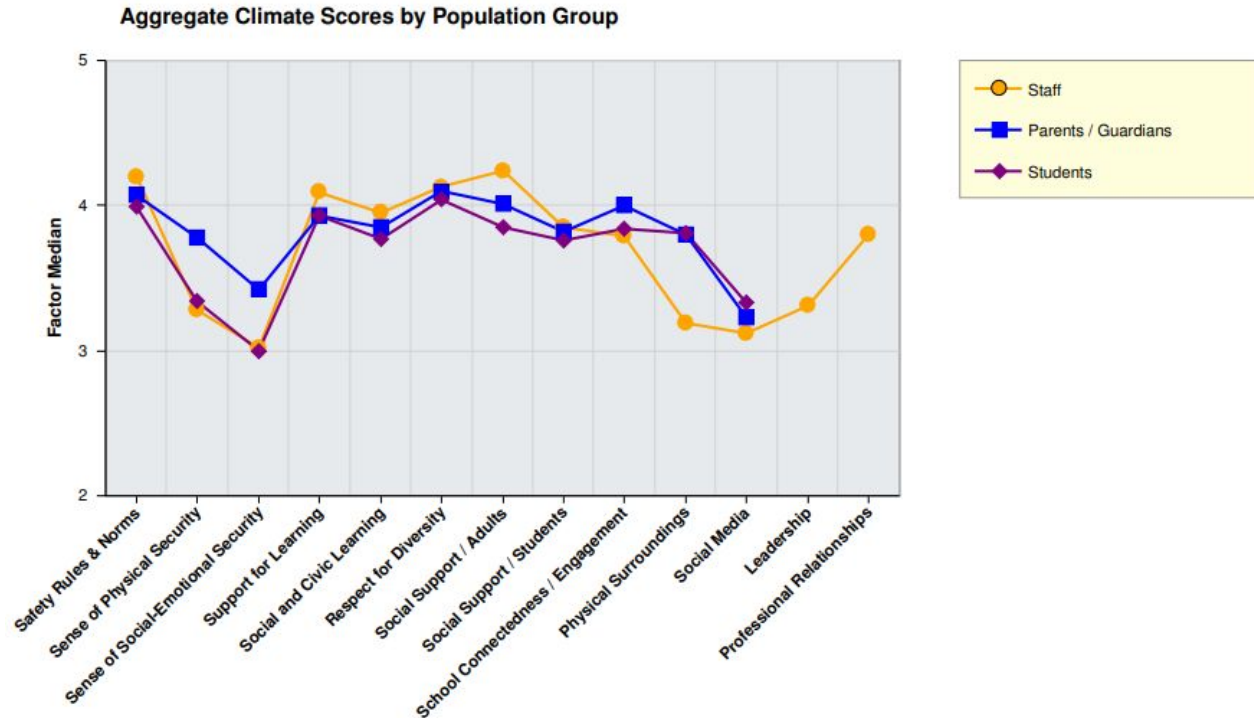
Preliminary draft of Equitable Culture and Climate budget ideas

- Human Resources Compensation Study
- K-5 Social Workers in Each School (District employees)
- Behavior Interventionists (All K-8 Schools - in addition to current model)
- Middle School Special Educators
- K-5 Special Educators with Background in Behavior/Trauma

Preliminary draft of Equitable Culture and Climate budget ideas

- Middle School Guidance Counselors
- High School Special Educator (Career Readiness)
- Expand current bus access for K-5. Currently a bus goes South to North. Need to provide equitable access with a bus traveling North to South.

Clear alignment of priorities to Climate Survey data-



What's next?

November 19th - Senior directors & Principal meeting

- Reflection and review of board feedback
- Collaborative prioritization process - stage 4

