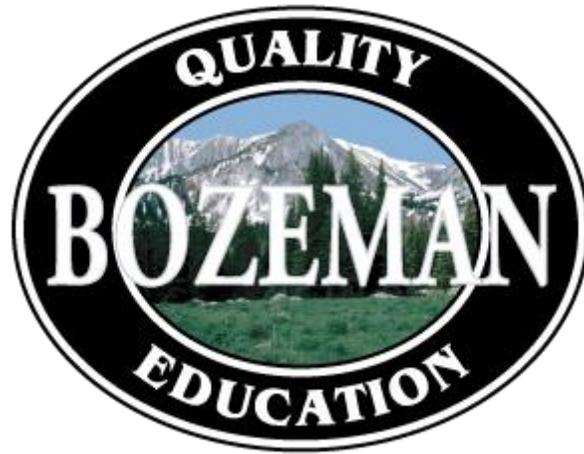
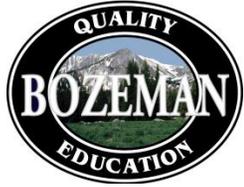


# **Bozeman Public Schools**



**2023-24 Adopted Budget**

**Executive Summary**



**Bozeman Public Schools**

404 West Main, P.O. Box 520  
Bozeman, MT 59771-0520  
www.bsd7.org

**Lacy Clark**

Director of Business Services/District Clerk  
Voice: (406) 522-6045  
Fax: (406) 522-6050  
lacy.clark@bsd7.org

DATE: August 21, 2023  
TO: Board Chair  
Members of the Board of Trustees  
FROM: Lacy Clark, Director of Business Services  
RE: 2023-24 Budget Overview

On August 21, 2023 the Bozeman School District Board of Trustees adopted its budget for the 2023-24 fiscal year. This document is intended to provide the reader with an overview of the Bozeman School District and its 2023-24 budgets. This overview is organized into three sections: organizational, financial, and informational. The budget document contains additional information on all of these topics as required by the MBA.



## ORGANIZATIONAL SECTION

### Board of Trustees

An eight-member Board of Trustees is responsible for the governance of the District. Board members are elected by the voters of the District and serve overlapping three-year terms. The current Board members, the expiration dates of their respective terms, the total number of years of Board service, and their respective occupations are as follows:

<b>Board Member</b>	<b>Term Expires May,</b>	<b>Total Time Served on Board</b>	<b>Occupation</b>
<b>Greg Neil, Chair</b>	2026	6.5 years	Insurance Agent
<b>Tanya Reinhardt, Vice Chair</b>	2025	7 years	Business Consultant
<b>Douglas Fischer</b>	2024	8 years	Journalist
<b>Gary Lusin</b>	2024	17.5 years	Physical Therapist
<b>Kevin Black</b>	2026	3 years	Real Estate Agent
<b>Lauren Dee</b>	2025	1 year	Stay at Home Mom
<b>Lei-Anna Bertelsen</b>	2024	2 years	Education Facilitator
<b>Sandra Wilson</b>	2024	8.5 years	Retired Teacher

Source: District records

### Executive Administration

In Montana, the Board of Trustees alone has the ability to hire and fire staff. The Bozeman School District staff is organized into four branches. An Administrator leads each branch, and each of these Administrators reports to the Superintendent.

Mr. Casey Bertram is the District's Superintendent and was appointed to this post effective January 2022. Prior to becoming the Superintendent, he served as the Interim Superintendent from 2020-2021 as well as the Deputy Superintendent Curriculum and Technology. Prior to that, he was the principal at Hawthorne Elementary in Bozeman since 2013. Mr. Bertram's direct Administrative reports are:

- Dr. Marilyn King, who serves as a Deputy Superintendent. Dr. King has worked for the Bozeman School District since 1999.
- Mike Van Vuren, who serves as a Deputy Superintendent. Mr. Van Vuren was formerly the principal at Hyalite Elementary in Bozeman and has been with the District since 2011.
- Mike Waterman, who serves as the Executive Director of Business and Operations. Mr. Waterman has worked for the District since 2012.
- Pat Strauss, who serves as the District Human Resources Director. Mr. Strauss has worked for the District since 2001.



Mr. Casey Bertram - Superintendent

## Major Goals and Objectives – Long Range Strategic Plan

Bozeman School District uses a Long-Range Strategic Plan (LRSP) to guide and focus the District. The LRSP process was launched in the fall of 2007 to bring more rigor to the process of setting goals; to ensure the wants, preferences, and needs of the community are well understood; and to strategically focus District resources. Bozeman Public Schools' Board, staff, and leadership team view the process of strategic planning as an ongoing process within Bozeman Public Schools. The LRSP is not a "strategic planning project" that was completed, but rather is a living document that continually evolves as the needs of the District change.

Key foundational pieces of the LRSP include the District's Core Purpose, Core Values, Goal Areas, and the Five-Year Plan which includes measurable District goals:

**Core Purpose** - *Bozeman Public Schools exist to provide an outstanding education that inspires and ensures high achievement so every student can succeed and make a difference in a rapidly changing world community.*

### **Core Values**

- High Student Achievement: We are committed to ensuring that all students achieve at high levels.
- Committed, Quality Staff: We employ and retain well qualified and talented staff members who demonstrate a commitment to the core purpose of the District.
- Community and Family Engagement: We believe that parents and the community are essential contributors in the achievement of our goals.
- Climate: We operate in a climate of respect, honesty and hard work, recognizing the need to be adaptable and open to change.
- Fiscal Responsibility: We are fiscally responsible in the management and expenditure of all District resources.
- Decision Making: We rely on best practices research to guide our decision-making.

### **Goal Areas**

- Goal Area 1: Academic Performance - Each student meets or exceeds the high academic standards necessary for college and career readiness.
- Goal Area 2: Operations and Capacity Building: District operations, facilities and human resources promote an efficient and innovative educational system.
- Goal Area 3: Community Engagement and Partnerships: Bozeman Public Schools has created an environment in which all education stakeholders at the local, state and national level are supportive, engaged, and contribute to successfully educate our students.
- Goal Area 4: Student and Staff Safety/Health/Welfare: Bozeman Public Schools has effective systems in place for students and staff to learn and work in a safe and healthy environment.

### **Five Year Plan - Measurable District Goals**

- *Early Literacy Goal:* By 2025, 85% of all children entering Kindergarten will have requisite literacy skills as measured by Acadience.
- *Grade Level Reading Goal:* By 2025, 90% of all BSD7 3rd Grade Students will demonstrate grade-level reading skills by achieving a proficient score on the Acadience reading assessment at the end of the school year.
- *PLC Goal:* By spring of 2025 all BSD7 schools PK-12 will have fully implemented PLC's in place that will support the closing of the achievement gap, thus qualifying BSD7 as a Solution Tree Model PLC District.
- *Graduation Goal:* By 2025, 95% of BSD7 students in each graduation cohort will earn a regular high school diploma in four years or fewer.

Building-level administrators are responsible for developing annual action plans that move the District toward these goals. Annual reports assess the District's progress at the conclusion of each year.

The LRSP has undergone significant revisions via a community consensus process about every 5-6 years. It was anticipated that the 2022-2023 school year would be the year to engage the community in a LRSP revision process. However, there were two pressing areas where significant discussion, community engagement, and problem solving were needed. The district identified those discussions as *Mega Issues* (*Mega Issues* included the budget shortfall in both the Elementary and High School Districts, as well as implementation of Professional Learning Communities (PLC's) to support the closing of the achievement gap) and used a consensus process to work through the challenges. The district now anticipates tackling LRSP revision process during the 2023-2024 school year.

The LRSP is the focal point of the budget development process. Creating a budget that positions the District to meet these goals takes a good deal of time, and the 2023-24 budget has been in the planning stages since August 2022.

### **Budget Development Process and Timeline**

Each fall, the Board of Trustees formalizes a calendar for the development of the ensuing year's budget. The annual calendar, which has historically remained quite consistent, establishes deadlines and assigns responsibility for each step in the budget development process. Generally, the budget development process begins each fall with enrollment counts and developing a framework for the budget. In the winter, administrators and the District Budget Committee prepare and prioritize additional requests. Final budget limits become known after the annual May election and, in odd-numbered years, the adjournment of the Montana legislature. Over the summer, the Business Office finalizes budgets, receives the taxable values, and prepares the budget for Board approval in August.

### **Allocation of Human and Financial Resources**

Human and financial resources are generally allocated based on the number of students enrolled in a school's attendance area. Management reserves the right to redistribute resources to accommodate enrollment shifts and educational needs within the District in conjunction with the goals specified in the LRSP.

Teachers and paraprofessionals are assigned to buildings to meet Montana’s accreditation standards and to address goals established in the LRSP. Specialized staff, including special education and Title staff, are assigned based on need and program qualification.



Source: District’s Records

## FINANCIAL SECTION

Immediately, the Bozeman School District’s finances remain healthy. Voted levy requests continue to pass in our community, General Fund reserves are at their legally-allowed maximums, and our tax impact remains reasonable. As further testament to this fact, Moody’s reaffirmed the Elementary School District’s bond rating of Aa2 in May 2022 following a decision by the board to re-finance the 2013 Elementary Bonds. The bond rating is the highest of any public school district in Montana. Moody’s cites several factors—the District’s diverse and growing tax base, the strong institutional presence of Montana State University, healthy financial position with growing reserves, and a manageable debt profile—for the rating. The District is pleased with this rating—not only for the interest savings on our recent bond refinance, but because it is indicative of the District and community’s overall financial health.

