

Brattleboro Union High School District #6
FY 2020 Budget Report
prepared by the
Brattleboro Representative Town Meeting Finance Committee
February, 2019

SUMMARY

1. The proposed spending for fiscal year 2020 for the Brattleboro Union High School District #6 totaling \$25,221,000 appears to meet the school board's goal of maintaining a high quality education without adding new programs, with as little increase in spending as possible.
2. The Representative Town Meeting Finance Committee supports the BUHS school board's decision to recommend this level of expenditure to be used by the transitional unified school board in formulating a recommended budget for the unified district.
3. Due to uncertainties about the merger under Act 46 creating a new unified school district, it is not possible to definitively calculate a tax rate at this time. An estimated tax rate based on assumptions about funding figures yields a tax rate of \$1.722 for the district, an increase of 0.9% over the previous year.
4. Whether the unified district is formed or not, a special meeting will be required sometime before July 1 to adopt a budget for FY20, either for the unified district or for the BUHS district.

INTRODUCTION

Any analysis of a Vermont school budget for fiscal year 2020 faces an unusual challenge in that the spending, funding, and even structure of the school districts and their budgets are all up in the air. Most people are probably at least somewhat familiar with Act 46 and its restructuring of school districts throughout the state. With the current lawsuit and possible legislative action to undo or at least to delay any merger, it is not even certain whether the budgets passed thus far will be acted on individually by the towns or be combined into a single unified school district budget.

Taking the expenditure and funding sides of the budget separately, the expenditure side has followed largely the same process as in prior years. Both the town school district and the high school district have approved the expenditures they believe are necessary to deliver a high-quality education to the students. If the Act 46 merger goes ahead before July 1, those expenditures will be combined with the budgets of other towns into a unified budget. There will undoubtedly be some changes, but what has been passed by the boards will provide a starting point for the budget work to be done.

First the transitional school board, scheduled to be formed at a districtwide meeting on February 27, will propose a unified budget. Thereafter, a newly elected unified school board will review, modify, and approve one. If, however, the Act 46 merger does not proceed for FY20, then separate school district budgets will have to be approved, as in prior years.

On the funding side, it is more difficult to know what will happen if the districts merge and what will happen if they don't. Necessary information for calculating the tax rate has been provided by the state for the unified district but not, at this point, for the individual towns. While the Windham Southeast Supervisory Union has attempted an approximation of the factors needed to calculate the state funding and the resulting tax rate for the town of Brattleboro if the merger does not go forward, the results are based on estimates of the factors for the individual districts.

Thus neither the spending nor the funding data are at this point definite. In addition, we do not know when the decisions will be made that will provide for a final outcome. At present it seems inevitable that the timeline for school budget approval will be pushed well back from the usual dates in February and March. The ultimate deadline is July 1, the beginning of the new fiscal year.

With that as introduction, this report will attempt to keep the voters, both Representative Town Meeting members and the public at large, informed about the process and also the work done thus far by the school boards on the expenditure side. We will also look at the projected funding amounts and tax rates based on assumptions that we hope are close to being accurate.

EXPENDITURES

Beginning in October, the Brattleboro Union High School Finance Committee began hearing from the school administrators and supervisory union staff about plans for spending in fiscal year 2020. After a series of budget meetings, the BUHS Finance Committee approved a proposed budget, which then was approved at the BUHS board meeting of January 7 to be sent to the transitional board as a recommendation for incorporation into the unified district budget. The board did not approve a budget for the BUHS district to be voted on at the district meeting scheduled for February 12 because at that time it appeared that the merger process would proceed as planned. Thus there was no budget on the warned agenda for the district meeting, and if a separate BUHS budget is needed, there will be a special district meeting at a later time for that purpose.

This report will summarize the spending decisions approved by the school board and then will consider the possible tax implications, keeping in mind that the tax numbers are estimates and will change somewhat whether the districts merge or not.

The proposed expenditures for the BUHS District #6 (composed of the Senior High School, the Brattleboro Area Middle School, and the Windham Regional Career Center) for fiscal year 2020, total \$25,221,000, an increase of \$630,000 or 2.6% over the FY19 budget. This does not translate directly to an increase in taxes, as we shall see later in this report.

