Town Meeting Day Budget Presentation

February 2024

BURLINGTON SCHOOL DISTRICT

Board Guidance

- Recognize that our staffing level must be responsive to enrollment changes.
- Limit budget growth due to increases in wages, benefits and pending BHS/BTC costs.
- Ensure funding to meet strategic plan objectives.
- Continue to offer robust programmatic offerings.
- Consider multi-year impact of changes and minimize annual disruptions.
- Identify investments that serve our most vulnerable students and are being made in response to the financial capacity gained from the new approach to pupil weighting.

FY23 Audit and Fund Balance

FY23 Audit available on the budget website

<u>FY23 Audited Fund Balance</u>

- $2,400,000 available to support FY25 budget.
- This surplus is in line with prior year results.
- Represents roughly 2% of the total budget.

<u>Fund Balance is One Time Money</u>

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

Budgetary Assumptions

Full list of assumptions posted on budget website

<u>Wages & Benefits</u>

- Most bargaining agreements are settled in the range of 5% increase. Health insurance premiums are estimated to increase by 16.4%.

<u>BHS/BTC Bonding</u>

- $9.5 million increase in debt service due to bonding.

<u>ESSER Funds</u>:

- End of ESSER funding means that programs and positions funded by federal dollars can only be retained if budget is increased to support them.

Impact of Bond for BHS/BTC Project

- Majority of borrowing has occurred; BSD has borrowed $130 million of the total $165 million authorization

- Biggest tax impact of the project is in FY25 (+10% impact on taxes)

- If remaining $35 million is borrowed, it will increase tax rates by an additional 2.8% (holding all other variables constant)

- Remaining borrowing likely to occur over two years; impact FY26 and FY27 budgets and tax rates.

Recommended Budget Investments and Reductions

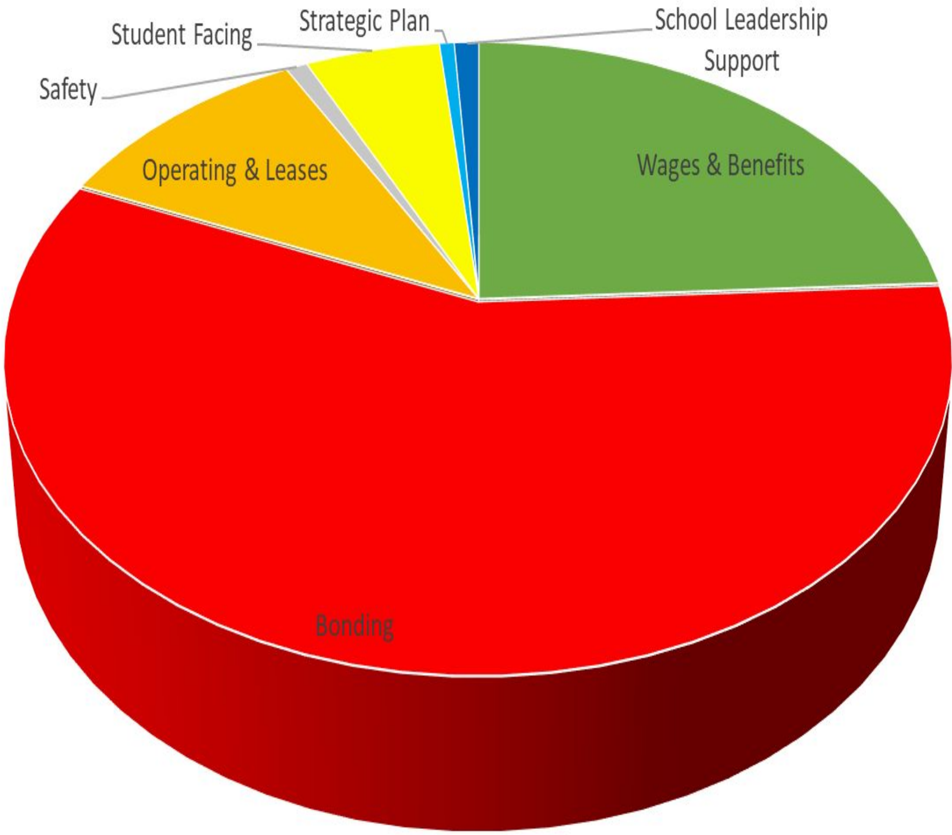
Operational Investments	Amount
Wages & Benefits	$4,000,000
Operating	$760,000
BHS/BTC Bonding	$9,500,000
DtBHS lease	$250,000
Rock Point Lease	$475,000
Sara Holbrook lease	$205,000
YMCA Rental	$50,000
BHS School Safety	$94,000
HHB/Title IX Investigations	$50,000
Subtotal	**$15,384,000**

Programmatic Investments	Amount
Magnet School Recommendations	$200,000
Mental health support for alt. programs (0.5 FTE)	$50,000
~~BHS instructional coach (1.0 FTE) (per funding model)~~	~~$0~~
~~Special Educator addition (1.0 FTE)~~	~~$0~~
SLPs for Early Education Programming to maintain current model (2.0 FTE)	$200,000
~~Elementary Dean of Students for Flynn & Champlain~~	~~$0~~
Alt. Program nurse, lead nurse, sub (1.0 FTE)	$80,000
ARC - reduced professional learning and supports & curricular materials	$180,000
Recruitment Plan activities	$50,000
RP Support for Schools	$50,000
Added RISE for Smith/EES/Champlain/Flynn	$100,000
Ex. Dir. School Leadership	$166,000
EL Teacher (1.0 FTE)	$100,000
Subtotal Investments	**$1,176,000**

