

Navigating Finance, Policy, and Partnerships for School Board Officers and Superintendents

2024 Pre-Conference Workshop

Learning Objectives

1

Gain a deeper understanding of recent changes to education finance law and the impact on the budgeting process.

2

Discuss strategies for contending with the political and fiscal pressures facing school boards.

Agenda

2:00

Welcome

2:10

Outlining the Factors Contributing to FY26 Budgeting

2:45

Quick Stretch Break

2:50

Guidelines, Priorities, and Assumptions for Budgeting

3:30

Effective Communications Strategies

4:00

End



1. Your Name
2. District
3. # of Years in the Role
4. Something Student-Centered to Celebrate

Pair Share with Someone New

Outlining the Factors Contributing to FY26 Budgeting

Context/Politics

Facilities

Personnel

Tuition

Health Insurance

Special Ed
Increases

Inflation

Act 183

Context/Politics

- ❏ 2024 Budget Results
- ❏ Governor's Letter
- ❏ Commission on the Future of Public Education's December 15 Report

2024 Budget Results

125 districts voted:

- 91 (73.4%) passed on the first vote
- 11 (8.9%) passed on the 2nd vote
- 21 (16.9%) passed on the 3rd vote
- 1 passed on the 4th vote and 1 on the 5th vote (.8%)

Governor's Letter

“The forecast for the Education Fund for FY25 was increased by \$10.4 million. However, Act 183 used \$69 million of one-time money to lower property tax rates for FY25, and over my full objection did not include structural reforms or tools to help you mitigate increases. As a result, we are starting FY26 with a \$60 million gap.”

“If rate increases [for healthcare] are comparable to the commercial rate requests submitted to the Green Mountain Care Board, that increase could create approximately \$50 million of education spending pressure – a nearly 3% spending increase.”

“So, if school spending on your part is flat, and there is no significant change to the revenue numbers or projected grand list growth, these two pressures alone could result in an average property tax bill increase of 7% next year.”

Governor's Letter

“To do our part to prevent additional burdens for Vermonters, I’ve directed my Administration to begin our own budget development process by limiting spending growth to no more than 3.0%, a growth rate well below level service costs.”

“I acknowledge some feel frustrated by the attention I’ve put on the issue of property taxes and affordability. But please know, I recognize many factors contributing to this challenging situation are outside of your control, and we can’t expect school boards to address it alone.”

“More specifically, we will need boards to consider all options to contain education spending growth. To support you, the Agency of Education will provide information sessions on the Education Fund and variables driving spending, as well as technical support to schools and school boards through regional planning, improved data reporting, and one-on-one support when requested.”

Explaining the 60 Million Dollar Starting Deficit

In FY2025:

1. There is a one-time transfer from the General Fund of \$25m
2. We are using \$31m of FY24 unreserved carry-forward
3. We are using \$13m from the Tax Rate Offset Reserve

Commission on the Future of Public Ed - December 15 Report

The Commission is tasked with a “written report containing its preliminary findings and recommendations, including short-term cost containment considerations for the 2025 legislative session, on or before December 15, 2024.”

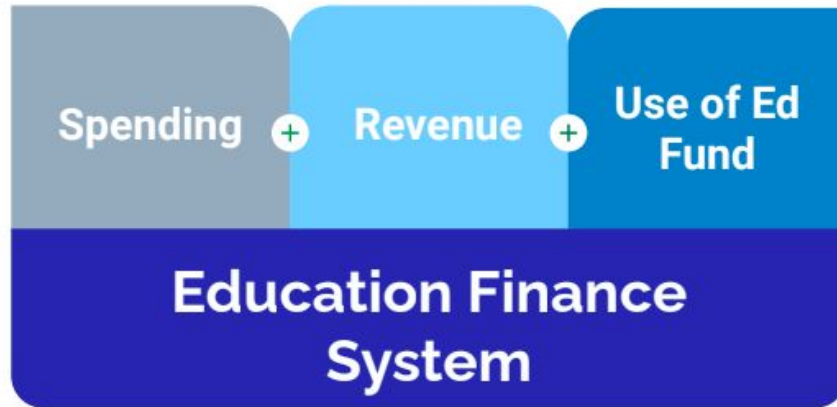


Image Credit: Meagan Roy

Personnel

The majority of school district expenses are personnel costs. In simple terms, the factors that contribute to personnel costs are:

1. The number of personnel employed. This factor is most significantly within local control.
2. The salaries and wages paid to those employees and the rate of annual growth of those wages and salaries.
3. The costs of benefits provided to employees and the rate of annual growth in these costs.

