

December 7, 2022

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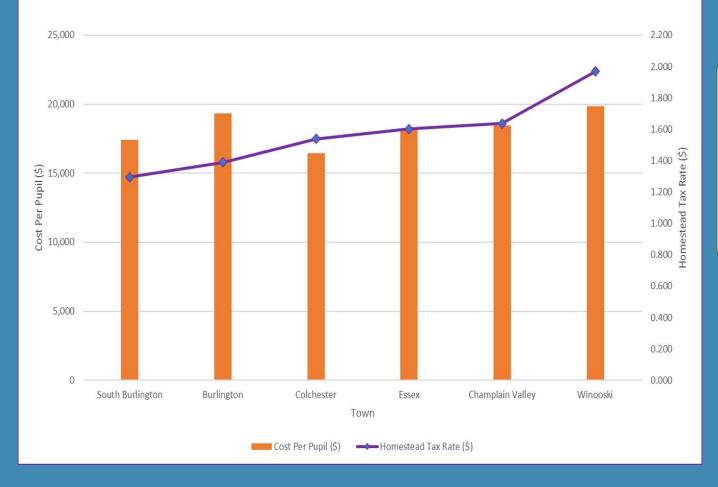
## **Overview of Presentation**

- How do our costs & tax rate compare with neighboring school districts
- What is our current level of long-term debt and proposed new debt
- Factors Impacting the FY24 Budget
- Student Enrollment and Projections
- Student Enrollment/Staff Full Time Equivalents (FTEs) 5 Year Trend
- Tax Commission's recommendations for the FY24 Yield and Education Tax Rates announced December 1st
- FY24 Current Budget Estimates

### COMPARATIVE TAX RATE INFORMATION FOR 2022-2023

District	Cost Per Pupil	FY23 Homestead Education Tax Rate	State Rank (of 259) (1= Highest Tax Rate, 259 = Lowest Tax Rate)
Winooski	\$19,829	\$1.969	4th highest
Burlington	\$19,311	\$1.389	185th highest
Champlain Valley School District	\$18,454	\$1.6359	59th highest
Essex/ Westford	\$18,146	\$1.602/\$1.593	74th highest/78th highest
South Burlington	\$17,419	\$1.295	216th highest or 44th lowest in state
Colchester	\$16,456	\$1.539	110th highest

### Comparative Tax Rate Information for 2022-2023



Of the 259 School
Districts in the State,
South Burlington is
in the lowest 20th
percentile for the
Homestead Tax
Rate, i.e. 80% of the
259 have a higher
tax rate rate than SB

## **CURRENT CAPITAL DEBT OUTSTANDING**

	Voter Approved Amount	Current Principal Balance	FY23 Annual Principal and Interest Payment
2005 General Obligation Bond	\$2,795,000	\$575,450	\$161,920
2016 General Obligation Bond	\$2,000,000	\$1,750,000	\$174,212
2018 General Obligation Bond	\$950,500	\$599,950	\$73,750
2022 General Obligation Bond	\$2,500,000	\$2,275,000	\$170,745
Total		\$5,200,400	\$580,627

## **Proposed New Capital Debt**

• Estimated \$6 Million for Classroom ZEMs (Zero Energy Modular Classrooms)\*

\*If implemented, impact fees will cover an estimated 91% of cost of ZEMs, excluding financing (4 ZEMs at RMCS and Orchard Elementary)

VT Bond Bank Quote on 11/10/22: Net Interest Cost of 3.86%, 9 year term. Total principal and interest payments are currently estimated at \$7,114,764 (\$6,000,000 Principal plus \$1,114,764 Interest)

- Estimated \$8.55 Million for various capital improvement items included in the Stewardship Plan which include:
  - Roofing (\$2.35 million)
  - HVAC/Plumbing/AHU (\$422.9 thousand)
  - Window Replacement (\$1 million)
  - Bathrooms (\$1.425 million)
  - Parking Lot/Sidewalk (\$1.85 million)
  - Kitchens (\$1.5 million)

