

Rivendell Budget



A balancing act

As a school board we strive to bring to the voters a budget that balances the educational needs of students within our towns with the ability of townspeople to pay.

Rivendell Budget



Sometimes it can feel like a tug of war between generations. It is my hope that we can see it as an opportunity to come together to care for each other.

Tax Rate Estimates

| | |
|---|----------------|
| Net Assessment | 3,224,205 |
| STATE-Wide Education Property Tax (SWEPT) Assessment | 203,043 |
| DIVIDE by Estimated Orford Grand List (without utilities) | 154,184,631 |
| STATE Education Property Tax Rate (per \$1,000 valuation) | \$1.32 |
| LOCAL Education Property Tax Assessment | 3,021,162 |
| DIVIDE by Estimated Orford Grand List (with utilities) | 157,331,931 |
| LOCAL Education Property Tax Rate (per \$1,000 valuation) | \$19.20 |
| Equals Estimated Orford Tax rate per \$1,000 valuation | \$20.52 |

Annual Property Tax on a \$100,000 property **\$2,013 \$1,755 \$1,844 \$2,052**

3. Prior Year Tax Rates

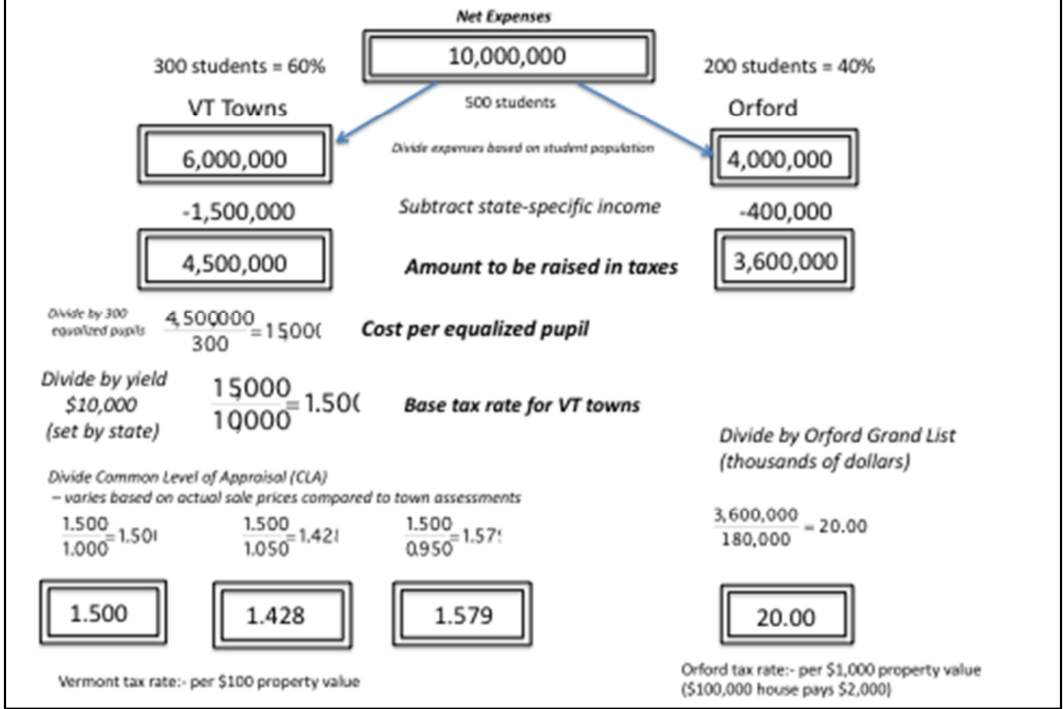
| | Fairlee | West Fairlee | Vershire | Orford |
|---|--------------|--------------|---------------|-------------|
| Equalized Tax Rate | \$1.9688 | \$1.9688 | \$1.9688 | |
| CLA | 91.51% | 101.71% | 91.33% | |
| Local Tax Rate | \$2.1515 | \$1.9357 | \$2.1557 | \$17.01 |
| State Tax Rate | | | | \$1.86 |
| Prior Year Tax on \$100,000 Property | \$2,152 | \$1,936 | \$2,156 | \$1,937 |
| Change in Tax on \$100,000 Property | -\$140 | -\$181 | -\$312 | \$115 |
| Percent Change on a \$100,000 Property | -6.5% | -9.4% | -14.5% | 5.9% |

