



## OFFICE OF THE CLERK/TREASURER

City of Burlington

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January 9, 2012

To: Bill Keogh, City Council President

From: Scott Schrader, Interim Chief Admin. Officer  
Ken Schatz, City Attorney

Re: Questions Regarding School Department Budget and Retirement Costs

The following respond to your questions raised in your e-mail on Saturday, January 7, 2012:

1. In light of the potential shift of funds from the General Fund to the Burlington School Department, does the property tax go down and, if so, how many cents?

As you are aware, the City's property tax rate consists of various program specific component tax rates, including "retirement". It is estimated that the tax rate for retirement purposes would be reduced by approximately four cents.

2. If School tax fails, can/will the GF continue to support BSD next fiscal year?

If the voters do not approve the school budget on March 6<sup>th</sup>, the School Board is entitled to alter the budget and resubmit it to the voters. If voters have not approved a budget by July 1 the Board implements a budget that permits Education Spending in an amount which does not exceed the Education Spending last duly approved by the legal voters adjusted by the total dollar amount change in the base education payment. (See, City Charter Sec. 168). If the voters do not approve the budget, renewed discussions may occur regarding payment of FICA and retirement contributions for non-teacher School Department employees, within the context of legal obligations for payment of school expenses.

3. What is the role of the Council in all this?

The **School Board** has the authority to develop a proposed budget for the schools and to present that proposed budget to the voters. The City Council's role is to receive a presentation of the proposed budget at a Council meeting and to allow public commentary on the proposed budget at that meeting. The Council may make comments but does not have the authority to approve or reject the proposed budget, nor can the Council prevent the Board's proposed budget from being put on the ballot. (See, City Charter Sec. 168).

4. If General Fund shift to Burlington School Department budget resulting in reduction of property tax by 4 cents, say, do voters still need to approve Scott's recommended 2 cents increase?

As previously mentioned, the tax rate consists of various program specific component tax rates. Because the theoretical two cent increase would be on the "general government" or "public safety" property tax rate and not the "retirement" tax rate, voters would still have to approve the increase.

5. Can BSD, change its mind and say, instead, that BSD can only pay \$411,000 FICA and wait 'till next year on the retirement. What is role of CC in this?

Discussions thus far have resulted in agreement between School and City Administration officials that the School Department will pay the FICA and retirement contributions for non-teacher School Department employees in FY 2013. If something changes, as mentioned above, renewed discussions may occur within the context of legal obligations for payment of school expenses. The City Council role is to review and comment on the School budget and later to approve the City budget.