BURLINGTON SCHOOL DISTRICT

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MEMORANDUM

To: Burlington Board of School Commissioners
From: Tom Flanagan, Superintendent
CC: Nathan Lavery, Executive Director of Finance and Operations
Date: 12/06/2022
Subject: FY24 Budget Update

Summary: This memo is intended to provide a brief update on the status of FY24 budget development and illustrate the impact of the Department of Taxes' annual letter forecasting Education tax rates for the coming fiscal year.

Updates: The Vermont Department of Taxes released its annual letter forecasting education tax rates for the coming fiscal year. These preliminary figures are based on estimates of both revenues in and expenditures from the Education Fund. The letter informs, rather than dictates, legislative discussions that ultimately set tax rates. The legislative process, including approval by the Governor, typically does not conclude until the April-to-June time period. However the letter does provide some insight into the fiscal climate that districts across the state will face while developing FY24 school budgets. Of note:

- The homestead yield is projected to increase from $13,314 to $15,479. This is good news because it means that the Education Fund can support a higher level of spending next year. A higher Homestead Property Yield reduces pressure on the tax rate.
- The memo points out that the increase in the Yield is due to a projected $63 million surplus in the Education Fund. This surplus, while smaller than the previous $95 million surplus, is still historically large. If this surplus fails to materialize, or if surpluses in future years revert to the historical norm ($10-15 million), there would be significant upward pressure on tax rates.
- The Vermont Agency of Education (AOE) is projecting a decrease in the Equalized Pupil count of 1.08%. When Equalized Pupils decrease, it puts upward pressure on tax rates. Individual districts may experience increases or decreases, so it is not possible to draw a local conclusion from this statewide estimate. As a reminder, the new equalized pupil weights will not be in effect until the FY25 budget process.
- Education Spending by schools is estimated to grow by 8.52%. As we have discussed in previous memos, rising costs for wages and benefits are particular challenges. Increased spending puts upward pressure on tax rates.
- Overall, the projections are encouraging with respect to reducing pressure on taxpayers for the coming school year, but also cautionary because decisions made during times when the Education Fund surplus is large could make adjusting to a low (or absent) surplus situation more challenging in the future.

BSD leaders will consider the impacts of this letter in combination with the previously provided budget assumptions. In addition, we have been taken a number of steps to begin creating next year's budget:

- As part of our second year using the District's Equitable Budgeting process, District leaders have met with school principals to discuss staffing and RISE allocations. Principals will be scheduling meetings with their school advisory groups.
- The District's budget webpage has been updated with the latest budget information, including our online budget feedback form. The form provids the community an opportunity to share ideas and input on the development process, and compliments the School Advisory Group input solicited by principals.
- BSD has submitted, and is awaiting response to, our American Rescue Plan Elementary and Secondary Schools Emergency Relief (ARP ESSER) application. $10 million of these funds are being requested to support the BHS/BTC 2025 project. Remaining funds (about $3 million), will be devoted to other school and instructional activities, such as maintaining expanded summer school programming to re-engage students and restorative practitioners to help establish restorative practices across BSD schools. The Vermont Agency of Education reviews this application.