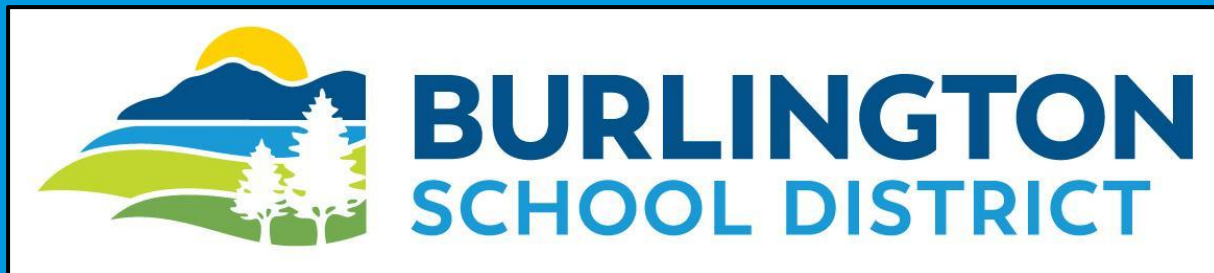


# Budget Development Update

January 4, 2021



# Purpose and Next Steps

## Purpose:

- Review budgetary assumptions
- Share RISE allocation themes
- Understand preliminary tax estimates
- Consider Fund Balance approach

## Next Steps:

City Council Presentation 1/10

Finance Committee discussion 1/11

Board Action 1/18



# Budget Benchmarks

## *Data to Guide Budget Discussion*

### Benchmark Amounts

1% of Total Budget = \$951,000

1% of Ed. Spending = \$689,000

Year	Education Spending Increase	Homestead Tax Rate Increase
FY20	\$3,424,000	4.71%
FY21	\$2,836,000	6.23%
FY22	\$681,539	1.03%

# Budgetary Assumptions

*Baseline growth = \$2.5m Increase*

## **Baseline budget growth:** \$2.5 million

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

## **Downtown BHS:** \$1.7 million

- Includes rent and utilities costs.

## **ESSER Funds:**

- Federal expenses not included in total budget estimate.



# RISE Allocation Themes

## *School-based, equity-oriented investments*

- Elementary: Interventionists, Special Educators (SA, CES), Tutoring (SA, Smith), academic paraeducators (IAA, EES), classroom libraries (IAA, EES)
- Middle School: Interventionists, Guidance (EMS), Parent Ambassadors (HMS), Student Leadership (EMS),
- High School: Mental health counselor, Math and Reading Interventionists, Restorative Justice staff, Guided Study teacher, Librarian.

# 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	\$74,097,698 (7.55% increase)
Equalized pupil count (updated)	3,837.16 (4.93% decrease)*
Homestead dollar yield	\$13,846 (21.62% increase)*
Common level of appraisal (est)	100% (38.66% increase)*

\*A decrease in these variables increases the tax rate

# Remaining Variables

## *Major items still subject to change*

### FY21 Audited Fund Balance

A large FY21 fund balance is anticipated due to expenditure activities limited by COVID and the state support for DtBHS fit-up.

### Current Level of Appraisal

The citywide reappraisal will significantly change the CLA. Current modeling assumes a 100% CLA, but the actual value is pending.

### State Revenues

Updated state revenues will impact Education Spending because Education Spending will increase to offset any reduction in other state revenues.



# Estimated Tax Implications

Hypothetical Property Payer	Property Tax Impact
Property rate change	-32.91%
Tax on \$346,000 homestead	\$ 4,835
Tax Difference from current rate	\$ -362

Hypothetical Income Payer - \$50k income	Income Tax Impact
Income Rate change	-8.09%
Tax on \$50,000 household income	\$ 1,156
Tax Difference from current rate	\$ -102

Figures reflect rounding. For education taxpayers who pay based on income, the impact will be reflected on the fiscal year 2024 property tax bill. Existing law provides additional property tax relief for households with incomes below \$47,000. This is known as a “circuit breaker.” Once a taxpayer qualifies for the circuit breaker, additional school district spending does not increase the taxpayer’s tax liability.

# Fund Balance: Possible Approach

1. Assume an audited FY21 Fund Balance of approximately \$3.6m. Allocate as follow:
2. \$1.5 million to FY23 budget. This allocation will cover most of the rental costs for DtBHS, minimizing the impact of this expense on taxpayers.
3. \$600,000 to enhancing the DtBHS space (doors, noise mitigation, security cameras).
4. \$1.5 million to the new BHS/BTC project to reduce the need to borrow for this project.

# Budget Development Timeline

- 1/10** City Council Presentation
- 1/11** Finance Committee meeting
- 1/18** School Board meeting
- 3/1** Town Meeting Day budget vote



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