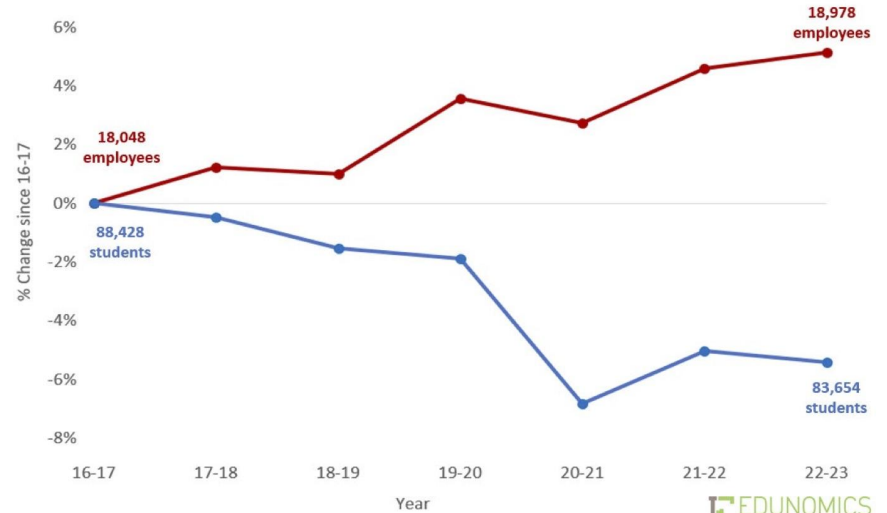
Personnel

Table 3: Pupils enrolled per staff in the public school system (2019)

	Count (#)	National Rank
US Average	7.45	-
Northeast Average	6.1	-
Connecticut	5.3	48
Maine	4.8	50
Massachusetts	6.9	36
New Hampshire	5.5	47
New York	6.2	43
Rhode Island	6.9	35
Vermont	4.4	51

Data source: Digest of Education Statistics⁴⁴; Analysis by JFO

Vermont: Staffing vs Enrollment Trends (Cumulative % change since 16-17)



Source: NCES Common Core of Data

What percentage of your budget is personnel?

Health Insurance

“If rate increases [for healthcare] are comparable to the commercial rate requests submitted to the Green Mountain Care Board, that increase could create approximately \$50 million of education spending pressure – a nearly 3% spending increase.” - Gov. Letter

Spending on health insurance premiums (only) was \$211 million in FY2023. This spending increased to \$231 million for FY2024.

New: 11.9% increase filed by VEHI

Facilities

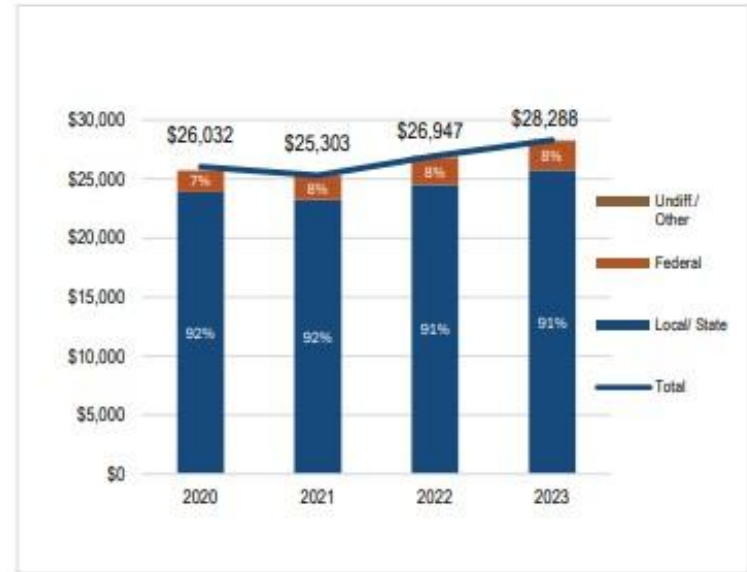
- Immediate facilities needs for the state in January 2024: \$228,613,264. Total estimated projections through the next two decades: \$6,352,324,952. Likely undercounted.

