



# South Burlington School District

We inspire all learners to make a difference in the world.

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August 27, 2024

Hello,

On behalf of the South Burlington School District, we would like to thank you for your ongoing efforts to rectify the public education funding challenges that caused such distress across the state during the FY25 budget cycle. We appreciate the consideration provided to SD/SUs such as ours who were most negatively impacted by changes in the Act 127 pupil weighting methodology, and for introducing the concept of a statewide adjustment factor for the Common Level of Appraisal (CLA) in calculating each town's FY26 homestead property tax rate.

We do remain alarmed, however, by our initial FY26 budget modeling. We were indeed fortunate in the FY25 cycle to be able to leverage \$3.2 million from previous years' budget surpluses to apply against our expenditures and keep our homestead tax increase, after two failed votes, at a modest 8.18%. This resulted in our district having the lowest Net Education Spending per pupil in Chittenden County, and within the 30th lowest percentile of net ed spending per pupil in the state. Even without that surplus, we would have been below the statewide average for per pupil spending, reflecting appropriate fiscal management. However, without these surpluses, we'll need to cut an additional roughly 62 staff, gutting our programs and putting us out of compliance with Act 173.

Our starting point for FY26 is quite dire in comparison. Even with a zero increase in expenditures vs. FY25, and with no change in CLA, our South Burlington homestead tax rate would increase by 7.18% in FY26. With no structural changes anticipated to stem the ever-rising cost of healthcare benefits, we project that one expenditure line alone will cause an increase of over \$1 million for our FY26 budget. We know that will not be the only line item to increase. We will soon engage in the negotiation of our Collective Bargaining Agreements for both teachers and support staff, whose current contracts expire at the end of FY25. Even a modest 3% salary increase for staff would add another million dollars to our FY26 budget. Two million dollars in incremental expenses equates to roughly 20 FTEs in staffing and programming cuts. As we await final guidance on the adjusted approach to CLA, we know that South Burlington is one of the fastest-growing communities in the state, with inadequate housing stock and accelerating real estate prices. Our models reflect that even with a modest 5% drop in our current CLA (all other factors remaining static, including yield and expenditures), the tax rate increase

would be almost 13%. If the CLA dropped by the same rate as it did between FY24 and FY25 (11.22%), that tax rate increase would be over 20%, with zero increase in expenditures. With almost 80% of our budget being applied to staff salaries and benefits, we would have no choice but to drastically cut staffing and programming levels to put forward a FY26 budget that would gain voter approval. And none of this even includes allocating any funds to a much-needed Capital Reserve Fund whose affordability has largely fallen out of reach.

Consistent with the testimony I provided to the House Ways and Means Committee last January, we would ask for your ongoing support to limit the year-on-year homestead tax impact of the CLA in the education funding formula, especially for fast-growing communities such as ours, continue to explore the necessity of maintaining the current number of schools statewide, and consider designing regional, collaborative public education models in an effort to maintain education quality and address urgent school facilities needs. Following the vocal public outcry earlier this year, we need less volatile fund formula inputs, more predictability earlier in the budget development cycle, and better public education around the complexities of the education funding regime and its relationship to homestead property taxes.

We all appreciate this work is not easy, but as longer-term solutions are still conceptual, we also need to take direct actions in advance of the FY26 budget development cycle which is already in full force as the doors open for another school year. Thank you for all you do for our communities.

In partnership,

A handwritten signature in black ink, appearing to read 'Violet Nichols', with a horizontal line extending to the left.

Violet Nichols,  
Superintendent of Schools, South Burlington School District