Note: "Equalized Pupil" counts are calculated by the State Of Vermont, and start with a two-year average enrollment number for each town. Factors for pre-K, secondary enrollment, poverty, and, limited English proficiency, are added to the total. The resulting total is then multiplied by the "equalizing ratio" (which is a statewide ratio of "real" students to students "inflated" by the factors mentioned above); for each of the three Vermont towns. The result is the Equalized Pupil counts listed above.

Annual Report p12

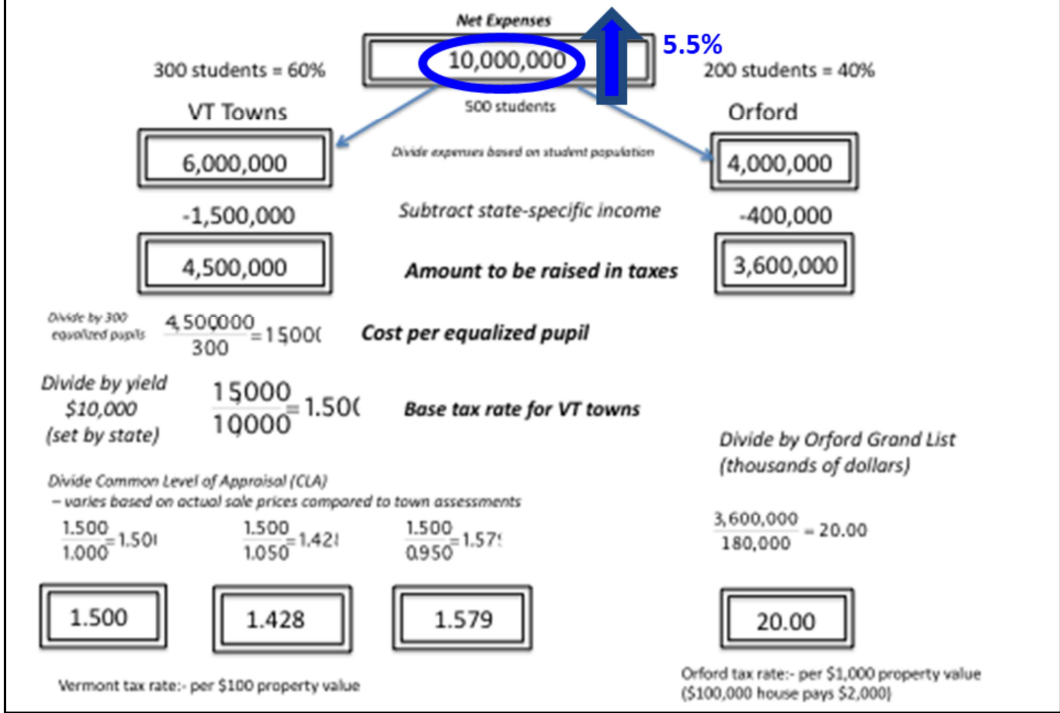
What does this budget mean for me as a taxpayer? The tax rate estimates can be found on p12 of the Annual Report. It is anticipated that tax rates will go down for the 3 Vermont towns and up for Orford.