Tuition

- Tuition represents a significant portion of costs for some districts.
- Not an area with flexibility to reduce costs.
- Districts paid a total of \$83.3 million in tuition to approved private providers (excluding pre-k providers) and another \$14.3 million went to out-of-state schools in FY23.
- For every student educated outside the public education system, it drives up the cost per pupil within the system. This directly increases property tax rates.
- The statewide average announced tuition of Vermont union high schools for 2024-2025 is \$19,774. Districts must pay the full tuition of approved independent schools in Vermont functioning as an approved area career technical center, or an independent school meeting education quality standards, which may exceed the average announced tuition.

Special Education Increases

- Special education spending per special education student increased about 10% between 2021 and 2023.
- FY26 represents the continued transition to the Uniform Base Amount for the Census Block Grant for Special Education.
- The census block grant is growing at a flat rate (not 10%) based on the transition schedule.
- Act 173 outlined a number of best practices that school districts were tasked with implementing.



From: Vermont State Education Profile (2024).
<https://education.vermont.gov/agency-education-listen-and-learn-tour>
Accessed 10 Sept 2024

Act 183 of 2024

- Ballot Language
- Common Level of Appraisal
- Excess Spending Threshold
- Reserve Policy

Ballot Language

Per Act 183, ballot language will shift in FY26 to:

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

Common Level of Appraisal

Starting in FY26, the State CLA is applied to the Property Yield prior to it being used to calculate tax rates. The yield will be impacted by the statewide property landscape prior to the tax rate calc. In theory, this buffers year to year tax changes for individual towns by tying their rate changes to their distance from the state average.

The new legislation moves the CLA calculation from this:

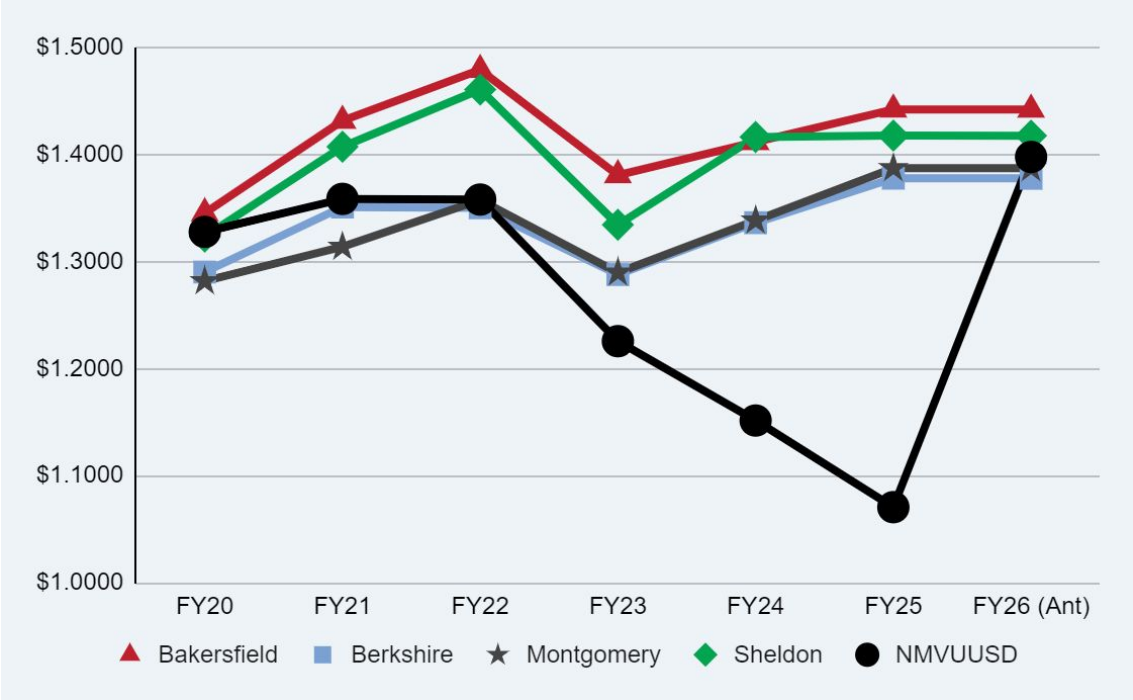
$$\text{Actual local homestead property tax rate} = \frac{\text{District's per pupil spending}}{\text{HS yield}} / \text{Local CLA}$$

To this:

$$\text{Actual local homestead property tax rate} = \frac{\text{District's per pupil spending}}{(\text{HS yield} * \text{Statewide Average CLA})} / \frac{\text{Local CLA}}{(\text{Statewide Average CLA})}$$

[Image Credit: Joint Fiscal Office]

Common Level of Appraisal



Excess Spending Threshold

The excess education spending threshold has been reinstated beginning in FY2026. The excess spending threshold in FY2026 will be 118% of the statewide average district per pupil education spending for FY2025 plus NEEP inflation (~\$16,104). Does not exempt any new voter-approved bond payments.

