

HUUSD FY2018 Budget Update at January 4, 2017

Update on FY2018 Expenses

Gateway Science Curriculum – Originally, the Gateway science curriculum was budgeted at \$115,150 for year one of a five year implementation. The estimated cost for year one was reduced to \$51,155 as it has been determined that less individual computer purchases were needed to implement the curriculum as servers could be used to have existing computers access a PC platform. Upon further investigation and testing, this determination proved to be incorrect, and the cost to implement Gateway is as originally proposed, \$115,150 for FY2018.

On December 7th the board asked that tax rates be presented for the following options. (See Exhibit I attached):

- A) Level Service with the Granville Bus – 1.8% expenditure increase over FY2017
- B) With Additions – 3.5% expenditure increase over FY2017
- C) Less two FTE – 3.1% expenditure increase over FY2017

Estimated Revenues

All local, state and Federal revenues have been estimated for a total first estimate of \$5,786,145, or 4.1%, over FY2017 combined revenues.

The combined FY2016 audited fund balance available from all member school districts is included in the revenue as an offset to the HUUSD budget in a total amount of \$533,959. Under option B, this total amount is contributed to an HUUSD maintenance reserve to be established.

In a recent discussion with attorney Paul Giuliani, I learned that technically, these FY2016 fund balances belong to member school districts until transition on July 1, 2017. However, as audited fund balances have traditionally been “returned to the taxpayers” via revenue, not doing so in the transition to HUUSD would result in a higher education homestead tax rate for taxpayers in all towns. The option of using these fund balances to fund an HUUSD maintenance reserve, or to offset the FY2018 budget request, is the recommendation from administration.

Equalized Pupils

Equalized pupils are defined in Title 16, section 4010; in short it is a two year weighted pupil count. Usually at this time in the budget process equalized pupils is one of the only variables that is finalized. This year due to complications associated with the implementation of the prekindergarten choice legislation, Act 166, we do not yet have a finalized equalized pupil count.

Under the new Act 166 legislation prekindergarten students were only to be counted in the ADM count (10th thru 30th day of school) only after the date at which all employees at any private prekindergarten programs where students attend had been cleared with a satisfactory CDD criminal record check. Given that CDD records checks were backlogged because of the number of fingerprint checks that needed to

be processed statewide, many of these were not completed even by the 30th day of school. WWSU complied with the legislation and guidance from AOE and did not include students in the ADM census who attended prekindergarten programs where staff had not been cleared.

In mid-November, a so-called Secondary Data Collection (SDC) was collected and submitted to the AOE for students whose centers had now been cleared for the purpose of including these students in ADM and thereby equalized pupils. In processing this SDC for WWSU at the AOE, 42 prekindergarten students were missed, and students who were partially counted and should have been fully counted were not, for an additional 17.6. Brad James at the AOE indicates that the equalized pupils will be corrected, but we are unsure of the timeline and certainty. Therefore, I have calculated the tax rates based on the frozen equalized pupil count as it currently is calculated at 1,813.97 and have estimated the equalized pupils assuming the AOE will make the corrections to include the prekindergarten students not counted which would increase equalized pupils to an estimated 1,829.76.

Yield

The yield per \$1.00 homestead tax rate is estimated based on the VT Tax Commissioner's December 1st 2016 recommendation at \$10,076, compared to \$9,701 in FY2016. The higher the yield is, the lower the tax rate. The yield will be finalized by the legislature.

The Tax Commissioner's recommendation for the non-residential tax rate is \$1.55 for FY2018, compared to \$1.535 in FY2017. The non-residential tax rate is not determined by local school district spending, and the final non-residential tax rate will be determined by the legislature.

Equalized Homestead Tax Rate Estimates

Based on the estimated yield, estimated homestead tax rate estimates under the three budget options that tax rates were requested for are as follows after the year one \$.10 incentive, details are included on Exhibit II.

Town	Current Equalized Homestead Tax Rate FY2017 Combined local district and HU	Estimated Homestead Tax Rate Level Service based on 1,829.76 Equalized Pupils A	Estimated Homestead Tax Rate at 3.5% Expenditure Increase based on 1829.76 Equalized Pupils B	Estimated Homestead Tax Rate with a reduction of 2 FTE's based on 1829.76 Equalized Pupils C
Duxbury	\$1.66	\$1.53	\$1.56	\$1.55
Fayston	\$1.67	\$1.53	\$1.56	\$1.55
Moretown	\$1.79	\$1.53	\$1.56	\$1.55
Waitsfield	\$1.67	\$1.53	\$1.56	\$1.55
Warren	\$1.57	\$1.53	\$1.56	\$1.55
Waterbury	\$1.64	\$1.53	\$1.56	\$1.55

The Homestead Tax Rate is calculated by deducting revenues from expenditures to obtain education spending. Education Spending is divided by equalized pupils to determine the cost per equalized pupil. The cost per equalized pupil is divided by the yield to determine the equalized homestead tax rate.

