



FY 2025 Budget and Ballot Language

Annual Voter Information Session

March 4, 2024

Ballot Language

For FY 2025

*“Shall the voters of Rutland City School District approve the school board to expend **\$63,835,000** 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 **\$12,408** per student. This projected spending per student is **-3.1%** lower than spending for the current year.”*

- FY 2025 expenditures per student in RCPS are expected to be 3.1% lower than this year’s per student cost of \$12,801.
- RCPS expenditures per student will also be 6% below the Vermont average of \$13,200.

Key Messages for FY 2025

- RCPS total expenses projected to increase by 5.4%.
 - AOE estimates a 12% to 14% increase in statewide ed spending in FY 2025.
- Number of full time employees to remain steady at 495.
- Budget includes upgrades for turf field, sports uniforms, and IT.
 - The costs of these upgrades are offset by lower financing costs.
- Homestead property taxes.
 - 70% of homeowners receive an income-based credit to help reduce taxes.
 - A declining CLA factor for Rutland City will cause the tax rate to increase, but the percentage increase will likely be lower than for many other towns and cities.

Expenses

FY 2024 vs. FY 2025

	<u>FY24 Budget</u>	<u>FY25 Budget</u>	<u>\$ Change</u>	<u>% Change</u>
<i>(\$ thousands)</i>				
Compensation	47,282	50,030	2,748	6%
Direct Instruct'l Prog (excl S&B)	3,428	3,700	272	8%
Special Ed. (excl S&B)	1,093	1,238	145	13%
Facilities & Transportation	2,128	2,313	185	9%
Food Service	1,459	1,550	91	6%
Financing	1,433	664	-769	-54%
IT	755	1,155	400	53%
Utilities	1,130	1,025	-105	-9%
Other	1,850	2,160	310	17%
Total Expenses	60,558	63,835	✓ 3,277 ✓	5.4%

FY25

Compensation includes a new payroll tax for Vermont's Child Care Financial Assistance Program (0.44% of payroll).

Direct Instr'l. reflects higher costs for curriculum materials and supplies.

Facilities cost reflects mix of projects in FY 2025, and end of ESSER grant funding.

Financing costs decline with the maturation and roll off of a large bond.

IT includes services that qualified earlier for ESSER grant funding in FY24.

Other includes funding to replace sports team uniforms and the artificial turf at Alumni Field: \$250k in FY24 and \$450k in FY25.

Memo: FY24 Budget shown above excludes \$13.5 million of ESSER-funded expenditures. The FY25 Budget does not include ESSER funds.

Revenues

FY 2024 vs. FY 2025

<i>(\$ thousands)</i>	<u>FY24 Budget</u>	<u>FY25 Budget</u>	<u>\$ Change</u>	<u>% Change</u>
Federal Grants & Reimbursements	13,322	13,756	434 ✓	3%
Tuition	2,654	2,775	121	5%
Working Capital	-	-	0	N/A
Special Ed and Local	<u>5,924</u>	<u>5,395</u>	<u>-529</u> ✓	-9%
Federal & Local Revenues	21,900	21,926	26	0%
✓ State Education Fund	38,670	41,909	3,239	8%

✓ State Education Funding (\$41.9M, above) = Total Expenditures (\$63.8M, prior page) less Federal & Local Revenues (\$21.9M, above).

Memo: FY24 Budget shown above excludes \$13.5 million of ESSER grants. The FY25 Budget does not include ESSER grants.

Per Student Metrics

FY 2024 vs. FY 2025

	<u>FY24 Budget</u>	<u>FY25 Budget</u>	<u>\$ Change</u>	<u>% Change</u>
Expenses (\$ thousands)	\$ 60,558	\$ 63,835	\$3,277	5%
Revenues, Federal & Local	\$ 21,888	\$ 21,926	\$38	0%
State Funded	\$ 38,670	\$ 41,909 ✓	\$3,239	8%
Equalized Pupils (Old Weights)	1,917.04	N/A		
LTW ADM (New Weights)	3,020.86	3,377.57	357	11.8%
RCPS Cost per Student (\$)	\$ 12,801.0	\$ 12,408.1 ✓	-\$393	-3.1%

Vermont's statewide average cost per student in FY 2024 is \$12,941.

The estimated statewide average cost in FY 2025 is \$13,200.

- Lower cost per student helps the Rutland City homestead property tax rate.

Memo: LTW ADM = Long Term Weight Average Daily Membership.