EXPENDITURE COMPONENTS

The BUHS District budget has four parts: Districtwide, BAMS, Senior High, and WRCC. Each in turn has its own departments with multiple line items, resulting in a 61-page budget document if one includes each line item. The table below gives the totals for the four budgetary divisions (with comparisons for FY19). It is followed by a discussion of the line items we think are most important for understanding the decisions underlying this year's figures.

TABLE 1 - The proposed expenditure totals for fiscal year 2020, with comparisons for FY19.

	<u>FY19</u>	<u>FY20</u>	<u>Difference</u>	
Districtwide	\$11,013,194	\$11,019,670	\$ 6,476	0.1%
BAMS.	3,212,021	3,392,343	180,322	5.6%
Senior High.	7,935,005	8,363,015	428,010	5.4%
WRCC.	2,430,780	2,445,972	15,192	0.6%
Total.	\$24,591,000	\$ 25,221,000	\$ 630,000	2.6%

For the most part, the proposed budget maintains the current level of educational services delivered to the students at BUHS. There are few changes in the programs offered, as was requested by the board when the budget process began. As in previous years, the majority of the spending in the district is for salaries and benefits paid to teachers and staff, approximately 60% of the total. Thus the major contributors to any changes in overall spending are the changes in salaries and benefits. These occur in accordance with the multi-year contracts negotiated with teachers and other staff, and are not subject to modification within the budget. Negotiated increases for FY20 average 2.85%, but also depend on other factors including teacher advancement or retirement, and on health insurance costs, which for FY20 are expected to increase by about 10%.

DISTRICTWIDE EXPENSES

Districtwide expenses include those items that cross the lines separating BAMS, Senior High, and WRCC. Examples include aspects of building maintenance, programs that migrate to various locations (such as music), and the assessment from the WSESU. The Supervisory Union assessment totals \$3,243,607 and the Finance Committee believes it is worth noting that WSESU spending is approved by the WSESU board but not directly by the voters. And because the SU has no taxing authority, its expenditures are passed on to the component school boards, including BUHS. SU spending includes central office administration, special education, and transportation.

While the overall change of 0.1% for FY20 is minimal, there are several substantial changes within the Districtwide budget.

- Debt service is down substantially as the bond payments from major renovation begun in 2004 decrease over time. The FY20 payment is \$156,960. The final payment will be in FY24.
- A new supervisory maintenance position has been created, which will permit Supervisor Robert Clark, whose attention has been limited to BUHS, to provide needed services in the areas of energy efficiency and renewables for other schools in the WSESU.
- Food service expenditures are up by \$25,913, which includes funding to provide breakfast and lunch for all students.
- The WSESU assessment for administration is up by \$106,406 and includes the diversity coordinator position, which was previously elsewhere in the districtwide budget. A second diversity position also has been added.
- A new provider for school bus services has been chosen after the previous contract expired, and transportation expenses are lower by \$68,805.

BAMS EXPENSES

The expenditures for BAMS are proposed to increase by 5.6%. There are two main reasons in addition to negotiated salary and benefits.

- Continuing replacement of outdated laptop computers for \$40,000.
- An additional full-time Academic Support position for \$72,000, which will be supported by a Title I federal grant. Thus the impact on the budget is equally offset by income from the grant.

SENIOR HIGH SCHOOL EXPENSES

The \$428,010 increase at the Senior High has several components in addition to salaries and benefits.

- An additional behavioral clinician position is added to support services to alleviate the workload faced by the current sole provider. At present there are 47 students in the program and a waiting list. The current level of staffing precludes any individual attention. The cost is projected at \$62,000, but will be offset by billing for services and payments from Medicaid.
- The position of Dean of Students will be reestablished to provide for disciplinary support and for preventive family interventions intended to make disciplinary measures needed less frequently. The cost is approximately \$70,000 plus benefits, with funding coming from the general revenues.
- It is noted there are larger than average salary increases in Foreign Languages, Physical Education, and Family and Consumer Sciences.

WRCC EXPENSES

The Career Center budget shows little change at 0.6%. Of note, two positions, in dance and in digital editing, will be decreased due to lack of demand, by 0.17 and 0.33 FTEs respectively. Increases in line items at WRCC largely reflect increases in salary and benefits.

