

Budget Development Update

December 10, 2024



Agenda

- Tax Department Dec 1 letter
- Budget development update
 - Fund balance
 - Tax variables
 - Reductions to consider
- Timeline



Budgetary Assumptions

Full list of assumptions posted on budget website

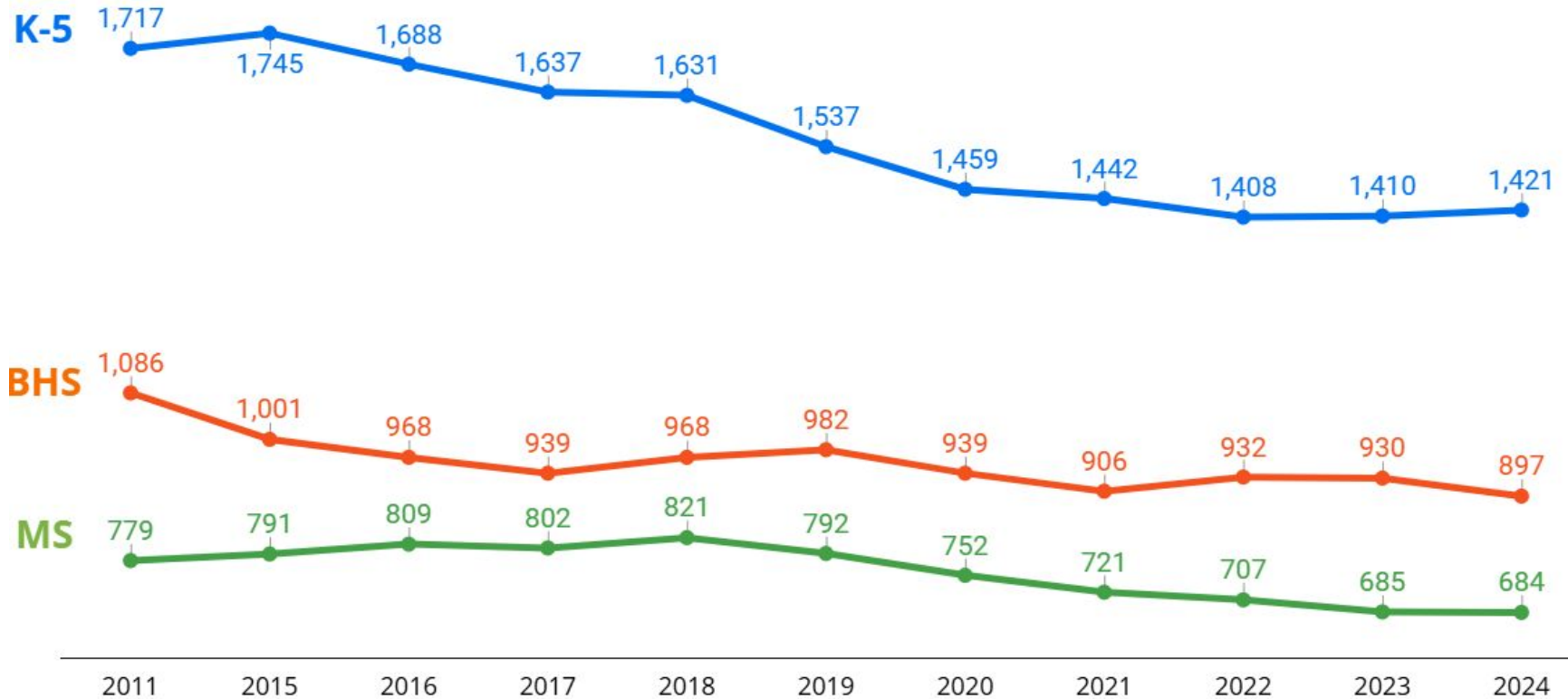
Level Services Budget

- To maintain the current level of services, the overall budget would need to increase by about 5%.
- General Fund budget (supported by Education taxes) would need to increase nearly 6%.

