

Windham Southeast School District

FY2023 Budget Report Review

Prepared by the WSESD Independent Budget Review Committee (IBRC), February 2022

I. EXECUTIVE SUMMARY

- The proposed Windham Southeast School District (WSESD) fiscal year 2023 (FY23) budget proposes a total of \$60,293,834 in expenditures, a 7.6% increase over FY22.
- The Dummerston, Guilford, and Putney education tax rate is projected to decrease. The Brattleboro education tax rate is projected to have a small increase.
- Factors that allow the budget increase without significantly impacting tax rates include the receipt of grants, an increase in Vermont's property tax dollar yield, and use of FY21 surplus funds.
- FY23 is a unique budget year with variables including the continuing pandemic, rapidly changing economic conditions, and receipt of large state and federal grants.
- The IBRC finds the proposed budget fiscally responsible and responsive to WSESD student needs.

II. INTRODUCTION

This report, prepared by the Windham Southeast School District (WSESD) Independent Budget Review Committee (IBRC), aims to provide the voters of the district with information and independent analysis of the proposed fiscal year 2023 (FY23) WSESD budget, as approved by the WSESD School Board on January 25, 2022. The proposed budget encompasses the programs and services of the WSESD, including all public elementary schools in Brattleboro, Dummerston, Guilford, Putney, the Brattleboro Area Middle School, Brattleboro Union High School, and the Windham Regional Career Center. The budget will be voted on by Australian ballot on Town Meeting Day, March 1, 2022.

The public schools in these four towns became one district in July 2019 under Vermont's Act 46. Less than one year into its existence as a merged district, the COVID-19 pandemic began, necessitating an abrupt transition to remote learning in the spring of 2020, and constant adaptation and response by our community's schools in the years since.

As WSESD budgets for its fourth year as a merged district and third in a pandemic, the district has yet to experience, or plan for, a "normal" fiscal year. Economic conditions, COVID recovery grants (notably, the Elementary and Secondary School Emergency Relief (ESSER)), and the legislature's suspension of the excess spending threshold and determination of an unusually favorable property tax dollar "yield" reinforce this year's status as an outlier.

Due to these factors, IBRC acknowledges that it is not productive to evaluate the proposed budget against a standard district budget in a year-to-year comparison. Instead, the IBRC has reviewed the proposed budget and provides its evaluation based on how the budget:

- Addresses the pandemic-related educational recovery goals, as defined by the WSESD administration, and the educational needs of WSESD children, particularly those most impacted by the COVID-19 pandemic and those living in poverty;
- Maximizes COVID recovery grant funding for the immediate and long-term benefit of WSESD;

- Provides an appropriate and sustainable level of services and programs with reasonable planning for continuity in future years; and
- Impacts the taxpayers of the four district towns.

The Independent Budget Review Committee finds the proposed Windham Southeast School District budget to be responsive to the needs of WSESD children and fiscally responsible. The IBRC supports the passage of the FY23 WSESD budget.

To support this endorsement, this report examines elementary, secondary, and districtwide expenditures. The report also reviews revenue sources and details the funding formula calculations with correlating projected tax rates for Brattleboro, Dummerston, Guilford, and Putney residents.

The IBRC was formed as a result of a 2021 WSESD ballot question. This year, members were appointed by the WSESD School Board. In the future, IBRC members will be chosen by WSESD voters at an annual meeting. The IBRC has one member from each district town. Current members include: Barbara Charkey, Brattleboro; Kristina Naylor, Dummerston; Maggie Foley, Guilford; and Casey Murrow, Putney.

III. OPERATING & CAPITAL EXPENSE OVERVIEW

Major expense categories are largely determined by factors outside WSESD control. Teacher salaries, about 50% of budgeted expenses, are set through multi-year union contract negotiations and impacted this year by a substantial increase in the Consumer Price Index (CPI). Health insurance, the most significant benefit expense, is determined at the state level. Budgeted supplies, including fuel and materials, were also impacted by inflation. Notably WSESD schools achieved significant cost savings for a second consecutive year due to increased federal support for school meals programs.

