

“The Bennington Budget Story”

2023-24



BOE Budgeting Goals

- Cash Reserve Goal between 20-25%
- Keep total levy rate stable if possible over time
- Keep bond rate at 34 cents and steady to make payments
- Prioritize funds to:
 - Pay down bond debt
 - Build up the Special Building Fund (Future Facilities/Reduce Future Bond Debt)
 - Build up the Depreciation Fund (For Planned Purchases Such as Textbooks, Technology, Transportation, Etc.)



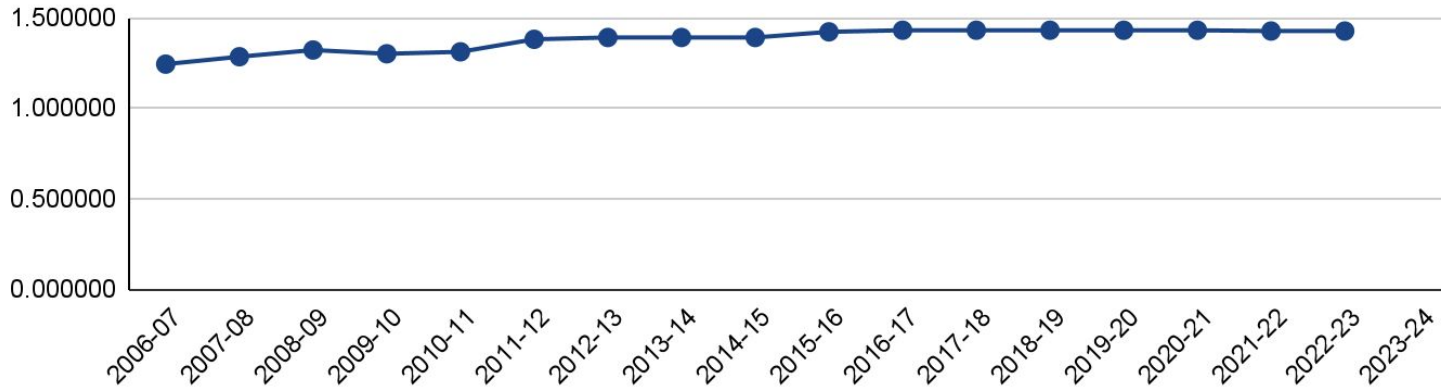
BPS Dropping is the Levy 7 Cents

BPS is dropping the total levy 7 cents.

This will be the lowest the levy has been in 12 years!

The General Fund will be levying \$0.95 which is the lowest in over 17 years!

