

MEMORANDUM

To: Burlington Board of School Commissioners
From: Nathan Lavery, Executive Director of Finance and Operations
CC:
Date: 11/11/2020
Subject: FY22 Preliminary Budget Assumptions

This memo is intended to provide an overview of the preliminary assumptions that will drive development of the FY22 budget. These estimated increases, combined with anticipated salary negotiation settlements, make it likely that the budget will increase without any additional programs or staff increases. Limited new investments may be proposed, but will be offset wherever possible by reduced spending in other areas.

- Health insurance. 10% increase based on projections from VEHI.
- Cash in lieu of health insurance. 10% increase, most plans proportional to premiums.
- HRA. No increase. Plan change will increase cost, but current budget is likely sufficient.
- OPEB. 10% increase proportional to health insurance premiums.
- City retirement. 5% increase per guidance from City Hall.
- Workers Compensation. 7% increase in premiums due to experience rating.
- Property/Liability Insurance. 5% increase.
- Utilities. 2% increase.
- Copier leases. No change. BSD has negotiated installation of new copiers without new costs.
- Transportation. 5% increase.
- Phones and Internet. 3% increase.

VEHI considered the impact of COVID-19 in developing the premium increase projection. The anticipated increase is the result of a combination of factors: rising costs for health care services (such as hospital costs), potential costs associated with a COVID second-wave as well as potential vaccine costs, and a more generous (and thus costly) health insurance plan resulting from statewide negotiations.

Transportation costs are particularly uncertain because COVID-19 has changed the demand for services from both public and private transportation providers, making the availability and cost of these services less predictable than is typically the case.