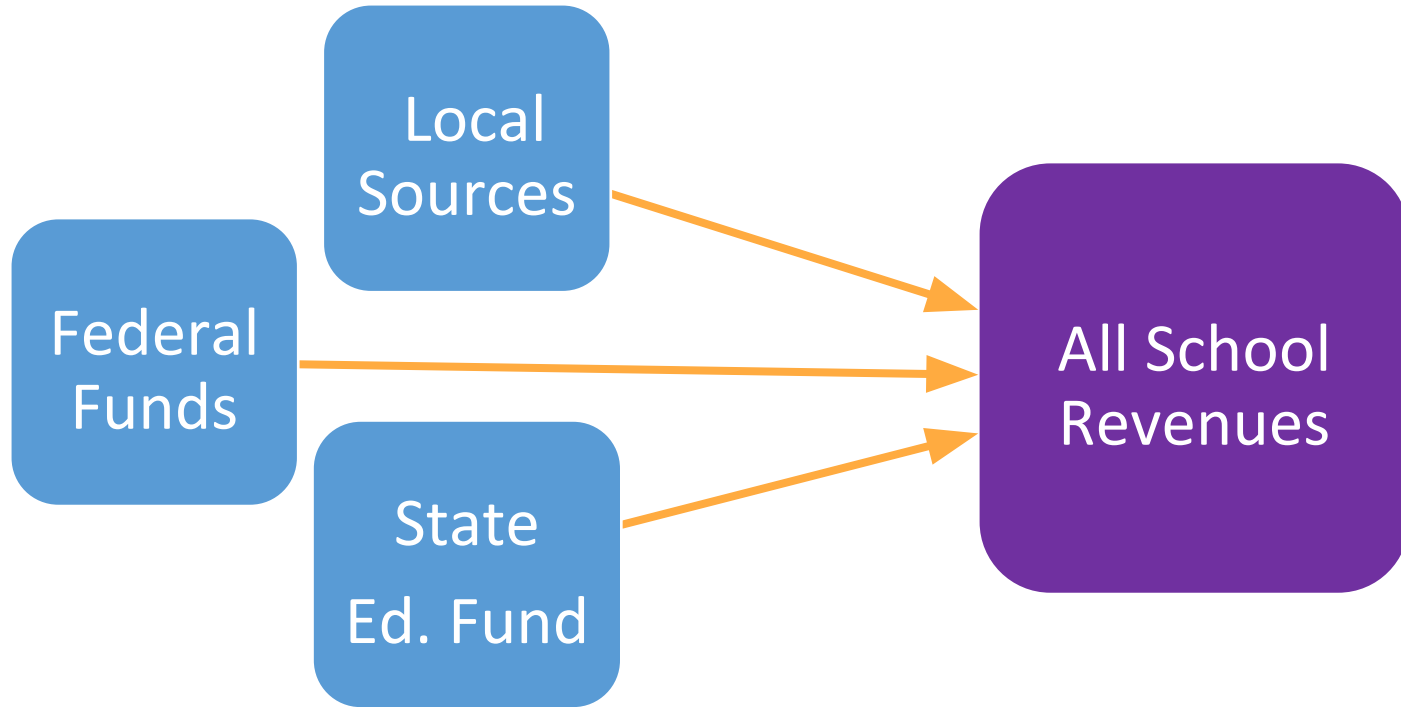
Objective: to identify budgetary priorities that reflect BSD K-12 needs

Budget Landscape

- Structural budget challenge
- Rising wage and benefits costs
- Labor negotiations
- Uncertain legislative environment
- Inflation rate increase
- Instructional supports
- Capital investments



Revenue Sources



Local Revenue Sources

Local Sources

What are local sources?

- Local sources are not your property or income taxes
- Private grants
- Impact fees and other transfers from the City of Burlington
- Income from renting our facilities to other users

Local sources are declining.

- Private funders are cutting back
- Less funding from City due to Agency of Education rules

Federal Revenue Sources

Federal Grants

What are federal grants?

- Title I – funding for disadvantaged students
- Title III – funding for students with limited English
- IDEA-B – funding for students with disabilities

Federal grants are declining due to federal cutbacks.

- FY18 funding levels expected to be below FY15 funding levels
- Impact of federal elections is unpredictable

State Revenue Sources

State Ed. Fund

What is the State Education Fund?

- Composed of your education taxes (property or income) plus other sources
- Used for spending not covered by other revenue sources
- The basis for tax rates

Expenditure Pressures

Structural Budget Challenges:

- Current budget supported by ~\$1.1m of one-time funding.
- Tighter restrictions on use of federal dollars results in more pressure on local budget to absorb these costs.



Wage and Benefit Costs:

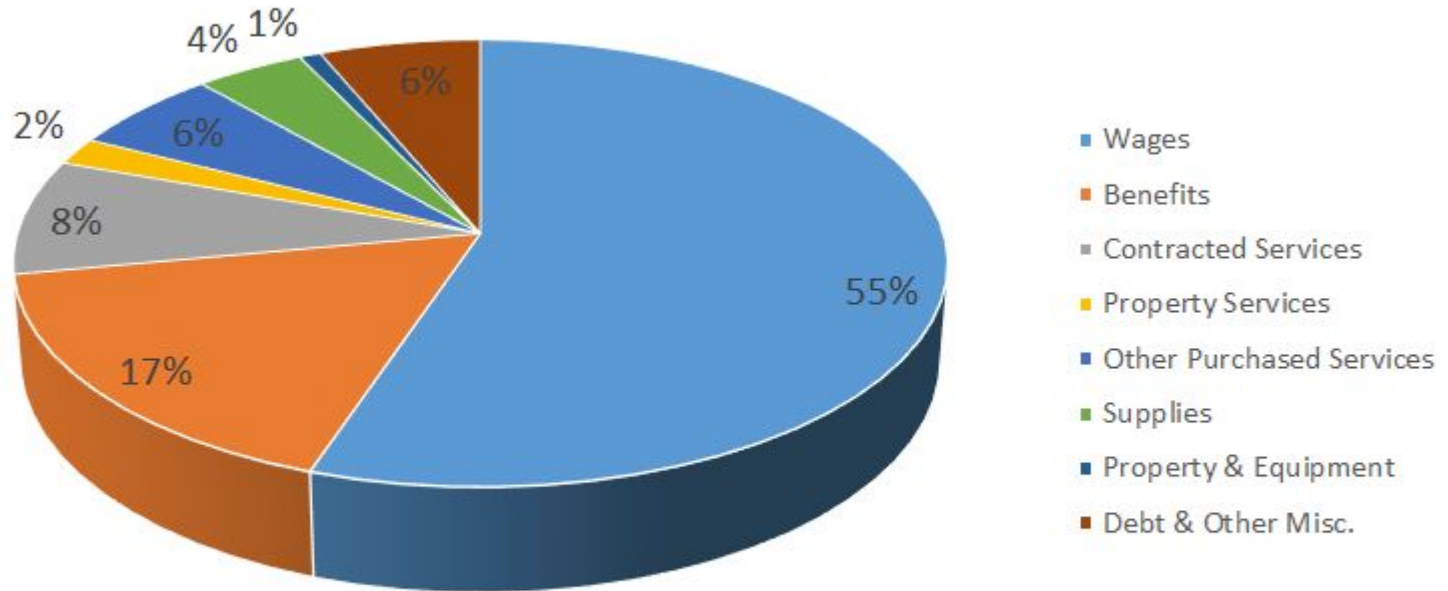
- Salary increases as a result of contractual obligations. Health insurance increase over 10%.

