COLCHESTER
SCHOOL DISTRICT

FY'28 Budget

Presentation One

Funding Formula & Tax Impact

November 3, 2026

Budget Development

Vermont's education funding system is **STATEWIDE**.

- Every District/SU in the state receives the funding they ask for
- Money comes out of one fund at the state level
- This fund is filled mainly by property taxes
- Increased spending in other districts will influence Colchester's tax bills
- Tax rates are set to raise all the money needed to cover the cost of all the approved school budgets

Resources

a. VT Public Video explaining education finance

b. VT's Education Funding System: Explained & Compared to Other States prepared by VT AOE

Education Funding Glossary of Terms

Education Spending
Total budget minus 'non-tax revenues' such as federal & state grants as well as locally-generated revenues such as tuition & interest

Long Term Weighted - Average Daily Membership (LTW ADM)
Two-Year Average Daily Membership (ADM - enrollment) adjusted by several factors such as preK (-0.54), middle 6-8 (.36) secondary 9-12 (.39), Poverty (1.03), & limited English proficiency (2.49)

Property Dollar Yield
Estimated amount districts have to spend per pupil to have an equalized tax rate of $1.00 while generating enough money for the State's Ed Fund

- Good economy = higher yield, lower tax rates
- Set by law (usually in late spring)

Common Level of Appraisal (CLA)

- ❖ Appraised value of property vs. market value
- ❖ Attempts to make tax bills "fair" across the State

Overview of Tax Commissioner's Letter

- Each year the Tax Commissioner's letter is released on December 1st.
- This letter provides the following based on the preliminary budgets from all districts and SUs:
  - The total expected increase in the educational funding for the state
  - The anticipated increase in the per pupil spending
  - The expected increase in the average educational tax for the state
  - The predicted Long term weighted ADM at the state level
  - The dollar yield amount to be used for the initial calculation of the education tax increase for each district/SU
  - The residential and nonresidential tax starting point

Education Tax Calculation

Total Budget - Non-Tax Revenues = Education Spending

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Education Spending / LTW ADM=Education Pending Per LTW ADM

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Education Spending Per LTW ADM / Property Dollar Yield = Equalized Residential Tax Rate

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Equalized Residential Tax Rate / Common Level of Appraisal (CLA) = Residential Tax Rate w/ CLA

Note: The dollar yield is set by the state and will change.

Legislative Impact: Act 164

Act 164 – Section 8: If the Director of Property Valuation and Review certifies that a municipality has completed a townwide reappraisal, the common level of appraisal for that municipality shall be 100 percent for purposes of determining education property tax rates.

Educational Tax Components

COMPONENT	SET BY	FY'28
Dollar Yield (set by legislature)	State	
Income Yield	State	
Estimated Ed Spending Increase $	CSD	
Per Pupil Spending	CSD	
Common Level of Appraisal (CLA)	Town	99%?
Statewide Average CLA	State	
Baseline Budget Increase $	CSD	
Baseline Budget Increase %	CSD	

Budget Drivers

Areas that have the greatest influence in increasing or decreasing the budget

- Salaries and benefits
- State mandated district contributions to employee health benefits
- Health Care Costs - ***Good News!***
- Debt Service
- Out of district placement
- Professional education services
- Food Service transfer
- Transportation

FY28 Presentation Next Time

Areas that have the greatest influence in increasing or decreasing the budget

- Enrollment
- Class Size
- Budget Assumptions
- Budget Drivers
- Debt Service
- Budget Discussion

FY28 Budget Timeline

- ***Discussion -*** What is the board's goal regarding the tax implications of our budget?
- When we bring back potential recommended budgets in January is there a target tax increase that the board would like to see?
- What information does the board need as the budget process moves forward?

- **January 5th**
- **January 12th**
- **January 19th**

****if necessary January 26th***

Town Meeting March 1st

Voting Day: March 2nd

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Questions?