VT Bond Bank Quote on 11/10/22: Net Interest Cost of 4.61%, 21 year term. Total principal and interest payments are currently estimated at \$12,742,032 (\$8,500,000 Principal plus \$4,242,032 Interest)

### **FACTORS IMPACTING THE FY24 BUDGET**

### **Expenditures**

Significant increase (8.2% over 12 months as of September 2022) in consumer price index, causing upward pressure on all supplies, professional services, and equipment

Negotiations are ongoing for Teachers and Union Support Staff

12.7% Estimated Health Insurance Increase

Ongoing labor shortage requiring significant market adjustments to attract and retain employees

Deferred maintenance of facilities, furniture replacements, no maintenance reserve fund

First year debt associated with bond for capital facility improvements and bonding for ZEMs

### FTE as of October 21, 2022

Adopted FY23 = 501.18 (Excludes ESSER FTEs) Filled FY23 = 483.42 Open FY23 = 28.12

#### **Revenues**

Surplus likely not available to offset the FY24 budget. \$2 million from FY21 was used to offset the FY23 Budget

ESSER funding to offset pandemic related expenditures and support education recovery efforts will be utilized and funding significantly reduced in FY24

### **State Factors**

Statewide average Education Spending is anticipated to rise by over 8.5%

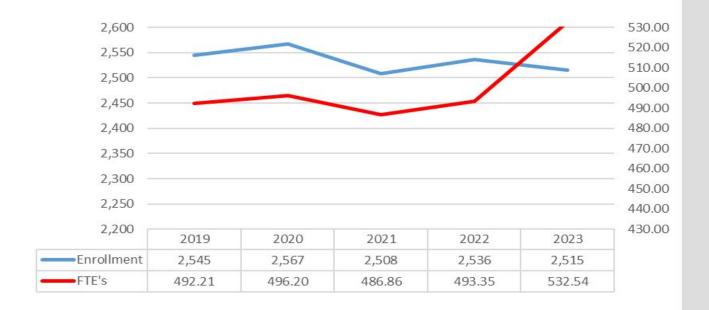
The yield increased 17.6% in FY23 and has been announced for FY24 at 16.2%

School	FY19	FY20	FY21	FY22	FY23 (current)	FY24 (Preliminary Forecast)
GCS (PK - 5)	261	273	270	261	262	270
RMCS (PK - 5)	329	393	387	407	437	449
ORCH (PK - 5)	384	432	390	424	451	475
Elementary (PK - 5)	974	1,098	1,047	1,092	1,150	1,194
FHTMS	571	564	484	470	516	556
SBHS	892	896	865	883	849	814
Total Enrollment (PK - 12)	2,437	2,558	2,396	2,445	2,515	2,564
Projections (McKibben Forecast 12/6/22)					2,499	

STUDENT ENROLLMENT HISTORY/PROJECTIONS (INCLUDES TUITION STUDENTS)

# Student Enrollment/Staff Full-Time Equivalent (FTE) 5 Year Trend

### Enrollment / Staff FTE 5 Year Trend



Enrollment includes PreK and tuition students FTE's include unfilled and ESSER positions

## Highlights from Tax Commissioner's Letter

- Homestead Property Yield increases from \$13,314 to \$15,479 or 16.2%
- If the \$15,479 Yield is adopted by the Legislature the average actual 2023-2024 (FY24) education property tax rates will be as indicated on the table below. Actual Property tax rate are what taxpayers see on their bills and reflect both the voted school budget and the adjustment factor for the town common level of appraisal.

	FY23 (for comparison)	FY24
Average Homestead Rate (VT)	\$1.50	\$1.57
So Burlington Homestead Rate	\$1.295	TBD

• There is a projected increase of 8.52% in overall education spending across the state in FY24, higher than any growth rate in at least the last decade. Continued inflationary pressure, policy initiatives, and capital maintenance and remediation costs, will continue to create cost pressures for the Education Fund.