How taxes are calculated for 4 Rivendell towns (a basic map with simplified numbers)

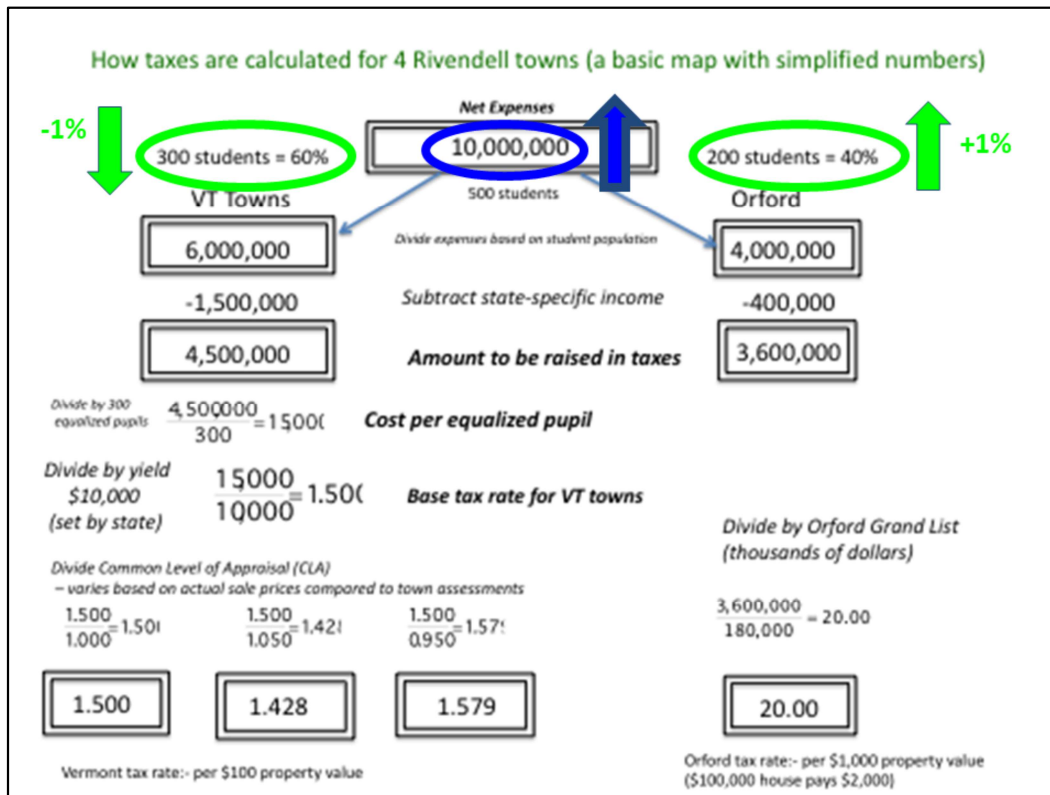


How can one common budget voted on by the voters of the district lead to such wildly different tax rates in the 4 towns? Here's a map that shows the flow from net expenses in an approved budget to 4 different tax rates. It uses a hypothetical budget of \$10,000,000 in net expenses to give round numbers as examples.