Common Level of Appraisal – CLA

The Common Level of Appraisal (CLA) is an indicator of the level at which properties in a town are appraised in relation to the actual fair market value as determined by the VT Tax Department.

The VT Department of Taxes has issued the following CLA's for FY2018. The equalized homestead tax rate for Duxbury, Fayston, Moretown, Waitsfield, Warren and Waterbury will all be the same for HUUSD. The actual tax homestead rates will vary in each town based on the town's CLA, just as it does with the non-residential tax rate. The actual tax rate in each town will be the equalized HUUSD tax rate divided by the towns CLA.

Duxbury	99.71%	(FY2017 100.77%)
Fayston	105.21%	(FY2017 105.27%)
Moretown	98.52%	(FY2017 103.33%)
Waitsfield	100.44%	(FY2017 103.47%)
Warren	98.66%	(FY2017 100.33%)
Waterbury	100.18%	(FY2017 99.33%)

Recommended Tuition Rate

Per statute (Title 16, Section 826), school districts are required to announce their tuition rate by January 15th of each year. The tuition rate is recalculated based on actual costs and ADM once the school year is completed, and any amount that the actual tuition rate is over/under the announced tuition rate between 3% and 10% is required to be billed or refunded to the sending school district. Based on the level service budget, the recommended tuition rate for the 2017-2018 school year is below. Note, transportation and special education costs are not eligible costs in the tuition formula. The prekindergarten tuition rate is set by the AOE.

The recommended announced HUUSD K-12 Tuition Rate for 2017-2018 is \$14,000 per student.

Current tuition rates for 2016-2017 are as follows:

Fayston (K-6)	\$14,200
Moretown	\$15,000
Waitsfield	\$15,600
Warren	\$12,500
TBPS/CBMS (K-6)	\$13,000
CBMS (7-8)	\$15,500
HUHS (7-12)	\$16,000

Exhibit I - HUUSD FY2018 Budget Information Updated for January 4, 2017 HUUSD Board Meeting

		FY2017 (All Schools Combined)	% over FY2017 Budget
Total Estimated Expenses <i>Level Service</i>	\$ 35,755,615	\$ 35,180,193	1.6%
Granville Bus-Daily am/pm Route	\$ 57,000		0.2%
A) Level Service with Granville Bus	\$ 35,812,615		1.8%

Updated List of Changes Proposed by Administration from Level Service

Item	Amount \$		% over FY17 Budget
Gateway - Science Curriculum	\$ 115,150		0.3%
Phone System for Fayston, Moretown, Waitsfield & Warren	\$ 4,800		0.01%
Technology Warren	\$ 7,500	0.6%	0.02%
Reduction of .05 FTE each in Warren Art & Music	\$ (7,000)		-0.02%
Increase of .10 FTE Warren School Nurse	\$ 7,000		0.02%
1.0 FTE CBMS Literacy Interventionist	\$ -		0.00%
1.0 FTE HUHS Grounds Maintenance	\$ 37,500		0.1%
.37 FTE Increase in Maintenance Support Staff	\$ 20,000		0.1%
Maintenance Monies	\$ 24,500		0.1%
Contribution to HUUSD Maintenance Reserve Fund (To Be Established)	\$ 268,149		0.8%
Add 1.6 FTE World Language	\$ 120,000		0.3%
Total Proposed Changes	\$ 597,599		1.7%
B) Total Level Service Budget plus Granville Bus and Changes listed above	\$ 36,410,214		3.5%
Reduction of 2.0 FTE's from above	\$ (150,000)		-0.4%
C)	\$ 36,260,214		3.1%