Wrap up

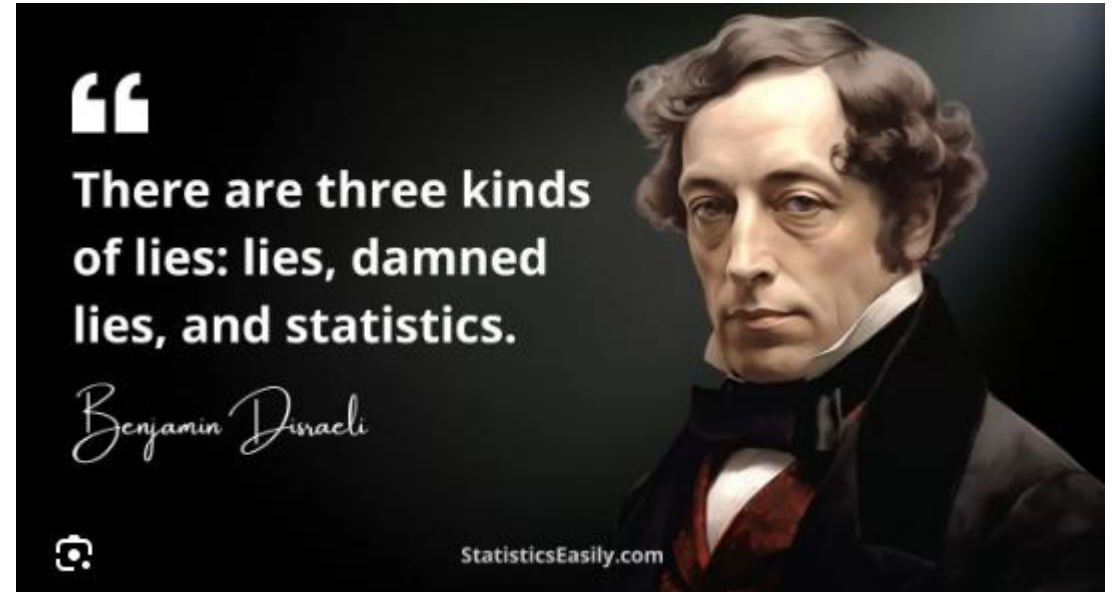
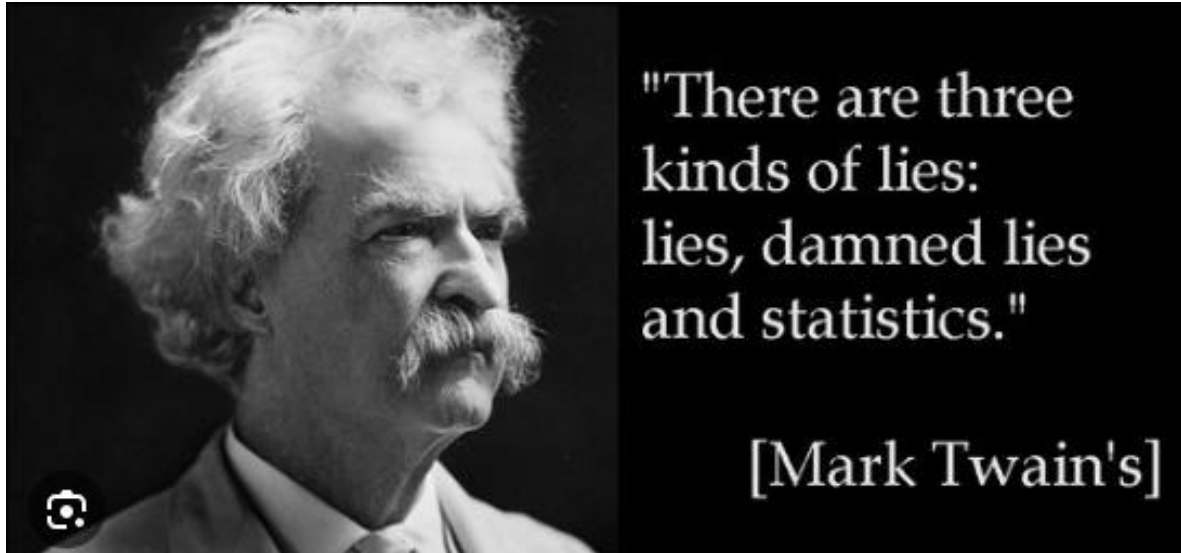
Questions?

