

### 1) About (posted May 17)

The South Burlington School Board has developed this page to provide the community with information regarding the proposed budget for the 2017-2018 (FY 2018) school year. The Board will post highlights of the budget, clarify information that has been reported inaccurately elsewhere, answer frequently asked questions, and direct community members to resources that can provide further details about the budget. We hope that the community will use this page as a source of verified information regarding the FY 2018 budget. At this time, only two members of the Board and certain District staff will have the ability to post information to the page in order to ensure accuracy. Please send questions about the budget or the page or suggestions for new posts to the Board at [schoolboard@sbschools.net](mailto:schoolboard@sbschools.net).

### 2) Property Tax Decrease (Posted May 18)

The latest proposed budget will result in a **1.2% decrease** in the residential property tax for South Burlington taxpayers. This would be the second year in a row that the school district budget reduces property taxes. For more information on the budget, go to <https://www.sbschools.net/site/Default.aspx?PageID=1038>

### 3) Budget Cuts (Posted May 19)

We received the following question yesterday from a community member and thought it was worth a post of its own.

Question: What programming and staff have we lost as a result of the defeat of the first two budgets?

Answer: The administration has worked hard to prioritize resources to make sure that very few services or programs that were already being provided have been cut as a result of the outcome of the first two budget votes. However, several new initiatives have been removed, some stewardship (maintenance and upgrades to facilities) has been rescheduled over the next few years, some new assumptions about savings from retirements and new health plans have been added, and the capital reserve account that was established last year to set aside funds for significant future potential stewardship projects is not proposed to be funded this year.

The District has removed \$1,296,516 (2.6%) from the original budget of \$50,565,404 for a new proposed budget of \$49,268,888. For more details, please see the document "FY 2018 Budget Reductions" at <https://www.sbschools.net/Page/1038>.

In addition, 29 teachers and staff equal to approximately 14.6 full time equivalents (FTEs) received reduction in force (RIF) notices after the second budget was defeated. Several additional teachers who were on 1-year contracts did not receive new contracts for next year. In total, the RIFs and expiration of contracts would reduce the workforce by approximately 21.1 FTEs. The District was required to take these steps because the contracts with the District's unions require that employees who may not receive contracts for the next year receive notice by a particular date. As a result of the defeat of the second budget, the District had to plan with level funding in mind, since it can only borrow up to 100% of last year's budget until a new budget is approved. If this third budget is approved, the District will be in position to offer contracts to many of the staff who received RIF notices. For a list of the potential cuts under a level-funded budget, see "FY18 Revised Budget Presented at May 3 School Board Meeting"

at <https://www.sbschools.net/Page/1038>. The discussion of the level funded budget begins on page 31 of the PDF.

#### 4) Elementary Class Sizes (Posted May 20)

The District has guidelines for minimal, optimal, and maximum class sizes. See Policy G6 at <https://www.sbschools.net/cms/lib/VT01819219/Centricity/Doman/34/Policy%20G6.pdf>. The proposed Fiscal Year 2018 budget keeps elementary class sizes within these guidelines. The average K-5 class size is projected to be 18 students at Orchard, 17.8 students at Rick Marcotte Central School, and 17.1 students at Chamberlin. A few classes are close to exceeding the guideline for maximum class size. To address the possibility of a cohort exceeding the guidelines, the budget provides for a contingency teacher. The administration will be able to hire an additional teacher if necessary to reduce class size to within acceptable levels.

#### 5) Cost Per Equalized Student (Posted May 21)

The number of equalized pupils is the primary measurement used in Vermont education funding. It is based on a two-year average of attendance counts and is weighted for students by poverty, grade level, and primary language. On the ballot, the cost per equalized pupil and the increase in this cost is reported. In the FY2018 budget, the cost per equalized pupil is \$15,401.12 (a 2.32% increase over FY2017), which is \$21.00 over the FY2018 average for the State of Vermont. In FY2017, SB ranked 110<sup>th</sup> out of 266 districts in terms of spending per student. For more information about the equalized pupil calculation, please see a report from March 2017 on the Agency of Education website at <http://education.vermont.gov/documents/report-secondary-weight-equalized-pupil-count>.

From Comments:

Q: This post is dense, and I need more clarification. How is the cost per equalized student affected by the individual factors that you cite? (Poverty, grade level, primary language.) Does the cost go up or down, based on how they're weighted? Do we receive more state/federal grants based on them? Also, I seem to remember past discussion about a state penalty if the cost exceeds a threshold. Is this accurate? If so, how does this figure into the tax rate? Thanks.