### Budget Overview

The State of Montana establishes eleven budgeted funds: accounting units whose spending authority is determined annually by the Board of Trustees. The Bozeman School District uses ten of these eleven budgeted funds. The Districts’ spending authority in these budgeted funds is increasing to meet the needs of our growing student population.

As the following table shows, the total combined elementary and high school expenditure budgets for all budgeted funds in 2023-24 is \$117,241,675. This total represents an increase of \$8,502,811 (7.8%) over the prior year’s budget:

	FY2022-23 Budget	FY2023-24 Budget	Change \$	Change %
General	\$ 56,909,434	\$ 59,103,552	\$ 2,194,118	3.9%
Debt Service	17,950,130	17,848,713	-101,417	-0.6%
Building Reserve	16,368,645	19,847,876	3,479,231	21.3%
Retirement	9,100,000	10,400,000	1,300,000	14.3%
Transportation	3,649,168	4,938,890	1,289,722	35.3%
Technology	2,385,588	2,322,579	-63,009	-2.6%
Adult Education	470,502	876,526	406,024	86.3%
Bus Depreciation	612,380	621,820	9,440	1.5%
Tuition	1,266,200	1,232,271	-33,929	-2.7%
Flexibility	26,234	49,448	23,214	88.5%
<b>Total K-12</b>	<b>\$ 108,738,281</b>	<b>\$ 117,241,675</b>	<b>\$ 8,503,394</b>	<b>7.8%</b>

Source: District records

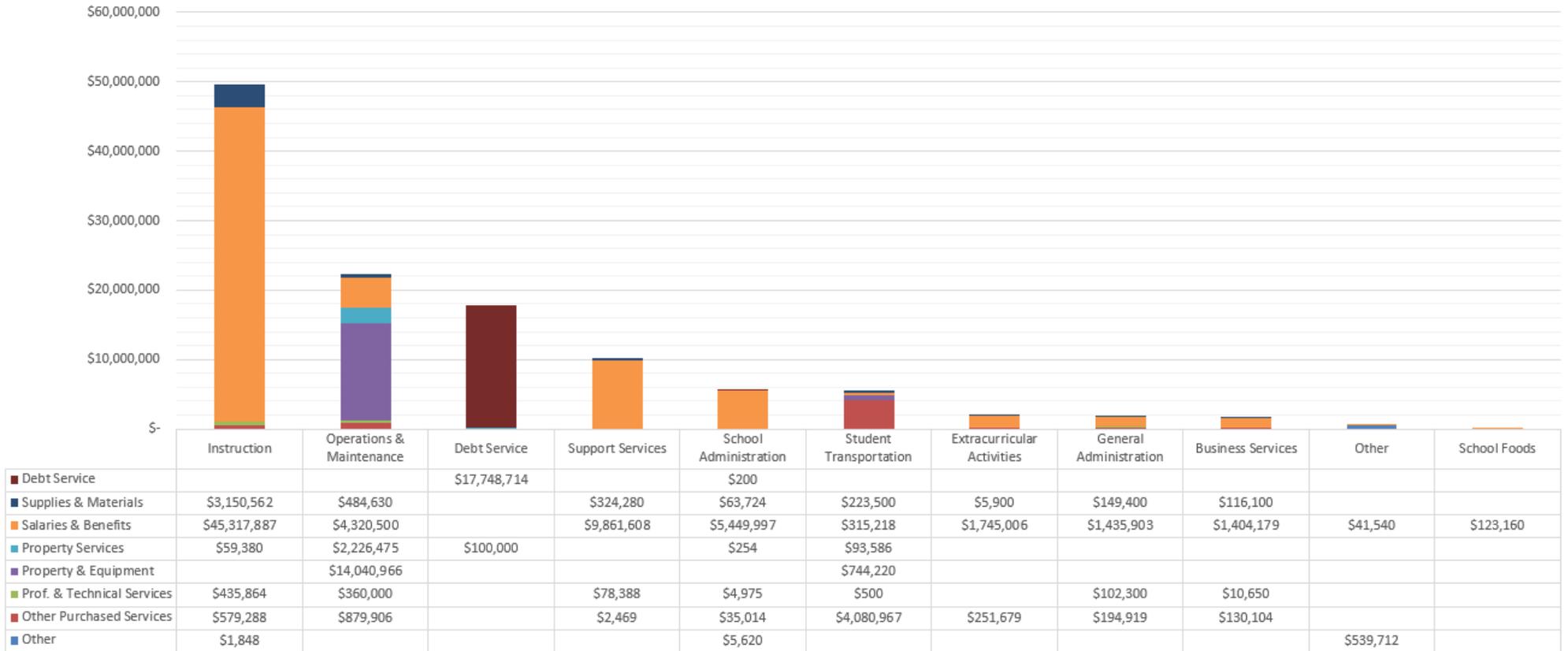
## Expenditure Summary

Expenditures in Montana are categorized in several ways, most notably by “function” and “object”. *Function* refers to the purpose for which an activity or program exists or is used, while *object* refers to the specific good or service obtained.

Of the \$117,241,675 in total budgeted expenditures, the District plans to spend \$49,115,836 (42%) on Instruction and \$69,974,382 (59.6%) on Salaries and Benefits – the largest single function and object amounts, respectively.

The following graph summarizes total budgeted expenditures by function and object:

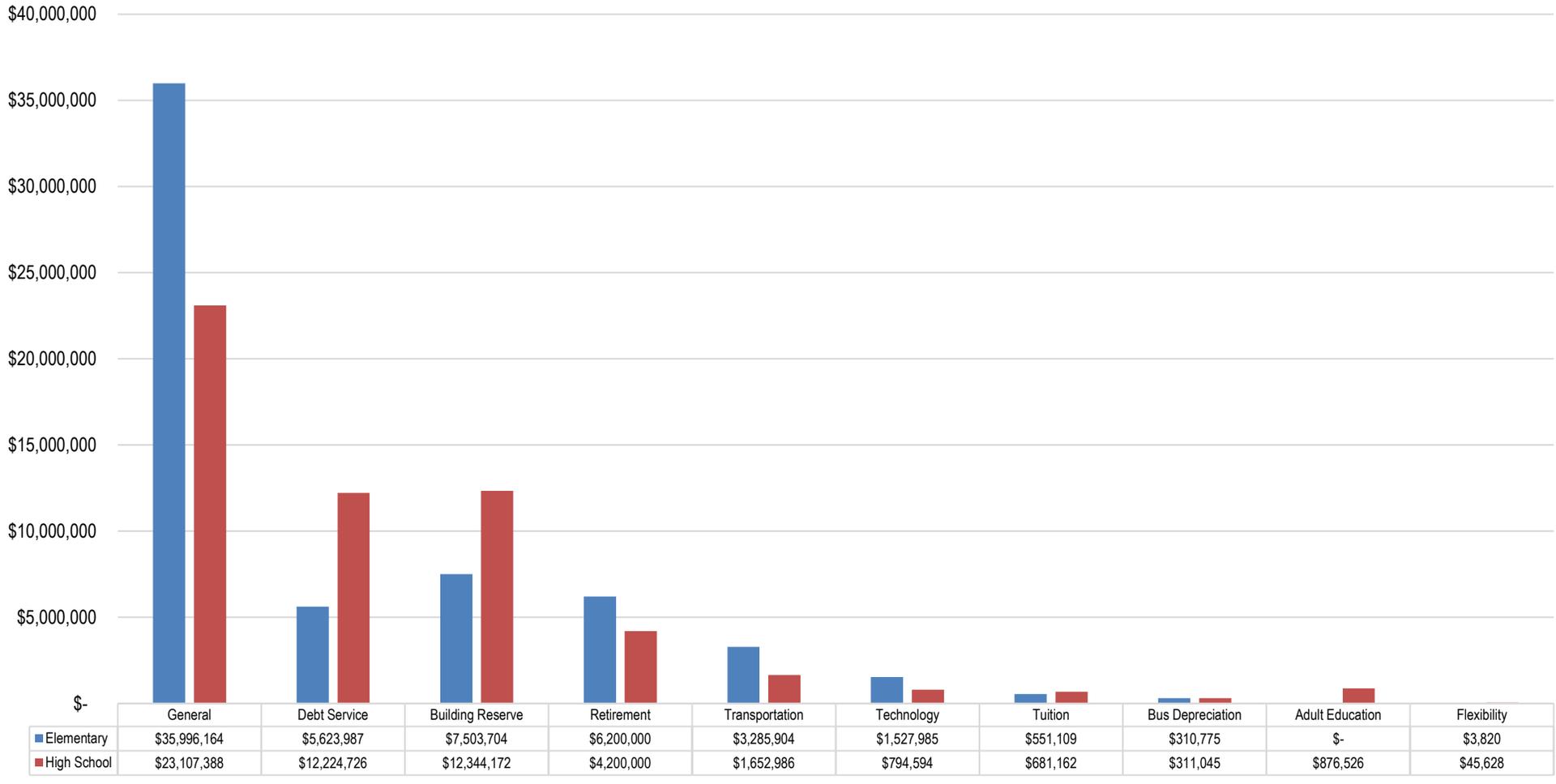
## Bozeman Public Schools 2023-24 Fund Budget by Function and Object



Source: District records

The adopted budgets (i.e., legal spending limit) for each of the Elementary and High School Districts' funds are shown below:

**Bozeman Public Schools**  
2023-24 Spending Authority - All Budgeted Funds



Source: District records

One of the most important scrutinized measures of our General Funds is their ‘structural balance’: a comparison of planned General Fund costs and the spending authority available to fund them. This year, the Elementary and High School General Funds both have structural imbalances which total to \$3,738,971 (6.33%) system-wide:

	Elementary	High School	K-12 Total
Projected General Fund Budget Limit w/ a Vote	\$ 35,996,164	\$ 23,107,388	\$ 59,103,552
Budgeted General Fund Expenditures	\$ 39,133,542	\$ 23,708,981	\$ 62,842,523
Remaining Capacity/(Structural Imbalance)	\$ (3,137,378)	\$ (601,593)	\$ (3,738,971)

Source: District Records

The structural imbalance was deemed a *Mega Issue* in Spring 2022 and a budget committee was created to tackle budget reductions amounting to \$4.1 million per year. The budget committee met from June 2022 through December 2022 and budget reductions were recommended to the Board of Trustees in January 2023. The Board ultimately approved the committee’s recommendations. A list of the approved reductions is included as Appendix 6 of this document.