CAPITAL SPENDING PLAN

Spending for capital improvements is budgeted within the other areas of the budget and therefore does not involve additional spending beyond what is noted above. Total projected capital spending for FY20 is \$350,000 and includes upgrades to the hot water delivery system (\$120,000), an initial payment on resurfacing Natowich Field (\$125,000), and flooring (\$65,000) and roofing (\$20,000) repairs. Projected FY20 capital spending is decreased by \$210,000 compared to FY19.

Looking toward the near future, there has been considerable discussion of further upgrades to the athletic fields and facilities, especially since the Famolare fields may no longer be available. Final decisions on the Natowich Field playing surface and the Tenney Field grandstand have yet to be made.

SCHOOL FUNDING AND A HYPOTHETICAL TAX RATE

In past years, the Finance Committee has offered a detailed analysis of the funding formula for the Brattleboro schools, including the BUHS district. Due to the current uncertainty of the budget process, we will not do so at this time, but a brief summary of some important factors may be helpful. (Our analysis for the current fiscal year, FY19, is available at the town website, for those wishing a more detailed understanding.)

The process begins with the planned **total expenditures** for the district, i.e. the bottom line for the entire budget. From that amount is subtracted the amount of money coming from **reserve funds** (also called **fund balance**) and the amount coming from **offsetting revenues** such as

tuition from towns outside the district, grants, fees, and other sources. The remaining amount is what needs to be raised from taxes and is called **education spending** for the district.

Education spending is the starting point for calculating the tax rate. Then two additional factors are applied, which are provided by the Vermont Agency of Education and cannot be calculated from information available to the district. The first factor is the number of **equalized pupils** in the district (the number of actual pupils, adjusted for poverty and grade level), giving the **education spending per equalized pupil**. That number is then adjusted by the **property dollar equivalent yield** (a measure of the total available funding for the entire state), resulting in a **union homestead tax rate** for the district, which then is prorated to the separate towns in the union.

For FY20, the AOE has not provided the equalized pupils number for the individual towns, but only for the merged district. Thus any calculations for an existing district are only estimates.

If the BUHS district were to remain separate for FY20, the proposed funding sources would be \$25,221,000 and would include \$545,000 from fund balance, \$6,997,606 from offsetting revenues, which would leave \$17,678,394 to be raised through taxes. Based on the anticipated property dollar equivalent yield and an unchanged (from FY19) number of equalized pupils, the tax rate for the district would be \$1.722, compared to \$1.707 for FY19, a change of 0.9%. Undoubtedly there would be some change in equalized pupils, and the actual union homestead tax rate would change accordingly. If legal or legislative events annul or delay the merger under Act 46, then the new numbers will be provided by the state for calculating the tax rates for the separate districts.

CONCLUSIONS

Although the process by which the public schools will establish their budgets and be funded by the state remains uncertain, the Brattleboro Union High School District #6 board has approved a set of expenditures that will form the basis for the fiscal year 2020 budget that is finally adopted. Whether or not the local districts merge to form a unified district, there will have to be a special meeting to approve a final budget. The date of the special meeting cannot be determined at present, but it must be before July 1, when FY20 begins.

In the opinion of the Representative Town Meeting Finance Committee, the expenditures approved by the BUHS board are reasonable and in keeping the school board's goal to maintain excellent learning opportunities for all students. No new programs have been proposed, and spending increases have been kept as low as possible.

Where new positions have been created and funded, there is a demonstrated need for those positions in order to foster an appropriate learning environment. Our public schools are now among the most important social service delivery systems in the community, and will remain in that capacity for the foreseeable future. If one attends a school board meeting or talks to the teachers and administrators, our schools' dedication to meeting the needs of every student, as far as possible, is quickly apparent. Doing so goes beyond what many of us might have considered "schooling" in a narrow sense and requires resources proportional to the task. The Finance Committee supports these efforts and the spending that goes along with them.

The Representative Town Meeting Finance Committee supports the level of spending in this budget, to be used as a component in the creation of a budget for the Windham Southeast

Unified Union School District. If through legal or legislative action the unified district is not in effect for fiscal year 2020, then the budget will need to be reviewed in light of the actual funding numbers made available from the Vermont Agency of Education. While some adjustments might be needed, we would anticipate that the major portions of the projected expenditures would remain as proposed at this time.