

Tax Rate History and Sustainability of Budget

1. What is the tax rate history of the District over the past ten years?

Please see the table below. The estimated tax rate in this proposed budget is a reduction of -1.20%. In the recent past, the rate has been relatively stable, and the proposed FY2018 budget represents the lowest rate since FY14.

Budget & Tax Rate Changes Proposed FY 2018 Budget

Fiscal Year	Budget Request	Tax Rate	Change In Tax Rate
2018	\$49,268,888	\$1.5924	-1.20%
2017	\$46,973,703	\$1.6117	-0.52%
2016	\$45,747,228	\$1.6202	0.61%
2015	\$44,297,297	\$1.6104	6.15%
2014	\$42,986,751	\$1.5171	7.50%
2013	\$42,106,183	\$1.4112	2.78%
2012	\$40,587,607	\$1.3730	-0.72%
2011	\$40,296,044	\$1.3830	-5.98%
2010	\$39,923,685	\$1.4710	8.56%
2009	\$38,250,988	\$1.3550	5.45%
Ten Year Average Change			2.26%

2. Is the school District over budget in 2016-17 District?

The budget consists of an expense side and a revenue side:

The 2016 - 17 expenses for the District are running 1.37% higher than planned. This change to the District's planned expenses is a result of addressing unanticipated student needs. The two major areas of expense are about \$570,000 in additional staff costs relating primarily to the hiring of staff needed to address an influx in students with behavioral needs and out-of-District tuition expense running about \$140,000 over budget. These numbers are estimates which consider the factors known at this time. Much of this additional expense is eligible for reimbursement under the State's Special Education Expense Reimbursement grant program.

The 2016-2017 revenues for the District are running 2.24% higher than planned. About \$350,000 of the additional expense listed above related to FTE costs is eligible for reimbursement under the State's Special Education Expense Reimbursement grant program. We also expect about \$700,000 of tuition income above budget. As a result, between revenue and expenses—we expect the District will end the year with a favorable fund balance. Funds not used in FY 2017 will be carried forward to support the FY 2018 budget.

3. Enrollment appears to be level but spending is increasing. Why is this the case?

Most of the additional expenses we are seeing arises from individual student need, which the schools have a mandate to cover. About 71% of the costs of new staff added in FY17 is mandated based on need. In FY18, there is an additional increase in mandated spending. Much of this expense is reimbursable under

the state's special education expenditure reimbursement grant system. There are a considerable number of mandated actions which are part of State Education Funding law which come with no reimbursement from the State.

4. The Governor, in his budget address, pressed local school systems to keep spending at the same level as the prior year. But the proposed District budget exceeds this by a considerable amount. Why not adhere to his proposal?

The Governor's original proposal was defeated early in the budget process. The legislature has settled on a system of education financing for next year with much less debate than in previous years. A level funded budget would adversely affect our programs significantly. This topic was handled in depth at the May 3, 2017 School Board meeting. The impacts to the District, at the highest level, are shown below. For more information please see the presentation from the May 3, 2017 Board meeting at <https://www.sbschools.net/cms/lib/VT01819219/Centricity/Domain/26/050317%20Budget%20Presentation.pdf>.

The Top level impacts would be:

- Obligation to continue operating schools
- Charter allows borrowing up to 100% of prior year budget
- Difficult Administration prioritization
- Severe cuts to programs
- Class size increases at all levels
- Scheduled maintenance is deferred
- Less attractive to tuition students
- A net reduction of 22.67 FTE's
- Cuts would be made to minimize direct impact to students