



SOUTH BURLINGTON SCHOOL DISTRICT

FY24 Proposed Budget Presentation

January 11, 2023

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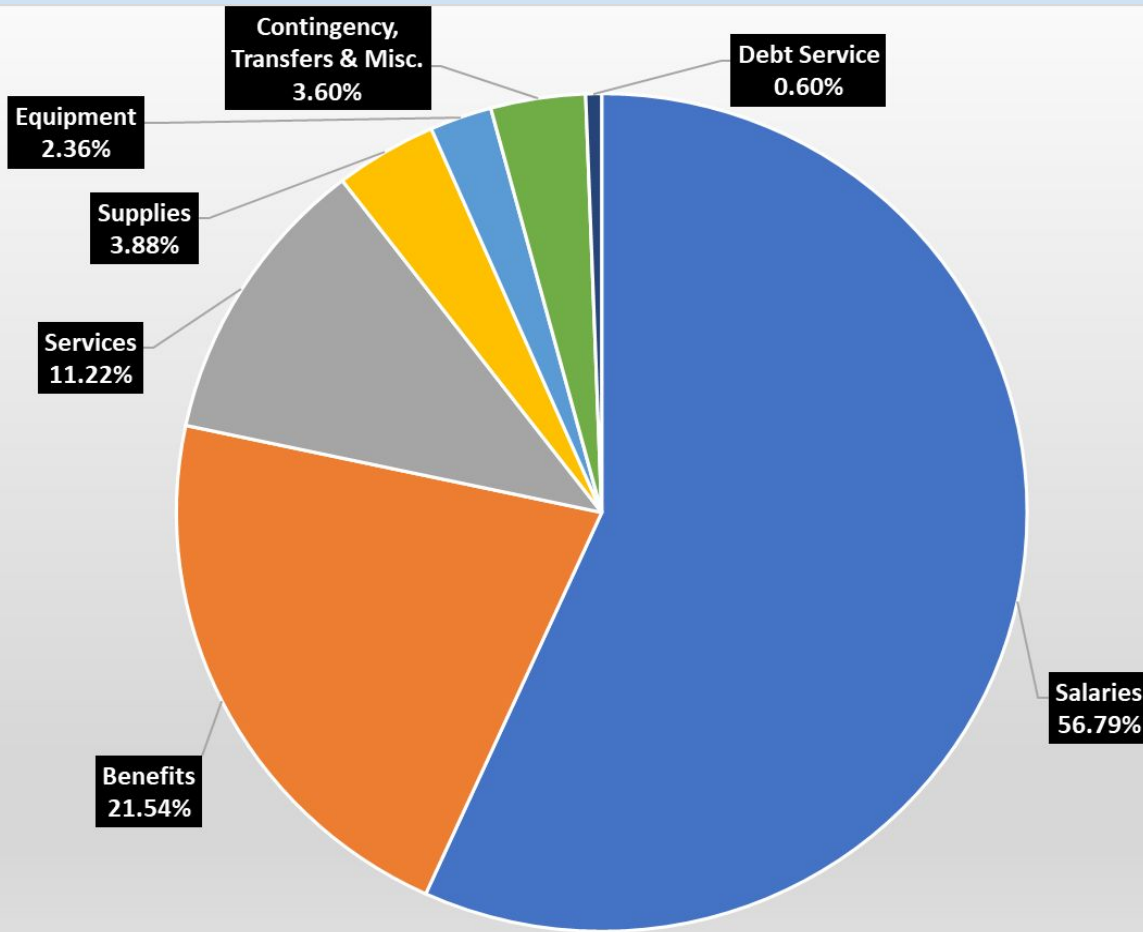
Overview of Presentation

- 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 and Approach
- Budget Worksheet
- Capital Requirements and FY24 Proposed Bonds
- Upcoming Events
- Discussion and Questions