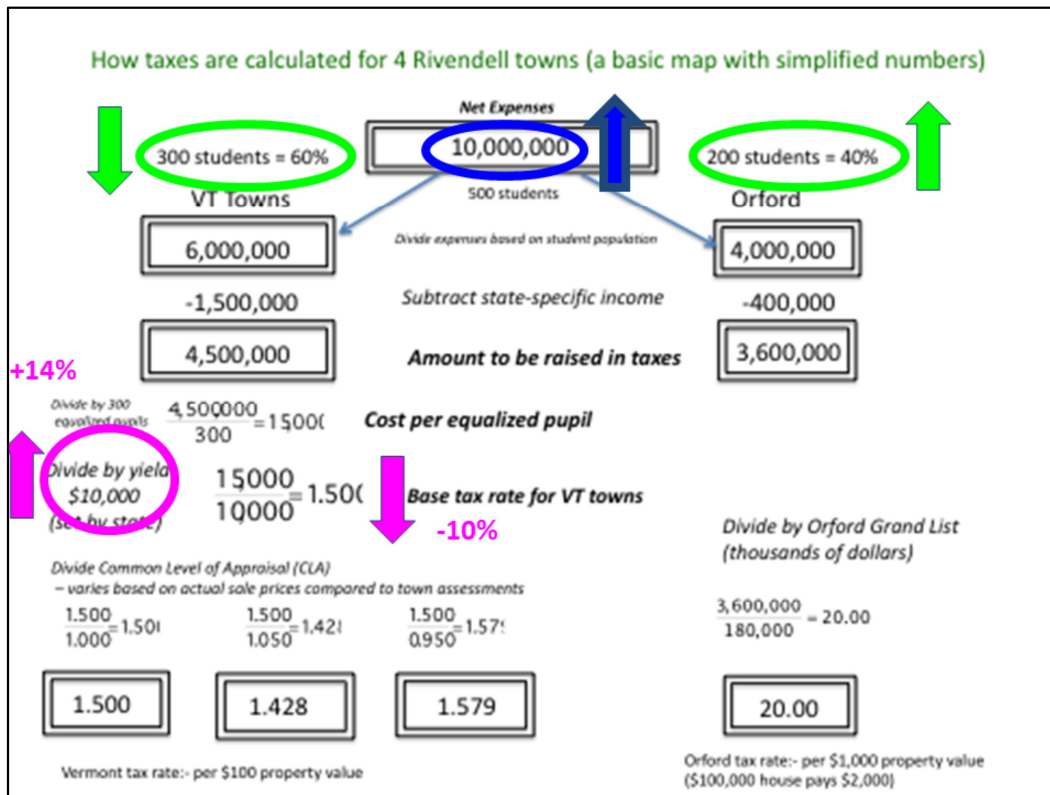
How taxes are calculated for 4 Rivendell towns (a basic map with simplified numbers)



Net expenses have gone up by 5.5%. Costs are up across the board, some line items by 10% or more, so this number represents considerable work to bring the total increase down to 5.5%.



The second thing that has changed this year is the percentage of Rivendell students living in each of the 4 member towns. Orford gained 8 students while the population of students in the Vermont towns remained essentially the same. This increased Orford's share of the net expenses by 1% and decreased the Vermont share by the same amount.

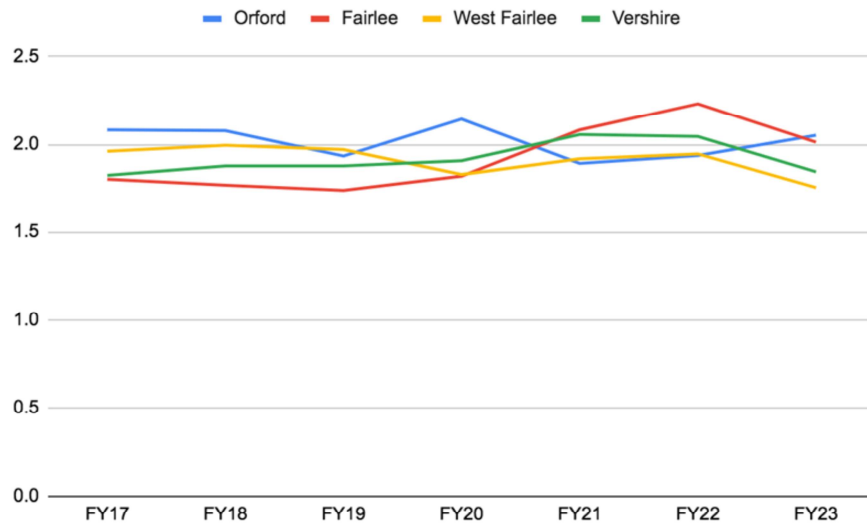


The biggest change this year is Vermont's property yield. This number, provided by the state, scales the tax rate in each town to the cost per pupil in that town's school district. The round numbers used in this example show a yield of \$10,000 meaning that every \$1.00 (per \$100 property valuation) provides \$10,000 spending per pupil. The base tax rate is calculated by dividing the anticipated cost/pupil by the property yield. In this example, a \$15,000 cost per pupil leads to a \$1.50 tax rate.

This year Vermont increased the yield by 14%. This is the main driver in the 10% decrease in the base rate for Rivendell's 3 Vermont towns. The base rate is then adjusted by the common level of appraisal (CLA) in each town. The intent of the CLA adjustment is to link property taxes to fair market value rather than the assessed value which can vary from town to town.