Comments?

Thank you!

Appendix

In the words of Mark Twain ...



Always ask: how is a statistic or a metric defined?

For example, many different definitions of the number of students are used for different reporting requirements throughout the year.

Quote attributed to Mark Twain (1835 – 1910), who also attributed it British Prime Minister Benjamin Disraeli (1804 – 1881).

Homestead Property Tax Rates

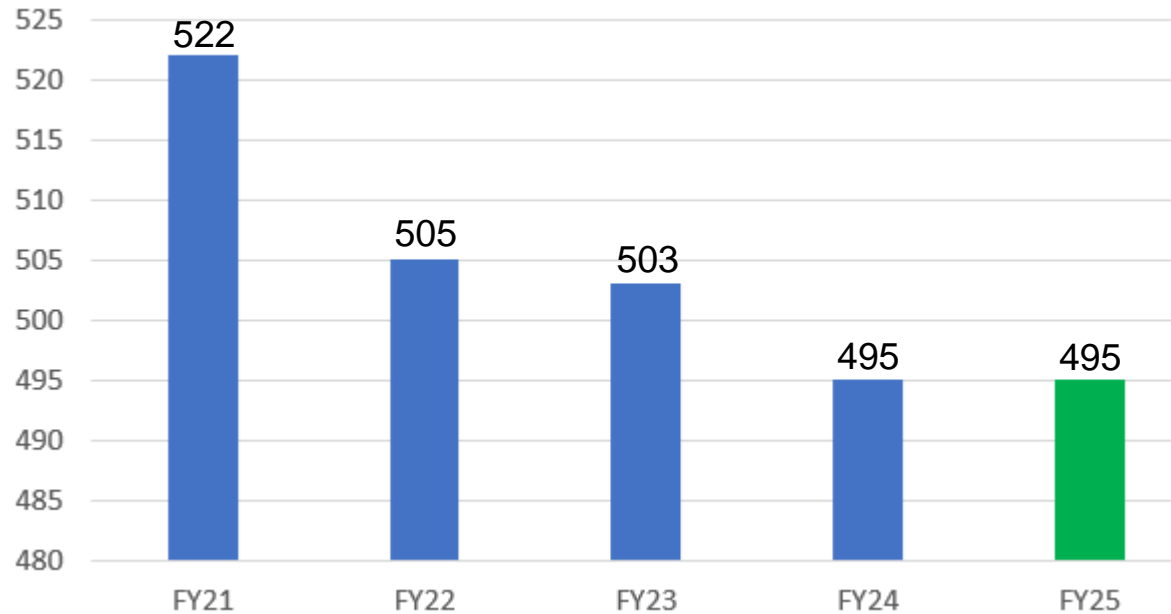
After Applying CLA

	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
RCPS	\$1.57	\$1.58	\$1.68 (Estimate)

- Since the FY 2021 budget, RCPS has gradually made selective reductions in the number of full time positions.
- Last year’s tax rate of \$1.58 benefited from a substantial increase in the property tax “Yield” set by the State (+16%).
- When developing the annual budget, RCPS seeks an *optimal balance among:*
 - Delivering excellent **education for students.**
 - Being fiscally **responsible to local taxpayers.**
 - Maintaining a **sustainable cost structure.**
 - Offering competitive **compensation to employees.**

Full Time Employees

Including ESSER Funded Positions



- FY25 Budget has *-27 fewer full time positions* versus FY21 (-5%).
- Fewer positions significantly offset higher per person salary and benefit costs.

“25 Cents on the Dollar” FY 2021 Budget

➔ ~ 25% Approximate portion of school district expenses that are funded by LOCAL taxpayers.

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

- \$5 million: Homestead
- \$9 million: Commercial and Non-homestead

Note: \$14 M Local Funds / \$58.8 M Budget = 24% Local Funding.

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

➔ ~ 75% Approximate funding received by RCPS from OUTSIDE state and federal sources.
Incoming education funds contribute to the local economy and generate a “*multiplier effect.*”

For each \$1 reduction in school district expense, local taxes paid drop by ~ 25 cents. Of that 25 cents, local Homestead taxes paid drop by ~ 9 cents (\$5M / \$58.8M), and Non-homestead taxes drop by ~ 14 cents (\$9M / \$58.8M).

Observation

“RCPS spends \$35,000 per student.”