A: The State calculates the number of equalized pupils based on a two-year average enrollment as a means toward providing equity among the school districts across the state. This originated in Act 60, which was later revised in Act 68. It is used for State funding for education but not for any Federal funding or grants. The formula used assigns a weight to various categories of resident students as follows:

Elementary students 1.00  
Secondary students 1.13  
English Language Learners: add 0.20/per student  
Students in poverty: add 0.25 per student

Also included in the equalized pupil count are students enrolled in our Pre-K programs under Act 166. For each pre-school student served in the program the district is credited with 0.46 of an equalized student.

Non-resident students pay tuition to our District and are not included in the equalized pupil calculation.

The more equalized pupils credited to the District, the lower the cost per pupil. This then has an affect on the District's education tax rate – the more equalized pupils, the lower the property tax rate.

The proposed budget is well below the excess spending threshold under the formula that the State sets as the basis for a penalty assessment. The cost per equalized pupil in the proposed budget is \$15,401.12 while the excess spending threshold is \$17,386.

#### 6) Net Increase in Expenditure (Posted May 22)

The net increase in expenditures for the proposed Fiscal Year 2018 school budget is 1.69%. Expenditures will increase by 4.9%, largely because of staffing required to meet the needs of all students. A large cost driver is the increase in spending for services for those children with special needs. These are served either by SB staff, or by outside contracts. These additional expenses are reimbursed to the district from the State by either 56% or 90%, depending on the costs of the services. A second driver is the cost of additional staff needed at SBHS for required classes to accommodate a record number of students anticipated to attend from other districts. The tuition paid by the other districts to SB for these students offsets the additional costs. In short, the expenditure increase is offset by a significant increase in revenues that do not come from the property tax: revenues from special education reimbursements and from tuition students are expected to increase by 14.22%, resulting in the net increase of 1.69%. By comparison, the inflation rate for FY2018 is projected to exceed 2%.

#### 7) Negotiations Process (Posted May 23)

The following provides a brief explanation of the negotiations process for the teachers' collective bargaining agreement. A subsequent post will address the interaction of the budget and negotiations.

The Board is not in a position to simply dictate terms to the South Burlington Educators Association (SBEA), the union that represents the teachers. Presenting terms and then failing to negotiate in good faith would not be legal and would result in an unfair labor practice (ULP) lawsuit. Negotiations typically begin with a meeting in which ground rules are established followed by a meeting or two in which each side presents its initial proposals for contract terms it wishes to negotiate including its proposals for salaries and benefits. Next, the parties meet several times to try to come to agreement on as many items as they can. Ideally they would be able to reach agreement on the entirety of a new contract. If the parties are unable to reach agreement through this process, either party may declare impasse

Once either side declares impasse, the parties agree to a date for mediation in which a neutral third party (approved by both sides) works to try to bring the two sides closer on items on which they disagree and hopefully reach agreement on some or all of them. If mediation fails to produce an agreement, the parties begin a process called fact finding in which they explain their positions to a fact finder. The fact finder reviews the information provided and produces a report that is shared with both sides and becomes public 10 days after its release. The report provides an opinion on each of the outstanding items but is not binding on the parties. The parties then meet to negotiate further using the information gathered during the fact finding and mediation processes.

After nine negotiation sessions, the Board declared impasse on March 17. The Board and SBEA held a mediation session on May 15<sup>th</sup>, but no agreement was reached. Accordingly, the parties will proceed with factfinding, which is scheduled for June 6<sup>th</sup>.

#### 8) Negotiations and the Budget (Posted May 24)

Salaries and benefits make up a significant percentage of the District's budget. To develop a budget, the administration must make certain assumptions – e.g. anticipated number of retirements or resignations with salary assumptions, forecasted number of new hires and respective salaries, changes in health insurance premiums and employee plan selections, and many more. In a year when a contract with any of the three unions is expiring, the administration must also make some assumptions about the outcome of the negotiations. The Board does not negotiate to a specific budget number but rather looks at total compensation across the district and tries to negotiate the best contracts possible with the goal of coming in under budget and without having to compromise programming to do so. The Board has been successful in doing this consistently in the past.

