

# Proposed FY 2024 Budget and Ballot Language

School Board Review and Ratification

January 10, 2023

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## Proposed Ballot Language

*“Shall the voters of Rutland City School District approve the school board to expend  which is the amount the school board determined to be necessary for the ensuing fiscal year? It is estimated that this proposed budget, if approved, will result in education spending of  per equalized pupil. This projected spending per equalized pupil is  higher than spending for the current year.”*

- **State-mandated ballot language** must include three specific budget numbers.
- **Employee compensation** constitutes about **75%** of the typical budget.
- **State-provided metrics** impact average spending per pupil, its percentage change, and its impact on property taxes.

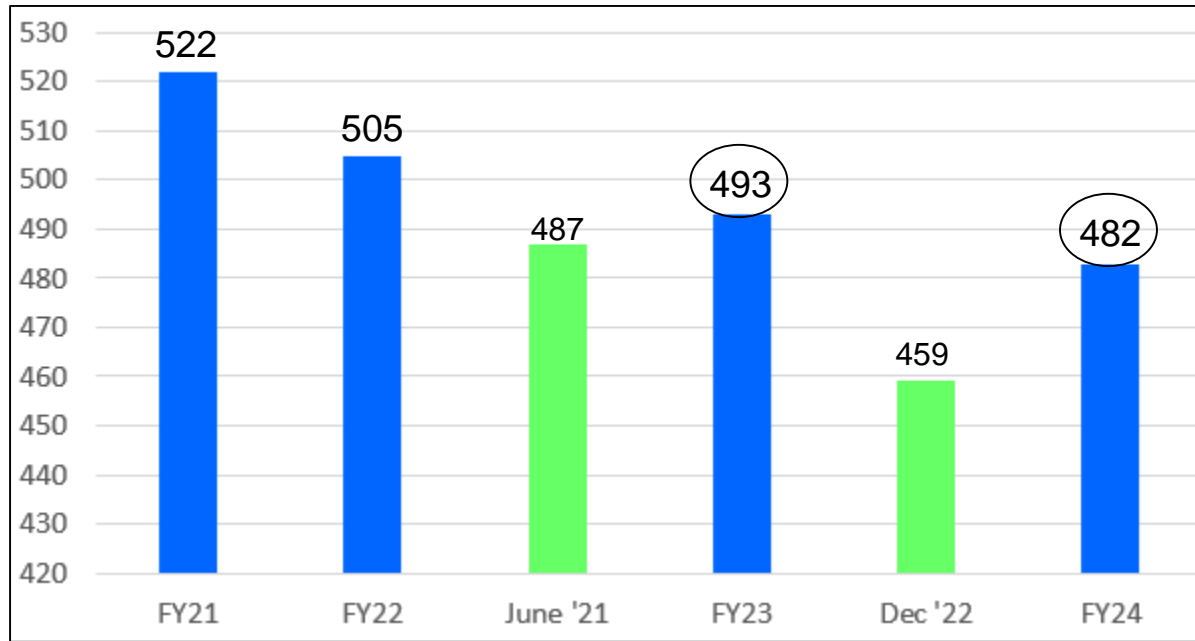
## Proposed Ballot Language

*“Shall the voters of Rutland City School District approve the school board to expend **\$74.1 million** which is the amount the school board determined to be necessary for the ensuing fiscal year? It is estimated that this proposed budget, if approved, will result in education spending of **\$20,172** per equalized pupil. This projected spending per equalized pupil is **8.3%** higher than spending for the current year.”*

- Expenditures include **\$13.5 million of federal ESSER** grant funding (no local tax impact).
- Average cost per pupil of **\$20.2 thousand** equals the Vermont state average.
- The proposed **8.3%** increase in average cost per pupil is in the range of CPI inflation during the past year – from 9.1% as of June to a low of 7.1% in November .

*Memo:* CPI-U inflation exceeded 8.0% during 7 of the 11 months reported for 2022 thru November. U.S. Bureau of Labor Statistics.

## Full Time Employees *Excluding ESSER Funded Positions*



*Note:* Prior periods are restated to include 4 full time bus aids, who had been part-time employees in the past.

- FY24 includes funding for *-11 fewer full time positions* versus FY23 (-2.2%).
- Fewer positions significantly offset higher per person salary and benefit costs.