Major Drivers

- Wages: Bargaining agreements are being renegotiated. Budget for wage settlements range from 2.4% (inflation) to 4%.
- Benefits: Health insurance premiums are estimated to increase by 11.9%.
- Debt Service: 3.8%
- Grants: Personnel costs are increasing faster than grant revenues, requiring the General Fund to absorb these costs to maintain the current service level.

BSD Enrollment History



Equitable Budgeting

A Brief History

- Research-based model created with input from the community.
- Overwhelming support for allocating resources to the students who need them most.
- Provides a foundational level of support plus RISE funds for investments unique to each school community.
- Recognize that our staffing level must be responsive to enrollment changes.



Community Survey: Who did we hear from?

We heard from...

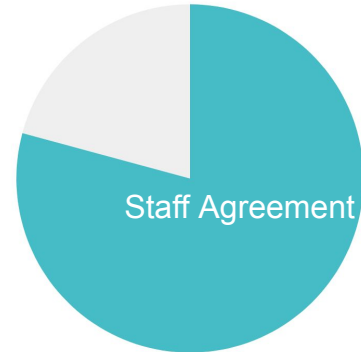
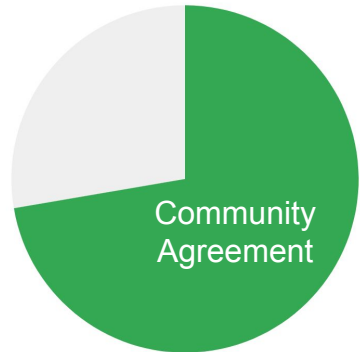
- 450+ students, family members, staff, and community members
- Individuals affiliated with every BSD school and program
- 43.2% of respondents' students receive free or reduced lunch
- 21.7% of respondents' students receive special education services
- 20.9% of our respondents self identified as BIPOC
- 14.4% of respondents speak a language other than English in their home



2020 Community Survey: What did we say?

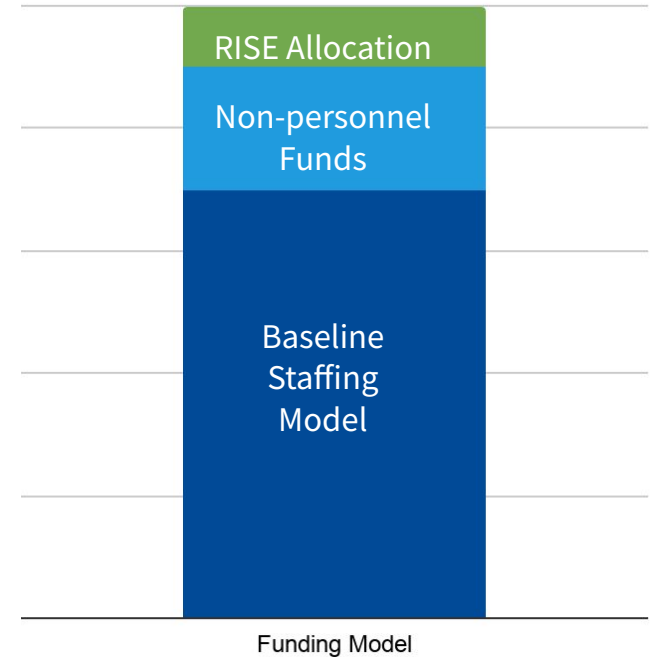
*72% of all respondents and 79% of BSD staff
strongly agree or agree that*

***resources should be allocated in a way that supports
the students who need them most - even if it means
reducing the resources at their school(s).***



Our proposed model has three components

- A **staffing model** will provide each school with its core staffing, using staff:student ratios (e.g. 1 counselor staff for every 200 students)
- Non-personnel funds will be allocated based on a **per-student** basis
- An Equity Allocation will provide additional funding using a **weighted student formula**, meaning more funds in schools with greater need
 - Schools will have discretion in how best to serve their students using these funds
 - Intent and desired outcomes will be documented for future evaluation



Board Guidance

- Recognize that our staffing level must be responsive to enrollment changes.
- Limit budget growth due to impact of BHS/BTC costs.
- Ensure funding to meet strategic plan objectives.
- Continue to offer academically rigorous programming for all learners.
- Budget wage and benefit increases commensurate with the fiscal reality of our community and state.
- Look for ways to reduce the cost per pupil.