Voting down a budget does not help the negotiating process. The Board already feels the pressure to negotiate the best contract possible, reflective of achieving the District's' ends at a cost the community will support. To date two budgets have been voted down, and this has not assisted the parties in reaching an agreement. The way for community members to ensure the best contract is negotiated from the taxpayer's standpoint is to continue to share perspectives and concerns with the Board and union leadership. The Board is committed to providing education to and dialogue with the community on the labor negotiations process and, in turn, seeking community input. While the Board will not be able to act on every piece of advice, hearing from the community does help us understand the community's priorities and helps direct our efforts in negotiations.

Continuing to vote down a budget means that limited administrative and Board time and resources will be used to work on budgeting rather than negotiations, which could lead to results that are less favorable to the taxpayers. If a third budget is voted down, significant time will also be spent managing the significant cuts to staff and programming that would result from a level funded budget and the consequences of those cuts. It is critical to stay on task during negotiations as delay has historically favored the bargaining unit (for example, salary increases based on step advances go into effect regardless of a settled contract and any increased cost-sharing, for instance of healthcare benefits, is not usually implemented until there is a settled contract).

#### 9) Negotiations and Budget Timing (Posted May 25)

Some concern has been expressed about the fact that negotiations between the School Board and the Teachers' Association will not conclude before the budget vote. This concern is not a reason to oppose the budget. The negotiation process is constrained by State law related to collective bargaining. Under that law, the Board or Association must request commencement of negotiations no later than 120 days before town meeting day. The parties are to meet at reasonable times, upon request of either party, and shall negotiate in good faith. If the parties are unable to reach agreement either party may declare impasse. They then are required to engage a mediator to assist in coming to agreement and, if the parties are unable to agree, they enter factfinding (a process explained in an earlier post).

Unfortunately, there are few qualified mediators and factfinders who are available to assist, making it difficult to schedule the mediation and factfinding. Indeed, the District and Association declared

impasse on March 17 and were not able to schedule a mediation session until May 15 and a factfinding session until June 6. After factfinding, it usually takes at least 30 days for the factfinder to issue a report, after which additional negotiations occur.

This process defined in State law has historically caused contracts in South Burlington to be settled after the March budget vote. Nevertheless, the Board has been able to negotiate favorable terms within budget limits. Salary increases have been below those in the other Chittenden County districts. In addition, the Board has negotiated an increase in the teachers' premiums for health insurance from 10% in 2009 to the current 17%, the maximum allowed under grandfathering. The Board intends, with the community's support, to reach favorable terms in the current negotiating cycle as well. We will seek to obtain the savings in health insurance that has received much attention from Governor Scott.

South Burlington is not alone as far as the timing of budget votes and negotiations. Most districts passed their FY 2018 budgets earlier this year, yet nearly all of them are still negotiating terms for FY 2018. Less than 10 settlements have been reached. To the extent that community members want contracts to be finalized before budget votes, they should be lobbying their State representatives to change the guidelines for collective bargaining, rather than using the timing of negotiations as a rationale for opposing budgets.

From Comments:

Q: If the fact finders report recommends increases higher than what the school board has earmarked in the proposed budget (amount unknown), how will the district make up the difference? Will teachers be cut? If the fact finders recommendations are not implemented by the board, will SBEA implement "work to rule" or are they restricted from doing that?Thanks!

A: The factfinding report is not binding on either party, so the Board would not be bound by the factfinder's recommendation regarding salary or other matters. The parties may take certain actions thirty days after the factfinding report is issued. The SBEA may institute "work to rule" or a strike. The Board may declare finality and impose the terms and conditions of employment in its last best offer. But after the factfinding report is issued, the parties will try to successfully complete negotiations so that these actions can be avoided.

#### 10) Student Outcomes (Posted May 26)

The South Burlington School District provides an exemplary public education to its students. SB schools consistently rank in the top 5 school districts in Vermont.

Over 95% of our students graduate after four years of high school. Most of the remaining 5% also graduate, but take a bit longer.

Approximately 79% of our students will continue their education immediately following graduation, while many of the others take a gap year before continuing their studies.

Our students consistently have better scores than the Vermont average in standardized tests including the ACT, SAT, and SBAC. Stanford education research shows that SB students perform on average 1.9 grade levels above the national average on standardized tests.

The high school offers accelerated and honors programs in English, social studies, mathematics, world languages, technology, and science. In the 2015-16 school year, 144 SBHS students took AP exams, with a mean score of 3.53, significantly higher than the Vermont state average.