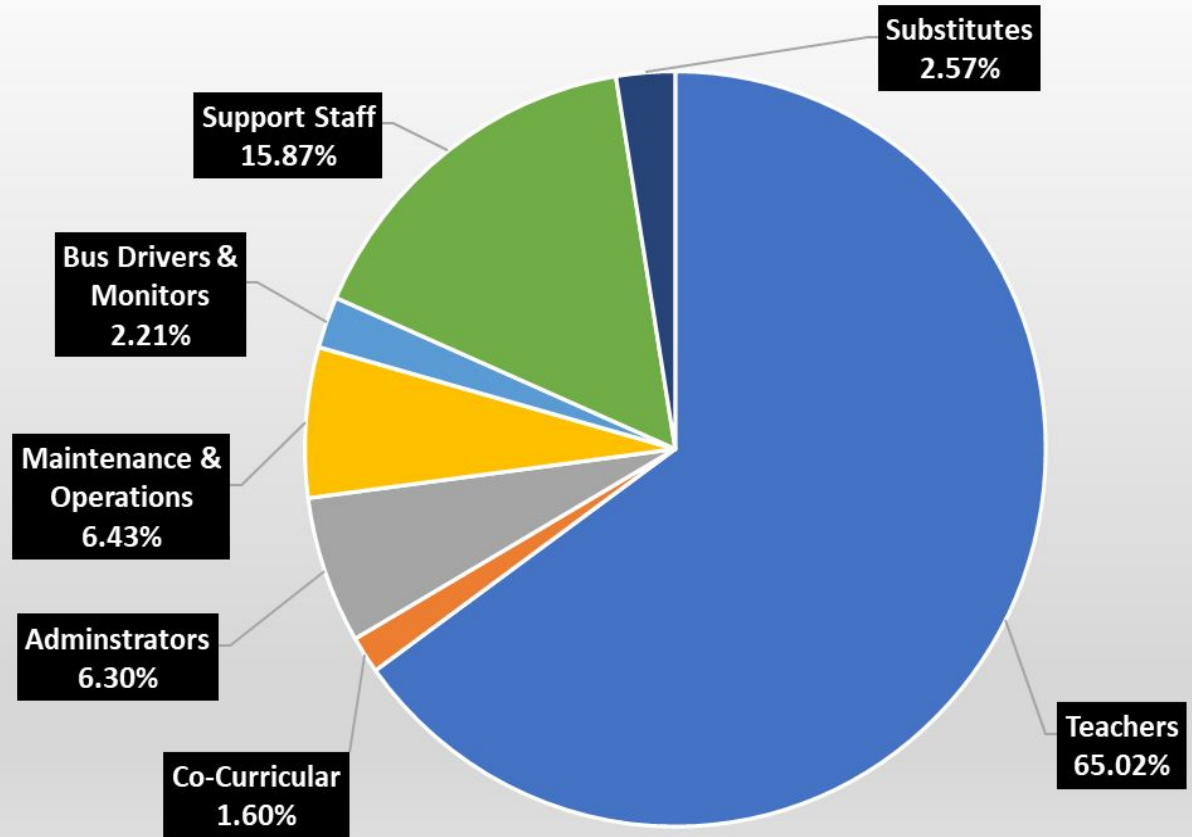
PROPOSED FY24 BUDGET SPENDING SUMMARY

+ 7.17% Proposed increase for SBSD Expense Budget from FY23 approved budget to FY24 proposed budget

