

# Education Fund Outlook

House Ways and Means  
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1-15-25



**JFO**

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# Education Fund Outlook

*A first glance*



**Education Fund Outlook for FY 2026**

*Consensus forecast for the December 1 Letter*

(millions of dollars)	FY2024 Actual	FY2025 Projected	FY2026 Forecast
a Average Homestead Property Tax Rate <sup>1</sup>	\$1.311	\$1.303	\$1.677
b Average Tax Rate on Household Income	2.33%	2.33%	2.38%
c Uniform Non-Homestead Property Tax Rate <sup>1</sup>	\$1.391	\$1.391	\$1.791
d Property Yield Per Pupil <sup>1,2</sup>	\$15,443	\$9,893	\$8,553
e Income Yield Per Pupil <sup>1,2</sup>	\$17,537	\$10,110	\$12,260
f Total Long Term Weighted Average Daily Membership (LTWADM)	-	142,810	141,596
g Average Percentage Bill Change Compared to Prior Year (HS/Inc/NHS)	Uniform: 4.3%	Uniform: 13.8%	Uniform: 5.9%
h Statewide Education Spending Growth	8.0%	10.7%	6.2%
i Statewide Education Grand List Growth	9.7%	14.3%	14.7%
<b>Sources</b>			
1a Homestead Education Property Tax	663.4	762.2	809.0
1b Property Tax Credit	(155.3)	(168.0)	(153.0)
2 Non-Homestead Education Property Tax	792.3	894.5	948.3
3 Sales & Use Tax	595.2	606.3	622.5
4 Purchase & Use Tax - one-third of total	48.3	49.4	51.1
5 Meals & Rooms Tax - one-quarter of total	61.5	72.1	76.1
6 Lottery Transfer	36.0	36.5	37.4
7 Medicaid Transfer	8.6	9.0	9.0
8 One-time GF transfer	-	25.0	-
9 Other Sources (Wind & Solar, Fund Interest)	9.0	8.4	7.5
10 <b>Total Sources</b>	<b>2,058.9</b>	<b>2,295.4</b>	<b>2,408.0</b>
<b>Appropriations</b>			
11 Education Payment	1,711.1	1,893.3	1,996.2
12 Special Education Aid	235.3	264.6	270.7
13 State-Placed Students	19.0	20.0	17.2
14 Transportation Aid	23.5	25.3	26.1
15 Technical Education Aid	17.0	17.9	18.7
16 Small School Support/Merger Support	8.3	1.8	1.8
17 Essential Early Education Aid	8.4	8.7	9.0
18 Flexible Pathways	9.3	10.4	10.4
19 Universal School Meals	26.4	20.4	18.5
20 English Learners Services	-	2.3	2.3
21 PCB Remediation Grants	29.7	-	-
22 VSTRS Pension Normal Cost	42.5	36.0	38.3
23 VSTRS OPEB Normal Cost	15.4	19.1	22.3
24 One-time COLA payment	3.0	-	-
25 Other Uses (Accounting & Auditing, CMF transfer, Financial Systems)	4.8	6.0	5.0
26 <b>Total Uses</b>	<b>2,153.7</b>	<b>2,325.7</b>	<b>2,436.6</b>
<b>Allocation of Revenue</b>			
27 Revenue Surplus/(Deficit)	(94.8)	(30.3)	(28.6)
28 Prior-Year Reversions	9.7	24.3	-
29 Transfer (to)/from Stabilization Reserve	(5.2)	(5.0)	(3.5)
30 Transfer (to)/from Additional Reserves	(13.0)	13.0	-
31 BAA - One-time transfer to afterschool special fund	(2.8)	-	-
32 Transfer (to)/from Unreserved/Unallocated	106.2	(1.9)	32.1
<b>Stabilization Reserve</b>			
33 Prior-Year Stabilization Reserve	41.8	47.0	52.1
34 Current-Year Stabilization Reserve	47.0	52.1	55.6
35 Percent of Prior-Year Net Appropriations	5.0%	5.0%	5.0%
36 Reserve Target	47.0	52.1	55.6
<b>Additional Reserve</b>			
37 Current-Year Reserve for Future COLA provisions	9.1	-	-
38a Use of Current-Year Reserve for Future COLA provisions	(9.1)	-	-
38 Current-Year Tax Rate Offset Reserve	13.0	13.0	-
39a Use of Tax Rate Offset Reserve towards FY25 tax rates	-	(13.0)	-
<b>Available Funds</b>			
39 Prior-Year Unreserved/Unallocated	137.25	31.09	33.04
40 Current-Year Unreserved/Unallocated	31.09	33.04	0.93



# Section 1, Summary Lines

*A snapshot of the Ed Fund*



# Summary Lines

## Education Fund Outlook for FY 2026

Consensus forecast for the December 1 Letter

(millions of dollars)		FY2024	FY2025	FY2026
		Actual	Projected	Forecast
a	Average Homestead Property Tax Rate <sup>1</sup>	\$1.311	\$1.303	\$1.677
b	Average Tax Rate on Household Income	2.33%	2.33%	2.38%
c	Uniform Non-Homestead Property Tax Rate <sup>1</sup>	\$1.391	\$1.391	\$1.791
d	Property Yield Per Pupil <sup>1,2</sup>	\$15,443	\$9,893	\$8,553
e	Income Yield Per Pupil <sup>1,2</sup>	\$17,537	\$10,110	\$12,260
f	Total Long Term Weighted Average Daily Membership (LTWADM)	-	142,810	141,596
g	Average Percentage Bill Change Compared to Prior Year (HS/Inc/NHS)	Uniform: 4.3%	Uniform : 13.8%	Uniform : 5.9%
h	Statewide Education Spending Growth	8.0%	10.7%	6.2%
i	Statewide Education Grand List Growth	9.7%	14.3%	14.7%

