

# Budget Development Update

January 21, 2025



# Agenda

- Budget development update
  - Expenditure revisions
  - Tax estimate updates
- Ballot Language

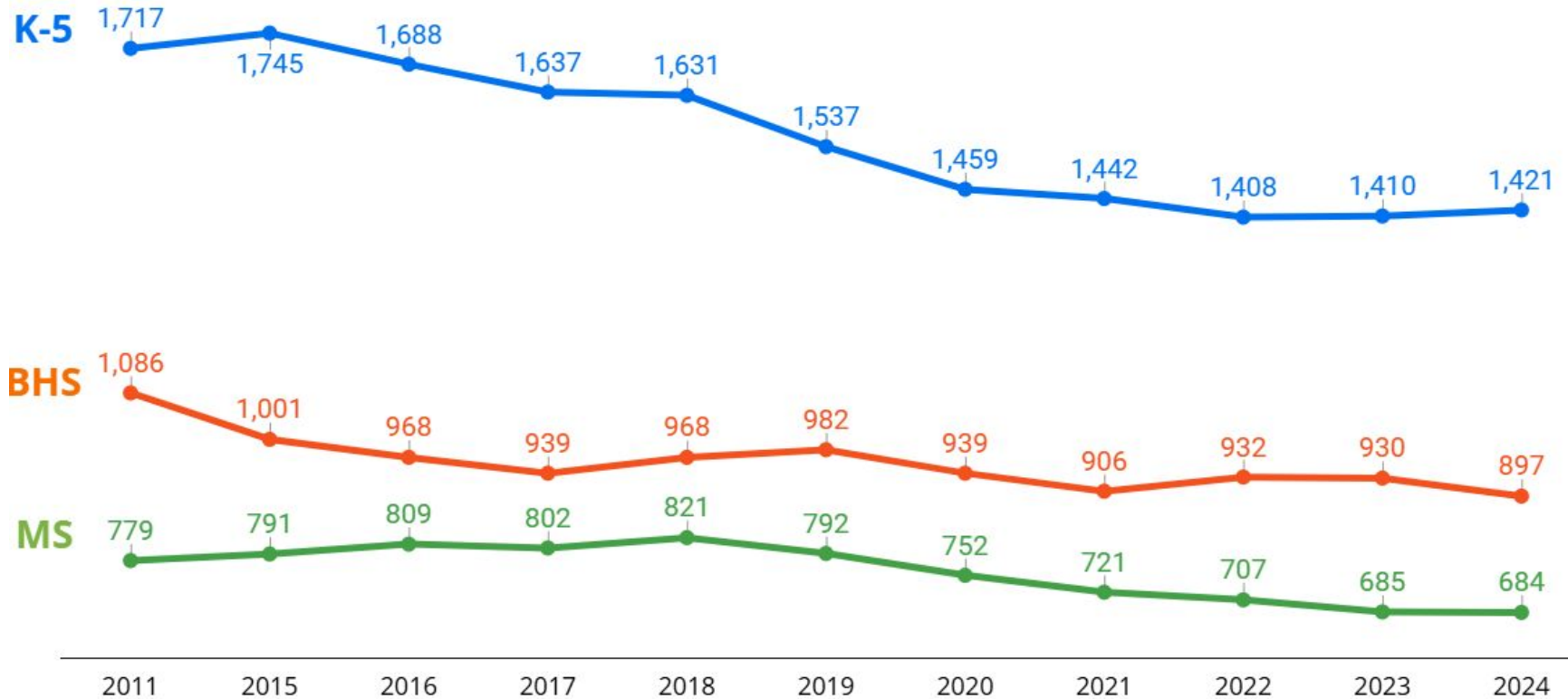


# Budgetary Assumptions

*Full list of assumptions posted on budget website*

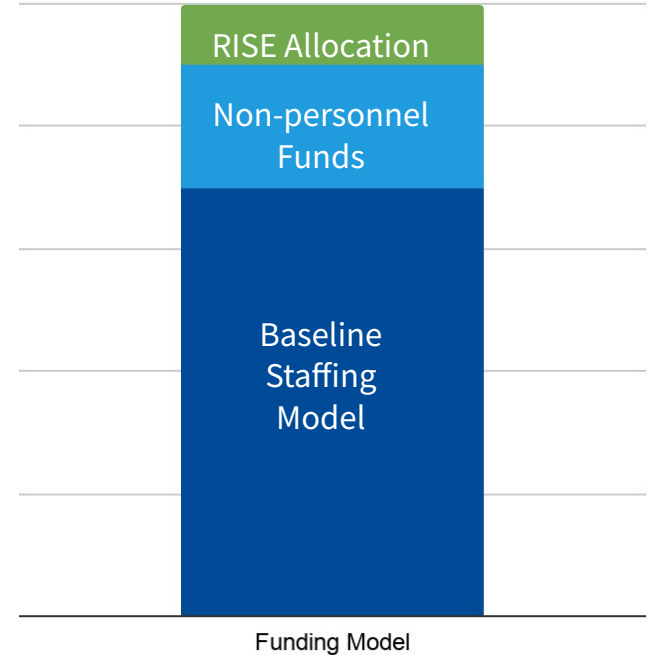
- Wages: Bargaining agreements are being renegotiated. Budget for wage settlements range from 2.4% (inflation) to 4%.
- Benefits: Health insurance premiums are estimated to increase by 11.9%.
- Debt Service: 3.8%
- Grants: Personnel costs are increasing faster than grant revenues, requiring the General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

# BSD Enrollment History



# BSD's Equitable Budgeting Model

1. A **staffing model** will provide each school with its core staffing, using staff:student ratios (e.g. 1 counselor staff for every 200 students)
2. Non-personnel funds will be allocated based on a **per-student** basis
3. An Equity Allocation will provide additional funding using a **weighted student formula**.
  - In consultation with the School Advisory Boards, schools decide in how best using these funds.



# FY26 School Board Guidance

1. Staffing must be responsive to enrollment changes.
2. Limit budget growth due to BHS/BTC costs.
3. Ensure funding to meet strategic plan objectives.
4. Continue to offer academically rigorous programming for all learners.
5. Budget wage and benefit increases commensurate with the fiscal reality of our community and state.
6. Find ways to reduce the cost per pupil.