SBHS offers a variety of co-curricular activities including athletic opportunities and clubs, with over 80% of students participating.

#### 11) Teacher Healthcare Costs (Posted May 28)

One of our community members asked the following question: “What is the average yearly healthcare costs for a teacher and how much does, on average, a teacher pay towards these costs?”

Answer: The vast majority of our teachers are currently on the VEHI (Vermont Education Health Initiative) Dual Option plan, which will be available until December 31, 2017.

Teachers pay 17% of the premium under the contract that ends on June 30, 2017 and, based on averages provided by VEHI, pay an additional \$400/year per covered life for deductibles, co-pays, prescriptions, etc. (out-of-pocket or OOP costs). We will post tables that are easier to read on the District webpage on Tuesday. In the meantime, here is the summary information for each level of coverage.

Single: \$9,029 Premium / \$400 OOP / \$9,429 Total Cost

Single: \$7,494 District Cost / \$1,935 Employee Cost / 20.5% Employee Share

2-Person: \$17,748 Premium / \$800 OOP / \$18,548 Total Cost

2-Person: \$14,731 District Cost / \$3,817 Employee Cost / 20.6% Employee Share

Family: \$23,792 Premium / \$1,200 OOP / \$24,992 Total Cost

Family: \$19,747 District Cost / \$5,245 Employee Cost / 21.0% Employee Share

VEHI is replacing all its existing plans with four new plans as of January 1, 2018. All districts who participate in VEHI are required to offer all four plans. In general, the new plans have lower premiums but higher deductibles and other out-of-pocket costs. For further information, please see the summary of the new plans at the VEHI website at <http://vehi.org/assets/Health/2018-Plan-Comparison-Grid-2.15.17.pdf>.

#### 12) Consequences of a Budget Defeat – Part 1 of 6 (Posted May 29)

Opponents of the proposed school budget have been promoting inconsistent messages about what a budget defeat would mean. On the one hand, they say that the community’s taxpayers will see a 6.8% reduction in their property tax rate (as opposed to the 1.2% decrease in the proposed budget), because that is the decrease that would occur if the budget is level funded. On the other hand, they have asserted that a defeat of this budget will not result in a level-funded budget, and presumably, therefore, not a 6.8% property tax rate decrease. We would like to clarify what would happen if the third proposed budget is defeated and why. We will do so in a series of posts over the next few days titled:

## Consequences of a Budget Defeat – Parts 1 - 6

1. Introduction (this post)
2. Will a budget defeat lead to level funding?
3. Program and staffing cuts resulting from budget defeats
4. Why so many cuts to reach same funding level as last year's budget?
5. Why is delay in passing a budget a problem if level funding isn't automatic?
6. Conclusion

### 13) Consequences of a Budget Defeat – Part 2 of 6: Will a budget defeat lead to level funding?

If the budget does not pass on June 6<sup>th</sup>, the District cannot automatically revert to level funding (i.e. the same budget as last year). Under the Charter, the District must continue to present budgets to the voters until one is passed. In the event of a defeat on June 6<sup>th</sup>, the Administration and School Board would have to develop another budget that would again be put before the voters. It is not clear what that budget would look like or when a vote would occur. The confusion has arisen because the District must continue to operate and is allowed to borrow up to 100% of last year's budget until a new budget is passed.

Since a defeat of the third budget does not mean automatic level funding, it also does not mean taxpayers would automatically get a 6.8% tax cut. The 6.8% you see on signs around town is the amount taxes would go down if a level-funded budget was passed by voters. The 6.8% also assumes that there is no significant reduction in tuition revenue, which would be unlikely if the District were to be forced to cut programming significantly. If tuition revenue drops, the tax rate would decrease by a smaller percentage than the quoted 6.8% and even possibly increase.

