TO: House Education Committee

FROM: Chelsea Myers, Executive Director, Vermont Superintendents Association
Sue Ceglowski, Executive Director, Vermont School Boards Association

RE: Education Finance: School Budgets

DATE: March 10, 2026

Voters approved over 83% or 95 school budgets in 2026 voting, demonstrating a show of public support for Vermont education. Nineteen school budgets were defeated. Vermont has 56 supervisory districts and supervisory unions and 124 school budgets to support them.

In this year's March votes on Tuesday's Town Meeting Day and the previous days, 112 budgets were voted upon. Eleven budgets will be voted on between March 9 and May 12, including the Essex-Westford school district on April 8.

Out of the nineteen defeated budgets, twelve have a history of prior budget defeats since FY20, with one budget having a defeat history of six times. The defeated budgets represent school districts that serve approximately 15,000 students in total. Projected weighted per pupil spending ranged from $11,961 - $17,777 and averaged $14,802 in the districts with defeated budgets. That aligned with a percentage increase of per pupil spending from FY26 of 1.3% - 20.05% and an average of 8.5%. Of note, several referenced proportionally large decreases in weighted pupil counts with a large disparity between percentage increase in education spending and percentage increase in per pupil costs. Other cost drivers mentioned in budget materials were increased wages, healthcare costs, tuition payments, and decreases in the block grant for special education and federal funding.

The cost of health insurance premiums and HRAs are included in school district budgets and paid by Vermont taxpayers. The cost of public school employees' health insurance exceeds $300 million/year. The cost increased by 16% in FY25, 12% in FY26 and 7.4% in FY27. These costs are consuming a larger and larger portion of Vermont school budgets. In 2018, health benefits made up less than 10% of school budgets. It's now around 15%. If health benefits continue to grow at the current pattern, they will make up 20% of school budgets in a few years. To deal with this issue, school boards have to hold the line on the remaining parts of the budget. Healthcare is squeezing out other education initiatives. With projected education spending at 4.2%, it is clear that healthcare is squeezing out other education initiatives.

We both recommended and it is common practice to <u>not</u> model with any anticipated tax rate buydowns though some mentioned it as a possibility in their budget materials.

School administrators and school boards got to work considerably earlier this year for budgeting. In August, our associations, along with the Vermont Association of School Business Officials, released a budgeting memo to support early planning efforts. School leaders made challenging decisions with their communities to best support students and taxpayers, with some deciding to make significant staffing changes.

Link to Unofficial Live Updates FY2027 School Budget Votes Results