# BSD's Budget Recommendation to the Board

We are recommending a budget that maintains current services, and;

- Continues to align staffing to enrollment
- Drives funds toward students who need it most with updated RISE allocations
- Reduces central office budgets for a second year

And balances these reductions with funds to maintain buildings.

**This proposal will result in an estimated 4% tax rate decrease**

# FY '26 Budget Proposal Notes

1. End St. Mark's and Sara Holbrook lease (\$200k savings)
2. Align staffing to enrollment - Flynn homeroom and BHS building sub reductions per budget model (\$150k savings)
3. Reduce central office operating budgets by 2% (\$100K savings)
4. Include approximately \$600k to ensure building maintenance obligations



# Tax Impact

Total Budget	\$10.1 million decrease
Education Spending per LTWADM	6.7% increase
Actual Tax Rate (after CLA)	4.0% decrease
Income based tax cap	12% decrease

**The recommended budget is estimated to reduce property tax rates by 4%**

Factors driving the tax rate up: increased spending, decreased CLA

Factors pushing the tax rate down: increased dollar yield (driven by growth in statewide grand list, Education fund revenues and carry over)

# Budget and Tax History

Year	Education Fund Spending	Other Funds (e.g., ESSR)	Overall Budget	Property Tax Impact	Education Spending Per Pupil/LTWADM
FY 23	\$74,097,698	\$31,338,421	\$105,436,119	-3.3%	\$19,310.46
FY 24	\$78,964,438	\$38,795,753	\$117,760,191	4.3%	\$21,325.14
FY 25	\$94,424,438	\$50,515,666	\$144,940,104*	10.4%	\$13,889.62
FY 26	\$103,360,823**	\$31,419,008	\$134,779,831	-4.0%	\$14,825.77