Approximately 40%, or \$1.9 million in FY 23, of ESSER grant funds are allocated to facilities improvements. The WSESD has risen to the pandemic related challenges of evaluating, prioritizing, bidding and completing ESSER funded capital projects while adhering to the required short timeframe. The cost of these projects is included in the FY23 operating budget as operations and maintenance expenses. The FY23 budget also includes \$1.3 million of local funding to support capital projects, most notably at Academy School and BUHS.

Sections A-C below highlight significant expenses and ESSER grant investments by school site, as well as major districtwide expenses.

A. WSESD Elementary Schools

Academy, Dummerston, Green Street, Guilford Central, Oak Grove, and Putney Central Schools

FY23 elementary school costs total \$24,840,076. WSESD elementary schools provide Pre-K to 8th grade education to more than 1,300 students. This table shows the amended FY22 budget and the proposed FY23 budget by school site with notes on significant expense variances and uses of grant funds.

School	FY22 budget	FY23 budget*	% diff.	Major year-to-year variances and notable ESSER investments
Academy (K to 6)	\$8,004,887	\$8,179,732	+2.2%	● FY23 includes capital investment in the school's expansion project, increase in support services

				for students, and additional nursing staff.
Dummerston (Pre-K to 8)	\$3,341,345	\$3,268,364	-2.2%	<ul style="list-style-type: none"> ● Large one-time capital expenditure in FY22 (boiler) temporarily increased budget. ● FY23 includes increased student support services and a Spanish language program.
Green Street (K to 6)	\$4,061,446	\$4,323,704	+6.5%	<ul style="list-style-type: none"> ● FY23 includes additional custodian and social worker.
Guilford (Pre-K to 6)	\$2,557,014	\$2,726,471	+6.6%	<ul style="list-style-type: none"> ● FY23 includes paraprofessional support for a large class, additional student support services, and a Spanish language program.
Oak Grove (Pre-K to 6)	\$2,667,728	\$2,903,296	+8.8%	<ul style="list-style-type: none"> ● FY23 includes increases in student engagement programming.
Putney (Pre-K to 8)	\$3,278,045	\$3,438,509	+4.9%	<ul style="list-style-type: none"> ● FY23 includes increase in guidance/social work staff, \$75k for outdoor learning spaces.

*Proposed

B. WSESD Secondary Schools

Brattleboro Union High School (BUHS), Brattleboro Area Middle School (BAMS), Windham Regional Career Center (WRCC)

FY23 secondary school costs total \$25,212,982. The WSESD secondary schools provide 7th to 12th grade education to 1,066 students. This table shows the amended FY22 budget and the proposed FY23 budget by school site with notes on significant expense variances and uses of grant funds.

School	FY22 budget	FY23 budget*	% diff.	Major year-to-year variances and notable ESSER investments
BUHS	\$16,943,119	\$18,550,625	+9.5%	<ul style="list-style-type: none"> ● FY23 includes additional academic support, instructional coach, and a full-time BUHS/BAMS music position. ● FY23 includes upgrading ventilation systems and BUHS and BAMS outdoor learning pavilion, partially ESSER funded.
BAMS	\$ 3,705,097	\$ 4,127,774	+11.4%	<ul style="list-style-type: none"> ● FY23 includes ESSER funded paraprofessional, part-time social worker and an instructional coach.
WRCC	\$ 2,600,814	\$ 2,534,583	-2.5%	<ul style="list-style-type: none"> ● FY23 reflects increased local funding to meet state requirements and a significant decline in grant funding. WRCC cannot receive ESSER funds. ● FY23 reflects programmatic and staffing changes to meet shifting demand and state law compliance.

