



SOUTH BURLINGTON SCHOOL DISTRICT

FY24 Proposed Budget Presentation

December 14, 2022

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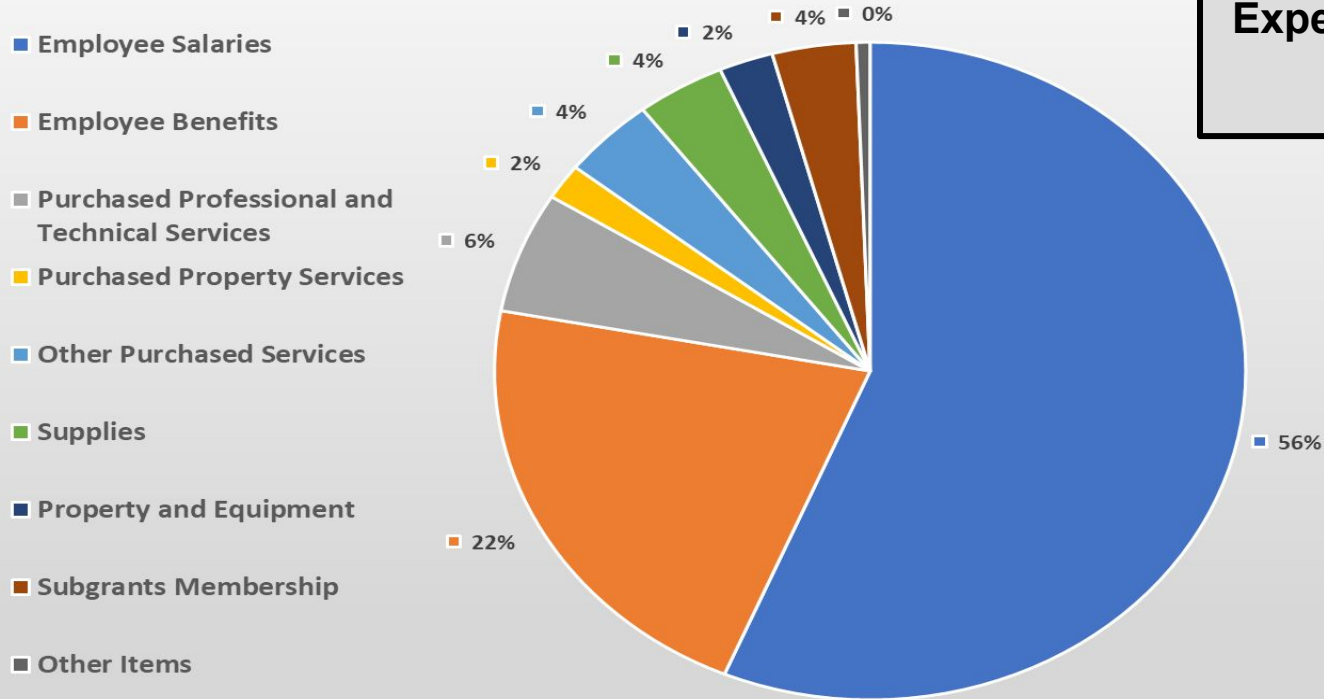
Overview of Presentation

- Proposed FY24 Budget Spending Summary
- Factors Impacting FY24 Budget Approach and Proposal
 - Projected Changes in Expenditure, Revenue and State-imposed Factors
 - SBSD Enrollment and Staff Level Trends
 - Comparative Tax Rates for Neighboring School Districts
 - Highlights from Tax Commissioner's Letter 12/1/22
- FY24 Budget Priorities
- Budget Worksheet
- Capital Requirements and FY24 Proposed Bonds
- Upcoming Events
- Discussion and Questions

