



FY'27 Budget

Presentation Two

Funding Formula & Tax Impact

January 6, 2026



DISTRICT ENROLLMENT



Past and Future	
2009	2,162
2012	2,144
2015	2,150
2018	2,106
2021	2,154
2025 Current	2,119
2027	2,252
2030	2,303
2034	2,297

Vermont Meal Assistance



Past and Future	
2009	24.68%
2012	29.23%
2015	32.14%
2018	33.00%
2021	31.89%
2022	32.44%
2023	38.63%
2024	34.13%
2025 Current	32.21%

VERMONT EDUCATION QUALITY STANDARDS

**GRADES
K-3**

**20 students
per
classroom**



**GRADES
4-12**

**25 students
per
classroom**

**100 students
per teacher**

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 Commissioners Letter

- The Department of Taxes projects an 11.9% average increase in property taxes.
- Total education spending in Vermont is expected to increase from \$1,988.4 million to \$2,103.8 million (5.8% increase).
- Average per pupil spending is expected to increase from \$13,947 to \$14,892 (6.8% increase).
- In FY26 (Current Year) per pupil spending in Vermont ranged from \$10,846 to \$19,089. Colchester FY26 PPS was \$14,825
- Long term weighted ADM will fall from 142,564 to 141,273 for a decrease of 0.91%.
- Unknown if Governor Scott will buy down the tax rate for FY27.

Education Funding

In FY25, Act 127 went into effect and changed the weighting for students. This brought a dynamic budget season and a mid-year change to the education funding formula through H850.

At the end of the session, when the Yield Bill (Act 183) passed, legislators also introduced a new methodology for the FY26 education funding property tax formula by including the concept of a new "[statewide adjustment](#)" to fundamental components of the formula (e.g. Yield, CLA).

Below are the values for the 3 primary financial components published in the 12/1 Letter.

	FY26	FY27
Homestead Property Yield	\$8,596	\$8,849
Income Yield	\$12,172	\$12,154
Statewide Non-Homestead Property Rate	\$1.703	\$1.785

Educational Tax Components

COMPONENT	SET BY	FY'26	FY'27
Dollar Yield (set by legislature)	State	\$8,596	\$8,849
Income Yield	State	\$12,172	\$12,154
Estimated Ed Spending Increase \$	CSD	\$6,365,303	\$5,113,657
Per Pupil Spending	CSD	\$14,383	\$16,042
Common Level of Appraisal (CLA)	Town	62%	110%
Statewide Average CLA	State	72%	70%
Baseline Budget Increase \$	CSD	\$7,463,955	\$6,340,500
Baseline Budget Increase %	CSD	13.00%	9.77%

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 has an increase of 11.9% in FY26, and is projected to rise by 7.3% in FY27
- Out of district placement
- Professional education services
- Food Service transfer
- Transportation

Education Tax Calculation

Total Budget - Non-Tax Revenues = Education Spending



Education Spending / LTW ADM = Education Spending Per LTW ADM



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



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.

CSD Historical Tax Increases



FY27 Budget Scenarios

	Scenario A	Scenario B	Scenario C	Scenario D	Scenario E
Ed Spending % Increase	9.73%	8.50%	7.27%	6.03%	4.80%
Additions	No Additions	No Additions	No Additions	No Additions	No Additions
Reductions \$	\$0	\$648,895	\$1,297,789	\$1,946,684	\$2,595,579
Budget Amount	\$71,229,966	\$70,581,071	\$69,932,177	\$69,283,282	\$68,634,387
Increase \$	\$6,340,500	\$5,691,605	\$5,042,711	\$4,393,816	\$3,744,921
Increase %	9.77%	8.77%	7.77%	6.77%	5.77%
Per Pupil Spending	\$16,056	\$15,875	\$15,694	\$15,514	\$15,333
Per Pupil % Increase	11.54%	10.38%	9.12%	7.87%	6.61%

“ Shall the voters of the school district approve the school board to expend \$xx,xxx,xxx, which is the amount the school board has determined to be necessary for the ensuing fiscal year? The Colchester School District estimates that this proposed budget, if approved, will result in per pupil education spending of \$xx,xxx, which is xx.% higher than per pupil education spending for the current year. ”

FY27 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 6th**

- ❑ **January 13th**

- ❑ **January 20th** - preferred date to warn**

- ❑ **January 27th - if necessary**



Questions?