FY2024 Proposed SBSD Expense Budget



Breakdown of Employee Salaries as a Percent of Total Salaries



FACTORS IMPACTING THE FY24 BUDGET APPROACH AND PROPOSAL

Projected Changes in Expenditures, Revenues, State-Imposed Factors

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

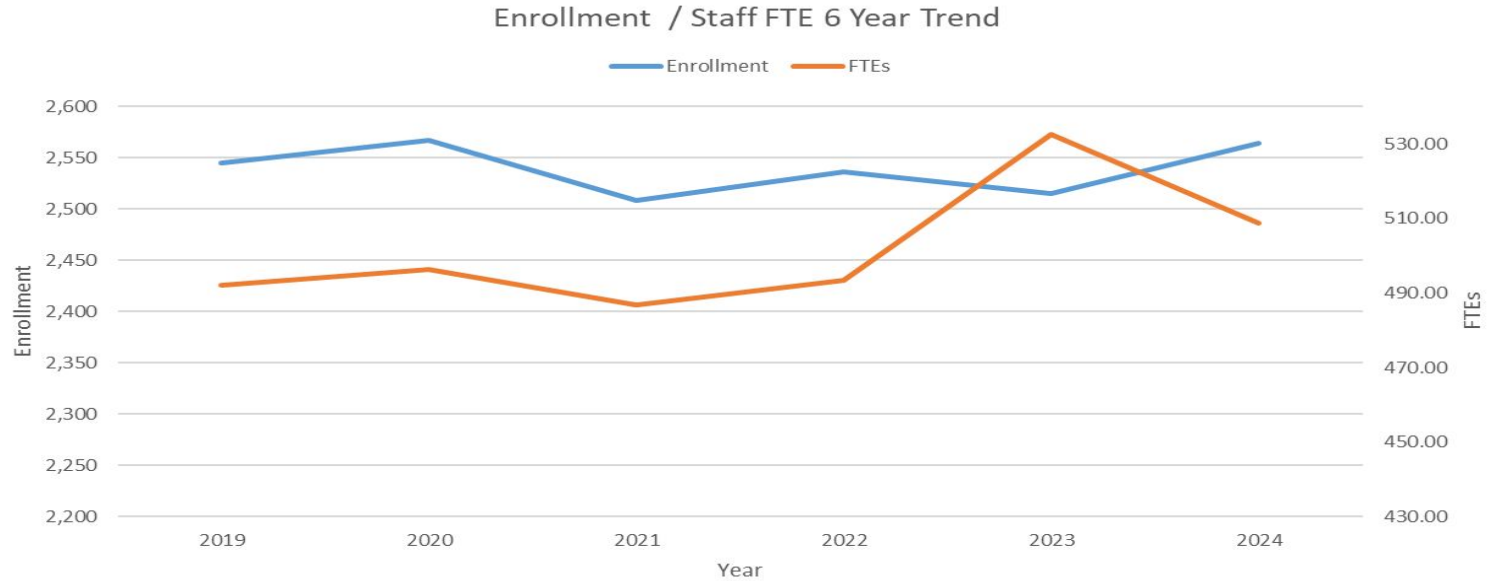
- Statewide average Education Spending is anticipated to rise by over 8.5%
- The recently announced Yield increased by an additional 16.2% for FY24
- Equalized Pupil count is 2,559.93
- Common Level of Appraisal announced at 92.97 down from 100.99 in FY23

Student Enrollment History/Projections (Includes tuition students)

School	FY19	FY20	FY21	FY22	FY23 (current)	FY24 (Projected)	FY25 (Projected0	FY26 (Projected)	FY27 (Projected)
GCS (PK - 5)	285	275	282	269	262	270	273	285	294
RMCS (PK - 5)	358	376	398	415	437	449	457	465	456
ORCH (PK - 5)	406	433	415	441	451	475	488	491	485
Elementary (PK - 5)	1,049	1,084	1,095	1,125	1150	1,194	1,218	1,241	1,235
FHTMS	575	564	506	492	516	556	593	587	617
SBHS	921	919	907	919	849	814	759	774	812
Total Enrollment (PK - 12)	2,545	2,567	2,508	2,536	2,515	2,564	2,570	2,602	2,664

*Projected enrollment from McKibben Demographic Research, Inc Population and Enrollment Forecasts,
November 2022*

