

LAMOILLE NORTH MODIFIED UNIFIED UNION SCHOOL DISTRICT #58
FY'21 BUDGET INFORMATIONAL MEETING
FEBRUARY 24, 2020

Present: David Whitcomb, J. Sander, Lisa Barry, Patti Hayford, Chasity Fagnant, Jeff Hunsberger, Mark Nielsen, Wendy Savery, Jennifer Hulse, Laura Miller, Deb Clark, Catherine Gallagher, Lynn Sibley, 5 voters.
Minute Taker: Sue Trainor

Deb Clark, Business Manager, began her presentation at 6:00 p.m. She reported that the notice of the Annual Report availability had been mailed to District households on January 9th. This year the use of a postcard notification saved the District \$5,218. The report was also available at town clerk offices, online at LNSU.org website and upon request at the Supervisory Union's (SU) central office.

The FY21 budgets for the LNMUUSD were as follows: a combined elementary budget of \$13,423,750 which included \$544,778 grant-funded expenditures. After revenues, this came to a combined education spending of \$12,023,071, resulting in a per equalized pupil spending amount of \$18,278. The combined secondary budget was \$14,706,565. After revenues, this came to a combined education spending of \$13,572,711, resulting in a per equalized pupil spending amount of \$16,759. The Technical Center budget was \$3,258,547. These budgets provided educational services, health and wellness services, transportation services, and much more for six campuses, including GMTCC. It covered 1,613 students, excluding student numbers from Cambridge Elementary.

The elementary level afterschool programming participation was as follows: Eden at 80%, Hyde Park was up about 5% to 49%, Johnson was up about 2% to 63% and Waterville/Belvidere was at 92%. These budgets supported extra programming opportunities such as, but not limited to: dance programs, outdoor education programs, Lego robotics, maker spaces, computer shop, performing arts, junior iron chef events, gardening, music, art, international studies, student clubs and athletics.

There was significant community use of all facilities. The facilities were community centers for many of the towns and most weekends, evenings and many holidays the campuses were active with many community events. When the District tried to cut some of the facilities costs in FY19 the inability to guarantee plowing, shoveling, and sanding on weekends and evenings hindered some of the community use. Because of comments from community members, expenses were added back in FY20. The FY21 budget continued that support for community use.

The proposed elementary expenses for FY21 approved to move forward by the Board on January 13, 2020 were as follows: \$13,423,750, an increase of \$682,728, or 5.35%, from FY20. The elementary revenues estimated for FY21 was \$1,400,679, an increase of \$62,413 over the current fiscal year, or an increase of 4.66%

The increase to the key non-grant budget drivers at the elementary school came to \$635,826 or 5.19%. Clark reported that salaries accounted for the biggest increase in the elementary budget, at 43.04% of the total increase. However, there were now significant expenses that were out of the District's direct control. Health insurance was now a statewide plan. Premiums for that plan were increasing 13%, with the possibility of increasing even more. The Vermont State Teachers Retirement contributions were mandatory. In 2016, in order to shore up the retirement system plan, the State mandated that for every new teacher the District hired, they would have to go on a roster of teachers that the District would then contribute a fixed amount. The number of those teachers would increase each year until the roster was 100% complete and, in addition, the amount of those contributions would change each year. Therefore, it was a dual increase. That rate would be unstable until the roster was at 100%.

Hyde Park Electric would be increasing their rates by 15%, which would affect the large campus and the Hyde Park elementary school, and property insurance would increase 11%. Regarding nutrition service increases, Clark explained that the State no longer allowed guaranteed breakeven contracts. The District now had to agree to a fee for service and it was estimated that it would cost the District an additional expense of 75 cents per day per student.

Clark reported on the budget by function codes. 1100 and 1200 were direct instruction. 2100 was guidance and health services. FY20 was a new year on a newly mandated chart of accounts from the State; there was a new code in the 2100 function. 2190 was questioned and Clark explained that was the cost of the planning room. In FY21 those expenses were broken out from 2120 line item. 2400 was the principals' office and the main reason for the \$27,000 increase in that line item was health benefits. There was a decrease in 2300 due to special education expenses decreasing. That decrease would help with an initiative for a Supervisory Union-wide higher level IT supports. Some higher-level IT services had been lost several years ago. The District tried to go without them, but they were falling short in maintaining the systems. Instructional technology at the elementary school, function code 2500, would be going up 11.5%. However, there would be a decrease at the high school that would help to offset some of that increase. Function code 3200 applied to the afterschool programs. These were costs that had often been located in other funding reports. In order to increase transparency on that line item Clark separated it out. Clark stated they were losing some grants that had helped to fund some of the afterschool programs.