RISE Allocation

Nearly \$1.7m of School-directed, Equity-oriented Investments

- RISE allocations are projected to increase by about \$200,000 based on increased student need measures, particularly the poverty measure
 - This is likely due more to improved accuracy than significant changes in economic circumstances.
 - Improved accuracy of the poverty count may increase BSD's long-term weighted average daily membership, thereby offsetting some of this spending increase.

FY24 Audit and Fund Balance

FY24 Audit is in final phase of review

FY24 Audited Fund Balance

- Approximately \$2,400,000 available to support FY26 budget.
 - This surplus is in line with prior year results.
- Represents roughly 2% of the total budget.

Fund Balance is One Time Revenue

- Careful budget management should result in annual surpluses.
- Currently supports significant costs associated with rent for temporary spaces (DtBHS, BTC, etc.).

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!
- Long Term Weighted Average Daily Membership: enrollment that weighs factors such as poverty and English Learners.
- Dollar Yield: a state variable reflecting the amount of money in the education fund. Now adjusted by the statewide CLA.
- Common Level of Appraisal (CLA): a measure of property values in each community, adjusted by the statewide CLA.

Tax Variable Estimates

Key Variables

Status

Education spending (preliminary)

\$101,274,943 (7.26% increase)

LTWADM

Not yet available*

Homestead dollar yield (Tax dept)

\$8,553 (new calculation)*

BSD Common Level of Appraisal
(preliminary)

80% (~ 8% decrease)*

Statewide CLA (preliminary)

72%

*A decrease in these variables increases the tax rate

Tax Impacts

Actual tax rate calculation requires more information

- Factors driving the tax rate up: increased spending, decreased CLA
- Factors pushing the tax rate down: increased dollar yield.
- Although BSD's spending is projected to increase, the tax rate impact is not likely to be as large because the Education Fund is in a stronger position than anticipated.
 - This is largely due to growth in the statewide Grand List.

Areas of Potential Reductions

- Cabinet generated a list of reductions for Superintendent consideration.
- The Superintendent intends to recommend limited reductions, pursuant to board guidance.
- Projected enrollment justifies a limited number of reductions.
- Additional reductions may be recommended once all variables are available to estimate tax rates.

Reduction Proposals

1. End St. Mark's and Sara Holbrook lease (\$215k)
2. Align staffing to enrollment - doing this through our model now (\$250k)
3. Increase Eagle Bay Academy enrollment incrementally (TBD)
 - a. This idea could increase revenue by allowing students from other districts to tuition into the program, or it could reduce costs by bringing BSD students in more restrictive placements back into BSD's schools.
4. Reduce central office operating budgets by 2% (\$100K)

Budget Development Timeline

- 12/10** School board meeting
- 1/7** School Board meeting
- 3/4** Town Meeting Day budget vote

Subject to change

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



Appendix



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Understanding the New Yield

- The "Dollar Yield" shown in the Tax Letter is a special number that gets adjusted by something called the CLA (Common Level of Appraisal) for the whole state. Because of this, the FY26 Dollar Yield looks smaller compared to the FY25 Dollar Yield.
- If we used the same method as last year to compare, the yield would have been \$11,879. This is a 20% increase, which helps keep tax rates down.

Understanding the CLA

- Burlington's CLA is now adjusted based on the average CLA for the whole state.
- To figure it out, we divide Burlington's CLA (80%) by the statewide CLA (72%), which gives us an "Adjusted CLA" of 111.11%.
- Even though the adjusted CLA looks like it lowers Burlington's tax rate, it's actually because the new statewide CLA lowers the dollar.
- ***In the end, the change in the way the State uses the CLA doesn't have a big effect. Burlington's CLA dropped from 87% to 80%, which makes tax rates go up.***