## Salary and Benefits

✓ Excluding ESSER Funded Positions

(\$ thousands)	<u>FY23 Budget</u>	<u>FY24 Budget</u>	<u>\$ Change</u>	<u>% Change</u>
Salaries	32,049	32,167	118	0.4%
Benefits	15,065	15,115	50	0.3%
Compensation	<b>47,114</b>	<b>47,282</b>	<b>168</b>	<b>0.4%</b>
Full time employees	493	482	-11	<b>-2.2%</b>
<hr/>				
✓ ESSER: Compensation	875	1,522	647	74%
FTEs	10	13	3	30%
Avg per FTE	88	117	30	34%

Note: Budget metrics shown “*above the line*” exclude ESSER to show ongoing operating trends.  
The use of ESSER funding to staff selected, interim positions is shown “*below the line.*”

## Total Expenses

✓ Excluding ESSER Funding

	<u>FY23 Budget</u>	<u>FY24 Budget</u>	<u>\$ Change</u>	<u>% Change</u>
<i>(\$ thousands)</i>				
Compensation	47,114	47,282	168	0.4%
Program Cost (excl S&B)	3,312	3,428	116	3%
✓ Special Ed. (excl S&B)	1,584	1,093	(491)	-31%
✓ Facilities & Transportation	1,873	2,128	255	14%
Food Service	1,364	1,459	95	7%
Financing	1,327	1,433	106	8%
IT	750	755	5	1%
✓ Utilities	850	1,130	280	33%
✓ Other	1,600	1,850	250	16%
<b>Total Expenses</b>	<b>59,774</b>	<b>60,558</b>	<b>784</b>	<b>1%</b>

*Memo: "Other" for FY 2024 includes \$250k to begin work on replacing turf at Alumni Field.*

Note: Financing expenses are expected to decline in FY25 when a large debt issue is fully repaid.

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IT	750	755	5	1%
Utilities	850	1,130	280	33%
Other	1,600	1,850	250	16%
✓ ESSER	<u>1,875</u>	<u>13,545</u>	11,670	622%
<b>Total Expenses</b>	<b>61,649</b>	<b>74,103</b>	<b>12,454</b>	<b>20%</b>

## Revenues

	<u>FY23 Budget</u>	<u>FY24 Budget</u>	<u>\$ Change</u>	<u>% Change</u>
<i>(\$ thousands)</i>				
Federal Grants & Reimbursements	15,113	26,867	11,754	78%
Tuition	2,654	2,642	-12	0%
Working Capital	-	-	0	n/a
Special Ed and Local	<u>7,183</u>	<u>5,924</u>	<u>-1,259</u>	-18%
✓ Federal & Local Revenues	24,950	35,433*	10,483	42%
✓ State Education Fund	36,699	38,670*	1,971	5%

*= the net of total expenses minus federal and local revenues.*

- In FY24, use of additional federal ESSER funds more than offsets lower Special Ed and Local funding.
- The net funding draw by RCPS from the State's general education fund increases by 5% to \$38.7 million.
- However, the impact on tax rates will be mitigated by a significant increase in the education tax "Yield."

\* \$74.1 M expenditures incl ESSER  
- **\$35.4 M** Fed'l. and Loc'l. revenues  
= **\$38.7 M** funded by Vermont



## Cost per Pupil

	<u>FY23 Budget</u>	<u>FY24 Budget</u>	<u>\$ Change</u>	<u>% Change</u>
✓ Expenses (\$ thousands)	\$ 61,649	\$ 74,103	\$ 12,454	20%
Revenues, federal & local	\$ 24,950	\$ 35,433	\$ 10,483	42%
✓ State funded	\$ 36,699	\$ 38,670	\$ 1,971	5%
Equalized Pupils *	1,970.56	1,917.04	-53.5	-2.7%
✓ RCPS Cost per Pupil (\$) *	\$ 18,624	\$ 20,172	\$ 1,548	8.3%
Vermont Avg. Cost per Pupil (\$) *	\$ 18,373	\$ 20,155	\$ 1,782	9.7%

\* FY24 data are preliminary per AOE.

- Equalized pupils decline by ~ 3% in FY 2024. RCPS expects to benefit from updated “weighting factors” in FY 2025.
- Average cost per equalized pupil of \$20.2 thousand in FY 2024 would be comparable with the Vermont average.

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## Wrap up

- With the announced 16% increase in Yield for FY 2024, it is likely that any change in the Rutland City School District homestead tax rate will be modest in FY 2024.

Questions?

Comments?