SBSD FY24 Proposed Budget

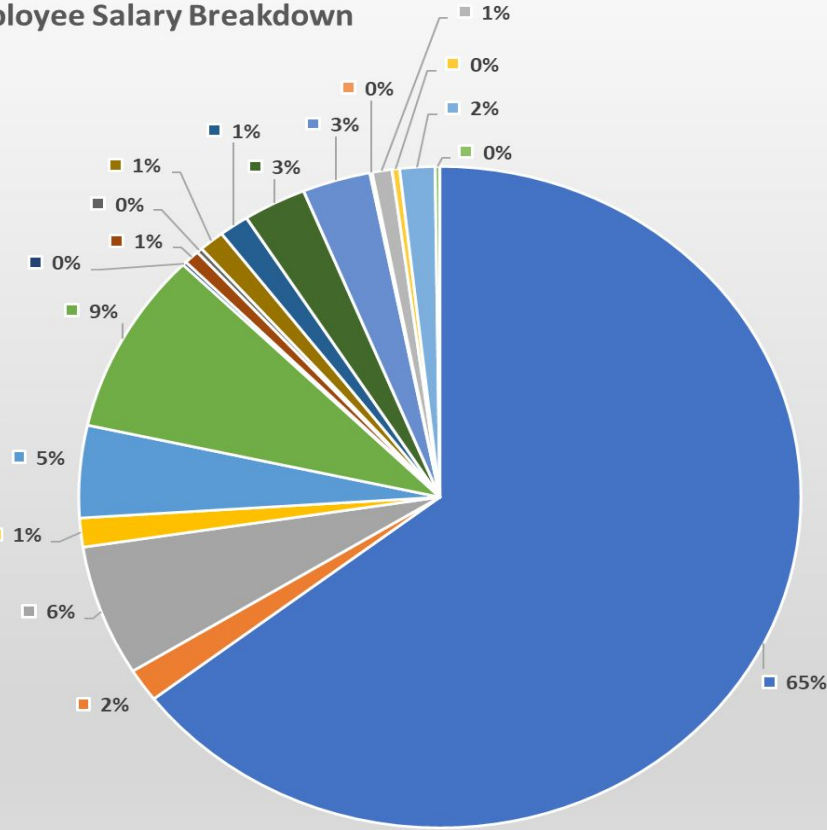
- + 8.58%** Proposed increase for SBSD Expense Budget from FY23 approved budget to FY24 proposed budget
- +13.31%** Proposed increase for Net Education Spending from FY23 approved budget to FY24 proposed budget

FY24 Proposed SBSD Expense Budget



**FY24 Proposed
Employee Salary Breakdown**

- Teacher Salaries
- Co-Curricular Salaries
- Adminstrator Salaries
- Supervisor Salaries
- Secretarial Salaries
- Aide Salaries
- Recess Aide Salaries
- Office Aide Salaries - Sub Salaries
- Lunchroom Aide Salaries
- Substitute Teacher Salaries
- Business Office Salaries
- Maintenance Salaries
- Custodian Salaries
- Building Security Salaries
- Long-Term Sub. Teacher Salaries
- Overtime Salaries
- Bus Driver Salaries
- Bus Monitor Salaries



**Breakdown of
Employee
Salaries as a
percent of total
salaries**

FACTORS IMPACTING THE FY24 BUDGET

Expenditures

Significant increase (7.7% over 12 months as of October 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*

*If bond is approved by voters

Revenues

Surplus likely not available to offset the FY24 budget (versus \$2 million surplus leveraged to help fund 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 recently announced Yield increased by an additional 16.2% for FY24

Equalized Pupil is 2,553.50

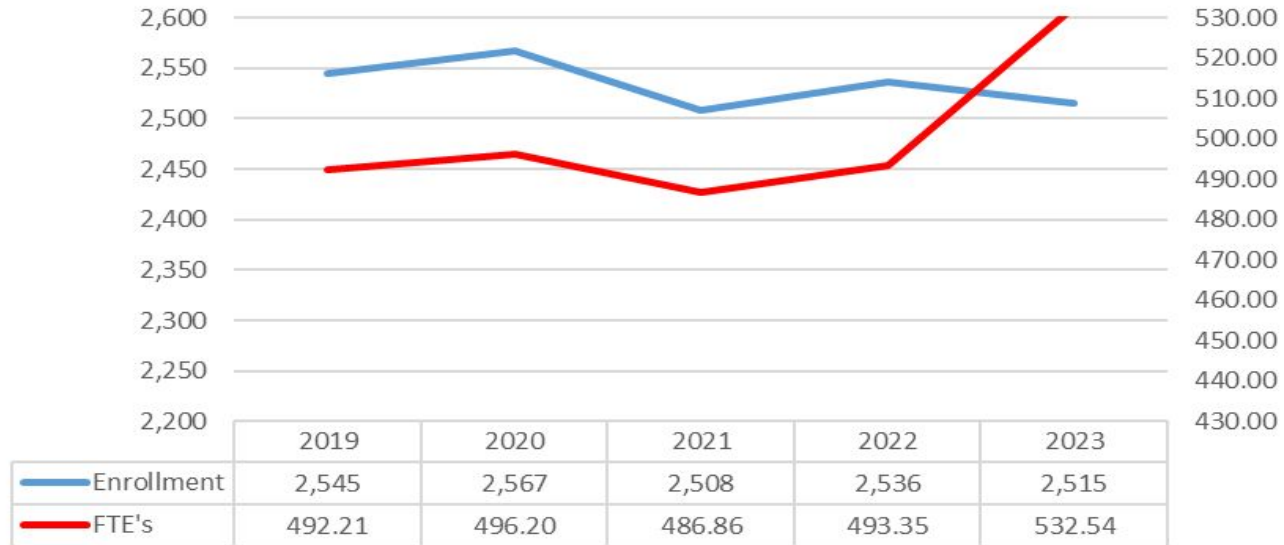
Critical data points have not yet been announced that will impact SB tax rate (i.e. Common Level of Appraisal)

