

RUTLAND PUBLIC SCHOOLS
RUTLAND CITY PUBLIC SCHOOLS – FINANCE/PLANNING COMMITTEE

November 16, 2021

Committee Members Present:

Ann Dages
Alison Notte

Committee Members Present (Remote)

Charlene Seward, Chair
Dena Goldberg

Also Present: Cathy Solsaa

Committee Members Absent: Tricia O'Connor

Also Present:

Superintendent Bill Olsen
Assistant Superintendent Rob Bliss
Director of Finance Ted Plemenos
Jim Reynolds,
O'Brien, Shortle, Reynolds & Sabotka PC

The meeting was called to order at 5:45 pm. Absence of Commissioner O'Connor was noted.

**CALL TO
ORDER**

Approval of the Agenda – Motion by Dages/Notte to approve the agenda as written. Motion passed unanimously by all those in attendance.

**APPROVAL OF
THE AGENDA**

Public Input – None.

**PUBLIC
COMMENT**

Audit Report for FY 2022 Financials: Jim Reynolds, O'Brien, Shortle, Reynolds and Sabotka, PC was in attendance to address questions or concerns regarding the June 30, 2020 financial statements, management letter and significant deficiency letter. Mr. Reynolds noted an unqualified opinion on the financial statements and a good year over all.

AUDIT REPORT

Mr. Reynolds advised that due to the timing (documents more than a year old) it didn't make sense for him to review in detail, but was happy to answer any questions or go over anything the Committee requested.

Noted were: new accounting requirements incorporated (re: primarily presentation of long-term liabilities under new standards), wide financial statements/total picture of the District and fund financial statements (more focused on special revenue funds – i.e. STC)

Mr. Reynolds advised: management letter points have been reviewed with the CFO and Accounting Manager who have consistently been working to address these points and Federal Reports filed with the Data Collections Center reflect impact (re: significant deficiency finding) but no operational issues.

Also addressed were: staffing structure, pattern, segregation of duties, impact of the COVID 19 Pandemic, potential of volume increases (due to ESSER) and mitigation.

New item from the management letter/asset disposition (school bus) and related policy (#5220) was discussed. Bus was turned over to vendor with no money exchanged. The policy was not violated. Mr. Reynolds suggested a change to the policy to reflect any *disposition* of more than \$5,000 (instead of *sale*.)

Mr. Reynolds advised the Committee to contact him if there are any additional questions regarding the audit.

Budget Update – CFO Ted Plemenos distributed a Fiscal Year 2023 Budget Update document (attached) to the Committee, advising an opportunity for the Committee to offer guidance.

**BUDGET
UPDATE**

Mr. Plemenos highlighted staffing (80% of total cost,) reductions in personnel from prior year, increase in benefits cost and anticipated attrition (known unusually early – retirement incentive timeline is January 15th.) He noted that salaries and benefits are still being negotiated (REA and REA ESP – includes about 75% of total staff.) He advised RCPS benefit package to be among the best in the State, lower rate of increase for medical costs (5%) and anticipated cost for dental to increase (0% to 4%.) Mr. Plemenos advised that estimating revenues is still in progress and estimates will change. Discussion revolved around future financial pressure, ESSER funding, UVM Weighting Study implementation and necessity of thinking several years beyond current budget. Informal guidance from the Agency of Education, homestead tax rates, CLA/Common Level of Appraisal and next steps were reviewed. Mr. Plemenos will provide the Committee with an update during the week after Thanksgiving. Proposed FY23 budget will be shared with the full Board on December 14, 2021.

**BUDGET
UPDATE**

Motion by Notte/Dages that the Committee make recommendation to the Board to refer policy related to sale of school property (#5220) to the Policy Committee for full review.

**MOTION:
RECOMMENDA-
TION TO BOARD**

Motion passed unanimously by all those in attendance.

Chair Seward advised that she will make the recommendation to the Board when she presents the Committee Report.

Motion by Dages/Notte to adjourn at 6:57 pm. Passed.

**MOTION:
ADJOURN**

Respectfully submitted,
Betty A. Kapitan, Recording Secretary



Fiscal Year 2023 Budget Update

Finance & Planning Committee


November 16, 2021


Staffing

80% of Total District Costs

- RCPS reduced positions in FY22 vs FY21. *(Salary reductions offset higher benefits costs.)*
- 501 Full Time Employee positions budgeted in FY22, plus part-time positions
- October staffing is 3.5% below budgeted total. *(482 full time employees, and 68 part-time.)*
- 6 new positions in FY22 funded using ESSER grant.
- Attrition through retirements could be 2% to 3% of employees this year.
- Administration is reviewing and prioritizing plans for FY23 staff levels.

