

Budget Development Update

January 14, 2020



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

New Investments

Recent Budget and Tax Changes

Year	New Investment Amount
FY18	\$1,760,000
FY19	\$ 852,000
FY20	\$2,300,000

Surplus Reduces Tax Impact

Baseline Scenario Tax Impact of Using Surplus

	Before Use of Surplus	After User of Surplus
Total Budget	\$92.2 million	\$92.2 million
Surplus Used as Revenue	\$ 0	\$ 1.3 million
Education Spending Change	\$ 4.8 million	\$ 3.5 million
Tax Impact	10.50%	8.52%

Tax Estimates

Utilizing the most current information

Scenario	Baseline	Low	Medium	High
New Investments	\$0	\$499k	\$1.236m	\$1.996m
Ed. Spending Increase	\$3.5m	\$4.0m	\$4.8m	\$5.5m
Property Tax Increase	8.52%	9.31%	10.47%	11.66%
Income Yield Increase	4.29%	5.05%	6.16%	7.31%

Tax Estimates

Key Variables

Status

Education spending (baseline)	\$68,908,778 (5.40% increase)
Equalized pupil count	4,031.42 (1.25% decrease)*
Homestead dollar yield	\$10,883 (2.21% increase)**
Common level of appraisal	74.77% (3.71% decrease)*

*A decrease in these variables increases the tax rate

**An increase in the dollar yield decreases the tax rate

Board Budget Priorities (from Jan 7th workshop)

Group 1		Group 2		Group 3	
Investment	Amount	Investment	Amount	Investment	Amount
Safe inclusive schools	\$40,000	Safe inclusive schools	\$40,000	Safe inclusive schools	\$40,000
		BHS Computer Science	\$90,000	BHS Computer Science	\$90,000
		1 Bus driver	\$45,000	1 Bus driver	\$45,000
		ECSE Early K Initiative (1 FTE)	\$90,000	Hunt Field Trip	\$5,000
		Early Literacy PD	\$25,000	K-paras (3 FTE)	\$90,000
	\$40,000		\$290,000		\$270,000

Tax Scenarios

Putting potential new investment amounts in context

Homestead Tax Increase	Ed. Spending Growth	Difference from Baseline
Baseline 8.5%	\$3.5 million	\$ 0
7%	\$2.6 million	\$950,000
6%	\$1.9 million	\$1.6 million
5%	\$1.3 million	\$2.3 million

Every 1% reduction to the tax growth rate requires \$650,000 in spending reductions.

Budget Reduction Process

1. Line item budget review
 - FY19 actual spending
 - FY20 spending trends
 - FY21 assumptions & projections
2. Requested reduction ideas from principals and directors
3. Ideas evaluated for
 - Short-term feasibility (could we do it?)
 - Long-term advisability (is it worth it?)
 - Balanced budget impact (what is the risk?)

Tier 1: Reduction target set by Board

These items are considered low risk reductions

City Retirement	Line item budget review suggests that the City Retirement projection can be reduced	\$150,000
In-house Counsel	Position can be eliminated	\$125,000
Business Office	Savings from new financial software	\$25,000
	TOTAL	\$300,000

Tier 2: More Budget Reduction Ideas

These reductions pose a modest risk to a balanced budget

Special Ed. Services	Reduction to anticipated growth rate could likely be managed provided that contingency fund is not used for discretionary spending	\$200,000
Various non-instructional savings from operations	Line item budget review suggests that certain operational costs can likely be reduced (unemployment costs, general liability, workers compensation, etc.)	\$120,000
Funding Reallocation	Reassign general fund position to alternative funding	\$20,000
	TOTAL	\$340,000

Tier 3: More Budget Reduction Ideas

These reductions carry an increased risk to a balanced budget

Health Reimbursement Arrangement (HRA)	Line item review of budget showed savings in this area in FY19. However, statewide health insurance decision will add costs to BSD. This would reduce our capacity to absorb increased costs.	\$240,000
Elementary teacher	Class size projections suggest that one classroom position could be eliminated (45 students served by 2 instead of 3 teachers)	\$60,000
Kindergarten teacher	Class size projections suggest that one classroom position could be eliminated (35 students served by 2 instead of 3 teachers)	\$60,000
	TOTAL	\$360,000

Reduction Summary

Putting potential new investment amounts in context

	Tier Amount	Cumulative Amount	Tax Increase with Reductions
Tier 1	\$300,000	\$300,000	7.99%
Tier 2	\$340,000	\$640,000	7.45%
Tier 3	\$360,000	\$1,000,000	6.88%

Budget Development Timeline

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



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

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