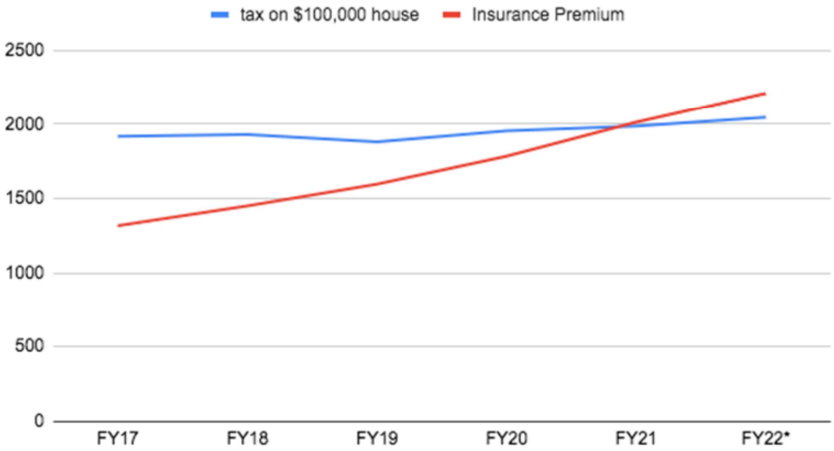
Vermont is able to increase the property yield because their education fund has significant sources of income beyond property taxes. The decision to increase the yield reflects a commitment to reduce property tax burden.

Tax Rates 7 year trend



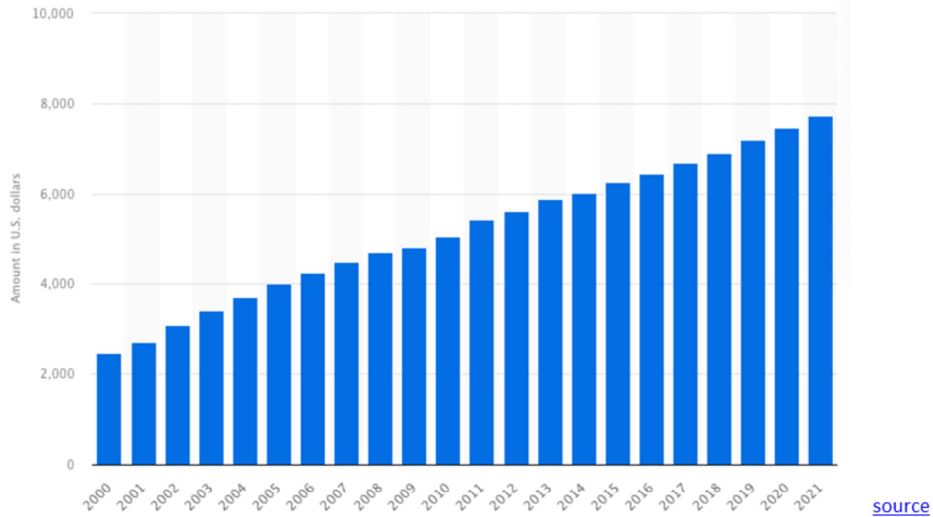
This seven year trend shows the differences in property tax rates across the four towns for any given year as well as the overall trend. Tax rates are shown per \$100 property valuation, so a tax rate of \$2.00 would mean a \$2,000 tax bill on \$100,000 house.