## Highlights from Tax Commissioner's Letter (Continued)

- Average percentage household income rate for those who pay education tax based on income remains at 2.31%
- Statewide it is anticipated taxpayers will see an average increase of 3.7% in their education tax liabilities if these yields and non homestead rates were adopted. This assumes that nearly \$64 Million in forecasted unreserved/unallocated funds from FY23 are applied towards lowering FY24 property tax rates as required by statute.
- See the Tax Commissioner's full letter at <a href="www.tax.vermont.gov">www.tax.vermont.gov</a>



# FY23 CURRENT POSITIONS FUNDED WITH ESSER FUNDS

Total ESSER FTE Count	21.025
Estimated FY23 Cost of ESSER funded	
positions (salaries & benefits)	\$1,409,900
Estimated Percentage of FY23 Budget	2.42%

## FY23 CURRENT POSITIONS FUNDED WITH ESSER FUNDS

Location	Position Description	FTE	Category
District	Communications Coordinator	0.5	Support Staff
District	Nurse	1.0	Teacher
FHTMS	School Counselor	1.0	Teacher
FHTMS	L/M Support - Math Interventionist	1.0	Teacher
GECS	Art - Health & Wellness	0.2	Teacher
GECS	Behavior Facilitator	0.5	Support Staff
GECS/ RMCS	Info Tech - unfilled	1.0	Teacher
GECS	L/M Support - Math Interventionist	1.0	Teacher
GECS	Library - Health & Wellness	0.2	Teacher
GECS	Music - Health & Wellness	0.2	Teacher
GECS	GECS Paraeducator - non SPED		Support Staff
GECS	Physical Education - Health & Wellness	0.2	Teacher
Orchard	BCBA (Board Certified Behavior Analyst)	1.0	Support Staff
Orchard	Behavior Facilitator	1.0	Support Staff

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	Location	Position Description	FTE	Category
1	Orchard	Health & Wellness	1.0	Teacher
┨		L/M Support - Math		
┨	Orchard	Interventionist	1.0	Teacher
4	Orchard	Nurse	0.2	Teacher
ı		Paraeducator - non		
4	Orchard	SPED	1.0	Support Staff
4	RMCS	Behavior Facilitator	2.0	Support Staff
╽	RMCS	Health & Wellness	1.0	Teacher
ı	RMCS	Kindergarten Para	1.0	Support Staff
1		L/M Support - Math		
ı	RMCS	Interventionist	1.0	Teacher
1	SBHS	Art	0.4	Teacher
]	SBHS	Learning Lab	1.0	Support Staff
	SBHS	Student Engagement	1.0	Support Staff
l	SBHS	Social Studies	0.5	Teacher
1		PLP/Personalized		
	SBHS	Learning	0.125	Teacher
1		Total ESSER FTE's	21.025	

- Annual increase associated with labor negotiations, health insurance increase and inflation +4.14%
- Increase in operating expenses due to deferred maintenance -+1.00%
- New debt service expense for ZEMS and the Stewardship Plan
   +1.62%
- Cost of retaining 21.025 FTE positions currently funded by ESSER
   +2.60%
- Cost of proposed additions including a DEI Coordinator, Special Education Coordinator, Lead Principal and accounting software implementation +0.41%

\*Reductions will be necessary for proposed budget to be within inflation based on the CPI or ±/- 8.00%





### Estimated Total Year-on-Year Percent Increase if:

- I) Maintain baseline local budget (without ESSER funding), plus assumed/fixed increases for inflation, health care, labor negotiations, deferred maintenance, new debt service, etc: 7.17%
- 2) Adding FTEs previously funded by ESSER to baseline local budget with assumed/fixed increases above: 9.77%

This is an early estimate. The budget development process will continue to evolve based on Board, community, administrator, and staff feedback.

# **UPCOMING EVENTS: FY24 BUDGET**

- December 12, 2022 Community Budget Forum 6:00-7:30 pm
- December 14, 2022 Board Meeting
  - Budget refinement during public meeting focus on variance program changes, comparative staffing levels, and current and projected enrollment.
- January 4, 2023 Presentation of Administration's recommended budget





# **DISCUSSION & QUESTIONS**