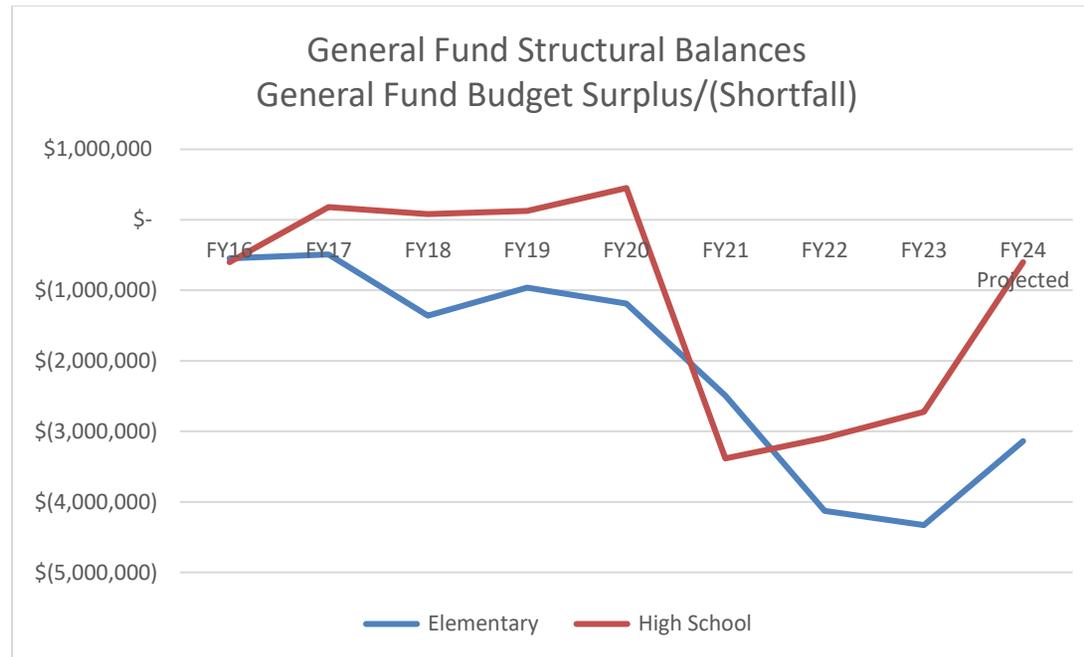
### Significant Trends, Events, and Initiatives

The budget deficit identified as a *Mega Issue* was caused from two separate circumstances. The first, an unforeseen elementary enrollment decrease related to the COVID-19 pandemic, and the second, the opening of the District’s second high school in 2020.

The COVID pandemic admittedly caught us all off guard, but the District was still as well prepared for it as it could have been. The elementary deficit is due largely to a significant drop in enrollment caused by the pandemic. In Montana, enrollment is the single most important factor in calculating General Fund budget limits, so the enrollment decrease impacted our spending authority. In addition, the District’s buildings—all of which remained open after the enrollment drop—have excessive capacity available. This excess capacity is highly inefficient from a financial perspective, and is a primary factor in the current deficit situation. The federal COVID relief (“ESSER”) funds provided one-time funding sources that allowed us to maintain operations during that time; however, all ESSER funds were completely spent as of June 2022, and the District must make changes to live within its means.

The High School deficit has a completely different cause. In 2020, the District opened its second high school: Gallatin High School. Significant staffing increases were expected and granted when GHS opened, and voters approved a transition levy to temporarily support that staffing increase. After the initial increase, the plan was that no new staff would be needed while the high school enrollment “grew into” the capacity at each building. However, due to course offerings and increased enrollment it became apparent that both high schools needed additional staff to run their master schedules—a fundamental change to our original plan. The staffing increase was approved out of necessity to meet the needs of the current scheduling system but, as noted above, it is not sustainable.

In addition to these two primary issues, recruitment and retention have suddenly become significant issues for the District. Bozeman is an attractive place to live, and the housing market has skyrocketed since the pandemic. The cost to rent or own a home in Gallatin County has become unmanageable. As a result, our District has seen the number of applications for all positions dwindle significantly. Where there was once over a hundred applications for a Principal position, we are now receiving less than five applicants for these job postings. In addition, many out of town applicants pull their application once they review the housing costs in the area. To address the changing conditions, the District not only had to address the budget deficit, but has also had to find innovative ways to recruit and retain employees. Union negotiations took place in the spring of 2023, and the District had to take a holistic look at employee compensation—including salaries and benefits—and invest strategically in it to help recruit and retain high quality employees.



Source: District Records

The graph above shows the General Fund structural balance history for the Elementary and High School Districts. The zero line indicates that planned expenditures match available budget authority—a balanced budget. As you can see, both the Elementary and High School budgets had multi-million dollar deficits that underwent thorough review through the budget committee consensus process. While the lines are now trending upward, it is imperative that the District continue to review and change the way that it does business: meaning innovation must be at the forefront of all decisions that are made regarding the education of our children.

While Montana law requires a balanced General Fund budget, there are also budgeted contingency amounts that can be used to fund different sectors of the School District. Recently, voters approved a new Elementary Building Reserve Safety levy, a High School Building Reserve Safety levy, and a permanent increase in the High School General Fund. In addition to these levies, the District has the ability to permissively levy funds from Tuition and Transportation funds to support specific programs and departments within the District. The overall funding increase reflects the following significant fund budget changes:

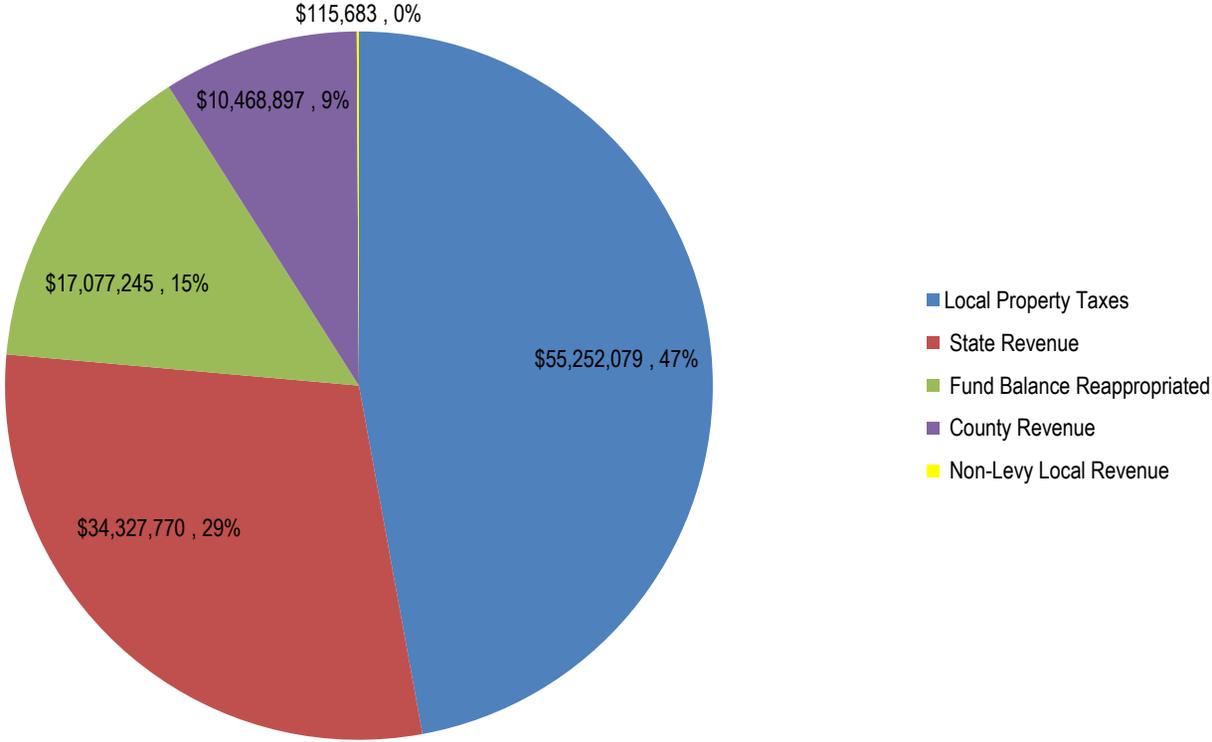
- \$2,194,118 increase in the General Funds.** The State of Montana establishes caps for school district General Fund spending in the state. At the most basic level, those caps are a function of enrollment and a series of legislatively-determined rates. The legislature increased the funding rates for 2023-24 and 2024-25 by 2.70% and 3.00%, respectively, based on an inflation formula defined in statute. Another reason for the overall General Fund increase is the High School enrollment count. The enrollment at the High School saw an additional 121 students from the prior year (a 4.6% increase). This enrollment increase gave the High School District the ability to ask voters for an over-base General Fund levy of \$380,000, which they approved in May 2023.