Exhibit II - HUUSD Expenditure & Revenue Budget

	FY2017									FY2018					
	Duxbury	Fayston	Moretown	Waitsfield	Warren	WDSO	Waterbury	HUHS	FY2017 Actual Combined	A Level Service	B W/additions	C Less 2 FTE	A Level Service	B W/additions	C Less 2 FTE
Estimated Revenues															
Local															
PK Tuition Income					\$ 15,460				\$ 15,460	\$ 30,920					
K-12 Tuition Income				\$ 15,600	\$ 100,000			\$ 96,000	\$ 211,600	\$ 280,000					
Interest Income		\$ 8,500	\$ 10,000	\$ 3,500	\$ 7,500	\$ 20,000		\$ 50,000	\$ 99,500	\$ 99,500					
Bus Barn Rental/Facility Use Fees		\$ -						\$ 22,328	\$ 22,328	\$ 22,328					
Town Rental Income		\$ 40,000		\$ 56,000	\$ 57,630				\$ 153,630	\$ -					
Co-Curricular/Admission Fees						\$ 5,000		\$ 27,000	\$ 32,000	\$ 14,000					
Grants						\$ 54,000		\$ 10,000	\$ 64,000	\$ 64,000					
MECA			\$ 178,847						\$ 178,847	\$ 178,847					
State															
Special Education Reimbursement	\$ 71,831	\$ 209,934	\$ 120,022	\$ 128,863	\$ 729,999			\$ 1,167,325	\$ 2,427,974	\$ 2,374,081					
Extra Ordinary Reimbursement	\$ -	\$ 14,435			\$ 41,456			\$ 310,122	\$ 366,013	\$ 450,000					
Special Education Mainstream Block Grant	\$ 34,631	\$ 37,725	\$ 48,626	\$ 52,511	\$ 235,009			\$ 241,631	\$ 650,133	\$ 688,255					
Essential Early Education Grant	\$ 7,351	\$ 14,435	\$ 12,207	\$ 14,362	\$ 54,397				\$ 102,752	\$ 144,347					
Transportation Reimbursement	\$ 19,544	\$ 25,530	\$ 31,366	\$ 43,794	\$ 139,555			\$ 200,025	\$ 459,814	\$ 466,711					
Vocational Education Transportation Reimbursement								\$ 39,000	\$ 39,000	\$ 40,000					
Drivers Education	\$ -							\$ 5,000	\$ 5,000	\$ 5,000					
Small Schools Grant	\$ 62,841	\$ 26,046							\$ 88,887	\$ 89,196					
Capital Debt Reimbursement				\$ 5,102					\$ 5,102	\$ 5,000					
Federal															
CFG/Schoolwide/School Improvement				\$ 33,800	\$ 200,000			\$ 50,000	\$ 283,800	\$ 290,000					
Federal Forrest Revenue				\$ 15,000					\$ 15,000	\$ 10,000					
Prior Year Fund Balance	\$ 56,564	\$ 47,792			\$ 215,204				\$ 319,560	\$ 533,959					
Contingency Fund Balance	\$ 20,000								\$ 20,000	\$ -					
Total Local, State & Federal Revenue	\$ -	\$ 321,262	\$ 564,744	\$ 287,321	\$ 474,022	\$ 1,694,620		\$ 2,218,431	\$ 5,560,400	\$ 5,786,145	\$ 5,786,145	\$ 5,786,145	\$ 5,786,145	\$ 5,786,145	\$ 5,786,145
General Fund Expense	\$ 22,776	\$ 1,774,780	\$ 2,470,904	\$ 2,259,942	\$ 2,543,125	\$ 11,889,435		\$ 14,219,230	\$ 35,180,193	\$ 35,812,615	\$ 36,410,214	\$ 36,260,214	\$ 35,812,615	\$ 36,410,214	\$ 36,260,214
Education Spending (Expense Less Revenue)	\$ 22,776	\$ 1,453,518	\$ 1,906,160	\$ 1,972,621	\$ 2,069,103	\$ 10,194,815		\$ 12,000,800	\$ 29,619,793	\$ 30,026,470	\$ 30,624,069	\$ 30,474,069	\$ 30,026,470	\$ 30,624,069	\$ 30,474,069
Equalized Pupils (FY2018 is an estimate for HUUSD)		94.02	107.71	127.32	147.67	656.78		707.06	1,840.56	1,813.97	1,813.97	1,813.97	1,829.76	1,829.76	1,829.76
Education Spending per Equalized Pupil	\$ 15,460	\$ 17,697	\$ 15,493	\$ 14,012	\$ 15,522			\$ 16,973	\$ 16,093	\$ 16,553	\$ 16,882	\$ 16,800	\$ 16,410	\$ 16,737	\$ 16,655
Yield (Estimated for FY2018)	\$ 9,701	\$ 9,701	\$ 9,701	\$ 9,701	\$ 9,701			\$ 9,701	\$ 9,701	\$ 10,076	\$ 10,076	\$ 10,076	\$ 10,076	\$ 10,076	\$ 10,076
Equalized Homestead Tax Rate by Individual School District (Note Actual Rate for Town is Prorated between HUHS and Local SD)		\$ 1.59	\$ 1.82	\$ 1.60	\$ 1.44	\$ 1.60		\$ 1.75	\$ 1.66	\$ 1.64	\$ 1.68	\$ 1.67	\$ 1.63	\$ 1.66	\$ 1.65
Equalized Homestead Tax Rate Actual Combined HUHS & Local	\$ 1.66	\$ 1.67	\$ 1.79	\$ 1.67	\$ 1.57		\$ 1.64								
Act 46 Year #1 Tax Rate Incentive										\$ (0.10)	\$ (0.10)	\$ (0.10)	\$ (0.10)	\$ (0.10)	\$ (0.10)
Estimated Equalized Homestead Tax Rate										\$ 1.54	\$ 1.58	\$ 1.57	\$ 1.53	\$ 1.56	\$ 1.55

Note - '\$.01 on the tax rate is approximately \$150,000 Education Spending