*Proposed

C. WSESD Districtwide Programs & Services

FY23 districtwide costs total \$10,240,775. By law, most major districtwide or shared costs are administered through the Windham Southeast Supervisory Union (WSESU) which consists of two school districts: WSESD and Vernon. WSESU assigns costs to the two districts primarily based on numbers of students. Districtwide programs and services include special education, Essential Early Education, central administration and instructional support, food services, grants administration, and transportation. Budgeted shared costs increased by \$1,373,521 (15.5%) over FY22. This increase is driven by \$1,303,723 in special education costs ineligible for state reimbursement (page 3, Budget Summary). State law changes from Act 173, effective 7/1/22, reduced special education reimbursement for districts with higher special education needs, like WSESD. Significant expense categories highlighted below:

Districtwide Programs/Svcs.	FY22 budget	FY23 budget*	% diff.	Allocation basis, ESSER grant funded programs noted
Special Education(K-12)	\$4,587,972	\$5,803,036	+26.5%	● Allocation: number of students served, increased due to law change.
Administration & Instructional Support	\$2,468,999	\$2,524,908	+2.26%	● Superintendent, business, curriculum, HR, IT, English Language Learners, Diversity, and new Assist. Superintend. Allocation: number of students served.
Essential Early Education (EES)	\$649,161	\$737,820	+13.6%	● Pre-K Program for students needing additional educational support. ● Allocation: number of students served
Transportation	\$658,377	\$612,792	-6.92%	● Allocated based on busses used
Summer School	\$164,098	\$188,453	+14.84%	● Partially ESSER grant funded
School Board	\$103,117	\$117,358	+13.06%	● Increased legal fees, board stipends.
Diversity Prgm.	\$113,233	\$ 116,458	+2.85%	● Districtwide diversity programs

*Proposed

IV. TAX RATE CALCULATIONS AND REVENUE SOURCES

A. Determining Homestead Tax Rate *(Estimated only, final state numbers still pending)*

Step 1. Determine Education Spending: Total WSESD expenditures less offsetting revenue

Total Expenditures	FY23 Budgeted Operating Expenditures	\$60,293,834
Offsetting Revenues	These revenue sources reduce the money raised by taxes, lowering the tax rate. (Grants, tuition, fund balance use)	(\$12,590,272)
Education Spending	WSESD spending minus offsetting revenues	\$47,703,562

Step 2. Calculate Equalized Tax Rate

Education Spending	WSESD spending minus offsetting revenues (from above)	\$47,703,562
--------------------	---	--------------

Equalized Pupils	WSESD student count which “weights” students on several factors (i.e., Free-Reduced Lunch, ELL).	2262.9*
Dollar Yield	A VT legislature/tax commissioner determined factor, based on money available to fund education statewide.	12,937*
Equalized Per Pupil Spending	Ed Spending divided by Equalized Pupils (\$47,703,562/2,263 Equalized pupils=\$21,081/pupil)	\$21,081*
Equalized Tax Rate and Calculation	Per Pupil spending divided by Dollar Yield (\$21,081/12,937=\$1.63 equalized tax rate)	\$1.63*

*Estimated

Step 3. Determine Town Tax Rate: Divide the Equalized tax rate by each town’s CLA

If the 2021 average home sales price in a WSESD town equaled their tax appraisal value, the CLA would be 1.0 and the town rate would be the Equalized Tax rate of \$1.63. Since average home sale prices vary from tax appraisal, the CLA adjusts the property value to the market value for each town.

B. Historic CLA’s and Tax Rates for the WSESD towns.

	FY21		FY22		FY23	
	CLA	Tax Rate	CLA	Tax Rate	CLA	Tax Rate
WSESD (equalized rate)		1.721		1.719		1.63
Brattleboro	1.013	1.699	0.988	1.740	0.928	1.756
Dummerston	1.041	1.654	1.065	1.615	1.010	1.599
Guilford	0.987	1.744	0.973	1.766	0.938	1.738
Putney	0.980	1.756	0.967	1.777	0.938	1.736

*Most Vermont resident property tax bills are modified by income level, which is available on town tax bills.

C. Factors affecting property tax rates this year

A 20% higher yield affects tax rates favorably independent of the district’s revenue and spending decisions. According to Vermont’s tax commissioner, the unprecedented Education Fund performance is due to increased non-property tax revenue, including sales, lottery, rooms and meals taxes. As a result, FY23 tax rates only vary in the 1 to 2% range, while the FY23 budget reflects an increase in education spending of 8%. Property taxes are also informed by household income and the home’s appraised value through the VT Property Tax Credit. Households with incomes of \$136,500 or less may be eligible for relief. The maximum credit to the education property tax is \$5,600.

