

FY19 Rutland City School Board Frequently Asked Budget Questions as of January 16, 2018

1. What makes up the Rutland City Schools budget?

The proposed budget for Rutland City Public Schools for fiscal year 2019 (July 1, 2018-June 30, 2019) is \$52,635,059. This represents a 1.9% year over year increase. This amount comprises total spending for Northeast Primary School, Northwest Primary School, Rutland Intermediate School, Rutland Middle School, Rutland High School (RHS), RHS Howe Center Campus, RMS/RHS Allen Street Campus, Stafford Technical Center and various programs such as the National School Lunch program, Tapestry After-School program and others. Resident Rutland City voters vote on this total spending budget.

2. What's new about the FY19 budget?

There are two significant changes in the FY19 budget versus FY18, although annual public education inflation due to wages and benefits is also significant by itself. First, due to dramatically increased special education needs of children, there are a net 11 new jobs budgeted for FY19 that were not budgeted for FY18. This is a necessary partial reversal of previously eliminating 19 special education para-educator positions as an attempt to deliver services by alternative means saving money at the same time. Also different, is that Vermont public school districts have new health insurance plans that will save the district about \$400,000 per year due to lower premiums. Employees' share of the premiums rose from 13% to 20% effective 1/1/18 and they will have higher out of pocket costs when services are provided, in similar fashion to most insurance plans today.

FY19 continues the new ballot language that has been mandated by the Legislature. The State's calculated figure for Equalized Cost per Pupil (ECP) has been introduced into the voting language. ECP represents how much a school district needs from the State Education Fund to balance its budget divided by a count of pupils weighted for poverty, grade level, and other factors. ECP determines education property tax rates. It is important for voters to understand that taxes are based on this cost per pupil figure which is not entirely controllable by the district.

3. How does a voter judge whether a budget is too high or too low?

Budgets need a factual context for comparison before one can fairly judge them as too high or too low. For FY18 our Equalized Cost per Pupil of \$14,815 compares to the State average of \$15,368 so we are below average by \$553, or 3.6%, representing about \$1.2 million in less spending. Please remember that public education today goes well beyond children in classrooms, but also provides meals (sometimes 3 times a day), personal care services for selected children, medical attention/prescription administering, psychological and behavioral counseling and after school programs for both academics and childcare. Public schools continue to be drawn into providing more and more mental health services for children.

Relating to costs, we are aware of the staffing levels of other school systems and we target our system to be somewhere between directly competitive with them to somewhat leaner. If voters have concerns about our level of spending, we urge you to talk to us to learn more about costs.

4. How are the school district budget and taxes different from the municipal budget and taxes?

The Rutland City municipal budget and the school budget do not relate to one another. Municipal property taxes and school property taxes are not connected in any way except they are both collected by local town or city treasurers for the sake of convenience. By State law, school and municipal budgets cannot cross. To allow that would enable municipalities to manipulate the State's education tax rates either by schools paying for municipal services or municipalities paying for school services. These kinds of legal loopholes used to exist but have been closed.

The Rutland City municipal budget is paid by local property taxpayers who receive the City's services. So \$1 in additional municipal spending will cost property taxpayers another \$1 in municipal taxes; conversely, a \$1 cut in the city budget will yield a \$1 reduction in municipal property taxes. There is a one-to-one relationship in municipal property taxes to what people pay and what the community gets in services.

The picture for the schools is very different because the school's budget is not being paid by the local property tax, but rather the State Education Fund through the State's funding formula for education property taxes. For the schools, a \$1 cut in the budget will save Rutland City taxpayers as a group about 25 cents. And if the budget is increased by \$1, the State will tax Rutland City taxpayers about an additional 25 cents. It is not a one-to-one relationship because the education tax rates are not based on the amount of property within a community.

Growth in the local property tax base can enable the City (or any VT town) to collect more municipal property taxes and offer either more City services or lower the current municipal tax rate. Growth in a local property tax base enables the State to collect more education property taxes from a community. But those collections would be credited to the Education Fund, and have no effect on tax revenues to a school district.

5. Where does the money that I pay in education property tax go?

To the State Education Fund. The State requires town and municipal treasurers to collect statewide education property taxes along with municipal property taxes. The tax collectors keep about one quarter of one percent of these education tax monies as a service fee. In Rutland City's case, the City Treasurer is required to hold onto all education tax revenues for the eventual turnover to the school district because these are Vermont Education Fund monies. The Vermont Education Fund, by law, owes the Rutland City Public Schools the funds for its school budget as approved by voters.

Your education property taxes are paying for all Vermont school children to go to school, not specifically those in Rutland City.

6. Who pays for school budgets around the state?

The State of Vermont pays for all school budgets out of the State Education Fund. The State has a statewide education property tax that it collects through town and municipal treasurers and then credits these collections to the State Education Fund. The Education Fund also receives money from a number of additional sources such as the lottery, the General Fund and automobile registrations. The State also receives money from the Federal government to send to districts for special education costs and to help with the added costs of educating children who live in poverty.

Major fund sources for FY19 are expected to be:

a. State Education Fund	\$31.6 million
b. RHS and Other Tuition Revenue	\$2.7 million
c. Stafford Technical Center Revenue	\$5.0 million
d. Federal & State Grants and Reimbursements	\$12.0 million
e. National School Lunch Program	<u>\$1.3 million</u>
Total:	\$52.6 million

7. How much do Rutland City taxpayers pay for Rutland City Schools?

Rutland City taxpayers do not pay for Rutland City schools; they pay for all Vermont schoolchildren when they pay into the State Education Fund. For fiscal year 2018 (the current year we are in) Rutland City homestead taxpayers will pay about \$4.7 million into the State Education Fund, after prebates/rebates are counted. This has been flat for some years. Commercial and other non-homestead taxpayers will pay about \$7.9 million. These two sources together will send \$12.6 million to the Education Fund. Rutland City Schools will receive about \$31.6 million out of the fund.