- 6-mill (\$2,296,335) increase in the Building Reserve Safety Funds. In May 2023, High School District voters approved a new 2-mill permanent Building Reserve Safety levy, and the Elementary District approved a new 4-mill permanent Safety levy. The combined six mills are based on the total taxable value of the District and will increase/decrease based on the assessed value. Based on 20-9-502, MCA the District may use these funds to cover the cost of school and student safety. Therefore, State law dictates these funds may specifically be used to cover the costs of Student Resource Officers, Counselors, and other staff who assist with school and student safety and security. In the past, these expenses had been paid by the General Funds and the District was very clear to voters that the safety-related costs would be removed from the General Funds and coded to the new Safety levies, if approved. Therefore, these levies will directly impact the budget deficit in a positive way.
- \$1,300,000 increase in the Retirement Funds. The District is able to permissively levy Retirement fund revenue through the County. Through the last several years, one-time ESSER funds were utilized to pay for more salaries and benefits resulting in less Retirement funds being levied. Because the one-time funds have been completely utilized, the District must now cover all costs associated with FICA, TRS & PERS, and unemployment insurance from the Retirement fund, rather than Federal Grants. The increase in funds is to cover the anticipated cost of employer contributions and any retirement payouts that result from employees retiring from the District in the upcoming fiscal year.
- \$1,427,516 increase in the Transportation Funds. The final year in the First Student transportation contract was 2022-2023. Therefore, the District sent out a Request for Proposal for a new five-year contract. The District received three bids, and the Board of Trustees awarded the contract to the lowest bidder – First Student. The 2023-2024 and five-year costs of the new contract are \$3,602,352 and \$19,511,315, respectively. Although these amounts represent the low bid, they are considerably higher than the previous contract costs. Therefore, a significant increase in the Transportation Fund levy was required.

## Revenue Summary

Each budget is fully funded by a combination of fund balance remaining from the previous fiscal year (fund balance reappropriated) and new revenue, which can come from local property taxpayers or non-levy sources. The \$117,241,675 in expenditure budgets adopted for 2023-24 will be funded as follows:

**Bozeman Public Schools**  
Funding Sources for 2023-24 Budgeted Funds



Source: District records

The following table compared these budgeted funding sources for 2023-24 with those budgeted for the prior year:

	2022-23		2023-24		Change
Local Property Taxes	\$ 47,975,467	\$	55,252,079	\$	7,276,612
Non-Levy Revenue	43,561,523		44,912,350		1,350,827
Fund Balance Reappropriated	17,201,292		17,077,245		(124,047)
Total	\$ 108,738,282	\$	117,241,675	\$	8,503,393

Source: District records

As with the expenditures, the budget document details these revenue sources.

## Budget Forecast

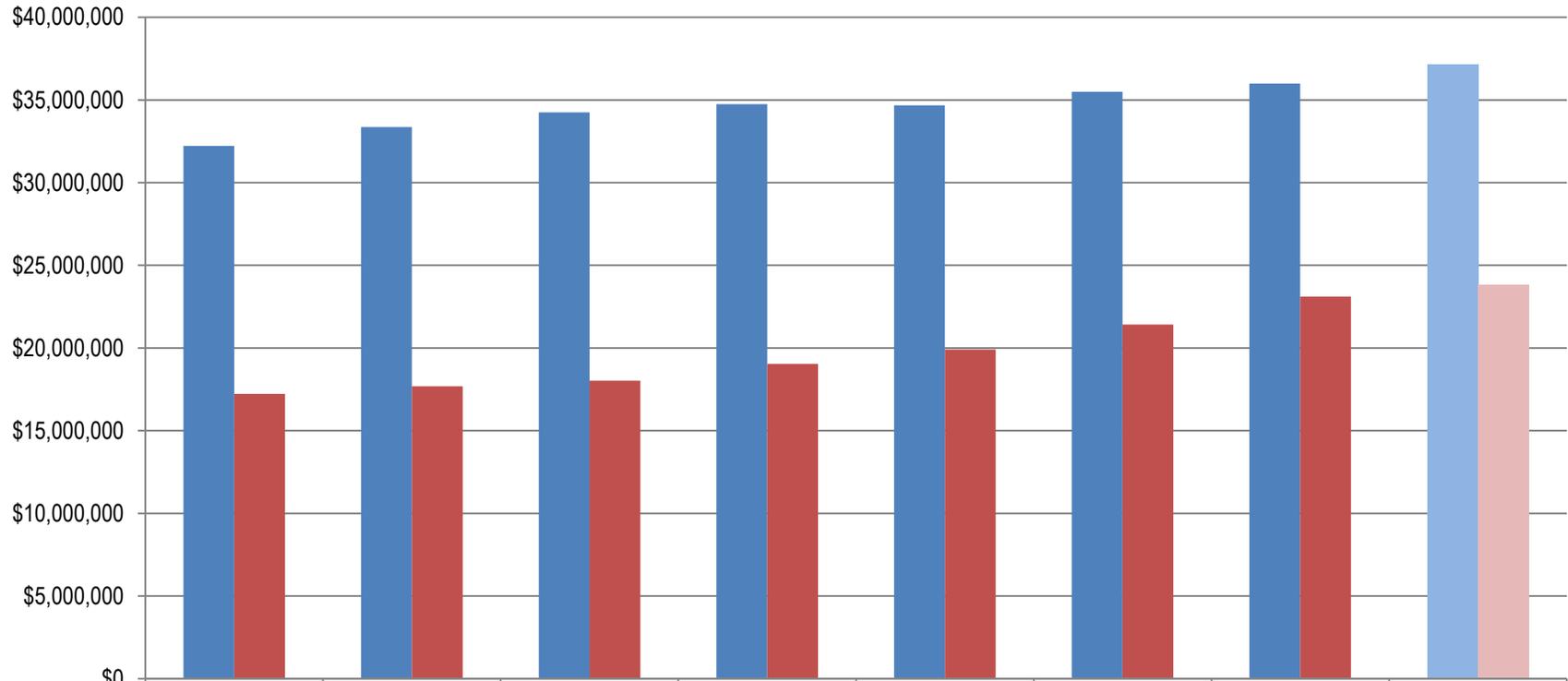
School finance in Montana differs from other states, and even other local governments within the state. Montana school operating budgets are unusual in that they are not contingent on taxable values and tax receipts. Rather, a series of factors--primarily enrollment and a series of legislatively-determined rates--determine our General Fund legal spending authority each year. While we must maintain adequate cash flow, schools can legally spend up to these budget limits without regard to revenue collections.

This system has both advantages and drawbacks. The primary benefit is obvious: districts know their hard spending limits with certainty at the start of each year. There are also drawbacks: in particular, the system essentially mandates year-to-year budgeting and limits our long-range planning ability.

Further, the 2023 Montana Legislature (which meets every odd numbered year) enacted changes that will further detract from schools' ability to plan for the future. In particular, [HB36](#) removed the mechanism for anticipated enrollment increases. This law no longer allows District's to budget for anticipated enrollment increases of 40 or more students. Rather, the funding will be based on the October enrollment count if the current year ANB exceeds the district's budget limit ANB for the school fiscal year for three years prior by 110% or more. This significant enrollment increase replaces the anticipated unusual enrollment.

Given that each year's budget hinges on the prior year's actual enrollment and rates that change every other year, the system effectively precludes Montana schools from developing long range budgets beyond the next legislative session. As a result of these issues, we do not believe it is in our stakeholders' best interests to project budgets beyond the upcoming biennium. We therefore limit our long-range budget planning to that horizon. The following graph shows the District's historical and projected General Fund budget amounts:

**Bozeman Public Schools  
General Fund Budget History**



	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25 Projected
Bozeman Elem	\$32,228,034	\$33,359,251	\$34,246,657	\$34,746,887	\$34,671,905	\$35,492,152	\$35,996,164	\$37,158,773
Bozeman HS	\$17,224,308	\$17,684,592	\$18,027,833	\$19,035,418	\$19,909,386	\$21,417,282	\$23,107,388	\$23,799,791

Source: District records

Despite our limited ability to project long-range budgets, the District does have an eye on the future of our operating budgets. As noted above, the District took definitive steps to reduce the budget by \$4.1 million dollars annually. While we expect the High School General Fund structural imbalance to recover slightly as enrollment increases, the District is proactively implementing schedule changes at the High School in 2024-2025 to accommodate the new economies of scale that were lost when the District moved to a two high school model. The Elementary District is experiencing substantially lower enrollment over the three previous years, and no projected enrollment increases in the foreseeable future. Because of the enrollment decreases, the Elementary District must act more quickly on the changes necessary to balance the budget. The Middle School master schedule will change to block scheduling effective for the 2023-2024 school year. These changes will not only align with budget reduction needs, but they will also directly advance our District towards becoming a Professional Learning Community (PLC) District. In addition to the master schedule changes in the Middle & High Schools, the budget committee formulated a list of other budget reduction suggestions that were approved by the Board of Trustees in January 2023. The list of budget reduction recommendations kept students in the center of the room and eliminated as many dollars as possible before impacting the Certified staff FTE.

The District also keeps an eye to the future in its other budgeted funds. Anticipated upcoming changes in those funds include:

- Building Reserve Funds. With the passage of the High School & Elementary Safety levies, the District will receive an additional approximate \$2.3 million per year. The purpose of these levies is to offset prior General Fund costs for SRO's, Counselors, and other staff with safety-related duties. This \$2.3 million reduction from the General Fund makes up 56% of the \$4.1 million budget deficit. As these are permanent levies, this is a permanent offset to the General Fund.

