

Budget Development Update

January 12, 2020



Purpose and Next Steps

Purpose:

- Review Cabinet ideas for possible reductions
- Discuss surplus and how to use it
- Update tax estimates
- Provide direction for next week's budget vote

Next Steps:

Board Discussion 1/12

Finance Committee Discussion 1/14

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.



Cabinet Reduction Ideas

\$250,000 Eliminate vacant para positions.

\$100,000 Central office and department budgets.

\$10,000 Reduce elementary lunch/supervision budget.

\$360,000 TOTAL ADDITIONAL REDUCTIONS

Updated Expenditure Budget

Budget Baseline		\$91,525,000
Baseline Growth (updated), Debt Service, Etc.	\$2,800,000	
BHS Downtown & BTC Relocation	\$2,400,000	
BTC Relocation	\$460,000	
<i>Less</i> Operating Reductions	(\$1,000,000)	
<i>Less</i> 1st Year Impact of State Support for BHS	(\$720,000)	
<i>Less</i> Cabinet Reductions	(\$360,000)	
Projected Budget Increase		\$3,580,000
Updated FY22 Budget Estimate (3.5% increase)		\$95,105,000

FY20 Surplus

Recommended application of \$6 million surplus

First \$4 million: Revenue to reduce FY22 tax impact.

- Approximately \$2.9 million supports the BHS & BTC relocations and \$1.1 million supports general operating, which has been typical in past years.

Next \$2 million: Special FY22 contingency for PCB-related issues.

- After FY22 (assuming funds are not all spent), these funds could be used to pay the annual rent for Downtown BHS rent to limit the impact of this emergency on taxpayers.
- If state does not deliver on \$3.5 million to offset BHS fit up, these funds can be applied toward that cost.

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 (updated)	\$69,070,605 (1.26% increase)
Equalized pupil count (updated)	4,036.05 (0.11% increase)
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

*Tax Rate rising despite less than 1% increase
in Education Spending*

Homestead Tax Increase	Ed. Spending Growth	Difference from Current
12.8%	\$5.16 million	Original estimate
12.1%	\$3.94 million	January 5 estimate
9.5%	\$2.29 million	\$1.65m MORE reductions
7.15%	\$857,000	Current estimate

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

Summary

1. Real effort to control spending and impact on taxpayers.
 - a. \$1m in operational reductions that will not impact students or programs.
 - b. \$360,000 in additional and carefully considered reductions to minimize impact on students.
 - c. Surplus largely dedicated to immediate relief.
 - d. State support for Downtown BHS fit-up.
2. Although budget increase is 3.5%, surplus funds have reduced the need for an increase from the taxpayer supported Education Fund to less than 1%. However, factors outside of BSD control result in a tax rate increase of 7.15%.

Board Discussion

Reminder: Finance Committee meeting Thursday, January 14 for further discussion.

Discussion Topics

1. Consideration of reduction ideas from Cabinet.
2. Recommended allocation of FY20 surplus.
3. What critical questions must be address by next week to make a final budget decision.

Budget Development Timeline

- 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.bsdtv.org/district/budget/>

THANK YOU



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