Avg. tax on a \$100,000 house vs cost of health insurance

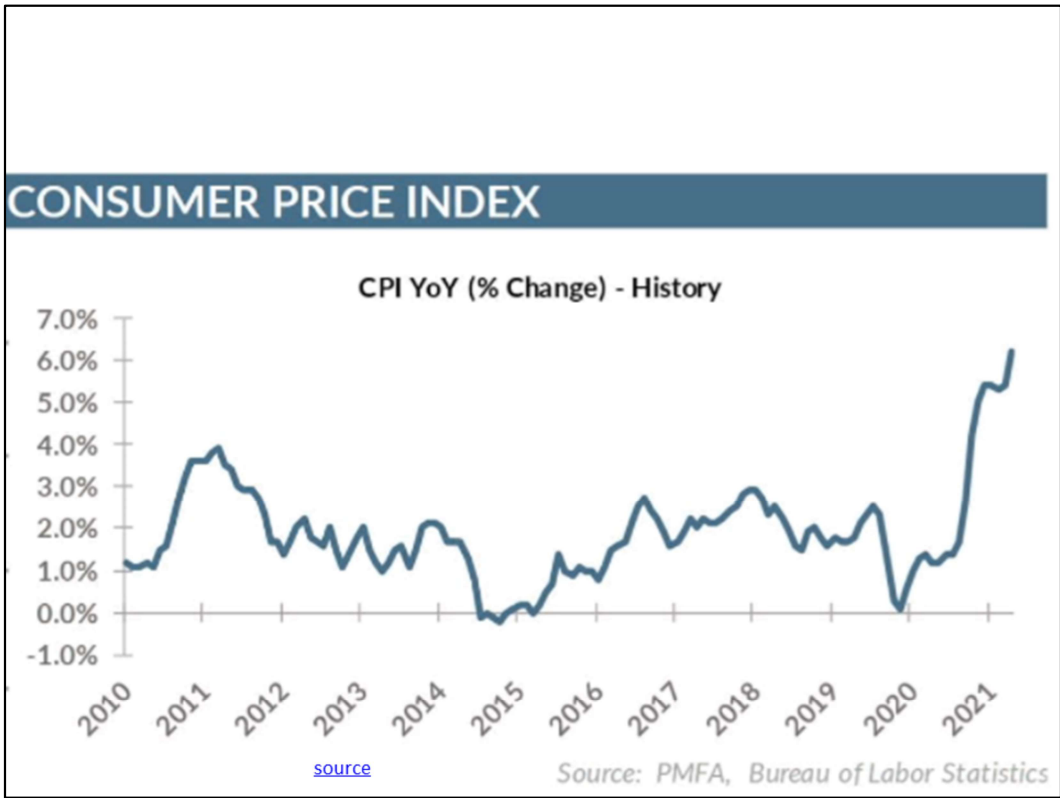


This graph shows the tax on a \$100,000 house (averaged across the 4 Rivendell towns) in blue compared to the change in monthly health insurance premiums over the same time period. This sustained increase has been the biggest factor to grapple with in developing annual budgets. To keep taxes steady, cuts need to be made each year to compensate for the double-digit increases in health insurance.

Avg. annual health premiums for single employee coverage in the US from 2000 to 2021



