



**To:** Committee for House Ways and Means

**From:** Elizabeth Jennings, President of Vermont Association of School Business Officials (VASBO)

**Re:** School District Budget Trends and the Yield Bill

**Date:** January 20, 2026

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## Introduction

Thank you for the opportunity to provide testimony regarding school district budget trends and the yield bill. The members of the Vermont Association of School Business Officials (VASBO), comprised of school business officials from across the state, are preparing budgets that will be approved by their boards, published in annual reports, and ultimately voted on by their communities. This year's budget development process has been characterized by a strong commitment to balancing the needs of students with long-term sustainability for taxpayers.

School district boards and officials engage deeply in the budget process well before the December 1st letter is issued, which provides the estimated Homestead Property Yield. At the outset of budget development, boards work closely with district leadership to establish priorities. Chief among these priorities is the preservation of educational opportunities and continued investment in high-quality learning for students. Achieving these goals while meeting established financial constraints is an ongoing challenge.

Common financial targets set by boards during this process typically include:

- Percentage growth in the expenditure budget
- Percentage growth in total education spending
- Remaining below the Long-Term Weighted Cost Per Pupil threshold
- Percentage growth in union-wide or individual town tax rates

School district officials work diligently to meet these board-established targets. However, prior to the arrival of the December 1st letter, a significant unknown remains: how these collective efforts will ultimately affect local tax rates. Once the letter is received, districts can

better estimate tax implications, though it is widely understood that the yield is not finalized until the yield bill is passed by the Legislature later in the session.

For Fiscal Year 2026/2027, the yield was set in the December 1st letter at 8,849, an increase of 253 from Fiscal Year 2025/2026. Districts have used this estimate to refine their budgets with closer attention to projected tax impacts, while continuing to prioritize educational quality. This work occurs with the understanding that changes resulting from the yield bill could significantly alter the tax implications of budgets that have already been approved by boards, warned, and presented to voters.

At this point in the budget cycle, most districts with a March Vote, have already received board approval for their budgets and are in the process of warning and publishing them for their communities. During this period, districts closely monitor legislative communications for any indication that the yield may change, remaining prepared to pivot if possible prior to final publication and warning.

Once budgets are warned and published, districts have limited ability to respond to yield changes, whether the yield shifts higher or lower. The only option available is to communicate updated information to voters as quickly and clearly as possible. While a higher-than-estimated yield is generally beneficial for taxpayers, even positive changes can create uncertainty or confusion among voters. Vermont's education finance system is complex, and despite extensive efforts to provide caveats and explanations, changes to previously presented information can lead to questions about transparency and accuracy.

## **Current State of District Budgets for Fiscal Year 2026/2027**

The Executive team of VASBO collects district budget data through a shared spreadsheet that allows members to voluntarily enter information on their current budget drafts. The data collected includes budget status, percentage increases or decreases in total education spending, Long-Term Weighted Average Daily Membership counts, education spending per long-term weighted pupil, and estimated district or town tax rates. Members are encouraged to update this information as their drafts evolve.

This data is used internally for trend analysis and has important limitations. Participation is voluntary and not all districts may be represented or regularly updating their information. The data reflects draft budgets that have not been voted by the electorate and remain subject to change, particularly in response to adjustments to the Homestead Property Yield. In the near future, districts will submit preliminary budget information to the Agency of Education, which will provide a more comprehensive and standardized dataset for statewide analysis.

With those caveats in mind, the internal data currently shows the following averages:

- Overall education spending growth: 3.3%
- Long-Term Weighted Average Daily Membership decline: 1.74%
- Education spending per long-term weighted pupil growth: 2.89%
- Average lowest post-CLA estimated tax rate growth: 3.84%
- Average highest post-CLA estimated tax rate growth: 10.36%

It is important to note, that these averages are generic in the sense that they include both large and small districts/supervisory unions. This means that the percentage increase of a larger district equates to a more substantial dollar amount, and yet when averaging a percentage increase they are averaged in the same as a smaller district. This could skew the information higher or lower depending on how many districts of each size and scale have been included in the data.

## **Conclusion**

VASBO appreciates the Legislature's interest in school district Fiscal Year 2026/2027 budgets and the impact of the Homestead Property Yield on those budgets. We hope that this testimony assists the committee as it works toward passing a yield bill that reflects districts' good-faith efforts to be responsible stewards of education funds while also providing meaningful relief to Vermont taxpayers.

Thank you for your time and consideration. I am happy to answer any questions.