*Thank you!*

## Appendix

## “25 Cents on the Dollar”

**25%** Approximate portion of district expenses that are funded by local taxpayers.

**\$14.0M** Taxes paid by Rutland City taxpayers (homestead, commercial, non-homestead) in FY 2021.

- \$5 million: homestead
- \$9 million: commercial and non-homestead

**\$58.8M** District expenses per approved FY 2021 budget.

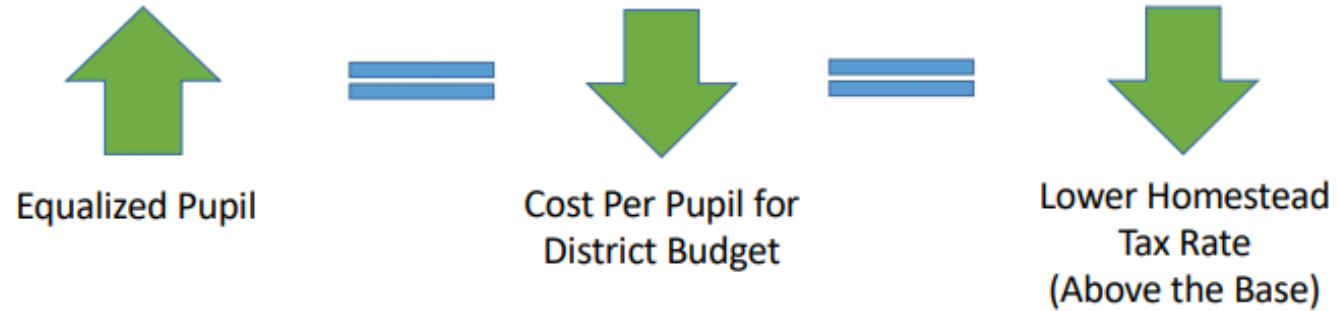
RCPS receives ~ **75 cents from state and federal sources for each \$1 of expense**. Incoming education funds contribute to the local economy and generate a “**multiplier effect.**”

For a \$1 reduction in school district expense: locally paid taxes are reduced by about 25 cents; and local homestead taxes are reduced by about 9 cents (9%) (\$5M / \$58.8M).

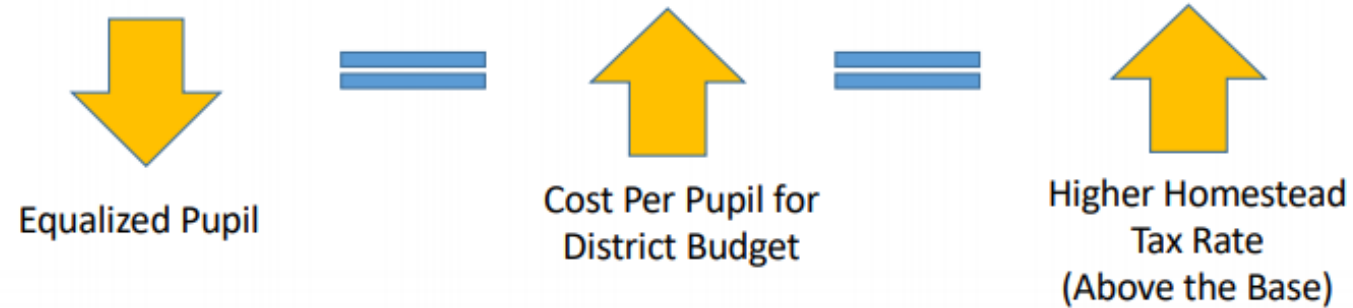
## Impact of “Equalized” Pupils on Tax Rate

Assuming the same level of education spending in a school district, the number of equalized pupils in a district impacts local tax capacity.

Example 1



Example 2



Source: *Summary of Findings from Study of Pupil Weights in Vermont’s Education Funding Formula*, Professors T. Kolbe and B. Baker, January 7, 2020, page 12.

## Homestead Tax Rate

Changes FY22 to FY23



Homestead Tax Rate	
Dropped by - 7 cents from \$1.64 to \$1.57 from FY22 to FY23.	
Impacts of changes in:	
Yield	- 25 cents
CLA	+ 8 cents.
Revenues	- 6 cents.
Expend	+ 16 cents.

- The **property tax yield** set by the State reduced the FY23 tax rate by about - 25 cents.
  - **CLA** also determined by the State increased the tax rate by about + 8 cents.
  - Changes in District **revenues and expenses** per pupil increased the rate by a net of about + 10 cents.
- } - 17 cents net