

Chittenden Central Supervisory Union

Union #46 School Board Meeting

January 5, 2012 6:30 P.M.

EHS Library - 2 Educational Drive, Essex Junction, VT

Board Members Present: Jack Behlendorf, Brian Donahue, Al Bombardier,

Erin Kennedy-Knox, Ryan McLaren arrived at 6:46 PM

Administrators Present: Judith DeNova, Rob Reardon, Grant Geisler,

Bob Travers arrived at 8:00 PM

Jack Behlendorf - Chair called the Union # 46 meeting to order at: 6:33 PM

Visitors to be heard: None

Fiscal Year 2013 Budgets: Work Session:

FY'13 Issues – EHS

- Year following large reductions for 'Challenges for Change'
FY'12 budget assumed steps-only settlement
Increased SpEd requirements
Fund Balance - \$1.3M available
Level revenue requires \$500-600K FY'13 Fund (Risk Management)
Budget-to-budget salary increase (assumption vs. settlement) - \$150K

Use for part of staffing increase for PE - \$75K

Potential over-execution of FY'12 salary (assumption vs. settlement)
\$150K

To assign for water pipe & stadium lights (one-time requirements) -
\$330K

Education Jobs Fund - \$81K

Use for part of one-time staffing increase for PE

'Two-Vote' threshold

Learning Community Leaders (LCLs) – new players in budget

DISCUSSION SUMMARY POINTS:

Administration:

The \$1.3 million carry-over should be assigned as follows:

- \$600K a targeted risk management fund balance
- \$150K Salary reserved (budget to budget salary increase)
- \$330K Athletic Field lighting replacements/upgrades and Water pipe replacement.
- \$75K Physical Education upgrade

Board:

AI expressed his opinion that the carryover needs to address:

- \$600K a targeted risk management fund balance

THE REMAINING \$700K and the \$81K jobs credit SHOULD ADDRESS:

- **Water pipe replacement (priority item)**
- **A reserve fund amount (TBD) to address athletic field lighting,**
- **PE upgrade for grades 9/10**
- **A reserve fund to address FY budget 2014 Government reductions
(cushion the FY 2014 Property Tax increases on the community)**
- **Apply a portion of the carryover to the budget in order to reduce
upcoming Property Taxes**

**Ryan suggested a IT expense shift and in supporting the creation of a
boosters/Alumni Capital investment fund.**

FY'13 Issues – CTE

- **Year following large reductions for 'Challenges for Change'**
- **FY'12 budget assumed steps-only settlement**
- **Decrease in six-semester average – 11.92
students**
- **Loss of \$210-215K in tuition & tuition reduction revenue**

- Large Fund Balance - \$360K available

Level revenue requires \$75-125K

Revenue loss - \$210-215K

Potential over-execution of FY'12 salary (assumption vs. settlement) - \$50K

New administration – new players in budget process

SUMMARY:

EHS General Fund

Total budget = **\$22,616,004**

Represents an **increase** of \$874,760 or **4.0%**

Education Spending shows an **increase** of \$295,451 or **1.8%**

Includes some 'one-time' requirements and reflects budget-to-budget salary increases

U#46 Capital Plan

1% of the EHS General Fund budget = **\$226,160**

CTE Budget

Total budget = **\$8,452,319**

Represents an **increase** of \$159,430 or **1.9%**

Tuition will be approximately \$300 or **2% higher** than FY'12

Clerk Note: Assumptions for the budget remain as follows:

Education Jobs Funds (EJF): U#46 used \$202,386 of EJF revenue in the FY'12 budget for requirements such as 9th Grade Core (Health, Art, Business), NEASC, and HS Transformation. U#46 has an additional \$76,989 available for FY'13. To the extent possible, these funds should also be used for 'one-time' expenses to avoid a revenue cliff in FY'14.

Act 153: 16 VSA 261a was amended last year and called for Special Education and Transportation to be provided by the SU. The transportation impact is still to be determined, but it seems clear that all SpEd employees will need to become SU employees by July 1, 2013 unless we receive a waiver. We will probably leave SpEd as status quo for FY'13, but the budget may look very different in FY'14 if personnel need to shift to the SU.

Budget & Tax Factors:

- Consumer Price Index (CPI) – based on New England Economic Project (NEEP):

- FY'11 = 2.2%
- FY'12 = 1.6%
- FY'13 will not be announced until November 15th

- Base Tax Rates

- FY'12: Homestead = \$0.87; Non-Residential = \$1.36; Income Sensitivity = 1.80%
- FY'13 – The Tax Commissioner will make a recommendation in December. It's very possible base rates could increase by two cents or so.

- **Base Education Amount** – Has been held at \$8,544 for the past two years and will likely Remain at that amount – no allowance for inflation in tax rate calculation.

- **Equalized Pupil Counts** – Anticipate a decreases of perhaps 2% in EHS. While enrollment projections do not impact the FY'13 equalized pupil count, they are a value budgeting tool. We are fortunate that demographer Bill Smith has once again volunteered to provide enrollment projections for all districts free of charge.

- **Common Level of Appraisal (CLA)** – Should be fairly constant for FY'13; key factor in Homestead and Non-Residential Tax Rates

Factors & Assumptions Relating to Specific Budget Areas:

- **Salaries:** No assumptions necessary this year – we have contracts through FY'13 for teachers and FY'14 for support staff! We will plan to resume normal use of the admin comp model.

