Budget Workshop

January 7, 2020
Workshop Agenda

1. New Information - Changes to Budget Request List
2. Tax Estimate Review
3. Budget Benchmarks and Contextual Information
4. Board Tax Impact Decision
5. Board discussion of new investments (small group work)
6. Executive Session
7. Board discussion of reductions (small group work)
Changes to Budget Request List

**Items Supported without Added Budget Pressure**

- $25,000 for Substance Abuse Prevention staff
  - Propose using Medicaid Reimbursement revenue to sustain this service for FY21.

- $1,000 IT audit
  - Propose using existing funds. Preliminary IT audit cost small enough to be managed without additional funding. May occur in FY20 or FY21.
Budget Benchmarks

Data to Guide Budget Discussion

Benchmark Amounts
1% of Total Budget = $890,000
1% of Ed. Spending = $650,000
FY20 Ed. Spending Increase = $3,424,000
FY19 Ed. Spending Increase = $470,000
## Recent Budget and Tax Changes

<table>
<thead>
<tr>
<th>Year</th>
<th>New Investment Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY18</td>
<td>$1,760,000</td>
</tr>
<tr>
<td>FY19</td>
<td>$ 852,000</td>
</tr>
<tr>
<td>FY20</td>
<td>$2,300,000</td>
</tr>
</tbody>
</table>
## Surplus Reduces Tax Impact

### Baseline Scenario Tax Impact of Using Surplus

<table>
<thead>
<tr>
<th></th>
<th>Before Use of Surplus</th>
<th>After User of Surplus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Budget</td>
<td>$92.2 million</td>
<td>$92.2 million</td>
</tr>
<tr>
<td>Surplus Used as Revenue</td>
<td>$ 0</td>
<td>$ 1.3 million</td>
</tr>
<tr>
<td>Education Spending Change</td>
<td>$ 4.8 million</td>
<td>$ 3.5 million</td>
</tr>
<tr>
<td>Tax Impact</td>
<td>10.50%</td>
<td>8.52%</td>
</tr>
</tbody>
</table>
## Tax Estimates

**Utilizing the most current information**

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Baseline</th>
<th>Low</th>
<th>Medium</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Investments</td>
<td>$0</td>
<td>$499k</td>
<td>$1.236m</td>
<td>$1.996m</td>
</tr>
<tr>
<td>Ed. Spending Increase</td>
<td>$3.5m</td>
<td>$4.0m</td>
<td>$4.8m</td>
<td>$5.5m</td>
</tr>
<tr>
<td>Property Tax Increase</td>
<td>8.52%</td>
<td>9.31%</td>
<td>10.47%</td>
<td>11.66%</td>
</tr>
<tr>
<td>Income Yield Increase</td>
<td>4.29%</td>
<td>5.05%</td>
<td>6.16%</td>
<td>7.31%</td>
</tr>
</tbody>
</table>
Tax Estimates

Key Variables

Education spending (baseline)

Equalized pupil count

Homestead dollar yield

Common level of appraisal

Status

$68,908,778 (5.40% increase)

4,069.68 (1.31% decrease)*

$10,883 (2.21% increase)**

74.77% (3.71% decrease)*

* A decrease in these variables increases the tax rate
** An increase in the dollar yield decreases the tax rate
# Tax Scenarios

**Putting potential new investment amounts in context**

<table>
<thead>
<tr>
<th>Homestead Tax Increase</th>
<th>Ed. Spending Growth</th>
<th>Difference from Baseline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baseline 8.5%</td>
<td>$3.5 million</td>
<td>$0</td>
</tr>
<tr>
<td>7%</td>
<td>$2.6 million</td>
<td>$950,000</td>
</tr>
<tr>
<td>6%</td>
<td>$1.9 million</td>
<td>$1.6 million</td>
</tr>
<tr>
<td>5%</td>
<td>$1.3 million</td>
<td>$2.3 million</td>
</tr>
</tbody>
</table>

Every 1% reduction to the tax growth rate requires $650,000 in spending reductions.
Group Assignment #1: Identify the most important New Investments ($500k max?)

-Executive Session Break-

Group Assignment #2: Discuss areas for reductions
- BSD ideas
- Board ideas
Budget Development Timeline

1/7  School Board meeting
1/14 School Board meeting
1/21 City Council budget update
1/23 Possible School Board meeting
3/5  Town Meeting Day budget vote

Full budget timeline available at: http://www.bsdvt.org/district/budget/
Cultivating caring, creative, and courageous people. Join the journey!