History of BPS Levy

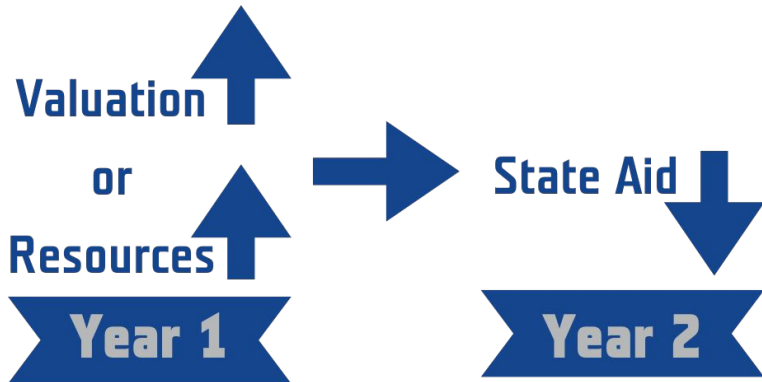


	<u>Key Points on How Nebraska Funds Public School Districts</u>	<u>Key Points on What the State Funding Means for Bennington Public Schools</u>	<u>Key Points on What the State Funding Means for Other School Districts</u>
Equalization Aid	The state determines basic funding needs for all schools. What the local property taxes can't cover, the state will provide the difference in equalization aid.	The local property taxes will cover 43.38% of the GF budget. <u>BPS is extremely reliant on equalization aid as it accounts for 27.09% of basic funding needs.</u>	Some schools do not need equalization aid because their local property taxes can cover basic funding needs.
Valuation & Equalization Aid	As valuation increases, equalization aid to the district decreases the following year.	The 21% increase in valuation for 2023-24 provides additional funds, but <u>BPS will lose an equal amount of equalization aid in 2024-25.</u>	For schools that do not need equalization aid, valuation increases result in additional funds for the school.
Foundation Aid	The new state funding formula provides \$1,500 per student of Foundation Aid.	If you are an equalized school like BPS, the \$1,500 per student results in <u>\$0 extra dollars to the district.</u>	Non-equalized schools receive \$1,500 per student resulting in additional funds for the school.
SPED Funding	The new state funding formula moves reimbursement from 50% to 80% for SPED expenses.	BPS will receive roughly <u>\$1,710,740 more in funding or 3.22%</u> of all GF 23-24 revenues.	These additional SPED funds will help both equalized and non-equalized schools.
Student Enrollment Growth	Average student enrollment growth in the state is 0.8%.	<u>Average student enrollment growth in BPS is 5-10%.</u> This results in additional needs each year.	Very few schools in the history of Nebraska have experienced enrollment growth like Bennington.
Levy Reductions	The added money from Foundation Aid and SPED funding should lower property tax levies.	<u>BPS will be lowering the GF/SBF levy by 5 cents or 4.76%</u> of the GF/SBF limit. Including Bond Funds <u>the total levy will reduce 7 cents or 4.74%.</u>	Metro area school districts are lowering their levy anywhere from 2-15 cents based on how each of the components above impact their district.

Equalization Aid System

Needs *minus* Resources =
EQUALIZATION AID

When Resources Increase from Valuation Increases, State Aid Decreases the Following Year



Bennington Public Schools

Local property taxes will cover **43.38%** of the General Fund (GF) budget. BPS is extremely reliant on equalization aid as it accounts for **27.09%** of basic funding needs.

Estimated State Aid Gains/Losses for BPS:

- 2023-24 - **(\$476,470)**
- 2024-25 - **(\$2,596,262)**
- 2025-26 - \$463,038
 - **TOTAL = (\$2,609,964)**



Valuation and Equalization Aid

Equalization Aid is additional support because valuation isn't high enough to cover the basic funding needs of the school district.

As valuation increases, equalization aid to the district decreases a year later.

The 21% increase in valuation for 2023-24 provides additional funds, but BPS will lose an equal amount of equalization aid in 2024-25.



Revenue Losses

Revenue Losses that Lead to Additional Property Taxes:

- ESSER/Federal Grant Losses in 2024-25 equal \$915,000
- Estimated State Aid Loss in 2024-25 is \$2.6 million

Estimated Revenue Gains/Losses in State+Federal Aid:

- 2023-24 = \$2,272,138
- 2024-25 = **(\$3,511,267)**
- 2025-26 = \$773,048
- TOTAL = **(\$466,081)**



Foundation Aid

The new state funding formula provides Foundation Aid of **\$1,500 per student**. This offsets Equalization Aid.

Districts that receive Equalization Aid, like BPS, the \$1,500 per student results in \$0 extra dollars.

	Equalization Aid		Foundation Aid	Extra Dollars
Bennington	\$12,498,910	(27.09%)	\$6,054,116	\$0.00
Millard	\$11,511,301	(4.64%)	\$34,272,955	\$0.00
Elkhorn	\$0.00	(0.00%)	\$16,477,527	\$6,926,799



SPED Funding

The new state funding formula increases reimbursement to schools from **50%** of costs to **80%** for SPED expenses.

BPS will receive approximately **\$1,710,740** more in SPED funding.

- This is only **3.22%** of all 23-24 General Fund revenues.

BPS is levying less for SPED services proportionately than many peer schools. Thus, the additional funding may not result in as much property tax relief as a district with higher SPED costs.



