

This response was prepared for Representative Erin Brady, Vermont General Assembly

Your Question:

You asked for high-level information on the approval process for local school district budgets in other states and how that compares to Vermont, given the current difficulties in the state.

Our Response:

Local school districts across the country are struggling to adopt budgets this year due to difficult financial positions. Districts are facing budgetary shortfalls resulting from a combination of factors that include the end federal relief funds, declining student enrollment and slowing economic growth. The process for adopting a local budget typically involves community input by requiring public notice and holding public hearings. However, states typically do not require approval from local voters to adopt the district budget as Vermont does by state law (Vt. Stat. Ann. tit. 16, § 428). Instead, states may require districts to get voter approval in special circumstances. For example, districts may need voter approval to exceed revenue limits or to issue bonds to finance capital construction projects.

New York is another exception in that the state also requires voter approval for the budgets of some of the school districts in the state (N.Y. Educ. Law § 2022). Voter approval is required for school districts, except Buffalo, Syracuse, Rochester, Yonkers and New York City. The New York State School Boards Association maintains records on district budget votes. In 2023, voters approved 98% of proposed districts by local school boards.

The following information request summarizes the following: (1) an overview of the budget approval process for school districts in other states, (2) voter approval required for exceeding revenue limits, and (3) voter approval required for financing capital construction projects.

Approval of Local District Budgets

A typical process for districts to adopt a budget is outlined in the following steps, as outlined by Edonomics Lab in this webinar:

1. School districts forecast revenues and expenditures.
2. Local school boards release tentative budget and provide public notice.

3. Public hearings are held.
4. Voter approval may be required if budget exceeds revenue limits or for issuing bonds (see next sections).
5. School board adopts or rejects budget.

The 50-State Comparison on [K-12 Governance](#) identified at least [at least 10 states](#) that direct the local school boards to prepare and adopt local district budgets in the state constitution or statute.

Several states have published overviews for their school district budgeting process.

- **California** requires the local governing board of a school district to adopt a budget by July 1st each year, which is about two weeks after the legislature’s constitutional deadline to pass a budget bill. Since a large portion of funding comes from the state, districts typically monitor each step in the state budget process, starting with the governor’s January budget proposal. EdSource has published [this overview](#) of the district budgeting process in California.
- **Illinois** requires local school boards to adopt their budget by September 30, after which it must be filed with the county clerk within 30 days. Prior to approval, the local board gives tentative approval and puts it on file for public inspection. The board gives final approval of the budget only after a public hearing. The timeline for developing a tentative budget to its adoption varies from district to district. The Illinois Association of School Boards has published a [Q&A document](#) on the budgeting process.
- In **Pennsylvania**, the deadline for the school district budget is the same as the state budget deadline. School boards must analyze last year’s revenues, estimate local tax effort projections, and estimate expected contributions from the state. The Pennsylvania School Boards Association has published [this overview](#) of the budget process.

Voter Approval for Exceeding Revenue Limits

Most states have limits on local collections of property tax revenue that can be overridden by voter approval. The Tax Foundation [has identified](#) 46 states and D.C. with property tax limitations, which they classify as assessment limits, levy limits or rate limits. States may have more than one type of property tax limitation.

- **Rate limit (35 states):** Caps the millage rate that can be set by local policymakers to levy property taxes.
- **Levy limit (34 states):** Constrains the overall revenue growth by restricting the increase in property tax collections to a certain amount or prohibits increases above a given level.
- **Assessment limit (18 states):** Places restrictions on how much an individual’s taxes can rise due to an increase in the assessed value of a property.

Many states with property tax limits include an override provision which typically allows the governing body to circumvent the limit by a simple majority or super majority vote. The Lincoln Institute of Land Policy [Access Property Tax Database](#) and [state profiles](#) summarize the override processes in each state. An ECS review of this data has identified the number of states where local governments can override the limit with approval by a local referendum. In total, **37 states** have an override process by referendum for at least one of the three property tax limitations. The number of states with a referendum override differs for each property tax limit and is discussed below.

- **Rate limit overrides (27 states):** The approval requirement for most states is a simple majority (21 states), yet some states require a two-thirds majority (three states) or have multiple thresholds (three states).
- **Levy limit overrides (21 states):** The approval requirements for most states is a simple majority (17 states), yet some states require 60% approval (one state), two-thirds approval (two states) or have multiple threshold (one state).
- **Assessment limit overrides (2 states):** Only 2 of the 18 states with property tax assessment limits permit local overrides through voter referendum. Both states – California and Georgia – require a simple majority (50%) approval from voters for the override. Georgia also requires two-thirds approval from each legislative chamber.

Voter Approval for Financing Capital Construction Projects

States may also require districts to obtain voter approval for proposals to issue bonds to finance school construction projects. The ECS 50-State Comparison on [K-12 School Construction Funding](#) identified at least **32 states** that require voter approval for locally issued debt to finance school construction projects. In addition, states may require voter approval for the state to issue debt to finance school construction. The table below summarizes these states.

Voter Approval Required to Finance Capital Construction Projects

State or Local Financing	Number of States	States
Voter approval required for local financing	31	AK, CO, CT, DE, FL, ID, KS, ME, MO, MS, MT, NC, ND, NE, NH, NJ, NM, NV, NY, OH, OK, OR, PA, RI, SC, SD, TX, UT, VT, WA, WI
Voter approval required for state financing	3	AR, MI, MN
Voter approval required for both state and local financing	1	CA