- **Mathematically correct and logical, but misleading**, since that average does not impact local tax rates.
 - \$63.835 million proposed FY 2025 budget.
 - 1,850 approximate students in classrooms (per periodic district enrollment reports).
 - ~ \$34,500 per classroom student of total expenditures (25% from local taxes, 75% from federal and state).
 - ~ \$ 8,625 locally funded per classroom student.
- **Official AOE metrics** now use “*Long-Term Weighted Average Daily Membership*” – per *Ballot Article*.
 - \$12,408 RCPS average per-student cost in FY 2025. Down by -3% from \$12,801 in FY 2024.
 - *This is the per-student cost used by AOE and the Department of Taxes to set each school district’s Equalized Homestead Property Tax rate.*
 - \$13,200 Vermont average per-student cost in FY 2025. Higher than RCPS by \$800 or 6%.

Property Tax Rates

Tax Rate Fiscal Year 2024, starting July 1, 2023

Tax rates are per \$100 of assessed property value.

Rate Type

Homestead

Non-homestead

1.) City Municipal Rate

1.8860

1.8860

2.) State Education Tax ✓

1.5758

1.6781

Total Tax Rate

3.4618

3.5641

Locally controlled:

Based on the school budget submitted by RCPS.

NOT Locally controlled:

Based on the total of all budgets submitted by all districts.

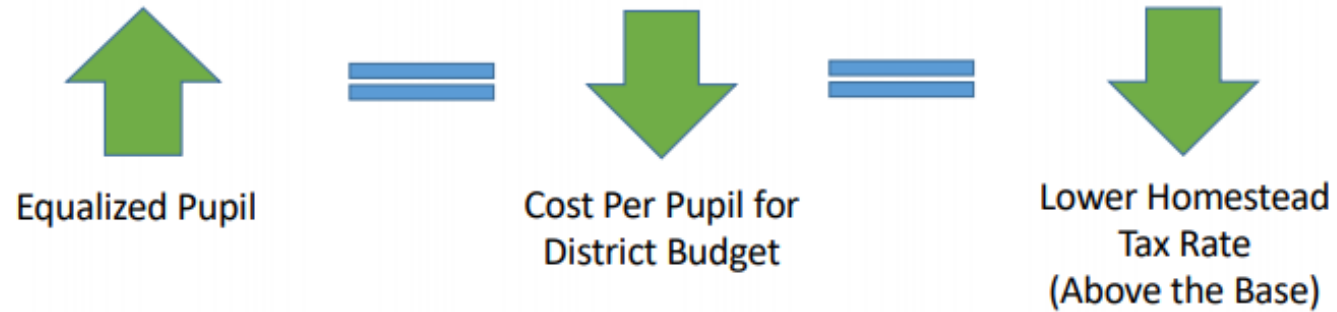
<https://www.rutlandcity.org/departments/city-treasurer/property-tax-rate/>

Impact of “Equalized Pupils” on Tax Rate

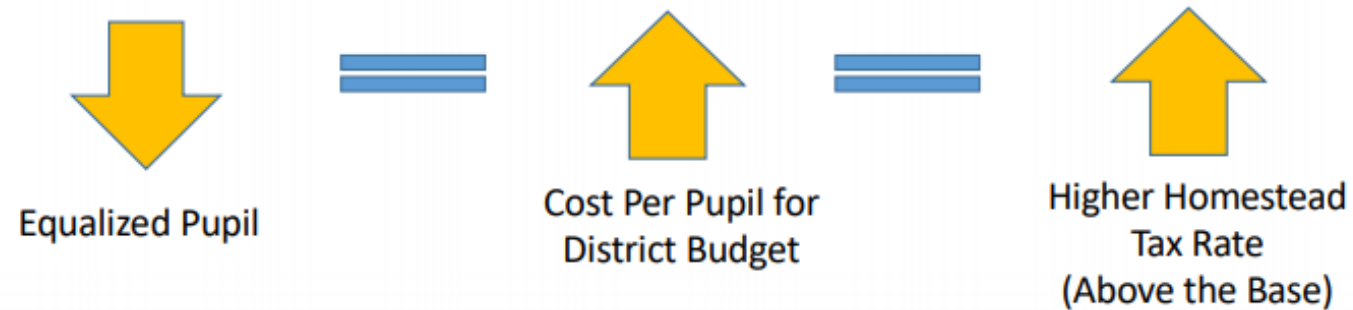
Principles still apply for the new student metrics using LTW ADM

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.