The District will also continue to monitor its permissive levy abilities as allowed by law, and leverage those levies with anticipated state funding to maximize the buying power and value of the taxpayers' dollars. Currently, the maximum amounts accessible to the Elementary and High School Districts are \$470,237 and \$253,873, respectively, and these are the amounts included in the current year budget. In addition, the District is able to fully offset the taxes on the \$1 million transition levy, so for fiscal year 2024, the entire \$1 million will be levied.

- Transportation Funds. The new five-year contract with First Student saw an annual increase of approximately \$1.4 million dollars. This amount, in addition to the regular annual costs will be permissively levied to cover the expenses of operating home to school transportation.
- Technology Funds. 20-9-533, MCA requires that the amount budgeted pursuant to levies approved prior to July 1, 2013 may not, over time, exceed 150% of the original cost of the equipment. Because the Elementary levy is based on mills and the sizeable taxable value increase in the district, the District will be unable to levy the entire 3 mills for the 2023-24 year.
- Adult Education Funds. The Child Advancement Project ("CAP") was first initiated in the District in 1990 under a grant from the Fred Meyer Foundation. The Child Advancement Project (CAP) matches adult volunteers from the community with children in the District. These mentors work one-on-one with students in grades preK-12 to provide support and encouragement. Mentors help students discover and build upon their individual strengths, and affirm students' ability to shape their own futures.

Parent Liaisons are professionals who work in the schools but are paid by THRIVE. Parent Liaisons do not work directly with students; rather, they facilitate parenting classes, connect parents to community resources and support parent-teacher collaboration to build a bridge between the home and school and position students for success. The District contracts with Thrive to provide the parent liaison services. Because the parent liaisons are only working with adults, \$195,000 more of the contracted cost will be permissively levied through the adult education fund. Previously, this cost was spread out between the General Fund, Title I funds, and Adult Education funds. By funding this contract through the Adult Education fund, it alleviates \$195,000 from the General Fund.

- Tuition Funds. No significant changes are anticipated for 2023-24. HB203 recently passed through the legislature and will take effect in FY25. This bill revises education laws and allows students to enroll in the school of their choice, even if it is not within their District boundary. The state funding dollars will follow the student. Therefore, the District may need to levy additional Tuition funds in the future to pay for our students that enroll in another District.
- Bus Depreciation Funds. No significant changes are anticipated.

These changes are primarily the result of known or expected events and the execution of long-term plans. It is important to note, however, that unexpected changes can occur that might significantly alter these projections.

## **INFORMATIONAL SECTION**

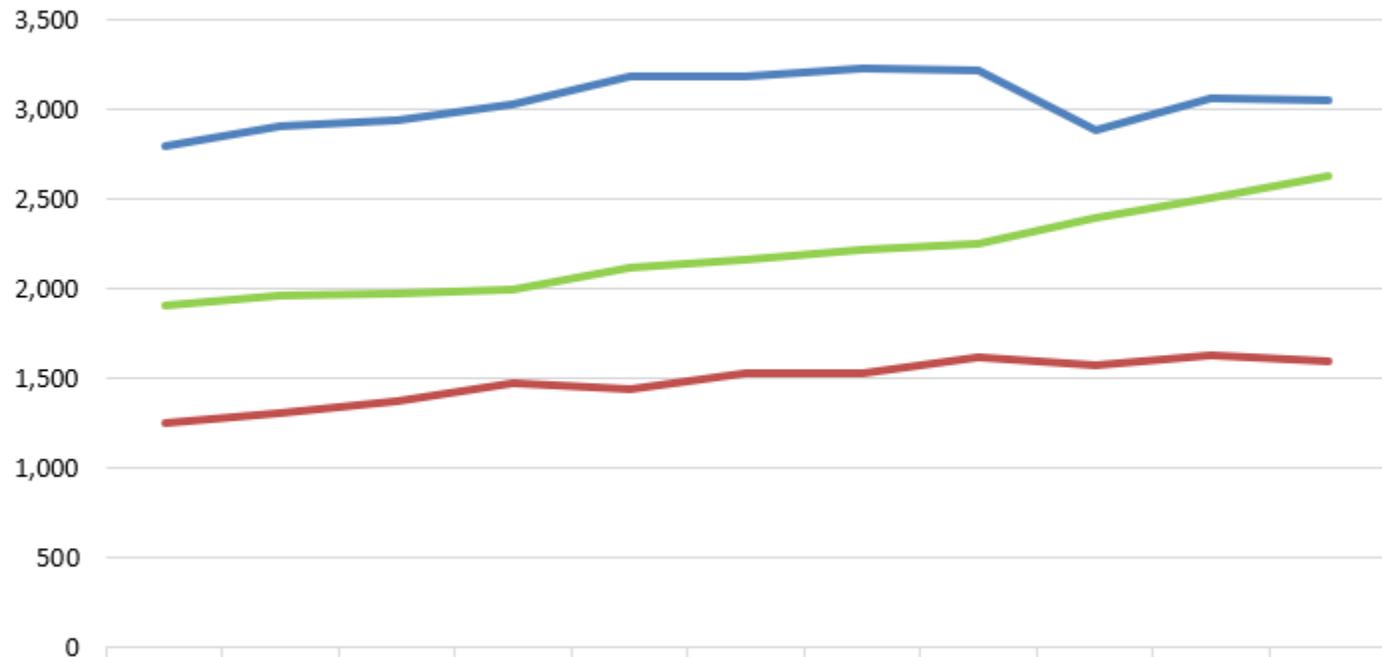
This section of the budget document includes information on enrollment, taxation, personnel, and debt.

### **Enrollment**

Enrollment represents the single most important factor in determining the District's General Fund operating budget. The Bozeman community continues to grow. Despite the community's growth, the Bozeman School District's elementary enrollment has leveled off for the foreseeable future. While enrollment in K-5 did increase at the October 2021 enrollment count, it still did not increase back to pre-pandemic levels. Administration believes this is in part to the high cost of living within the area, and the fact that fewer school-aged families are moving here. Previously, it was anticipated that the K-5 enrollment would rebound with the COVID-19 pandemic settling down. However, it affected the community in more ways than were anticipated, and it is now likely that the K-5 population will stay steady for the years to come. The 6-8 grades have rebounded to the same enrollment levels of October 2019, and the 9-12 grade levels have had a steady increase, despite the pandemic. With the overall Elementary enrollment decrease, the District has not been able to increase the General Fund through a voter approved levy since May 2021.

## October 2022 Enrollment History

### Bozeman Schools Enrollment History



	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Elementary (Grades K-5)	2801	2907	2946	3037	3184	3185	3235	3225	2892	3070	3055
Middle School (Grades 6-8)	1251	1316	1375	1472	1440	1535	1536	1626	1574	1638	1597
High School (Grades 9-12)	1909	1963	1973	1996	2118	2168	2224	2260	2398	2509	2630

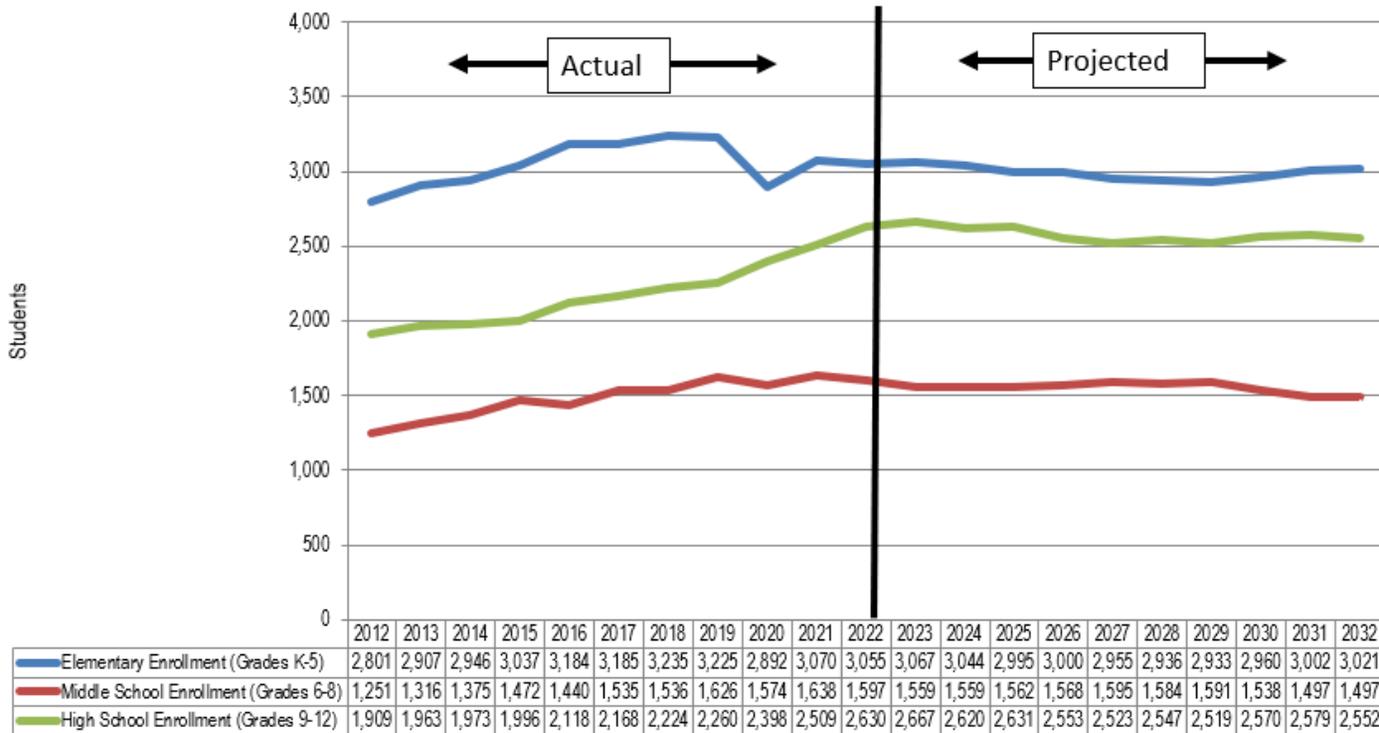
Source: District records

Overall, the District expects enrollment to increase by just 11 students (< 1%) from 2022-23 to 2023-24:

	October 1, 2022 Actual Enrollment	October 1, 2023 Anticipated Enrollment	Anticipated Change
Elementary (grades K-5)	3,055	3,067	12
Middle School (grades 6-8)	1,597	1,559	(38)
High School (grades 9-12)	2,630	2,667	37
Total (K-12)	7,282	7,293	11

Source: District records

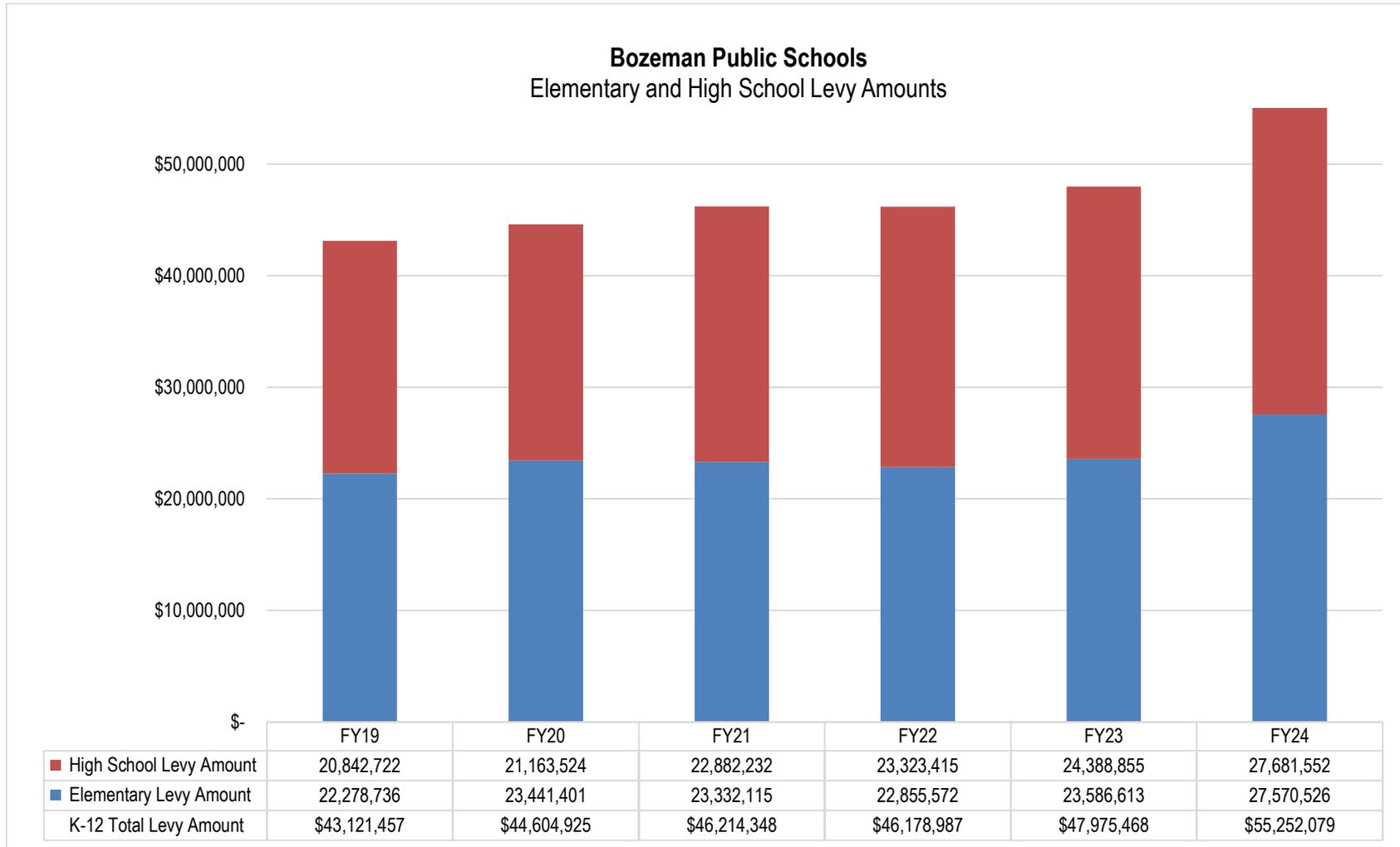
### Bozeman Public Schools Actual and Projected Enrollment October 2022



Source: District records

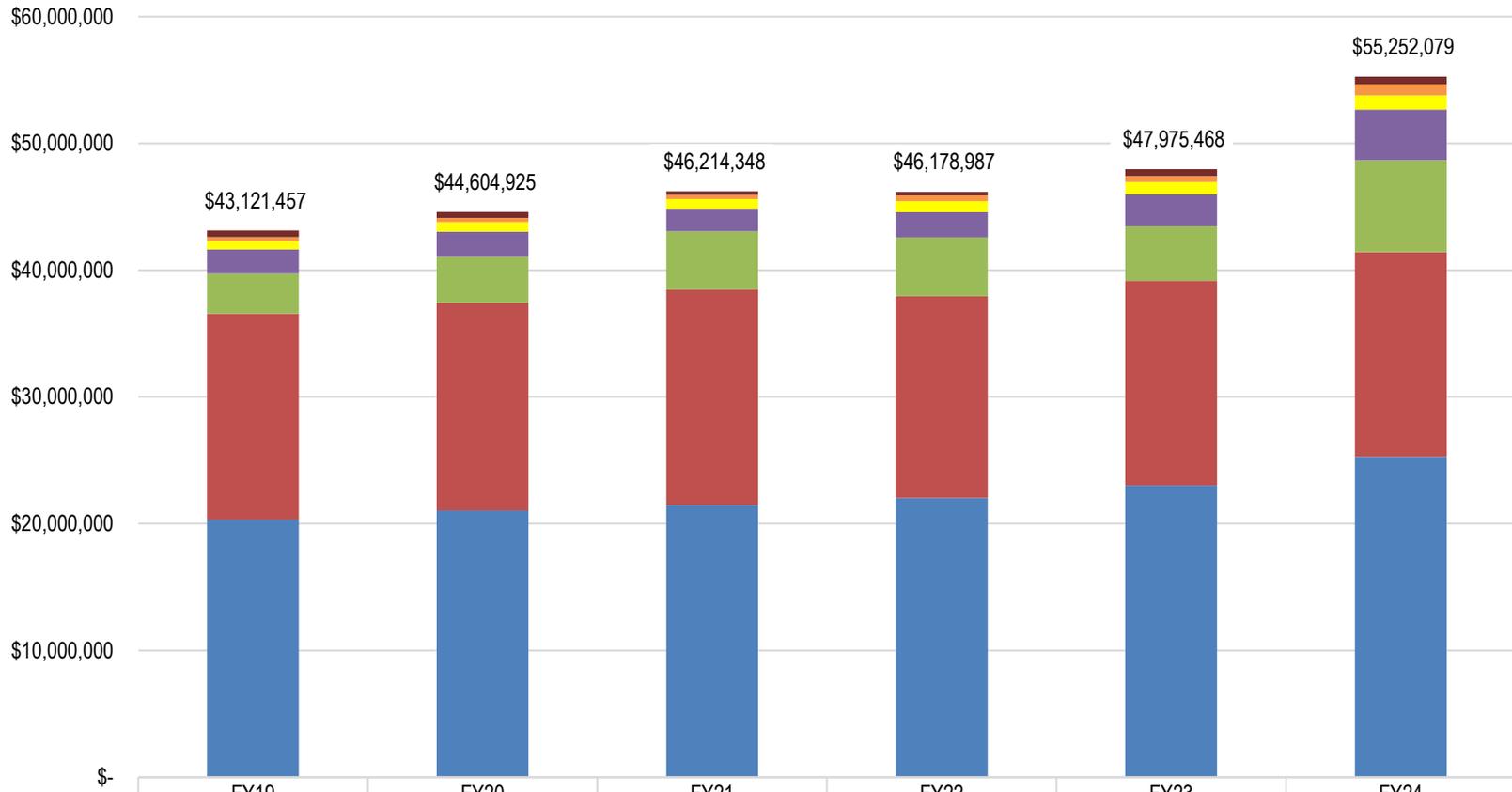
## Taxation

Montana does not have a general sales tax, and income tax revenue goes directly to the State Department of Revenue. As a result, local property taxes are a primary funding source for school budgets. As Bozeman's budgets grow, local property tax levies continue to increase as well. The FY 2023-24 budget is funded by \$55,252,079 in property taxes, an increase of \$7,276,611 (15.17%) from FY2023. The following graphs detail those amounts by District and then by fund:



Source: District records

## Bozeman Public Schools K-12 Levied Dollars - All Funds



	FY19	FY20	FY21	FY22	FY23	FY24
Flexibility	-	-	-	-	-	-
Tuition	508,918	490,110	280,000	279,426	550,868	584,369
Bus Depreciation	-	-	-	-	-	-
Adult Education	304,661	314,296	314,296	459,181	459,502	865,526
Technology	668,574	758,603	775,062	872,257	971,065	1,148,627
Transportation	1,913,930	1,977,274	1,774,749	1,985,750	2,537,854	3,965,370
Building Reserve	3,150,000	3,650,000	4,601,770	4,645,469	4,294,137	7,245,613
Debt Service	16,270,615	16,371,644	16,993,600	15,892,839	16,131,501	16,147,405
General	20,304,760	21,042,998	21,474,871	22,044,065	23,030,541	25,295,168
<b>Total Levied Dollars</b>	<b>\$43,121,457</b>	<b>\$44,604,925</b>	<b>\$46,214,348</b>	<b>\$46,178,987</b>	<b>\$47,975,468</b>	<b>\$55,252,079</b>

Source: District records

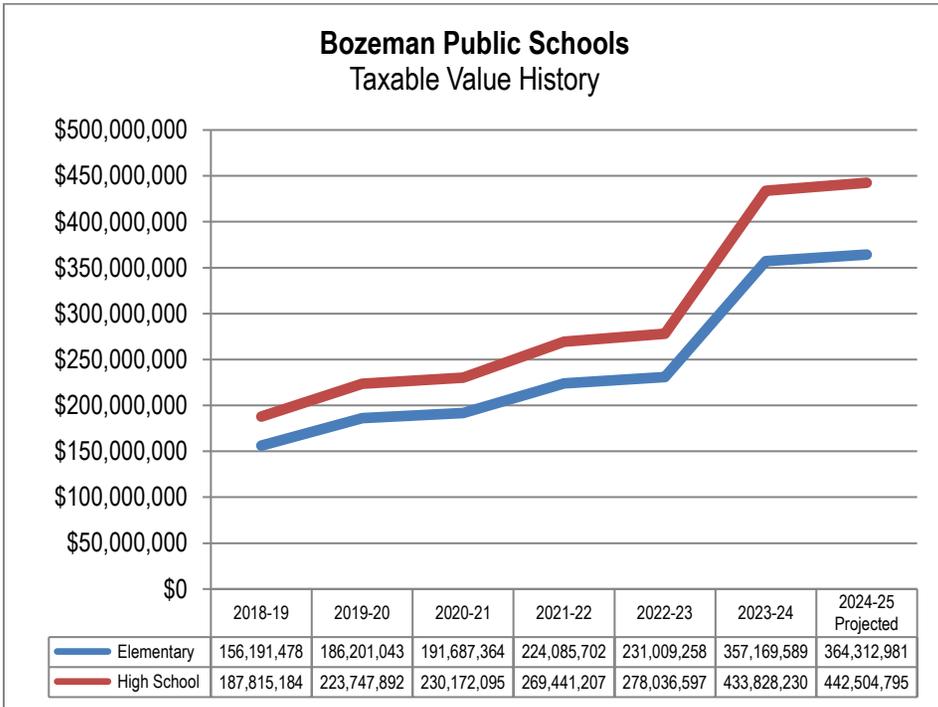
The largest tax changes occurred in the General, Transportation, Adult Education, Technology and Building Reserve funds. Together, these funds account for 99% of the 2023-24 tax increase. The assessed property values in the District boundaries increased by an average of 55.32% between the Elementary & High School Districts. The increase in taxable value increases the total dollar amount that the District is able to levy when the levies are based on mills; however, the majority of the levies are based on fixed dollar amounts, and the increased taxable value will actually spread the total property tax increase incurred by voters over a larger area, thereby lessening the increase on individual properties for those specific levies.

- General Funds: \$2,264,626 tax increase. In May 2023, voters approved a \$380,000 permanent annual increase to the High School General Fund levy. The voted increase was authorized due to an increase in enrollment that increased the over-base local tax limit. The remainder of the increase occurred in the permissive BASE taxes as required by state law. Because the General Fund is levied off of flat dollar amounts the 9.83% increase in the General Fund resulted in a mill decrease of 27.3 mills. This is due to the 55.32% increase in state assessed taxable value.
- Transportation Funds: \$1,427,516 tax increase. The Transportation Fund tax increase occurred in both the Elementary and High School District. The final year in the First Student transportation contract was 2022-2023. Therefore, the District sent out a Request for Proposal for a new five-year contract. The District received three bids, and the Board of Trustees awarded the contract to the lowest bidder – First Student. The 2023-2024 and five-year contract costs are \$3,602,352 and \$19,511,315, respectively. Although these amounts represent the low bid, they are considerably higher than the previous contract costs. Therefore, a significant increase in the Transportation Fund levy was required.
- Adult Education: \$406,024 tax increase. The District contracts with Thrive to provide parent liaison services between schools and guardians of students. This cost previously has been paid for via the General Fund. However, the Board of Trustees agreed through the budget reduction process that because this is an educational service between adults, the Adult Education fund should pay for these costs and offset that amount previously paid through the General Fund. In addition, the District is allowed by state law to keep up to 35% in reserves. The reserves are currently 16.53% and therefore additional funds will be levied to grow that amount back to the maximum approved over time.
- Technology Funds: \$177,563 tax increase. In 2013, Bozeman Elementary voters approved a permanent 3.00 mill levy for the Technology Fund. In 2022, High School voters approved a 1.00 mill levy in the Technology Fund for a duration of ten years. As the District's taxable value increases, that voted levy generates additional funds for the District. Although the Elementary is not able to levy the 3 full mills for the 2023-24 year because of other legal restrictions, it will levy 2 mills, which is still an increase of \$21,772. The High School levy will increase by \$155,792 with the increased taxable value.
- Building Reserve Funds: \$2,951,478 tax increase. This fund saw the largest increase of the budgeted funds. Six total mills were approved by voters in May 2023 for the Elementary & High School Safety levies. These mills resulted in \$2,296,335 in additional revenue in the Building Reserve Fund. In addition, the District is adopting the full levies previously voted on for \$2 million in the Elementary & \$1.5 million in the High School. With the full adoption of these levies, the District will permissively levy an additional \$724,110 as approved in state law.

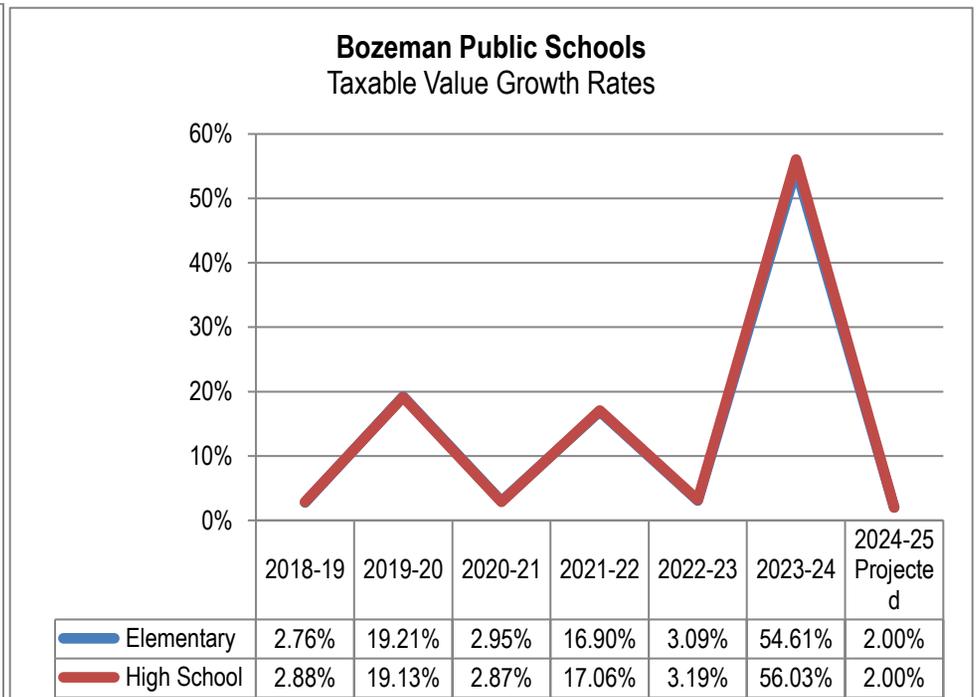
State law requires Montana schools to provide notice in March each year of any anticipated increases to certain permissive (i.e., nonvoted) levies in the ensuing year. The estimates are nonbinding and levies required to be covered by this notice constitute a small percentage of the District's actual levies. Additionally, taxpayers may not understand the difference between voted and permissive levies, or know that the presented levies are not a complete picture of the District's taxes. To reduce confusion and improve transparency, the District includes all of its levies in the notice.

The 2023-24 notice was posted in the Bozeman Chronicle on March 14, 2023 and is included as Appendix 2 in this budget document.