- Substitute Salaries:

- EHS: FY'09-11 expenses averaged \$186K and the FY'12 budget is \$195K. *Hold budget level for FY13 based on the past three year average.*
- CTE: FY'09-11 expenses averaged \$61K with the past few years coming in high due to long-term sub needs and the FY'12 budget is only \$41K. *Increase budget to \$60K.*

- Overtime Salaries:

- EHS: FY'09-11 expenses averaged \$64K and the FY'12 budget is only \$62K. *Increase budget to about \$65K.*
- CTE: FY'09-11 expenses averaged \$17K and the FY'12 budget is \$18K. *Hold the budget level.*

- **Health Insurance:** The premium increase was 3% in both FY'11 and FY'12.

- VSBIT should release a not-to-exceed percentage in November. With health care changes still settling out and the new statutory health care claims assessment of 0.8%, we anticipate an increase for FY'13. *Start at 8% and hope this is sufficient*
- In our current agreements for FY'13, employer contributions stand at 85% for teachers and administrators. Contributions for support staff is 93.25% (92% for employees hired after 6/30/11).

- **Group Life Insurance:** Expenses were close to the budgeted amount in FY'11 and we Budgeted for a 5% rate increase that did not occur in FY'12. *Base the budget on a 4% increase over the actual FY'12 rate (should be fairly level).*

- Retirement:

- EHS: The FY'11 expense was \$95.3K and the FY'12 budget is \$129.6K. *Calculate the requirement at the employee level (will likely be a decrease from FY'12).*
- CTE: The FY'11 expense was \$28.8K and the FY'12 budget is \$34.8K. *Calculate the requirement at the employee level (will likely be a small decrease from FY'12).*

- **Workers' Compensation:** Our experience factor has gone up slightly over the past few years,

but we've been able to keep our overall expenses fairly level due to re-competition of our policy.

- EHS: *Hold the budget level* for the fourth year.
- CTE: Significant claims in the past few years - *increase the budget from \$13.8K to \$14.5K.*

- **Unemployment:** VSBIT rate per district (impacted by 3-year claims history) multiplied by Gross taxable wages – not available until January. The FY'11 expense was \$19.9K and the FY'12 budget is only \$17.2K. *We will plan to increase the budget \$19.9K for FY'13, but may adjust that amount if our rate changes significantly.*

- **Tuition Reimbursement:**

- EHS: The FY'11 expense was \$121.8K and the FY'12 budget is \$132K. *We will revert to FY'11 actuals and allow for two years worth of inflation for UVM rates - should result in a minor increase - \$3-4K.*
- CTE: The FY'11 expense was \$56.1K and the FY'12 budget is only \$50.2K. *We will revert to FY'11 actuals and allow for two years worth of inflation for UVM rates – this will probably be an increase of about \$10-12K.*

- **Dental:**

- The SU Board increased premium rates for the first time in ten years.
- *Budget will be calculated at the employee level factoring in a 6% rate increase – minimal impact to CTE and minor increase to EHS (few thousand dollars).*

- **Property & Liability Insurance:**

- Re-competition by our agent continues to allow us to come in under budget and we've been fortunate to not have any significant claims.
- FY'13 – *Decrease budgets by 2-3% - minimal impact to CTE and minor decrease to EHS (few thousand dollars).*

- **Travel & Conference:** Some of this requirement is for travel related to conferences and some is for vicinity travel. We will look at historical spending as well as planned professional Development and will *attempt to decrease this line to some extent.* As a point of reference, IRS Standard Mileage Rates for the past three years were:

- January 2009 = \$0.55 per mile
- January 2010 = \$0.50 per mile
- January 2011 = \$0.51 per mile

- **Supplies:** While the cost of supplies may increase slightly due to inflation, this is an area that is typically under-executed. We will look at historical spending as well as anticipated requirements when developing the budgets and will *attempt to decrease the line by 2-3% for both EHS and CTE.*

- **Utilities:**

- Natural Gas: Our rates have come down each year since FY'09 and have been much

lower than anticipated. With rates so low, there is obviously a chance for a swing in the opposite direction. We will use the 3-year average usage (from FY'09-11) and assume an 8% rate increase over FY'11 – will probably still be a small decrease in the budget.

o Electricity: Rates have increased slightly each year and we assume this trend will continue. We will use the 3-year average usage (from FY'09-11) and assume a 7% rate increase over FY'11 – should result in an increase in the budget, but when combined with natural gas, may be level for utilities overall.

- **Equipment:** All equipment requirements must be justified and a list of the specific items (and costs) must be provided. General equipment budgets for items such as desks, tables and chairs were significantly reduced in FY'12. Computer hardware has been relatively stable. We will continue to scrutinize general equipment requirements and hardware requirements will be vetted with the Tech Dept.

Proposed U#46 Budget Guidance:

- Follow assumptions outlined above (not part of published guidance).
- Maintain the high level of educational quality presently found in the school.
- Support the essential elements of the School Action Plan, analyzing current practices as well as unfunded requirements and adjusting as necessary for enrollment.

- Be sensitive to the burden on the tax payers.

- o EHS: Minimal increase in education spending.
- o CTE: Level or minimal increase in tuition rate.

Erin Kennedy-Knox left the meeting at 9:45 PM

By mutual agreement the Annual Meeting agenda item was moved to the Jan 12, 2012 meeting.

The Board's Budget deliberation meetings have been scheduled for January 12, 16, and 18, 2012. The public is invited.

The chair requested the board consider all input and be prepared to discuss at the January 12th meeting.

The Chair adjourned the meeting at 10:08 PM.

Respectfully submitted by,

Al Bombardier

Clerk - Union # 46 School Board