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
<i>Projections (McKibben Forecast 12/6/22)</i>					2,499	

**STUDENT ENROLLMENT
HISTORY/PROJECTIONS
(INCLUDE TUITION
STUDENTS)**

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

Enrollment / Staff FTE 5 Year Trend



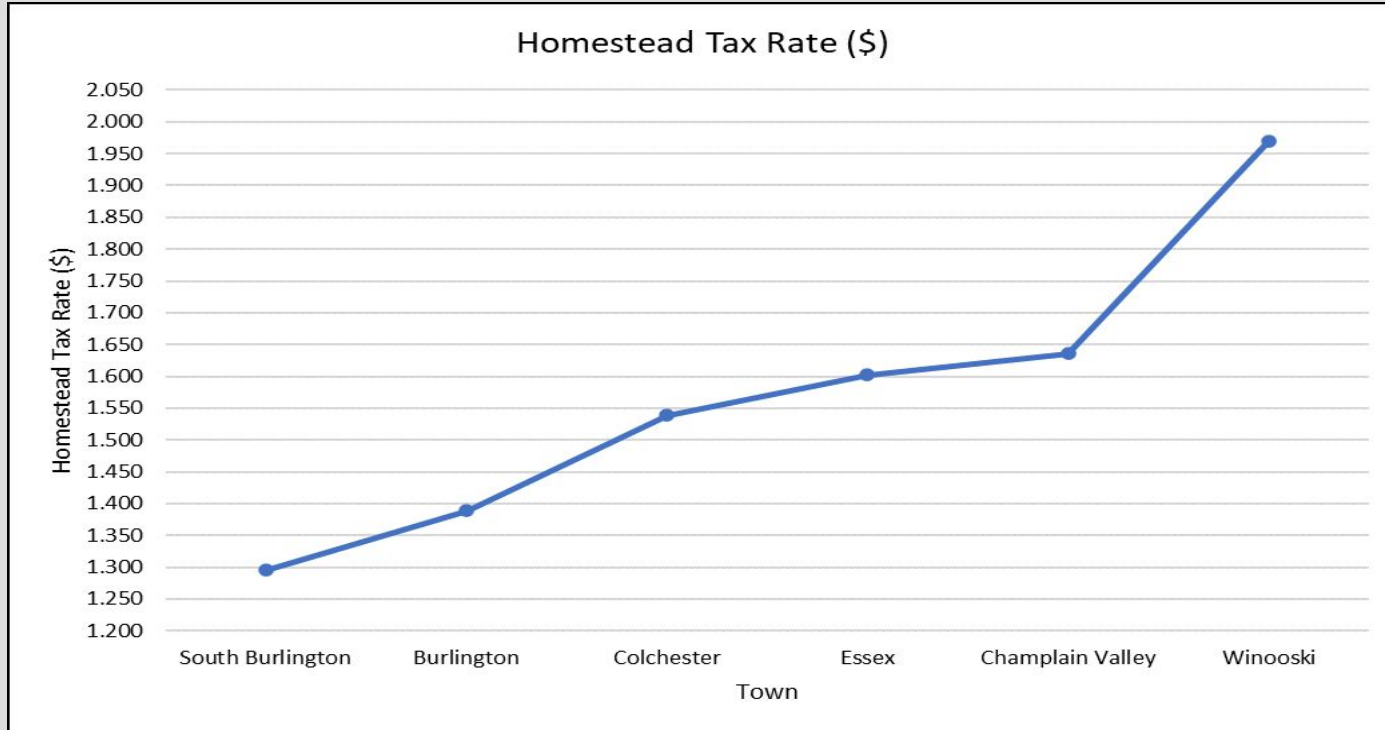
Enrollment includes PreK and tuition students