Fortunately, the Bozeman School District benefits from a strong tax base to support the School District's revenue requirements. This growing tax base helps to mitigate the tax impact on individual taxpayers. The Districts saw taxable values dip for the first time in over 15 years in 2016-17—the result from the Montana Department of Revenue's periodic revaluation and the 2008 recession. Taxable values are now reassessed every two years. The more recent assessment period occurred in 2023-24 and increased taxable value by 54.61% and 56.03% in the Elementary and High School Districts, respectively. The increase in taxable value is largely due to increased property value, in addition to newly taxable property coming onto the tax rolls:



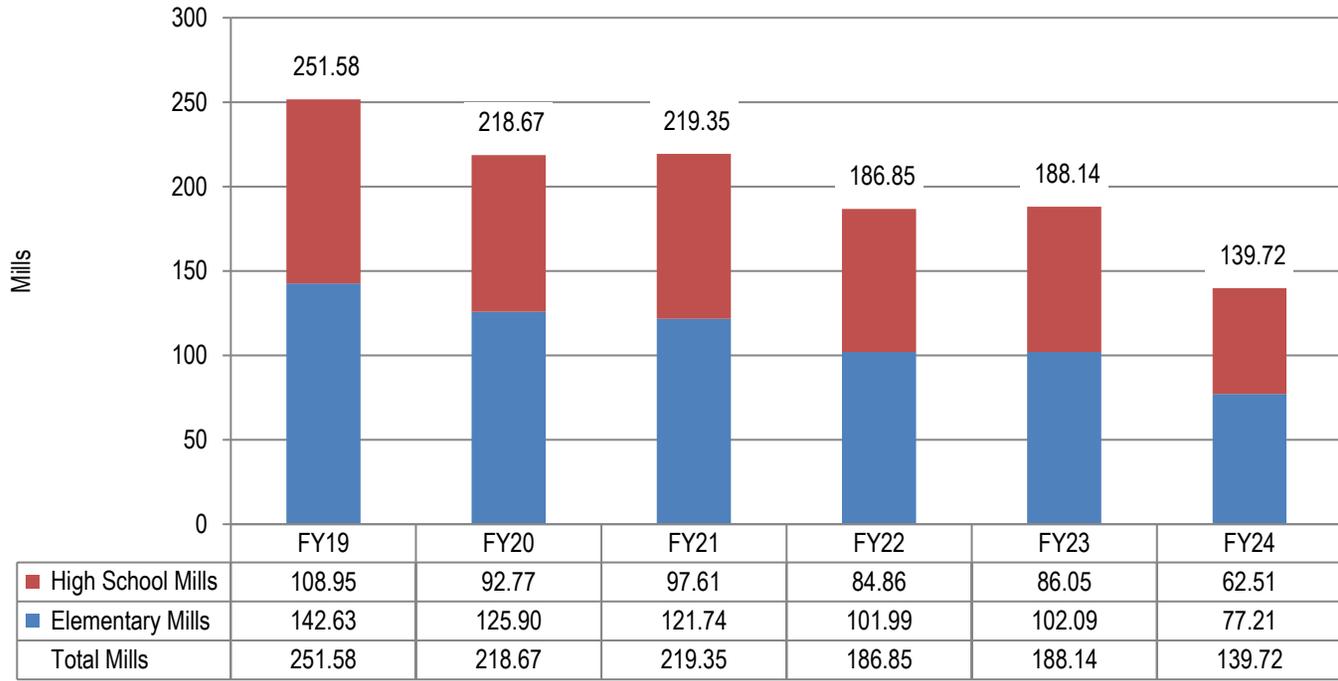
Source: Montana Department of Revenue



Source: District records

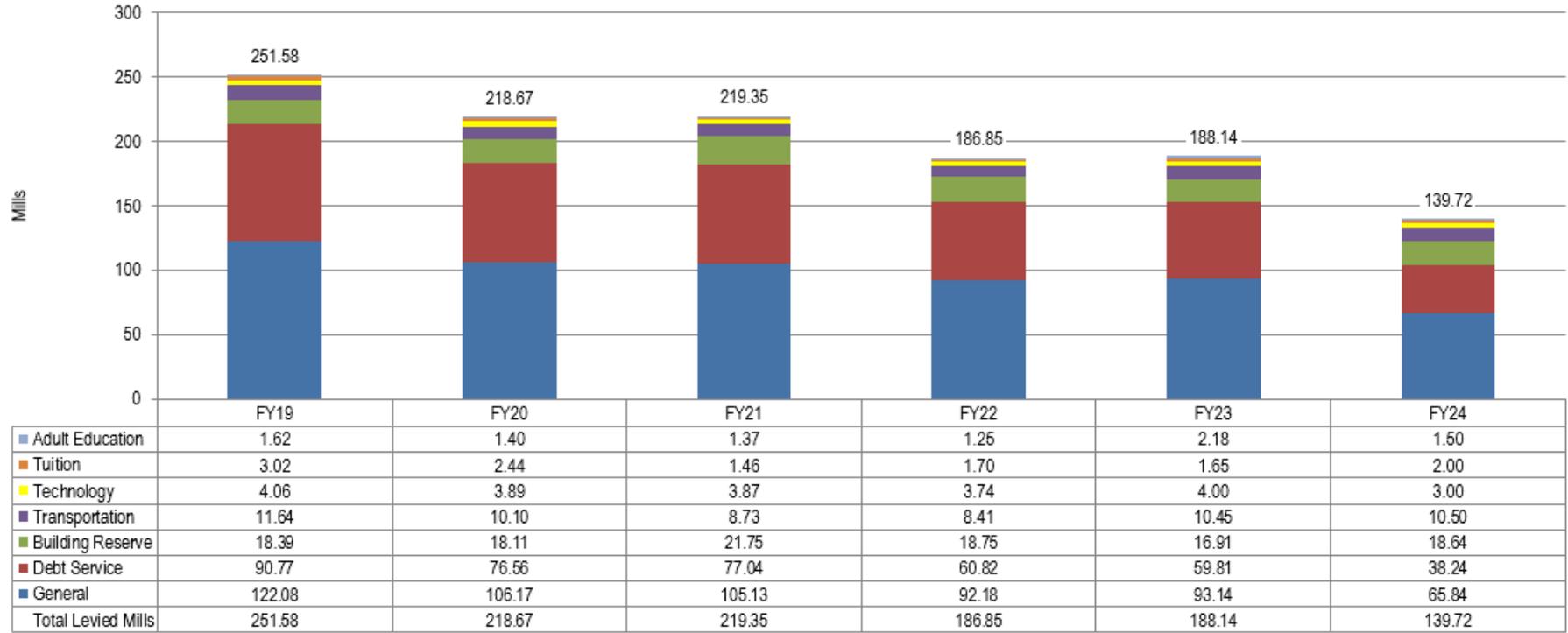
As a result of the taxable value increase, the increase in mills decreased significantly for the 2023-24 fiscal year. However, that does not mean a true dollar decrease in tax revenue: rather, the District will see a 15.17% increase in overall dollars levied, with a decrease in mills of 25.74%. This results in a total overall increase of \$7,276,612 and a total overall decrease of 48.42 mills in both the Elementary and High School Districts:

**Bozeman Public Schools**  
Elementary and High School Levied Mills



Source: District records

**Bozeman Public Schools  
K-12 Levied Mills by Fund**



Source: District records

Personnel Resource Changes

Montana’s state accreditation standards provide the basic framework for the District’s staffing model. The District anticipates little to no growth in the Elementary District, and the High School is anticipating a small increase in additional students during the 2023-24 school year. The economies of scale greatly diminished with the addition of Gallatin High School, and the staffing model reflects the class offerings available at each location. While staffing changes were made in previous years to accommodate the economies of scale, the budget reductions and anticipation of schedule changes in the 2024-25 school year kept the FTE consistent with the 2023-24 year for 2023-24.

Department	2022-23	2023-24	Change
	Actual FTE	Budgeted FTE	
Art	7.0	7.0	0.0
Business	3.0	2.8	(0.2)
Family & Consumer Science	3.0	3.0	-
World Languages	10.0	10.0	-
Language Arts	27.6	26.6	(1.0)
Math	21.6	22.2	0.6
Music	5.4	5.4	0.0
Health Enhancement	12.4	12.6	0.2
Science	17.1	16.7	(0.4)
Social Studies	20.2	20.5	0.3
T & I	8.2	8.0	(0.2)
BioMedical Science	3.0	2.9	(0.1)
Special Education	17.9	18.0	0.1
Library	4.0	4.0	-
Counseling	8.0	8.0	-
Specialists	8.0	8.1	0.1
Total Certified FTE	176.4	175.8	(0.6)
Administrators	7.0	7.0	-
<b>GRAND TOTAL</b>	<b>183.4</b>	<b>182.8</b>	<b>(0.6)</b>

Source: District records

Additional positions may be added when the school year begins and actual enrollment counts are known.

### Debt Changes

While the Bozeman School District was quite active in the debt market over the last decade, it appears that trend will not continue in the immediate future. The District currently operates eight K-5 elementary buildings, and our latest projections indicate those buildings will not reach capacity until 2031. Middle School Enrollment continues to maintain status quo, while the High School enrollment continues to increase. Because of the development of Gallatin High School, the enrollment numbers between the two high schools will not hit the functional capacity of the buildings for many years to come.



District Sources

## OTHER INFORMATION

### Awards

The Association of School Business Officials has awarded its *Meritorious Budget Award* to the Bozeman School District for each of its budget documents since fiscal year 2015-16. The award is a prestigious national award recognizing conformance with the highest standards for preparation and presentation of the budget document.

In order to receive this award, a school district must publish an easily readable and efficiently organized budget document, whose contents conform to the program standards. The *Meritorious Budget Award* is valid for a period of one year. We believe this budget document again meets the requirements for the award and we are submitting it to ASBO to determine its eligibility for this certificate and designation. We will submit this document not only to seek ASBO's prestigious award, but also to benefit from the suggestions for improvement put forth by their review panel.

### Acknowledgements

We would like to express our appreciation to the Board of Trustees for their concern in providing transparency to the patrons of our school district and thereby contributing their support to the development of one of the best education finance operations within the State. The preparation of this report could not be accomplished without the efficient and dedicated services of the Board, Administration, and the entire school district staff. To those personnel who assisted and contributed to its preparation, thank you!

The District has a long history of excellence in public education and transparency and prudent stewardship of taxpayer finances. We remain committed to each of those values. To that end, please contact Lacy Clark at (406) 522-6045 or [lacy.clark@bsd7.org](mailto:lacy.clark@bsd7.org) if you have questions or need additional information.



District Sources