**Next year's recommended budget is estimated to reduce property tax rates by 4%**

*\* FY'25's overall budget includes significant funding from the federal government (including federal COVID funds that are expiring) and other sources that do not derive from property tax payers. We had previously reported a lower 'total-budget' amount that excluded these funds. For comparison purposes, this figure has been revised to better align the the Agency of Education' reporting methodology.*

*\*\* The increase in Education Fund Spending from FY'24 to FY'26 is primarily due to the BHS/BTC construction project.*

# Breakdown of Education Spending Increases

## Proportion of Increased Spending

### Wages & Benefits

- Salaries
- Health Insurance

### Debt Service

- BHS/BTC new school
- IAA renovations

### Capital Improvements

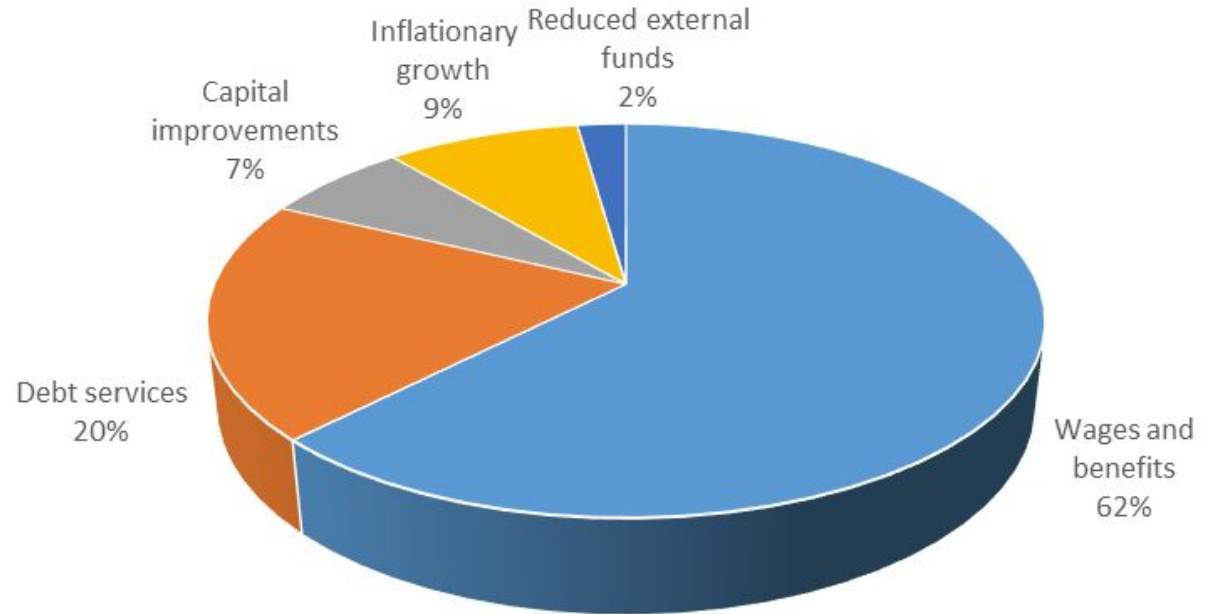
- \$600k facilities fundings

### Inflationary Growth

- Lease increases
- Supplies
- Utilities
- Additional RISE funds

### Reduced External Funds

- Impact fees
- Special education census grant



# Tax Variable Estimates

## Key Variables

## Status

Education spending

\$103,360,823 (9.5% increase)

LTWADM

6,971.70 (2.6% increase)

Homestead dollar yield

\$8,553\*

BSD Common Level of Appraisal

81.76% (7% decrease)\*

Statewide CLA

72%

\*A decrease in these variables increases the tax rate

# Property Tax Estimates

Hypothetical Property Payer - \$370k example (avg value)	Property Tax Impact
Property rate change	-4.0%
Tax on \$370,000 homestead	\$5,676
Tax Difference from current rate	\$ -238