D. Overview of Major Revenue Sources

Grants: The WSESD received increased grant money for FY22 and FY23 from state and federal agencies to help students recover from pandemic learning loss. FY23 grants include: ESSER II (appx. \$4.3m.), Title 1 (appx. \$1m.), and Small Schools grants (\$.2m). The \$5.7m. in FY23 grants fund the following:

Staffing	30 additional positions in academic support, social work, nurses, and instructional coaching since FY21(original budget)	\$3.4 million
Facility Improvements	HVAC upgrades, outdoor learning, control and lighting systems, renovated learning spaces.	\$1.9 million
Programming/ staff support	Additional afterschool and summer programming, professional development, technology solutions, and learning materials.	\$0.4 million

Tuition: The WSESD expects to receive about \$3.6 million in tuition for FY23. Vernon is the largest tuition source, sending most of its secondary students to BAMS, BUHS and WRCC. WSESD also receives

tuition from other high school choice communities, such as Marlboro, and from students attending the regional career center (WRCC).

Education Spending Grant: The FY23 proposed budget receives \$47,071,654 in revenue from the Vermont Education Fund. Though this appears as an Education Fund “grant,” the district must raise a portion of this amount in property taxes to cover the “grant.”

Use of Fund balance: \$900,000 of general fund balance is used to fund the FY23 operating budget. This includes the application of FY21 surplus funds.

V. POINTS FOR FUTURE CONSIDERATION

The Committee recognizes the challenges WSESD administration, staff, and Board face and the daily miracles performed to keep our schools open and safe. In our limited scope of review, we also see opportunities to achieve equity and possible challenges to consider in future planning.

The ESSER Cliff: As a part of the federal government’s COVID relief funding packages, WSESD received ESSER grants over several years, \$4.3 million in FY23 alone. The “cliff “refers to the abrupt end of ESSER funding in September 2024. Some ESSER funds have been used to accelerate pre-existing capital projects and this may reduce future capital expenditures, and thereby favorably affect future tax rates. The WSESD has also used ESSER dollars to fund 30 new staffing positions since the start of the pandemic, which may impact future operating budgets. While the administration expects districtwide retirements and continued hiring challenges over the next two years to offset these increases, future budgets may be challenged to avoid programming cutbacks or higher tax rates.

Increased Access to Full-Day Pre-K: The value of high-quality early childhood education is widely recognized. Putney Central, Guilford and Dummerston schools had established full-day Pre-K classrooms pre-merger and most preschoolers in these towns participate in these free programs. Due to space constraints in Brattleboro, full-day Pre-K is only offered at one elementary school. The WSESD offers all families 10 hours per week of subsidized high-quality Pre-K in community-based programs, but families must seek financial assistance and/or pay out of pocket for additional hours. As the WSESD works to achieve increased equity across the district, increased access to free full-day Pre-K in Brattleboro should be a priority.

Legislative Issues: Recent and proposed legislation could negatively impact the WSESD. Act 173 has changed Special Education funding to district block grants based on total student counts. We believe this funding model rewards taxpayers in districts with lower poverty and penalizes taxpayers in districts with greater need, like the WSESD (previously cited on page 3). The Vermont legislature is now considering implementation of a new weighting study, undertaken to determine the incremental costs for providing education to students of varying demographics and thereby a more equitable funding model, as required by the Vermont Supreme Court’s 1997 Brigham decision. The committee shares the concerns of the WSESD administration that the proposed student “weighting” methodology may not allocate adequate resources to our most vulnerable students and assure an equitable tax rate for WSESD taxpayers.

Our Thanks: The committee wishes to thank Barb Nowakowski at Central Office for making our jobs easier, Frank Rucker for making this process collaborative and educational, and to the WSESD Board for their commitment to our district’s children.