Staff Level Trends



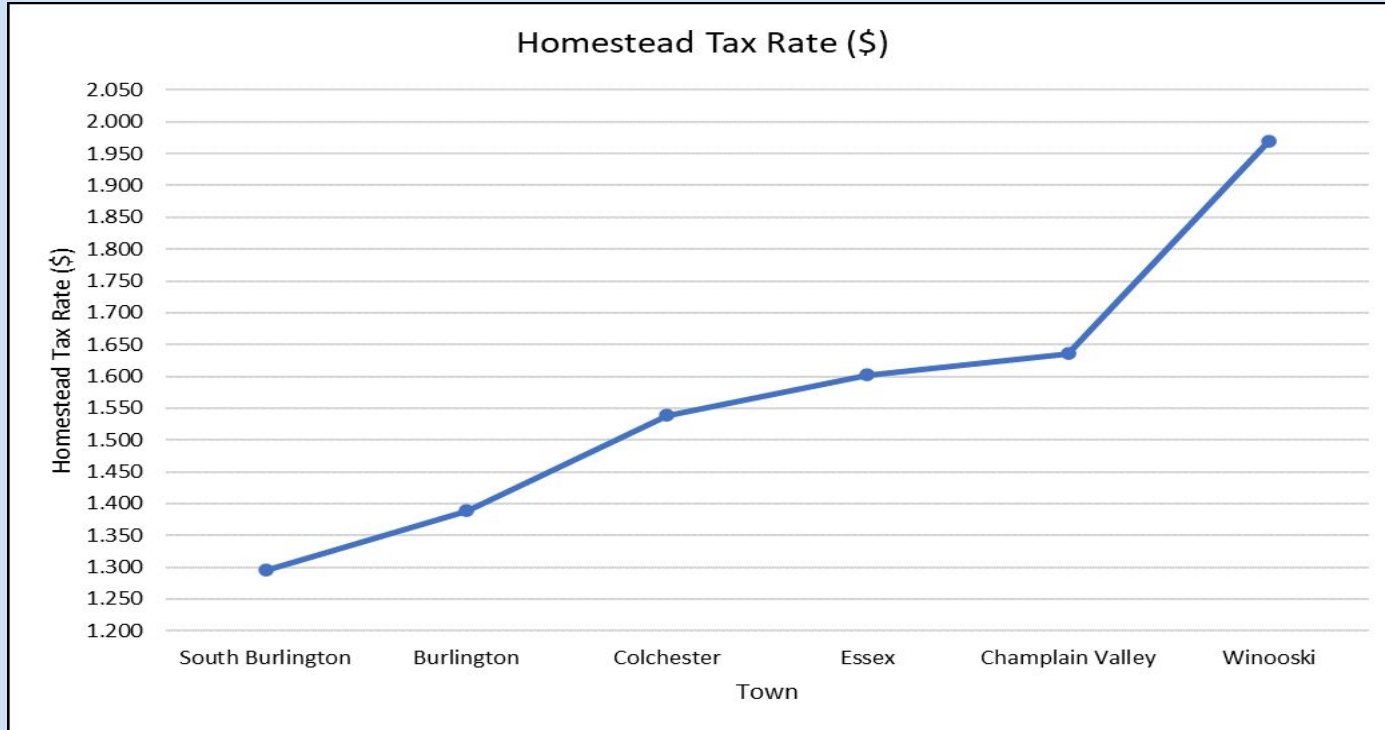
**FY24 enrollment is forecast from McKibben study
Enrollment includes PreK and tuition students
FTEs include unfilled and ESSER positions*

Year	2019	2020	2021	2022	2023	2024
Enrollment	2,545	2,567	2,508	2,536	2,515	2,564
FTEs	492.00	496.20	486.86	493.35	532.54	508.79
Student / FTE Ratio	5.17	5.17	5.15	5.14	4.72	5.04

Comparative Tax Rate Information for 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 Districts



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.

	FY2023 (for comparison)	FY24
Average Homestead Rate (VT)	\$1.50	\$1.57
So Burlington Homestead Rate	\$1.295	\$1.347

- 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.

FY24 BUDGET PRIORITIES AND APPROACH

Budget Priorities and Approach

- Develop a fiscally responsible budget in our current economic climate that meets students' needs
- Ensure student-facing positions, aligned with Multi-Tiered System of Supports (MTSS) & Act 173 requirements, are prioritized
- Address chronic capacity issues in elementary schools via installation of ZEMs
- Prioritize and protect the Facilities Stewardship Plan to address deferred maintenance

Budget Priorities and Approach (cont.)

- Total staff FTEs reduced by 23.7
- Proposed ESSER-funded positions for FY24:
 - 1.0 Student Engagement Coordinator (SBHS)
 - 1.0 Math Interventionist (RMCS)
 - 0.4 FTE Art SBHS
- Proposed additions to local budget:
 - 0.5 FTE Communications Coordinator (District)
 - 3.0 FTE Math Interventionist: 1 at Orchard, Chamberlain and FHTMS (shifted from ESSER)
 - 1.0 FTE Special Education Coordinator: 0.5 FHTMS, 0.5 elementary (FY22 FHTMS Special Education Building Coordinator/Special Educator)

Budget Priorities and Approach (cont.)

- 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 (\$265K in various projects to be deferred)
- Included cost-neutral and cost-saving positions
- Closed 8 of the 28 open requisitions currently unfilled (\$412,670 savings from current run-rate)

BUDGET WORKSHEET

SBSD Budget Worksheet for Proposed FY24 Budget

FY24 Proposed Budget	\$62,528,029
Less Offsetting Local, State and Federal Revenues	\$12,911,955
=Education Spending	\$49,616,074
Equalized Pupils	2,559.93
Cost per Equalized Pupil (Ed Spending/Equalized Pupil)	\$19,381.81
Yield (set by the Legislature)	\$15,479
Equalized Tax Rate (Cost Per EP/Yield)	\$1.2521
Common Level of Appraisal (CLA)	92.97%
= Actual Residential Tax Rate (Equalized Tax Rate divided by the CLA)	\$1.3468