Salaries and Benefits

- Compensation for FY22 and FY23 is still being negotiated. (*~ 400 FTEs, > 75% of total, > \$30 million.*) 

Each 1% increase adds ~ \$300,000.
- Average teacher compensation in FY22 Budget is \$97,300 (*\$66,840 in salary and \$30,430 in benefits.*) 

~ 10 Teachers cost \$1 million per year.
- Medical plan cost increase slows to 5%. (*~ \$250k.*) Dental plan cost will increase. (*Dental up for first time in 7 years.*)
- Employer contributions to State pension plan are funded directly by the State.
- RCPS contributes 10% of employee salaries to Rutland City pension plan (*> 90% of teachers participate.*)

Preliminary Revenues

Directional Changes Only

	<u>FY22 Budget</u>	Preliminary <u>FY23 Budget</u>	<u>\$ Change</u>	<u>% Change</u>	<u>Comments</u>
<i>(\$ thousands)</i>					
Federal Grants & Reimbursements	12,320	12,900	580	5%	<i>STC increase.</i>
ESSER	700	2,200	1,500	214%	<i>ESSER II & ARP.</i>
Tuition	2,804	2,800	-4	0%	
Working Capital	1,000	-	-1,000	na	<i>Maintain WC for operations.</i>
Special Ed and Local	<u>6,830</u>	<u>6,000</u>	<u>-830</u>	-12%	<i>Pending Act 173 changes.</i>
Federal & Local Revenues	23,654	23,900	246	1%	✓

Informal Guidance from AOE

- Average Daily Membership (ADM) for FY23 will be no less than FY21. (*“Hold harmless.”*)
- Equalized pupils can decline for FY23, depending upon poverty counts, etc.
- Annual Tax Department letter to be released December 1.
 - Common Level of Appraisal (CLA) could continue to drop, as property values increase.
99.4% (FY20), 95.9% (FY21), 93.4% (FY22), xx.x% (FY23)
 - Property Yield could be increased to provide offset relief.
\$10,648 (FY20), \$10,998 (FY21), \$10,763 (FY22), \$xx,xxx (FY23).

Homestead Tax Rates and CLA FY 2021 - 2022 versus Prior Year

	<i>FY 2021 - 22 Homestead Tax Rate (\$)</i>	<i>Change in FY 2022 (\$)</i>	<i>FY 2021 - 22 CLA (%)</i>	<i>Change in FY 2022 (percentage pts)</i>		<i>FY 2021 - 22 Homestead Tax Rate (\$)</i>	<i>Change in FY 2022 (\$)</i>	<i>FY 2021 - 22 CLA (%)</i>	<i>Change in FY 2022 (percentage pts)</i>
Bennington	1.48	-0.06	93.80	0.18	Middlebury	1.65	0.02	100.00	-3.06
Brattleboro	1.74	0.04	98.81	-2.50	Poultney	1.48	-0.03	97.50	-0.65
Burlington	1.46	-0.60	105.32	30.55	Rutland City	1.64	0.13	93.39	-2.50
Chittenden	1.58	0.12	96.54	-2.45	Rutland Town	1.48	-0.04	100.02	0.27
Clarendon	1.57	-0.03	99.22	-1.76	Wallingford	1.56	-0.01	99.42	-3.10
Fair Haven	1.30	-0.04	110.98	2.39	West Rutland	1.37	-0.01	105.64	-1.69
Hartford	1.63	-0.06	93.33	-1.95	Winooski	1.90	0.18	79.57	-4.18
Mendon	1.16	-0.35	131.69	35.86	Woodstock	1.79	0.04	90.39	-4.17

- In this sample of 16 towns: 6 towns (38%) have a higher FY 2022 tax rate. All 6 also have a lower CLA in FY 2022.
- Rutland City and Winooski both have a high share of students from low income families; both experienced a substantial drop in CLA and an 8% to 10% increase in tax rates.
- Several towns have CLA's above 100% including: Mendon, Fair Haven, and Burlington. Both Mendon and Burlington completed reappraisals in FY 2021 – thus, lower FY 2022 tax rates will apply to higher values.

Next Steps

- November 30: Confirm proposed staffing levels.
- December 2: Complete proposed budget with updated revenues and expenses .
- December 4: Distribute draft charts for pre-meeting review by Finance Committee.
- December 7: Review charts with Finance Committee, and revise as needed.
- December 14: Share proposed FY23 budget with School Board.