Reductions	Amount
Central Office Department reductions	-$340,000
District Data team - reduce by 1 FTE (vacant); reorganization of the Tech Integration Team	-$100,000
HR Specialist	-$60,000
Psychologists - reduce 1.0 FTE (vacant)	-$100,000
BHS teachers - reduce 2.0 FTE per model (enrollment based)	-$200,000
Flynn homeroom - reduce 1.0 FTE per model (enrollment based)	-$100,000
0.5 FTE guidance at HMS (per funding model)	-$50,000
0.5 FTE health at EMS (per funding model)	-$50,000
Hiring Limit	-$100,000
Subtotal Reductions	**-$1,100,000**

Proportion of Increased Spending

- Responsive to budget pressures; limits investments and includes reductions
- Minimizes impact on staffing
- Includes modest programmatic investments to support strategic plan and leadership development
- Offsets programmatic investments with reductions
- Tax rate identical to a budget with no strategic investments (13.97%)
- Tax increase without bond = 3.97%
- Tax increase without CLA = 5.00%



Act 127 and Tax Cap

- Act 127 originally included a tax cap to help communities adjust spending over multiple years in response to new pupil counts.

- Would have placed a 5% cap on the increase in <u>equalized</u> tax rate (before CLA). ***Legislature is actively working to repeal the cap.***

- Developed the budget thinking the 5% cap would be in effect.

- Our equalized tax without the cap increase 6.51%

- Because the 5% cap is applied to <u>equalized</u> tax rates, it does not shield communities from tax rate increases resulting from CLA changes.

Impact of Common Level of Appraisal

- BSD received CLA information from the State on January 3rd.
- The CLA dropped by 7.87%
  - We had anticipated CLA would remain closer to last year because of the recent City-wide reappraisal.
- CLA Adjustment translates into a *9.05% tax impact by itself*
- **The CLA drives our total tax impact from**
  5% to 13.97% with Act 127 Cap
  6.51% to 15.6% without Act 127 Cap
- Because of the CLA, the only way to reduce the tax rate below 10% is to reduce FTE's (educators in schools) by 12%
  - We believe this is unrealistic and unsustainable.

Recommended Budget Summary

Total Budget Increase	$15,460,000
Equalized Tax Rate (before CLA)	6.51%
Tax Rate Impact **WITH** 5% Cap (after CLA)	13.97%
Tax Rate Impact **WITHOUT** 5% Cap (after CLA)	15.60%
Spending per LTWADM	$13,901.83
Total Budget	$119,604,584

This is the Superintendent's recommended scenario *because it responds to CLA pressures, while allowing necessary programmatic and operational investments.*

Property Tax Impact Assuming ACT 127's 5% CAP on Education Tax Rates

Hypothetical Property Payer - $370k example (avg value)	Property Tax Impact
Property rate change	13.97%
Tax on $370,000 homestead	$6,108
Tax Difference from current rate	$ 749

Hypothetical Income Payer - $500k example	Income Tax Impact
Property rate change	13.97%
Tax on $500,000 homestead	$8,254
Tax Difference from current rate	$ 1,012

Figures reflect rounding. For education taxpayers who pay based on income, the impact will be reflected on the fiscal year 2025 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 Impact WITH 5% Cap on Education Tax Rates

Hypothetical Income Payer - $50k income	Income Tax Impact
Income Rate change	10.99%
Tax at $50,000 household income	$ 1,350
Tax Difference from current rate	$ 134

Hypothetical Income Payer - $120k income	Income Tax Impact
Income Rate change	10.99%
Tax on $120,000 household income	$ 3,239
Tax Difference from current rate	$ 321

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.

Property Tax Impact WITHOUT 5% Cap from Act 127

Hypothetical Property Payer - $370k example (avg value)	Property Tax Impact
Property rate change	15.6%
Tax on $370,000 homestead	$6,195
Tax Difference from current rate	$ 836

Hypothetical Income Payer - $500k example	Income Tax Impact
Property rate change	15.6%
Tax on $500,000 homestead	$8,373
Tax Difference from current rate	$1,130

Figures reflect rounding. For education taxpayers who pay based on income, the impact will be reflected on the fiscal year 2025 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 Impact WITHOUT 5% Cap from Act 127

Hypothetical Income Payer - $50k income	Income Tax Impact
Income Rate change	10.99%
Tax at $50,000 household income	$ 1,350
Tax Difference from current rate	$ 134

Hypothetical Income Payer - $120k income	Income Tax Impact
Income Rate change	10.99%
Tax on $120,000 household income	$ 3,239
Tax Difference from current rate	$ 321

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.

Ballot Language

Shall the voters of the Burlington School District approve the school board to expend $119,604,584, which is the amount the school board has deemed necessary for the support of the school system for the ensuing fiscal year?