Expenditures

District spending can be constrained by the revenue source

- Salaries and benefits account for over 70% of expenditures
- During budgeting, spending is estimated for future period that is between 8 and 20 months in the future
- Wages
- Benefits
- Contracted services
- Property services
- Supplies & materials
- Equipment
- Debt Service

FY18 Expenditure Categories



Expenditure Explanations

Wages: Money paid to staff including teachers, paras, principals, administration, clerical, maintenance & custodial, etc.

Benefits: Health, dental and life insurance; HRA contributions, retirement, payroll taxes, workers compensation, unemployment compensation.

Contracted Services: Services performed by contractors such as substitute teacher services, contracted special education supports, private preschool partner programs, legal services and contracted professional development.

Supplies: Consumable goods such as instructional materials or copy paper

Expenditure Explanations (continued)

Debt & Other Misc: Repayment of previous borrowing, staff dues for professional development conferences, district trainings, and membership in education organizations.

Other Purchased Services: Special education tuition, tech center tuition, property & liability insurance, transportation and travel.

Property & Equipment: School buses, vehicles, other large equipment.

Property Services: Utilities, equipment rentals, schools and grounds maintenance needs (cleaning supplies, grass seed, fire alarm testing).

Budget and Tax Variables

Some of this data is unavailable until very late in the process

- Final staff request summary
- Enrollment projections
- Wage increases (or estimates)
- Open enrollment results
- Programmatic changes
- Use of FY18 surplus funds
- Special education grants
- Other state revenues
- Equalized pupils
- Dollar yield
- Common level of appraisal

Fund Balance Surplus Estimate (unaudited)

FY18 audit is expected to show about \$1.4 million FY18 surplus

Areas of Significant Underspending

\$600,000	Teacher strike
\$425,000	Health insurance savings net of HRA costs
\$114,000	Lower workers compensation claims experience
\$ 88,000	Tuition reimbursement benefit not fully utilized by multiple units
\$ 75,000	Vacant Senior Director position
\$ 74,000	Supplies budgets not totally spent
\$ 68,000	Sick leave payout (“golden handshake”) costs lower than expected

Fund Balance Surplus Estimate (unaudited)

...continued

\$ 62,000	Lower debt service costs due to less borrowing, favorable rates
\$ 30,000	Lower spending on Kelly Services (lack of filled requests)
\$ 30,000	Board consultant savings
\$ 25,000	Vacancy savings in Business Office

Areas of Significant Overspending

(\$112,000)	Special education costs exceeded budget
(\$55,000)	Cash in lieu of health insurance benefit

FY18 Surplus - Options for Expenditure

*State law requires surplus funds to be carried into the next budget**

Option 1 - Use surplus to support the general operations of the school district.

Advantage: lower tax rate in FY20 due to application of surplus funds

Disadvantage: structural gap between revenue and expenditures will persist

Option 2 - Budget surplus for one time expenditures, such as capital investments

Advantage: reduces borrowing cost, resulting in lower budgets year after year

Disadvantage: higher tax rate in FY20 than if surplus was used as operating revenue

**Board can ask the voters for permission to use these funds in a specific way that is not part of the next budget, such as establishing a capital reserve.*

Next Steps

Programmatic:

- Close consultation phase and move to development phase
- Assemble enrollment and needs data

Financial:

- Salary and benefit projections
- Estimated cost/rate increases
- State revenue and tax estimates



Board Guidance Needed



- School Board funding
 - Use of FY18 surplus
 - Allocation for contract settlements
 - General guidance on spending growth
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Budget Development Timeline

- 10/18** Community budget forum
- 10/19** Launch of online form for budget input
- 10/19** Staff/Principal/Director budget input
- 10/19** Student budget input
- 11/13** School Board meeting
- 12/11** School Board meeting
- 1/8** School Board meeting
- 3/5** Town Meeting Day budget vote



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

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