Administrative Priorities

- Maintain resources effective for Multi-Tiered Systems of Support (MTSS) model in Academics, Social Emotional Learning and Inclusion.
- Follow the class size guidelines in the VT Education Quality Standards
- Early literacy and mathematics proficiency
- Ensure continuation of co-curricular activities for students
- Protect services dedicated to our most vulnerable students and families
- Develop a budget that is fiscally responsible for tax payers
- Explore all systems for efficiencies

FY26 Budget Analysis

Highest Priority:
Maintain our existing levels of professional staffing

Areas we are monitoring:

- Roof at MBS
- Food services
- Level of ML staffing
- Size of current kindergarten class
 - 179 students, average 22 per class, above EQS
- Size of current grade 4 class
 - 24 per class, only elementary grade with 7 teachers
- Athletic funding at CMS and CHS
- Champ Program at CHS
- CMS new field hockey nets

Areas for Efficiency:

- Full budget analysis
- Software
- Open positions

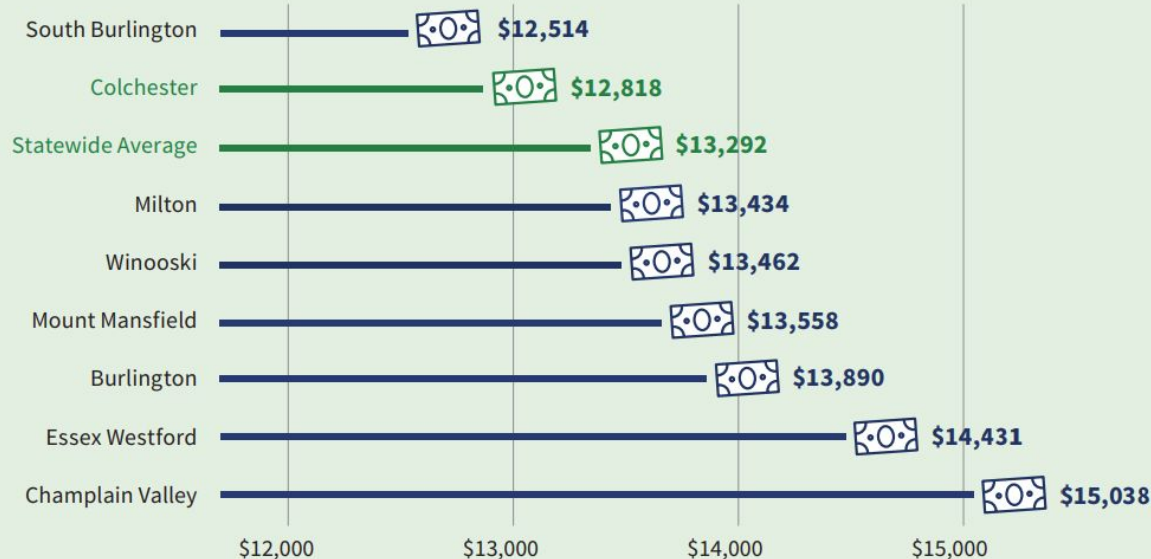
	Scenario B <i>Current Yield</i>	Scenario B <i>Yield DOWN 5%</i>	Scenario B Yield DOWN 10%
Dollar Yield	\$8,553	\$8,125	\$7,698
Budget Amount	\$64,889,466	\$64,889,466	\$64,889,466
Increase \$	\$7,463,508	\$7,463,508	\$7,463,508
Increase %	13.00%	13.00%	13.00%
Estimated Tax Increase %	3.102%	8.83%	15.20%
Tax Rate Increase (cents)	5.64	16.07	27.65
Per Pupil Spending	\$14,403	\$14,403	\$14,403

FY25 Comparison

Spending per Equalized Pupil

FY'25 COMPARISON OF SPENDING PER EQUALIZED PUPIL

*Numbers are estimated based on approved budgets



**NEED
FY26**