Student Enrollment Growth

The State of Nebraska

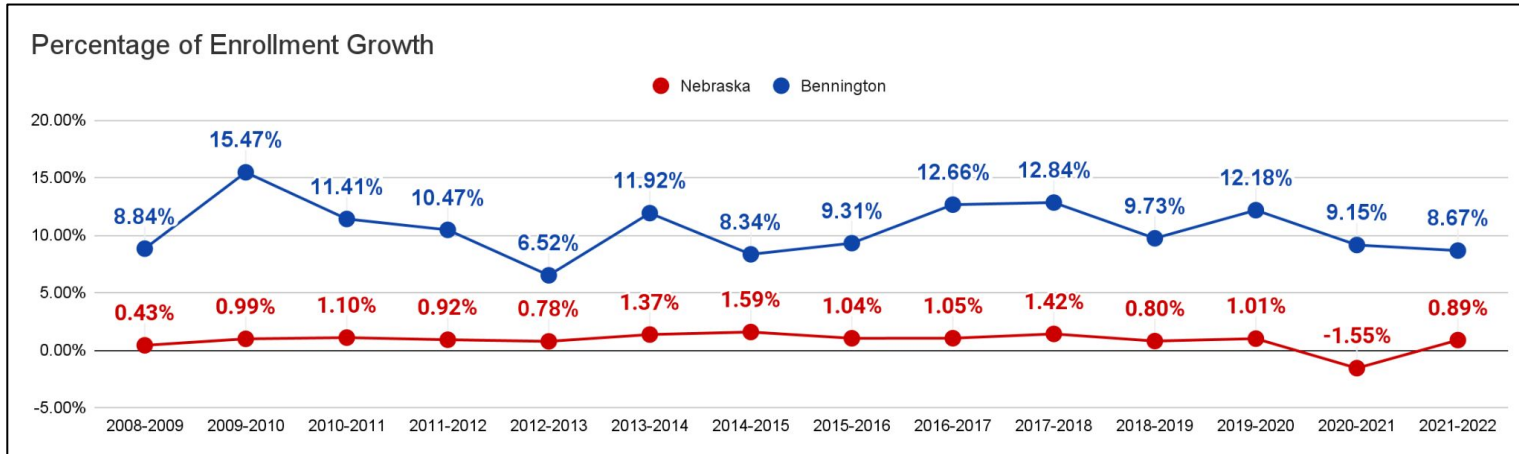
Average student enrollment growth in the state is **0.8%**

Easier for others schools to turn additional revenue into property tax relief, because they don't have the same growth.

Bennington Public Schools

Average student enrollment growth in BPS is **5-10%**

This growth impacts total expenditures from year to year. More kids means more funds are needed to educate students. Incoming funds, offset total expenses, but don't provide enough for large property tax reductions.



Levy Reductions

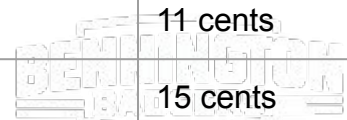
The added money from Foundation Aid and SPED funding should lower property tax levies. Metro area school districts are lowering their levy anywhere from 2 cents to 15 cents.

****The more reliant a district is on equalization aid, the less ability to lower the levy due to future equalization aid reductions.****

BPS will be lowering the levy by **6.76 cents**, which equates to about **\$68 per \$100,000** of home valuation

- 4.76% of the General Fund/Special Building Fund limit, **from \$1.05 to \$1.00.**
- Including ALL Funds the total levy will reduce 4.74%.

	Equalization Aid (Percent of Total Needs)		Foundation Aid	Extra Dollars	Levy Reduction
Omaha	\$192,205,205	(29.45%)	\$74,491,207	\$0.00	2 cents
Bennington	\$12,498,910	(27.09%)	\$6,054,116	\$0.00	7 cents
Gretna	\$12,634,039	(17.18%)	\$9,459,177	\$0.00	9 cents
Millard	\$11,511,301	(4.64%)	\$34,272,955	\$0.00	11 cents
Elkhorn	\$0.00	(0.00%)	\$16,477,527	\$6,926,799	15 cents



Long Term Forecasts

All financial decisions must be viewed over a three year period. This includes the following assumptions:

	Three Year Assumption	Five Year Average <small>(2018-23)</small>
Valuation	10%	12.34%
Student Growth	220 Students	273 Students
Expenses	10%	15.3%
State Aid	Keeping all budget factors in line with current legislation and five-year averages	

Three Year Projected
General Fund Levy at \$1.00

**PROJECTED GENERAL
FUND/SPECIAL
BUILDING FUND THREE
YEAR LOSS OF
(\$7,079,435)**



Caps and Lids

State Mandated Caps and Lids	BPS Final Budget
General Fund/Special Building Fund tax levy is capped at \$1.05	\$1.00
Budget Authority (minus SPED/allowances) provided by NDE for BPS is \$45,740,084	\$45,740,084
Cash Reserve limit provided by NDE for BPS is \$13,187,963	\$11,435,021
Property Tax Asking Cap (GF/SBF) provide by the state for BPS is \$26,746,962	\$25,746,962



Bond Paydowns

Bonds are structured to utilize future valuation increases to make payments.

Bonds can be called (paid off early) after five or ten years depending on the type. The only series that BPS can call (pay off) at this time is the 2018 series. BPS doesn't have the funds to pay down principal at this time.

A 6.5% valuation increase per year over next four years is needed to match revenue to the 2027-28 bond payment.



Frequently Asked Questions

Why did I receive this postcard in the mail?

- Answer: Districts that increase their tax-asking by more than two percent, plus growth, are mandated to attend a Joint Public Hearing with all other political subdivisions that also increased their tax-asking by more than two percent. The public has a chance to provide comment to all political subdivisions at the meeting.

Does this postcard mean my taxes are going up?

- Answer: The postcard means the property tax-asking requested by the district went up more than two percent.

Did you say the levy was going down? Why did I get this postcard?

- Answer: While the BPS levy is going from \$1.42 to \$1.35 (down seven cents), the district tax-asking is increasing compared to the previous year because of the valuation increases within the school district boundaries.

Assessed valuations went up over 20%, why can't the District lower its levy to account for this increase?

- Answer: The increased revenue to the school system through valuation increases are offset the following year with a loss of equalization aid. In addition, each year expenses within the district increase due to salary and expenses increases. These expense increases are often even more at BPS compared to others because of the enrollment growth within the district.

Will the District ever become less reliant on equalization aid?

- Answer: If valuation within the district ever grows large enough to cover the basic funding needs of the district, BPS would no longer be tied to equalization aid. In 2023-24, BPS is \$1.25 billion dollars short in valuation compared to needs. All forecasting shows BPS will be an equalized school for many years to come.

Isn't student growth in enrollment slowing in BPS?

- Answer: BPS has averaged student increases of 273 students over the past five years. In 2022-23, the increase was 136 students which was the least since 2012. Forecasts from internal calculations, DLR Group (architects), and RSP Group (demographers) continue to show BPS growing at 5% per year over the next decade.

Can't we simply cut spending to provide more property tax relief?

- Answer: Payroll accounts for 75% of the district budget. With yearly salary/benefit increases for staff, the ability to cut spending would mostly come from staffing reductions or elimination of programming for students. With the student growth and expectations for programming within the community, reducing expenses is not an easy task.



Final Takeaways

- Local property taxes cover less than half of BPS' budget. Thus, the state provides BPS with significant "equalization aid" to help cover costs.
- Because BPS receives state equalization aid, BPS won't receive the additional \$1,500 per student "foundation aid" (additional funds from recent Nebraska law changes).
- The \$1,500 per student foundation aid is a major driver in other districts' ability to lower their levy.
- BPS is also experiencing exponential growth, especially compared to the state average. (Nebraska avg. student enrollment growth = 0.8% compared to BPS' = 5-10%)
- Significant increases in assessed valuations won't provide relief either. BPS receives additional funds in the year of the increase in assessed valuation, but BPS will receive a reduction in the same funds the next year. The state views increases in assessed valuations as more resources available to BPS so the state provides less equalization aid in future years.

