

Superintendent's Report on Operations **OUUSD Budget Update for December 3rd Meeting**

The OUUSD budget failed on its third vote, last Tuesday November 24th. At this point we are six months into the school year without an approved budget. Although we have been doing our best to minimize the operational impacts of this, we are coming to a point of operational crisis.

The Board is looking to warn another budget as soon as possible, with the goal of holding another vote in early to mid- January. The Board hopes to warn the budget vote at their December 3rd meeting.

Point One: Cash Flow

Under Vermont Statute, we are allowed to operate at 87% of last year's operating budget until a budget is approved. We are allocated 25% of our typical revenue from the State, we do not have access to local tax dollars, and we have the ability to borrow the difference between the 25% in state revenues and the 87% allowed by Vermont law to keep schools running—this equates to roughly nine million dollars. As a result, we have a shortage of about \$2.6 million. This is the difference between 87% of last year's budget and current operating costs in Bradford Elementary School, Newbury Elementary School, Oxbow High School, and River Bend Career and Tech Center.

As of this week, the district has borrowed \$4,215,000 to maintain operations at an interest rate of 1.95%. We estimate that interest costs on borrowing will be between \$87,500 and \$100,000 as we continue to borrow to keep schools open. These costs will increase the longer we go without a budget. These are added costs. Each time we pay bills and run payroll we need to borrow funds to meet our obligations.

We have no reserve accounts to operate from and are relying on loans and our small allocation from the State to keep cash in our accounts to operate our schools. If a budget was to pass in January, we will not see money from the State until late February or early March. Our current loan will carry us through January. We will need to apply for another loan to fund further operations.

Point Two: Operational Impacts of No Budget

We are not able to safely run schools and meet the educational needs of our students if we are required to run them at 87%. Cutting 2.6 million dollars from our current operating budget would be detrimental to the towns, the students, and the families in our local community who rely on schools to be there for their families.

In order to open schools safely in the pandemic and provide the education that is required, we have been operating our schools above the 87% threshold in hopes that a budget would pass. As we move further into the year, we are being forced to consider the reality of an 87% operating budget in the face of repeated failures. This would require large scale cuts at Newbury, Bradford, River Bend, and Oxbow as well as adjustments to SU services and staffing. These cuts would come from the following areas:

- Suspend transportation for students
- Reduce programming to levels below the demands of the VT Educational Quality Standards
- Large scale lay-offs of staff
- Cuts to guidance, mental health and social services
- Moving all schools to remote schooling to cut-down on expenses
- Cut extracurricular activities and athletics

Each school leader is preparing a set of specific cuts that can be shared with the Board.

Point Three: Considerations for Next Steps

Board Decision Points on the Budget:

1. Warning of New Budget Figure, Date of Vote, and Informational Meeting
2. Decide on the means of voting: absentee ballots, ballots being mailed to all voters
3. Board Communication on the Budget

Board Decisions/Discussions on Current Operations:

These decisions relate to the budget warning, but are also distinct. Without an approved budget, there are current operational issues that need to be addressed. You may need to make cuts until a budget is in place and approved.

1. Discuss current cash flow concerns and steps to move forward including:
 - a. Are cuts to current operations necessary at this time in order to adjust spending closer to 87%?
 - b. Does the Board wait to make cuts? What are the operational risks and benefits of that decision? How do labor agreements and contracts fit into this discussion?
 - c. If a budget fails for the fourth time what are the immediate steps the Board would take to reduce costs?

Respectfully,

Emilie Knisley
Superintendent of Schools