The reason Rutland City taxpayers as a group pay far less into the Education Fund than the school district receives is because of the relatively small size of the property tax base in relation to pupil counts in Rutland City. The Act 60 education funding system is highly advantageous to Rutland City Schools and Rutland City taxpayers.

8. Is Rutland City Public Schools a high, low, or average spending district?

Our Equalized Cost per Pupil is 3.6% lower than the State average making education tax rates in Rutland City slightly lower than average. That percentage will widen for FY19. Rutland City is a large school district by Vermont standards. We also accept tuition students from other towns and we operate a regional technical center (Stafford). Organizationally, it is therefore one of the largest single school districts in the State and has a total annual budget for FY19 of \$52.6 million. Larger school districts in Vermont have larger budgets, upwards of \$75 million, and smaller school districts have smaller budgets. The total spending of a school district does not explain whether a district is a “high spender” or “low spender.”

9. How are Rutland City homeowners protected from unaffordable education property taxes?

The State controls affordability through the income sensitivity feature of the tax. In Rutland City, over 70% of residential property taxpayers will have some amount of adjustment off their education property tax. Rutland City homestead taxpayers will send \$4.7 million to the Education Fund this year but that is net of \$2.0 million of tax credits for household income. Voting on the school budget is not a decision about affordability the way that voting on municipal budgets are. This is an important distinction. Acts 60 and 68 have relieved property poor communities from having to suffer poor schools because of a small property tax base. The laws have also protected lower income taxpayers from unaffordable State education taxes, and it has relieved its citizens of unaffordable school taxes.

The best example about affordability is a person living in Rutland City, owning her own home, and trying to live on Social Security payments of, say, \$18,000 per year for FY18. This retiree’s educational property tax would be capped at 2.48% of that household income, or \$432, regardless of the value of her house. Without income sensitivity education taxes on a \$150,000 house would be \$2,220.

10. What does Rutland City Public Schools do to control costs?

That is a long list. The FY19 budget reflects new, lower cost health plans with collective bargaining changes to increase the employee health insurance premium share from 13% to 20%. The school system was in the minority of school districts who strictly followed the Legislature’s recommended benchmark configuration for employee health plans which would reduce costs to the State. We reduce headcount when we can as adjustments for declining enrollment. We buy quality items that last a long time and keep them a long time. We selectively delayed capital improvements in the school buildings waiting for the RHS bond to be paid off such that new capital improvements could be financed without raising the annual budget, which has been done. The district encourages and accepts volunteer community time, manages energy consumption, and switches between oil and wood pellets as prices change. We will be evaluating rooftop solar energy in FY19. And, the old-fashioned cost control of going without works also. Before making purchases, we obtain multiple cost quotations to maximize our buying power. Using State data, Rutland City Public Schools ranks third lowest in central office costs of all 62 Vermont supervisory units and 11th lowest in school building administration costs.

11. What are class sizes and student/teacher ratios at Rutland City Schools?

Class size and student/teacher ratios are complex because there are several different ways to measure them. Class size alone is often misleading because it does not reflect how much staffing may be in the classroom. In general, class sizes around the district are in the 15 to 21 range. In the past several years, jobs have been cut specifically to manage class size as an offset to declining enrollment.

Another way to measure staffing is to compare RPS to other comparably sized school systems. The State requires that school districts make publicly available their data called Comparative Data for Cost Effectiveness Report before budget voting. Those will be on the school web site under school finance.

12. Could the school budget be cut any further?

Budget cuts initiated by the school district over the past several years including the expected additions for FY19 net to a reduction of 23 positions. Maintenance expenses on buildings were deferred until retiring debt service payments could be used to make repairs. Any further budget cuts would have to come from more headcount which would lower school quality to a varying extent. Our goal is to remain quality-competitive with other same sized schools in the State. As a school system that receives millions in revenue from sending towns it is important to keep the high school desirable to tuition students who have school choice. Significant cuts to services may initially lead to cost savings but lose more in tuition revenue than they save, thereby raising local taxes and defeating the purpose of the cuts.

The Board recognizes that cutting expenses means cutting services to children and the best source of information and expertise for those kinds of decisions is from administrators, all of whom have been classroom teachers. The Board knows that most voters hold individual opinions about programs they value or do not value. However, voting no on the budget will not inform the board of any specific opinions and may lead to cutting programs that you favor. The only way to communicate displeasure, or satisfaction, with certain programs or operations is to attend information meetings or contact Board members or school officials to let them know your specific opinion.

13. Why does the School Board recommend you support the budget?

The yes or no vote on the school budget is really your high level decision of whether to keep the quality level of Rutland City Schools where it is versus a willingness to see it decline. We do not believe that cutting the FY 2019 budget is sensible for Rutland City as a community or fair to our children. And cutting \$1 of budget/school quality to save only 25 cents for Rutland City taxpayers is

not a good business choice for Rutland City or its future. The schools serve the goal of Rutland City's overall well-being and recent goals to increase the population of the area. Part of our community's emotional, economic and psychological well-being is founded on the quality of our schools. Please support the schools as we support Rutland City.

Please take the time to vote YES on March 6.

Thank you.

Rutland City Board of School Commissioners

For more information: Telephone: 786-1998. Web site: www.rutlandcitypublicschools.org