Clark reported that the Board had approved the FY21 middle and high school expenses on January 13, 2020. The secondary expenses totaled \$14,706,565. This was an increase of \$706,936 or 5.05%. The revenues for FY21 were expected to come in at \$1,133,854. This was an increase of \$73,888 or 6.97%. The non-grant budget drivers were discussed. At the secondary level, salaries were increasing less than the mandated costs that the District did not have control over. The property insurance and electricity were impacting the secondary school budget more than at the elementary level.

Clark outlined some key factors in building the FY21 budget. The following figures were mostly from the December 1, 2019 letter from the State Tax Commissioner. Education spending statewide was forecast to increase 5.01%. The State was forecasting a decrease in equalized per pupil spending statewide at half a percent. The forecast for equalized per pupil spending growth statewide was 5.53%. The statewide property yield was increasing from \$10,648 to \$10,883 for FY20. The state income yield was increasing from \$13,081 to \$13,296. The excess spending threshold had increased from \$18,311 to \$18,756. The average state property tax was forecast to be \$1.567. The District was coming in at 1.595. As of June 30, 2019 the District had an unassigned fund balance available of \$399,858. Of this, \$248,451 had been applied to the FY21 budgets to hold down tax rates. Clark reported that at the Annual Meeting the other \$150,000 was voted to build two new reserve funds.

Clark reported that this budget saw a 5.15% increase to the LNMUUSD combined education spending, with the State saying 5.01% was what they were estimating. 45.6% of the total LNMUUSD education spending was raised through the local State property tax. Clark explained that all education taxes were state taxes, not local taxes, and it had been that way for years. Taxes were collected locally because town clerks were set up to receive the funds. Some towns paid more than 100% of their budgets through taxes, while other towns paid less. The combined LNMUUSD towns actually raised 45.6% of the total budget needs for the elementary and secondary schools. If the District cut every dollar of a budget reduction, it would cost the District 54.4 cents of other State supports, not local taxes.

Clark continued by explaining that 38.86% of the combined \$1.3 million increase to elementary and secondary education spending was due to increases in unavoidable costs based on state mandates and rate

hikes. Without those changes, the estimated tax rate would be \$1.5635 or \$40 per \$100,000. 73% of LNMUUSD households received tax reduction benefits through the income sensitivity calculation. \$20 of the \$74.70 increase in property tax was due to the decrease of the two cents of the Act 46 incentive rate. \$62,893 was the additional bond cost for the high school renovation project, which equated to \$1.80 of the \$74.40 increase.

There was a question at the Annual Meeting about what had been said in August about the cost of the bonds versus what was presented at the Annual Meeting. Clark reported that August's figures had not included GMTCC's bond debt. In August, it was anticipated that \$111,000 extra dollars would be the additional cost. Instead, with new information from the bond bank, it appeared there would be a \$91,000 increase in FY21. There was also a 1.67% decrease in the Supervisory Union assessment.

Clark reported on extra supports that were being provided to students who needed extra assistance but did not qualify under special education. There was now a 32% decrease in District-wide truancy rates and Clark thought this was a direct result of the new supports. \$32,000 was being added to the afterschool program in response to changes in grant funding. Afterschool programs were partially grant-funded. They were also funded through fees and general fund tax dollars. Clark then explained the need for the HRA reserve accounts. These were funds that had already been raised but not used.

Clark explained that the District began to build their budgets for the upcoming year in October. There was a Finance and Capital Committee that met regularly during the year. Clark strongly encouraged voters to participate in those meetings or to contact Clark directly to discuss the budget.

Clark then outlined an estimate of the FY21 homestead rates, which would impact the final tax rates. Clark explained if the yield and the common levels of appraisal (CLA) went up the tax rates would decrease. Per the AOE, early reports of budgets were showing more spending than anticipated. This could lower the yield rate issued by the State, which would increase final tax rates. Clark reported the blended LNMUUSD FY21 rate, after incentive and before the CLA was 1.5952, a change of .0747. This resulted in an increase of \$74.70 per \$100,000 of property value.

In the estimated FY21 LNMUUSD tax rates there was a combined educational spending amount of \$25,595,782, a 5.15% increase. The equalized pupil figure of 657.79 at the elementary schools had decreased by almost 18. The equalized pupil figure at the secondary level of 809.89 had increased by almost 19. After the CLA, Waterville's change per \$100,000 of property value decreased \$81.20, Belvidere increased \$13.50, Eden increased \$88.30, Hyde Park increased \$97.30 and Johnson increased \$146.10 per \$100,000 of property value.