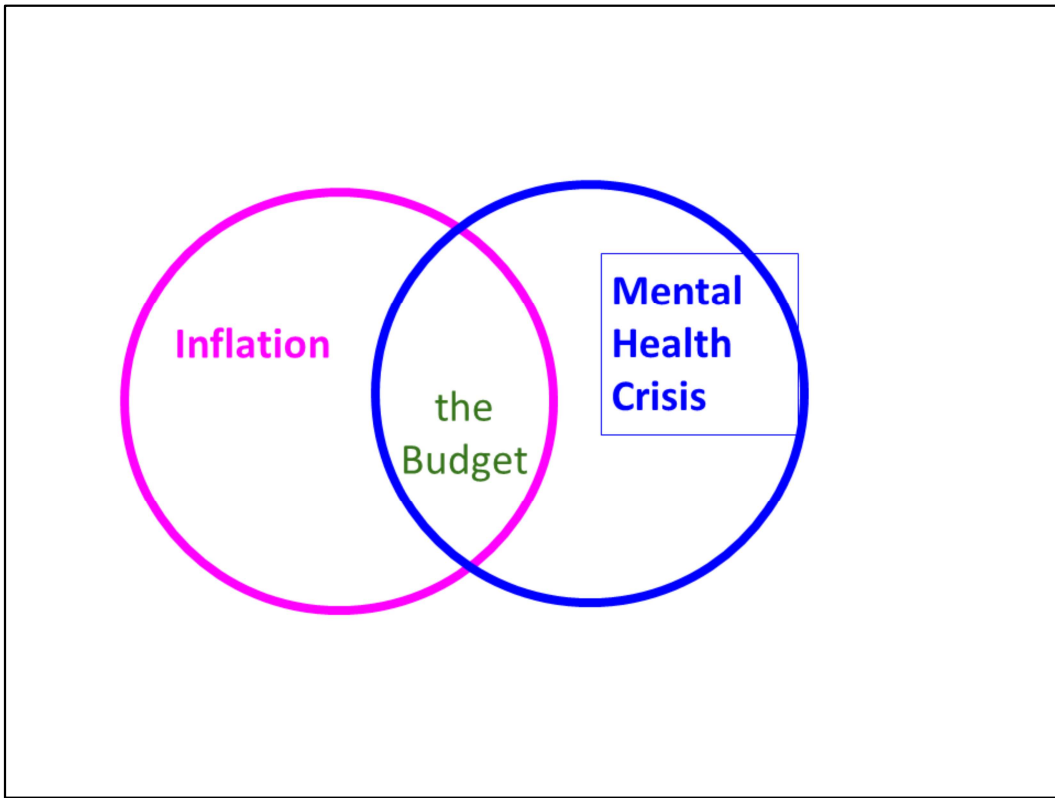
Annual premiums for a single employee have gone up from about \$2,000 in the year 2000 when Rivendell was formed to almost \$8,000 now, an increase that far outstripped inflation. (A dollar in 2000 is worth \$1.63 now.) The school board has worked hard over the years to keep annual budget increases at or below rates of inflation, even as insurance costs soared.



Inflation has been far less of a concern than health insurance . . . until this year. The CPI is up 7.5% from January 2021 to January 2022. This affects everyone (teachers and taxpayers alike) and every line item on the budget.

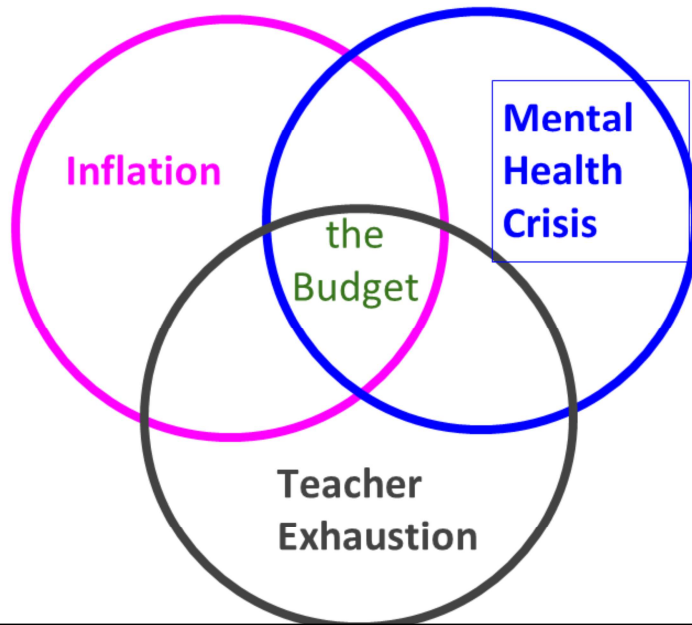


Perhaps you noticed when buying your favorite super bowl snacks.



If we only had to contend with inflation, that would be one thing, but we have other significant pressures as well. We are facing a mental health crisis that was brewing before the pandemic and has increased dramatically in the past two years, across all age groups, but especially among young people.

The Great Balancing Act



A third factor in the great balancing act is, quite frankly, exhaustion. Running schools through a pandemic has been like running a marathon with a finish line that keeps fading into the distance. When paired with the mental health crisis, there is no bandwidth for creative cost-cutting solutions. Our students and their teachers need our support now more than ever. Your vote can make a difference in the lives of the young people in our towns.