### Sources



# Section 2, Sources

*The “Revenues” of the Ed Fund*



# Sources Lines

i	Statewide Education Grand List Growth		9.7%	14.3%	14.7%
<b>Sources</b>					
1a	Homestead Education Property Tax		663.4	762.2	809.0
1b	Property Tax Credit		(155.3)	(168.0)	(153.0)
2	Non-Homestead Education Property Tax		792.3	894.5	948.3
3	Sales & Use Tax		595.2	606.3	622.5
4	Purchase & Use Tax - <i>one-third of total</i>		48.3	49.4	51.1
5	Meals & Rooms Tax - <i>one-quarter of total</i>		61.5	72.1	76.1
6	Lottery Transfer		36.0	36.5	37.4
7	Medicaid Transfer		8.6	9.0	9.0
8	One-time GF transfer		-	25.0	-
9	Other Sources (Wind & Solar, Fund Interest)		9.0	8.4	7.5
10	<b>Total Sources</b>		<b>2,058.9</b>	<b>2,295.4</b>	<b>2,408.0</b>
<b>Appropriations</b>					



# Section 3, Appropriations

*The “expenditures” of the Ed Fund*





# Appropriations Lines

10	<b>Total Sources</b>		<b>2,058.9</b>	<b>2,295.4</b>	<b>2,408.0</b>
<b>Appropriations</b>					
11	Education Payment		1,711.1	1,893.3	1,996.2
12	Special Education Aid		235.3	264.6	270.7
13	State-Placed Students		19.0	20.0	17.2
14	Transportation Aid		23.5	25.3	26.1
15	Technical Education Aid		17.0	17.9	18.7
16	Small School Support/Merger Support		8.3	1.8	1.8
17	Essential Early Education Aid		8.4	8.7	9.0
18	Flexible Pathways		9.3	10.4	10.4
19	Universal School Meals		26.4	20.4	18.5
20	English Learners Services		-	2.3	2.3
21	PCB Remediation Grants		29.7	-	-
22	VSTRS Pension Normal Cost		42.5	36.0	38.3
23	VSTRS OPEB Normal Cost		15.4	19.1	22.3
24	One-time COLA payment		3.0	-	-
25	Other Uses (Accounting & Auditing, CMF transfer, Financial Systems)		4.8	6.0	5.0
26	<b>Total Uses</b>		<b>2,153.7</b>	<b>2,325.7</b>	<b>2,436.6</b>
<b>Allocation of Revenue</b>					



# Section 4, Allocation of Revenue

*Where “Sources” and “Allocations” meet*



# Allocation of Revenue

26	<b>Total Uses</b>		<b>2,153.7</b>	<b>2,325.7</b>	<b>2,436.6</b>
<b>Allocation of Revenue</b>					
27	Revenue Surplus/(Deficit)		(94.8)	(30.3)	(28.6)
28	Prior-Year Reversions		9.7	24.3	-
29	Transfer (to)/from Stabilization Reserve		(5.2)	(5.0)	(3.5)
30	Transfer (to)/from Additional Reserves		(13.0)	13.0	-
31	BAA - One-time transfer to afterschool special fund		(2.8)	-	-
32	Transfer (to)/from Unreserved/Unallocated		<b>106.2</b>	<b>(1.9)</b>	<b>32.1</b>
<b>Stabilization Reserve</b>					



# Section 5, Stabilization Reserve

*A statutorily established reserve*



# Stabilization Reserve

32	Transfer (to)/from Unreserved/Unallocated		<b>106.2</b>	<b>(1.9)</b>	<b>32.1</b>
<b>Stabilization Reserve</b>					
33	Prior-Year Stabilization Reserve		41.8	47.0	52.1
34	Current-Year Stabilization Reserve		47.0	52.1	55.6
35	Percent of Prior-Year Net Appropriations		5.0%	5.0%	5.0%
36	Reserve Target		47.0	52.1	55.6
<b>Additional Reserve</b>					



# Section 6, Additional Reserves

*Generally created in session law*



# Additional Reserve

36	Reserve Target		47.0	52.1	55.6
<b>Additional Reserve</b>					
37	Current-Year Reserve for Future COLA provisions		9.1	-	-
38a.	<i>Use of Current-Year Reserve for Future COLA provisions</i>		(9.1)	-	-
38	Current-Year Tax Rate Offset Reserve		13.0	13.0	-
39a.	Use of Tax Rate Offset Reserve towards FY25 tax rates		-	(13.0)	-
<b>Available Funds</b>					



# Section 7, Available Funds

*Bringing the pieces together*





# Available Funds

<b>Additional Reserve</b>					
37	Current-Year Reserve for Future COLA provisions		9.1	-	-
38a.	<i>Use of Current-Year Reserve for Future COLA provisions</i>		(9.1)	-	-
38	Current-Year Tax Rate Offset Reserve		13.0	13.0	-
39a.	Use of Tax Rate Offset Reserve towards FY25 tax rates		-	(13.0)	-
<b>Available Funds</b>					
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40	Current-Year Unreserved/Unallocated		31.09	33.04	0.93



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# Questions?



# Resources

- JFO Website, Education Fund Outlooks
  - <https://ljfo.vermont.gov/subjects/education/education-fund-outlooks>