FTE's include unfilled and ESSER positions

**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 (17th percentile)
Colchester	\$16,456	\$1.539	110th highest

FY23 Homestead Tax Rate Comparisons with Neighboring Towns



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 www.tax.vermont.go

Budget Priorities and Approach

- Assess impact of required ESSER staffing reductions on delivery of classroom instruction and support services
- Ensure appropriate resources are aligned with Multi-Tiered System of Supports (MTSS) & Act 173 requirements
- Address chronic capacity issues in elementary schools via installation of ZEMs
- Prioritize and protect Facilities Stewardship Plan to address material deferred maintenance items
- Adapt to state-provided Education Funding calculations while managing impact to South Burlington property tax levels

Preliminary Staffing

- Reduced ~70% of current ESSER-funded positions (planned as one year positions) (with 49 new students anticipated in FY24 based on demographic projections)
- Prioritized student-facing positions in alignment with Act 173
- Included cost-saving positions, e.g adding a permanent part-time nurse (0.6 FTE) and Special Education Coordinator (.5 elementary, .5 FHTMS) would more than offset current expenses for higher-cost substitutes/consultants (estimate \$49,600 savings)
- Closed 7 of the 28 open requisitions currently unfilled (\$385,655 savings from current run-rate)

Budget Priorities: Further Contributions to Expenditure Management

- 5% reduction in overall operating budgets in each school and central office (\$50,759 savings from current run-rate)
- Reduction of proposed Facilities operating budget (a specific \$125k project to be deferred)

	FY2021	FY2022	FY2023	% Change (FY22 to FY23)
Voter-Approved Budget	\$52,969,514	\$55,623,080	\$58,344,602	+4.89%
Less Offsetting Local, State and Federal Revenues	-\$11,291,856	-\$12,448,803	-\$13,599,887	+9.25%
=Education Spending	\$41,677,658	\$43,174,277	\$44,744,715	3.64%
Equalized Pupils	2,579.74	2,570.31	2,568.67	-.064%
Cost per Equalized Pupil	\$16,156	\$16,797	\$17,419	+3.70%
Yield (set by the Legislature)	\$10,988	\$11,317	\$13,314	+17.6%
Equalized Tax Rate (Cost Per EP/Yield)	\$1.47	\$1.48	\$1.31	-11.49%
Common Level of Appraisal (CLA)	89.92%	112.03%	100.99%	-9.85%
Actual Homestead Tax Rate (Equalized Tax Rate divided by the CLA)	\$1.634	\$1.325	\$1.295	-2.26%

SBSD BUDGET WORKSHEET 3 YEAR SUMMARY

SBSD Budget Worksheet for Proposed FY24 Budget

* (The CLA does not come out until the end of December so this is an estimation using last CLA rate from last year)

FY24 Proposed Budget	\$63,349,021
Less Offsetting Local, State and Federal Revenues	\$12,649,709
= Education Spending	\$50,699,312
Equalized Pupils	2,553.50
Cost per Equalized Pupil (Ed Spending/Equalized Pupil)	\$19,854.83
Yield (set by the Legislature)	\$15,479
Equalized Tax Rate (Cost Per EP/Yield)	\$1.2827
Common Level of Appraisal (CLA) (Unknown at this time - using FY23)	100.99%*
Actual Homestead Tax Rate (Equalized Tax Rate divided by the CLA)	\$1.2701*

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 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)

Total Bond Request estimate - \$14.5 - \$15 Million

UPCOMING EVENTS: FY24 BUDGET

- **January 4, 2023** - Presentation of Administration's recommended budget
- **January 11, 2023** - Tentative special meeting for approval of budget
- **January 23, 2023** - Joint Steering Committee meeting
- **December - March** - Finalize and implement public communication plan, ensure milestone dates are met for ZEM-related activities (including impact fee approvals)
- **March 7, 2023** - City vote on budget and bond





DISCUSSION & QUESTIONS