### 14) Consequences of a Budget Defeat – Part 3 of 6: Program and Staffing Cuts Resulting from Budget Defeats (to be posted May 30)

A defeat of the third proposed budget would have significant negative consequences for the students of the District even though it does not mean automatic level funding. Planning is well underway for next year. The District has had to begin that planning assuming level funding because we do not have a passed budget. Because of deadlines in our union contracts, reduction in force (RIF) notices have been sent to 29 teachers and staff equal to approximately 14.6 full time equivalents (FTEs), and the employment of several additional teachers who are on 1-year contracts has not yet been renewed. In total, RIFs and expiration of contracts would reduce the workforce by approximately 21.1 FTEs. These reductions in staff would have a range of consequences including larger elementary class sizes, fewer offerings at the middle and high schools, fewer extra-curricular activities, and others. Please see David Young's budget presentation on May 3 on the District website at <https://www.sbschools.net/cms/lib/VT01819219/Centricity/Domain/26/050317%20Budget%20Presentation.pdf>. The administration and the Board would need to decide how deep any cuts should be and whether a fourth proposed budget would be level funded.

### 15) Consequences of a Budget Defeat – Part 4 of 6: Why so many cuts to reach same funding level as last year's budget? (to be posted May 30)

We have been asked in many different ways why level funding would require so many cuts. To paraphrase a recent question we received: "If we have to use the same budget as last year and provide the exact same services and the teachers will make the same if they do not have a settled contract, why will there be so many cuts?"

To begin with, we cannot provide the exact same services as last year. Several factors combine to mean that the District is mandated to continually provide higher levels of service in particular areas. For example, the District had to add several staff members after the 2016-17 budget was passed to respond to an influx of students with special needs that entered the District after the budget was passed. The District cannot simply reverse those hiring decisions because we are required to provide a fair and appropriate education for all the students who live in our District, regardless of their needs. To revert back to the 2016-17 budget would mean that the cost of those staff members would have to come out of other programming. The state also requires that we implement certain mandates, such as Personalized Learning Plans and Proficiency Based Graduation Requirements for all 6-12 graders. These mandates take time and resources to implement. As we expand those programs to comply with the mandates, costs go up. If we have to keep the same budget but comply with those mandates, cuts will have to come from non-mandated programming. These are just two of many examples of how the District is constantly under pressure to provide a higher level of service.

In addition, teachers do not make exactly the same wages if a new contract is not settled by the start of the school year. Teachers who are eligible for step increases based on the current salary schedule receive those at the start of the school year even if no new contract is in place. See the master teacher agreement at <https://www.sbschools.net/cms/lib/VT01819219/Centricity/Domain/37/2014-2017%20SBEA%20Master%20Agreement.pdf>. The teachers' current health insurance plans will change in the middle of the coming year (see an earlier post on Teacher Healthcare), which will also have an impact on the District's costs.

A completely level-funded budget also would not include inflation or any other reason for cost increases. Any increase in prices of things like books, supplies, services that the District purchases from outside the organization (e.g. contractors for required maintenance projects, consultants who work with students whose needs we cannot meet within the District, etc.) would mean further cuts to programs that are not mandated. Level funding would also not include the interest the District will have to pay on funds borrowed to operate the District until a budget is passed.

To sum up, if we had to use the same budget as last year, any cost increase – inflation, automatic teacher raises, mandated increases in services, interest costs – has to be absorbed by the only things the District can control – non-mandated programming and maintenance.

#### 16) Consequences of a Budget Defeat – Part 5 of 6: Why is delay in passing a budget a problem if level funding isn't automatic? (to be posted May 31)

The impacts of a third budget defeat would be felt even after a future budget proposal is passed. The District will be unable to offer contracts to the 29 teachers and staff that received RIFs until a budget is passed. These teachers and staff would likely have moved on to other jobs if a fourth budget vote is required. The District will have lost the benefit of its previous efforts to hire quality teachers and the experience that these teachers have gained working in the District. Moreover, by the time a fourth budget could be passed, the school year will likely have already begun and therefore the pool of

available teachers will be shallow. In addition, some reductions in programming are hard to rebuild if a budget is not passed until very close to or after the beginning of the school year. For example, it's difficult to restart a class that has been canceled once students' schedules are set.

17) Consequences of a Budget Defeat – Part 6 of 6: Conclusion (to be posted May 31)

To summarize, voting down the budget is a lose-lose proposition for taxpayers and students. Taxpayers will not get the full financial benefit of a level-funded budget because the District is likely to eventually pass a budget that is different than level-funded, but the students will see most of the effects of level funding because planning for the year will have been done on that basis.

The current proposed budget reduces the property tax rate by 1.2% and the income sensitivity tax rate by 6.5%. It maintains programming and services that the community relies upon to prepare our students for their next steps in life and to produce citizens that can contribute to our community and the world. Please vote on June 6.