Lynn Sibley from Johnson reported she had reviewed property rates for towns in the district. The overall average poverty rate for the communities was 14.2%. Belvidere was 12%, Eden was 8.3%, Hyde Park was 8.6% and Johnson was 24.8% and Waterville was 14.2%. She stated it was important to have that information and she was discouraged to see a \$146.10 increase in Johnson when the poverty rate was so high. Clark understood but noted that 73% of the residents in the MUUSD received some income sensitivity reductions to their tax rates.

Clark then moved on to discussion of GMTCC's budget. She reported on the notables of the FY21 budget: responsibility changes in the administration allowed for the elimination of one administrative position. There would no longer be an Assistant Director position, and the Adult Education and Co-op Coordinator positions would merge into one full time position; funds to support general program activities had increased after having been cut substantially in FY20; they would be looking to grant fund an exploratory Foundations program in order to generate continued student interest in the Tech Center while increasing student full time

equivalencies (FTE's); and, this year the .87% increase in expenses equated to a \$682 decrease in the per pupil tuition, due to the modest increase in the six semester average FTE and increases in the state tuition assistance.

Clark stated the FY21 budget proposal was \$3,258,547, a .867% increase of \$28,021 from FY20. Revenues were expected to be \$2,078,166 with a total tuition to be raised of \$1,180,381. Divided by the six-semester average FTE of 129.10 students, the FY21 per pupil tuition would be \$9,143.

Lynn Sibley asked for information about the pie chart that had been presented and, in particular, was concerned that people thought the amount being spent on salaries was only for teacher salaries. Her assumption was that they also included the salaries of instructional assistants, support staff, facilities staff, etc. She asked where Central Office's expenses were presented in the pie chart. Clark outlined how the net cost of Central Office was assessed out to the schools. In the Annual Report it was presented under Central Administration and Special Education Assessment on page 24 and page 27. Sibley also asked where 2410, principal's office, showed up on the pie chart. Clark responded that line item constituted around 7.6% of the total budget and included principals, administrative assistants, benefits, lease and copier costs. Central administration was the central office's general expenses and special education assessment was central office's special education expenses. When looking at salaries and benefits, that detail was not there. Clark stated the Supervisory Union budget was developed and the Board decided on it. The net cost of running those services came over as an assessment.

Sibley asked how to get a breakdown of Central Office and the Principal's Office. Clark stated she could provide that to Sibley. Principals Office figures were included in the pie chart and rolled into the salaries and benefits. Sibley stated next year it might be more helpful if there were more explanation as to who was included in the salary item. Clark reported there were 424 employees and outlined roles of those who worked for the District.

Sibley then asked about the budgeting for the District Treasurer. At the Annual Meeting they had voted to pay the Treasurer \$8,000; however, the proposed budget at the elementary level provided \$7,000 and an additional \$5,354 was budgeted at the high school for the Treasurer. Clark stated there were additional items such as taxes, postage, and other expenses incurred. Sibley noted there were three separate line items for technology services and she asked if those line items included salary and benefits. Clark stated they did.

Sibley then asked about attorney fees, noting that the elementary budget budgeted \$2,000. Sibley asked if that was the entire amount spent on the District's legal fees. Clark stated the District received legal support and advice through affiliations with the Vermont School Boards Association, directly from the AOE, and a municipal lawyer. Some legal expenses were budgeted through the Central Office so they were part of the assessment. Money budgeted at the secondary level was there in case the District was sued or they had something that directly related to the operation of the school itself that needed legal representation. Clark reported the Board line item sometimes covered legal expenses. Clark stated they had very little legal expense because a lot of their legal support came from being members of organizations like the VSBA. Administration was very careful about having their bases covered and were not exposed.

Gallagher then spoke about positive things that were going on at the District. The Technical Center had more applications this year than in the past five years. A push being made at the District was to make Tech Center opportunities available to all children. Some programs had age restrictions, but they were now looking into a foundations program that would provide information about all the programs to students at the middle school. Additionally, there were considerably more pre-K students this year than over the last three years. If those children stayed at Lamoille they would likely come to the District schools. Therefore, the District might not be facing what others seemed to be facing throughout the state. The District had worked hard to reduce

truancy rates. Children had needs that were difficult to meet when they didn't attend school. The good news was that more and more children were coming to school. The challenge was that those children were coming to school with increased needs for support. Gallagher stated they had an ethical and moral mandate to meet those needs and that was being done.

A voter mentioned that the maker space at Johnson was incredible. Her daughter who was more interested in arts was enjoying the science hands-on experience of the maker space. It was great exposure and her daughter was now considering different career options. It was a great foundation to build at the elementary school level and would tie in nicely later when the Tech Center was presented as an option.

The meeting then ended at 7:00 p.m.