

Budget Development Update

January 5, 2020



BURLINGTON
SCHOOL DISTRICT

Purpose and Next Steps

Purpose:

- Understand baseline assumptions
- Review proposed operating reductions
- Understand the impact of the Common Level of Appraisal (CLA)
- Provide direction for next week's budget update

Next Steps:

Initial board feedback 1/5
Cabinet discussion of efficiencies 1/8
Board discussion on 1/12
Finance Committee discussion 1/16
Board Action 1/19



Budget Benchmarks

Data to Guide Budget Discussion

Benchmark Amounts

1% of Total Budget = \$915,000

1% of Ed. Spending = \$682,000

Year	Education Spending Increase	Homestead Tax Rate Increase
FY19	\$470,000	3.32%
FY20	\$3,424,000	4.71%
FY21	\$2,836,000	6.23%

Budgetary Assumptions

Baseline growth & PCB Relocations = \$5.2m Increase

Baseline budget growth: \$2.3 million

- Wages, benefits, other anticipated cost increases ([Budget Assumptions](#) memo).

Downtown BHS: \$2.4 million

- Includes rent and related costs, plus repayment of fit up costs.
- If fit up costs receive state support this estimate would decrease by \$720,000.

BTC Relocations: \$460,000

- Estimate based on current locations. May change as location decisions are solidified.



Looking for Savings

1. Line item budget review
 - FY20 actual spending
 - FY21 spending trends
 - FY22 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?)



Operating Reductions

No anticipated programmatic impact

Health Insurance Utilization	\$225,000		Building Maintenance Costs	\$30,000
HRA Utilization	\$400,000		Natural Gas	\$30,000
FICA	\$100,000		Electricity	\$25,000
State Health Fees	\$25,000		Professional Services	\$7,000
Water	\$15,000		Contingency Reduction	\$138,000
Copier Costs	\$5,000			
TOTAL SAVINGS				\$1,000,000

Budget Additions

Increase Communication and Support for Multilingual Families:

- \$120,000
- Necessary to equitably support families with limited English. We identified a gap in our communication during COVID-19 response.



Strategic Plan Implementation:

- \$100,000
- Will allow for limited implementation of some priority actions identified during the upcoming strategic planning process.



Updated Expenditure Budget

Budget Baseline		\$91,525,000
Baseline Growth	\$2,300,000	
BHS Downtown	\$2,400,000	
BTC Relocation	\$460,000	
Debt Service	\$500,000	
<i>Less</i> Operating Reductions	(\$1,000,000)	
<i>Less</i> 1st Year Impact of State Support for BHS	(\$720,000)	
Projected Budget Increase		\$3,940,000
Updated FY22 Budget Estimate (4.5% increase)		\$95,465,000

Remaining Variables

Major items still under review

FY22 Audited Fund Balance

A large FY20 fund balance is anticipated due to COVID (closed facilities, limited activities). Applying the fund balance as FY22 revenue will significantly reduce the potential tax impact.

Savings from Cabinet

Later this week, Cabinet will discuss ideas for additional savings

Other Cost Increases

Debt service on new FY22 borrowing, additional BTC space needs, vocational tuition increase

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!
- Equalize Pupils: a weighted number of pupils that considers 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	\$72,291,778 (5.98% increase)
Equalized pupil count (not updated)	4,031.70 (no change)*
Homestead dollar yield	\$10,763 (2.14% decrease)*
Common level of appraisal	72.12% (3.54% decrease)*

*A decrease in these variables increases the tax rate

Tax Scenarios

Current tax rate increase is double the ra

Homestead Tax Increase	Ed. Spending Growth	Difference from Current
12.8%	\$5.16 million	Original estimate
12.1%	\$3.94 million	Current estimate
10.5%	\$2.94 million	\$1m MORE reductions
9.5%	\$2.29 million	\$1.65m MORE reductions

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

Summary of Changes Since Last Update

1. District has identified \$1m in operational reductions that will not impact students or programs. These savings will reduce the impact on taxpayers.
2. The CLA decreased by 3.54%, driving the estimated tax rate up and offsetting some of the benefits of the spending reductions.
3. Positive signs that the Governor will include a major investment to offset the cost associated with Downtown BHS. This is a huge potential savings to taxpayers.
4. Variables beyond BSD control have the impact of transforming a 6% budget increase into a 12% homestead tax rate increase.

Board Discussion

Board feedback will inform the Cabinet discussion on January 8 and the next board budget update on January 11.

- Board feedback will be taken as general guidance that is subject to change.

Discussion Topics

1. What specific level of tax rate increase should Cabinet use as a target when considering additional ideas for savings?
2. What questions do you still have about tonight's presentation on the proposed reductions, additions, and estimated tax impact?

Budget Development Timeline

- 1/5** School Board meeting
- 1/12** School Board meeting
- 1/14** Finance Committee meeting
- 1/19** School Board meeting
- 3/2** Town Meeting Day budget vote



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

THANK YOU



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