Residential Education Tax Rate 19 Year Trend



SBSD Draft Budget Workshop - FY24

SBSD Budget FY 2023-24 Status	Actual FY23 Budget	FY24 Proposed Budget		Change	% Chg		
Expenditure Budget Funds 01 & 03:	\$58,344,602	\$62,528,029		\$4,183,427	7.17%	State Level Factors FY24	
Assumed level of additions/reductions:						Property Yield:	\$15,479
Additional Reductions:						* CLA:	92.97%
Adjusted Expenditure Budget:	\$58,344,602	\$62,528,029	(1)	\$4,183,427	7.17%	Equalized Pupils:	2,559.93
Less "Other" Revenue Funds 01 & 03:	\$13,599,887	\$12,911,955	(2)	(\$687,932)	-5.06%	Non-Resid Tax Rate:	\$1.3860
possible revenue budget changes:	\$0						
Adjusted Revenue Budget:	\$13,599,887	\$12,911,955		(\$687,932)	-5.06%		
State on Behalf Payment / Prior Year Deficit:			(3)				
(Net) State Education Fund:	\$44,744,715	\$49,616,074		\$4,871,359	10.89%	Residential Property Tax Impact	
Equalized Pupils:	2,568.67	2,559.93	(4)	(8.74)	-0.34%	Before income sensitivity and with the CLA the residential property tax per \$100,000 homestead value is estimated as:	
Net "Ed Spending" Per Equalized Pupil:	\$17,419.41	\$19,381.81		\$1,962.40	11.27%		
Property "Yield":	\$13,314	\$15,479	(5)	\$2,165.00	16.26%	Total	\$1,347
						Change from FY23	\$51
S.B. Residential Tax Rate (w/o CLA):	\$1.3084	\$1.2521		(\$0.0562)	-4.30%	monthly change	\$4.27
Residential Tax Rate w/ CLA:	\$1.2955	\$1.3468	(6)	\$0.0513	3.96%	Tax on a \$293,152 condo	\$3,948
Non-Residential Tax Rate (w/o CLA):	\$1.4520	\$1.3860		(\$0.0660)	-4.55%	Change from FY23	\$193
Non-Residential Tax Rate w/ CLA:	\$1.4389	\$1.4908		\$0.0519	3.61%	monthly change	\$16.07
						Tax on a \$437,384 home	\$5,891
						Change from FY23	\$285
						monthly change	\$23.72
The % change in the total expenditure budget				7.17%			
The % change in ed spending per equalized pupil is:				11.27%			
The % change in the estimated residential tax rate is:				3.96%			
The % change in the non-residential tax rate from prior FY is:				3.61%			
The % change in the income sensitized rate from prior FY is:				-2.11%			
The % change in draw from the State Education Fund is:				10.89%			
			</				

Approximately \$350,000 needed for \$0.01 change in tax rate

FY2023

Residential Property Tax Impact	
Before income sensitivity and with the CLA the residential property tax per \$100,000 homestead value is estimated as:	
Total	\$1,296
Change from FY22	-\$29
monthly change	-\$2.45
Tax on a \$289,865 condo	\$3,755
Change from FY22	-\$85
monthly change	-\$7.10
Tax on a \$432,720 home	\$5,606
Change from FY22	-\$127
monthly change	-\$10.60

FY2024

Residential Property Tax Impact	
Before income sensitivity and with the CLA the residential property tax per \$100,000 homestead value is estimated as:	
Total	\$1,347
Change from FY23	\$51
monthly change	\$4.27
Tax on a \$293,152 condo	\$3,948
Change from FY23	\$193
monthly change	\$16.07
Tax on a \$437,384 home	\$5,891
Change from FY23	\$285
monthly change	\$23.72

CAPITAL REQUIREMENTS AND FY24 PROPOSED BONDS

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

VT Bond Bank Quote on 12/19/22: Net Interest Cost of 3.07%, 9-year term amortized over 8 years. Total principal and interest payments are currently estimated at \$6,887,446 (\$6,000,000 principal plus \$887,446 interest)

FY24 budget would have interest-only payment of \$150,891 (no principal payment until FY25)

- **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 12/19/22: Net Interest Cost of 4.08%, 21-year term amortized over 20 years. Total principal and interest payments are currently estimated at \$12,324,471 (\$8,550,000 principal plus \$3,774,471 interest)

FY24 budget would have interest-only payment of \$285,871 (no principal payment until FY25)

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

UPCOMING EVENTS: FY24 BUDGET

January 23, 2023 - Joint Steering Committee Meeting at City Hall

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