Anything above the excess spending threshold is double taxed.

Reserve Policy

On or before January 1, 2025, the Agency of Education shall initiate rulemaking pursuant to 3 V.S.A. chapter 25 to update the District Quality Standards rules contained in Agency of Education, District Quality Standards (CVR 23-020), to include recommended reserve fund account standards. Prior to initiating rulemaking, the Agency shall consult with local school officials.

State Regulations on LEA Reserves*

No State Restrictions on Reserves

- ✓ AK ✓ MI ✓ SC
- ✓ AZ ✓ MN ✓ SD
- ✓ IL ✓ MS ✓ TX
- ✓ IN ✓ MO ✓ VT
- ✓ IA ✓ NV ✓ WA
- ✓ KS ✓ NC ✓ WI
- ✓ KY ✓ ND ✓ WV
- ✓ LA ✓ OH
- ✓ MD ✓ OR

Allow Reserves with Limitations

- ✓ AL: 8% min ✓ DE: 1 month salary min
- ✓ CO: 3% min ✓ FL: 3% min
- ✓ AR: 20% max ✓ NJ: 2% max
- ✓ CA: 10% max ✓ NY: 4% max
- ✓ GA: 15% max ✓ OK: 14-40% max
- ✓ HI: 5% max ✓ PA: 8-12% max
- ✓ ID: 5% max ✓ TN: 3% max
- ✓ ME: 9% max ✓ UT: 5% max
- ✓ MT: 10% max ✓ VA: no reserves of state funds
- ✓ NE: 20-45% max
- ✓ NH: 5% max ✓ WY: 15% max

Does Not Allow Reserves

- ✓ CT
- ✓ DC
- ✓ MA
- ✓ NM
- ✓ RI

*Retrieved from various state statutes. Districts, Towns might make different rules. Please share any updates/questions with Maggie.Cocco@Georgetown.edu



Team Talk

Choose one of the factors that was discussed in the presentation that holds significance in the budgeting process in your local school district. How will this be a challenge for your district? How are you going to consider this in the budgeting process? Next steps? Whose role will it be?

5

min



Break

Guidelines, Priorities, and Assumptions for Budgeting

Key Terms:

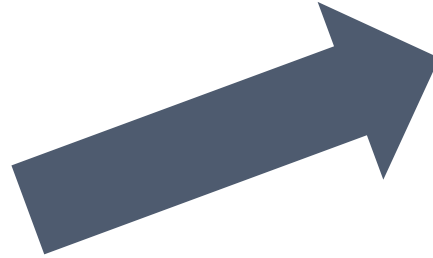
Strategic Priorities/District Goals - allocation of resources needed to achieve district's goals or priorities

Guidelines/Parameters - examples include: an increase of no more than __%, a level service budget, a level funded budget

Modeling Assumptions - health care costs, current collective bargaining agreements, CPI, inflation rate, non-personnel contract increases (e.g. transportation)

Level Funded vs. Level Service

Level Funding = Same
Total Education Spending



- Inflation
- Salary
Increases
- Benefit
Increases

Level Service = Same
Programs Offered

What Makes for Clear and Effective Goals, Parameters, and Assumptions?

Vision

Strategic Goals

Effective school boards commit to a vision of high expectations for student achievement and quality instruction and define clear goals toward that vision.

SMARTS (Specific, Measurable, Achievable, Relevant, Time-Bound, Student Centered)

Guidelines/Parameters

High level
Clear
Reasonable

Modeling Assumptions

Accurate
Current
Easy to understand

Example 1

Strategic Goal

Our district will increase the percentage of students who are proficient or above in 3rd grade reading as measured by the current VT State assessment from 42% in Spring of 2024 to 55% by Spring of 2029

Guidelines/Parameters

Additional PD for teachers

Further development of the MTSS framework to meet the needs of all students

Do not exceed the excess spending threshold.

