

**Brattleboro Town School District**  
**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 Town School District totaling \$15,368,219 appears to meet the school board's goal of maintaining a high quality education while keeping spending and any increase in the tax rate under control.
2. The Representative Town Meeting Finance Committee supports the BTSD 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, or to be used as a budget for the district if the merger does not proceed, subject to modification as events unfold.
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. A possible tax rate based on estimates of funding figures yields a tax rate of \$1.614 for the district, an increase of 0.8% over the previous year.
4. If the merger creating the unified district occurs, a special meeting will be required sometime before July 1 to adopt a budget for FY20 for the unified district. If the merger does not occur, depending on the timing and nature of events, a special meeting for the BTSD may or may not be needed.

INTRODUCTION

As we stated in our BUHS report, any analysis of a Vermont school budget for fiscal year 2020 faces unusual challenges. The spending, funding, and even structure of the school districts and their budgets remain uncertain, as is the process by which the budgets will be considered by the voters. It is not 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.

In past years, the Brattleboro Town School District budget has been approved by Representative Town Meeting in March. It could happen again this year, if the school district mergers under Act 46 are postponed or prevented by legislative or legal action. If the mergers proceed, however, a meeting of the voters of the unified school district will be held sometime before July 1. The BTSD board has approved a budget that will be voted on separately if the district remains separate, or that will be folded into a budget for the unified district if the districts merge. The articles warned for Representative Town Meeting have been written to accommodate either eventuality.

Typically, this report would consider both the spending and funding sides of the budget, and we'll do our best again this year, recognizing that if the districts merge, the spending will change in some ways, and if the districts remain separate, we do not at present have the information necessary to calculate the tax rate corresponding to the planned expenditures. Because the merger is (as of this writing) still mandated for FY20, the information needed for

the tax rate calculation has not been provided for each of the individual towns by the Vermont Agency of Education. Therefore, the WSESU has provided an estimate of what a tax rate might be, but its accuracy depends on assumptions rather than hard data.

With that as introduction, this report will attempt provide relevant information about the budget expenditures proposed by the BTSD board and will also look at the projected funding amounts and tax rates based on assumptions that we hope are close to the eventual numbers.

## EXPENDITURES

The proposed total expenditure in the FY20 budget for the town schools is \$15,368,219, an increase of \$708,619, or 4.8% compared to FY19. This does not translate directly to a similar increase in taxes, as we shall see later in this report.

The complete itemized list of proposed FY20 expenditures for the BTSD takes up 28 pages, and is divided into five parts: Districtwide, Green Street School, Oak Grove School, Academy School, and Early Education Services. The table below gives the totals for the five divisions, with comparisons for FY19. It is followed by a discussion of the 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	\$ 4,095,637	\$ 4,279,935	\$184,298	4.5%
Green Street	3,148,882	3,300,212	151,331	4.7%
Oak Grove	1,963,932	2,098,867	134,936	5.6%
Academy	4,570,763	4,771,514	200,751	4.4%
EES	880,387	917,691	37,304	4.2%
Total	\$14,659,600	\$ 15,368,219	\$ 708,619	4.8%

As in previous years, the largest contributor is salaries and benefits paid to teachers and staff, comprising approximately 60% of the total budget. Thus, major contributors to changes in overall spending are changes in salaries and benefits, which for FY20 total approximately \$431,000 or 61% of the increase for the district. For the most part this figure is governed by the multi-year contracts negotiated with teachers and other staff, which are not subject to modification within the budget. Other contributory factors are teacher advancement and retirement, newly funded positions, and health insurance costs.

For FY20 the negotiated salary increases are approximately 3%. Health insurance costs for FY20 are expected to increase by about 10%. Of the \$431,000 increase, \$139,000 is salaries for six new positions totaling 3.95 FTEs, with an offsetting 0.4 FTE reduction in one position.

The remaining increase of \$272,000 (39% of the total increase) is attributable to a number of other items, including an increase of \$130,789 in the WSESU assessment, \$46,000 for a video projection system at Academy, and \$29,000 for special maintenance projects. Those three items total \$205,789, with other increases and decreases sprinkled throughout the budget.

## DISTRICTWIDE

Districtwide expenses include items that are not dedicated to a single location, and include some areas of instruction, such as music and substitute teachers; health and psychological

services; physical plant operation and maintenance at Canal Street, Powers House, and Esteyville; special education that is not covered by the state; transportation; debt service; and the WSESU assessment. (Note that SU 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 the BTSD.) Of the proposed \$184,298 increase in the Districtwide budget, the largest contributor is in the assessment from the WSESU, which is increased by \$130,789. Of that, \$51,516 is attributable to the diversity coordinator positions at the WSESU, which have been centralized to permit services to all schools in the SU. Other increases are noted in special education (\$80,897) and transportation (\$20,967). There are decreases in debt service (\$36,050) and physical plant operation (\$17,557).