Hypothetical Property Payer - \$500k example	Income Tax Impact
Property rate change	-4.0%
Tax on \$500,000 homestead	\$7,671
Tax Difference from current rate	\$ -322

*Figures reflect rounding. For education taxpayers who pay based on income, the impact will be reflected on the fiscal year 2026 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.*

# Income Adjustment Tax Estimates

Hypothetical Income Payer - \$370,000 housesite	Income Tax Impact
Income Rate change	-12.0%
Income-sensitized tax amount for <b>\$50,000 household income</b>	\$ 1,120
Tax Difference from current rate	\$ -165

Hypothetical Income Payer - \$370,000 housesite	Income Tax Impact
Income Rate change	-12.0%
Income-sensitized tax amount for <b>\$120,000 household income</b>	\$ 2,904
Tax Difference from current rate	\$ -396

*Important Disclaimer: The actual impact on taxpayers receiving an adjustment based on their income varies for each individual case, and is a function of household income, and houseite value, and education tax rates from the prior tax year as well as the new tax year. The estimates included herein necessarily make assumptions about all of these variables to illustrate a hypothetical impact.*

# Redefining the “Total Budget”

*We’ve expanded our definition of total budget to better align with Agency of Education methodology from ACT 183*

FY 25 “Total Budget” on March 2024 Ballot	\$119 million
FY 25 Costs Not Reflected in “Total Budget” on Ballot <ul style="list-style-type: none"><li>- \$11m ESSER/ARP</li><li>- \$10m BTC Hangar Grant</li><li>- \$2m Surplus for Buck Hard Field</li><li>- \$2.9m Food Services</li></ul>	\$25.9 million
FY 25 Total Budget with NEW Methodology	<b>\$144.9 million</b>
FY 26 Total Budget <ul style="list-style-type: none"><li>- \$20.5 m ESSR, BTC Grant</li><li>+ \$10.3 m Increased annual costs (e.g., wages and benefits)</li></ul>	<b>\$134.7 million</b>

# 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.).



# 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.

# RISE Allocation

## *RISE Allocation Amounts by School*

Eagle Bay	\$50,282
Smith	\$90,477
SA	\$117,589
IAA	\$118,839
Champlain	\$129,691

Edmunds El	\$154,648
Flynn	\$155,687
Hunt	\$165,723
Edmunds M	\$204,272
BHS	\$505,798

# RISE Allocation Themes

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

- Elementary: Interventionists, Special Education positions, co-teaching PD.
- Middle School: Literacy, guidance positions, deeper learning PD and curriculum, social-emotional supports.
- High School: Reading specialist, mental health counselor, STEM interventionist, summer credit recovery, YES funding.
- Eagle Bay: Project based learning materials, specialized electives, professional learning for student centered practices.

# BTC Budget

## *Tuition increase due to enrollment decline*

FY26 Budget = \$3.7m

- \$130,000 budget reduction from FY25. Saving will result from ending leases and moving into the new airport facility.
- 120.78 “average” enrollment over six semesters, a 4% decrease from prior year.
- **Announced Tuition of \$24,934.** Since the program is half-day, the actual tuition cost is also halved.
  - i. This represents an 1.26% increase due to declining enrollment despite a lower budget.

# Ballot Language

*Shall the voters of the School District approve the School Board to expend \$134,779,831 which is the amount the school board has determined to be necessary for the ensuing fiscal year? Burlington School District estimates that this proposed budget, if approved, will result in per pupil education spending of \$14,825.77, which is 6.74% higher than spending for the current year.*

***Spending at this level could produce a property tax rate decrease of 4% (current estimate).***

# Budget Development Timeline

- 1/21** 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



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

# 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.



# 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.

# 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 (81.76%) by the statewide CLA (72.36%), which gives us an "Adjusted CLA" of 112.99%.
- 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 88% to 82%, which makes tax rates higher than they would have been without this change.***