Modeling Assumptions

Average premium increase
11.9% for FY 26

Example 2

Strategic Goal

Our district will increase the percentage of students who are proficient or above in 3rd grade reading as measured by the current VT State assessment from 42% in Spring of 2024 to 55% by Spring of 2029

Guidelines/Parameters

A level funded budget

Maintain all current services and programs

Modeling Assumptions

Average premium increase
11.9% for FY 26

CBA contains a 6% increase for
licensed professionals

12.53% CPI as of Aug 2024

Effective Communication Practices

1. Tell your story all year long, especially the positives!
2. Understand your audiences.
3. Consider voting history as important data.
4. Target your approach.
5. Align your messaging with your vision and strategic goals.
6. Find your ambassadors.

And, we recognize that many of you did many or all of these things well and still had difficulty passing the budget. There are statewide and political factors that significantly impact local community perception of public schools and voting.

Tell Your Story All Year Long, Especially the Positives!

“We need to make the positives so loud that the negatives are almost impossible to hear.”
-George Couros

Builds trust: Consistent positive updates create trust and transparency.

Strengthens bonds: Ongoing communication fosters stronger relationships with the community.

Highlights success: Regularly showcases student and staff achievements.

Balances perception: Year-round positivity counters negative narratives.

Fosters support: Continuous engagement encourages backing during key moments like budget votes.

Understand Your Audiences

Image Credit: Meghan Baule, Colchester School District



EMPLOYEES Internal

They are the bedrock of the organization. They can have the biggest impact on your brand identity. They may also be voters.



FAMILIES External

Busy! Fighting for their attention, but they are arguably your biggest supporters at the ballot box and are the easiest to contact.



COMMUNITY Both or Neither

Likely not directly connected with the schools. Hearing information about education from the state, FPF, social media, and their own lived experience.

Consider Voting History as Important Data

1. Total voter turnout over time.
2. Yes/No history over time.
3. Voter lists:
 - a. Request via Town Clerk
 - b. Public Record
 - c. Registered Voter Names, Addresses, and YOB
 - d. Who Voted on TMD
 - e. Method They Voted

Target Your Approach

Some Questions for the Voter Data:

- How many parents voted on town meeting day?
 - ◆ How might we better communicate with parents?
 - ◆ Can we leverage other events? Sporting events? Open houses?
- How prevalent is early voting in your community?
 - ◆ Does that impact the timing of your communication?
- Are there important stories to be told?
 - ◆ For e.g. budget passed by 4 votes → “Your vote matters!”
- Do our educators get out to vote?
 - ◆ No? Find out why. Utilize existing meeting structures.
- New, excited student voters?
 - ◆ Helpful content creators!



Align Your Messaging with Your Vision and Strategic Goals

District budgets are a communication tool to affirm your commitment to your vision for all learners. It is important to have clear, accessible tangibles about your budget that align with your vision and strategic goals. Think of this as your elevator speech.

“This budget supports...[strategic goal, student outcome] by...”

At your tables, with a person from another district, identify and share one tangible from your FY25 budget that demonstrates how your budget supports the vision/strategic goals of the district. Is it clear? What does your partner learn about your school district from this tangible?

Tips:

- Concise
- Avoid jargon
- Connect budget decisions to supporting students
- Use a balance of the needs of taxpayers and the schools
- Acknowledge that difficult decisions are painful

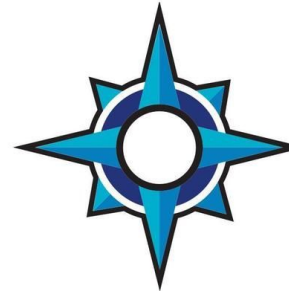
Find Your Budget Ambassadors

Enthusiastic members of your community ready to celebrate your schools and share tangible, accurate, and relatable information about your budget.

Tips from:



WINOOSKI SCHOOLS
We are the future.



RUTLAND NORTHEAST
SUPERVISORY UNION

Dive deeper into some of these topics tomorrow at 365 Days of Effective Communication!



What is one communication strategy that is used in your district that you perceive as effective?

Pair Share with Someone New

Exit Ticket



On the notecard provided, please let us know the following:

What is most concerning for you heading into FY26 budgeting? (Side 1)

What is one thing that VSA/VSBA could do to support you? (Side 2)

Reminders