For FY20, districtwide capital spending is at Canal Street, where projected repairs total \$10,000. In FY19, districtwide capital spending is budgeted at \$25,000 at Powers House.

### GREEN STREET SCHOOL

Changes in expenditures at Green Street are largely balanced among the different areas in the budget. Of the 4.2% increase that totals \$151,331, \$145,739 is in regular instruction, and mostly relates to salary and benefits. A new position has been added for a para-educator, but it is offset by a corresponding reduction in an academic support position.

Capital spending at Green Street is for lighting, playground, and ceiling and flooring repairs, totaling \$85,000, which is down from \$97,000 in FY19.

### OAK GROVE SCHOOL

Of the \$134,936 increase (6.9%) at Oak Grove, over half relates to teacher and staff salaries and benefits. Beyond that, there is a \$26,813 increase in custodial services, and a new position has been added in foreign languages at \$21,966, making up the bulk of the rest.

Capital spending at Oak Grove is \$70,000 for roofing repairs, which is unchanged from FY19.

### ACADEMY SCHOOL

The bottom line at Academy totals \$4,771,514, an increase of \$200,751 or 4.4%. The increase includes funding for new positions in medical services and custodial services, and an academic support position, which is funded by a federal Title I grant, rather than local taxes. The total of increases in regular instruction expenses, which includes teacher salaries and benefits, comes to \$259,834. These are offset, however, by substantial decreases in the principal's office (\$31,140), foreign languages (\$17,824), and in operations and maintenance (\$50,597).

There is a \$46,000 expense for a digital projection system, and increased spending for extracurricular activities (after school programs and winter sports) of \$17,500. A new educational program also has been added to the curriculum in conjunction with the Bonnyvale, Environmental Education Center, with a budget of \$15,550.

Capital spending at Academy is proposed at \$230,450, which includes roof repairs at \$130,450, an ongoing window upgrade at \$50,000, and an initial investment of \$50,000 for new construction of a building to replace the current outdated, inadequate modular pre-K

classrooms. It is anticipated that the replacement project will be funded over the next three fiscal years.

## CAPITAL SPENDING PLAN

As detailed in the individual sections above, capital spending for FY20 is proposed to be \$395,450, a decrease from \$482,000 in FY19. Of note, it now appears that a \$220,000 FY19 line item projected for the modular classroom project at Academy School will not be spent in FY19, and that amount will migrate to fund balance at the end of the fiscal year.

## SCHOOL FUNDING AND A HYPOTHETICAL TAX RATE

As this is being written, Act 46 requires the local school districts to merge for FY20 beginning July 1 of this year. The BTSD budget article on the warning for town meeting takes into account that we may or may not vote on a budget at that time, depending on intervening events. If there is indeed a budget vote on March 23 for a separate Brattleboro Town School District, we will need a calculated tax rate, and a comparison of our spending with the excess spending threshold, for the voters to consider. At present, there is no way to calculate those figures.

In past years, the Finance Committee has offered a detailed analysis of the funding formula for the Brattleboro schools. Due to the current uncertainty of the budget process, we will provide a briefer summary of some important factors, which may prove helpful. (Our analysis for the current fiscal year, FY19, is available at the town website, and contains additional detail as to the process and the calculations involved.)

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 or the supervisory union. The first factor is the number of **equalized pupils** in the district (the number of actual pupils, adjusted for poverty and grade level) in the district, 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 **homestead tax rate** for the district, whether separate or merged. For FY20, the AOE has not provided the equalized pupils number for the individual towns, but only for the merged district. Thus any calculations beyond that point for an existing district are only estimates.

If the BTSD were to remain separate for FY20, the proposed funding would be \$15,368,219 and sources would include \$330,000 from fund balance (same as FY19), \$1,013,683 from offsetting revenues, and \$14,024,536 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 \$1.614, compared to \$1.600 for FY19, an increase of 0.8%.

Further adjustments are then needed for the Common Level of Appraisal (the difference between the assessed value and the fair market value of the grand list of properties in town)

and for the proportion of equalized students in the BTSD and in the BUHS district, which is unknown at present. Using the available data, and assuming stable values for what we don't know, the bottom line tax rate for Brattleboro taxpayers would be \$1.605 for every \$100 assessed value, an increase of 1.4% from FY19's \$1.582.

If legal or legislative events annul or delay the merger under Act 46, then new numbers will have to 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 Town School District board has approved a set of expenditures that will form the basis for the fiscal year 2020 budget that is finally adopted. If the local districts do not merge, the budget presented will be voted on by Representative Town Meeting, although subject to modification based on numbers yet to be provided by the Vermont Agency of Education.

If 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 BTSD board are reasonable and in keeping with the goal of providing excellent learning opportunities for all students. The new positions and other proposed changes are justified by the circumstances faced by the schools, and spending increases have been kept low.

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 readily 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 either as separate budget for the BTSD, or 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. If the merger does proceed, we recommend that proposed BTSD budget be incorporated with modifications as appropriate into a budget for the new district, first by the transitional board and ultimately by the unified school board.