



Cabot School District

February 22, 2023 – Budget Information Meeting

March 6, 2023 – Annual Meeting

March 7, 2023 – Voting by Australian Ballot

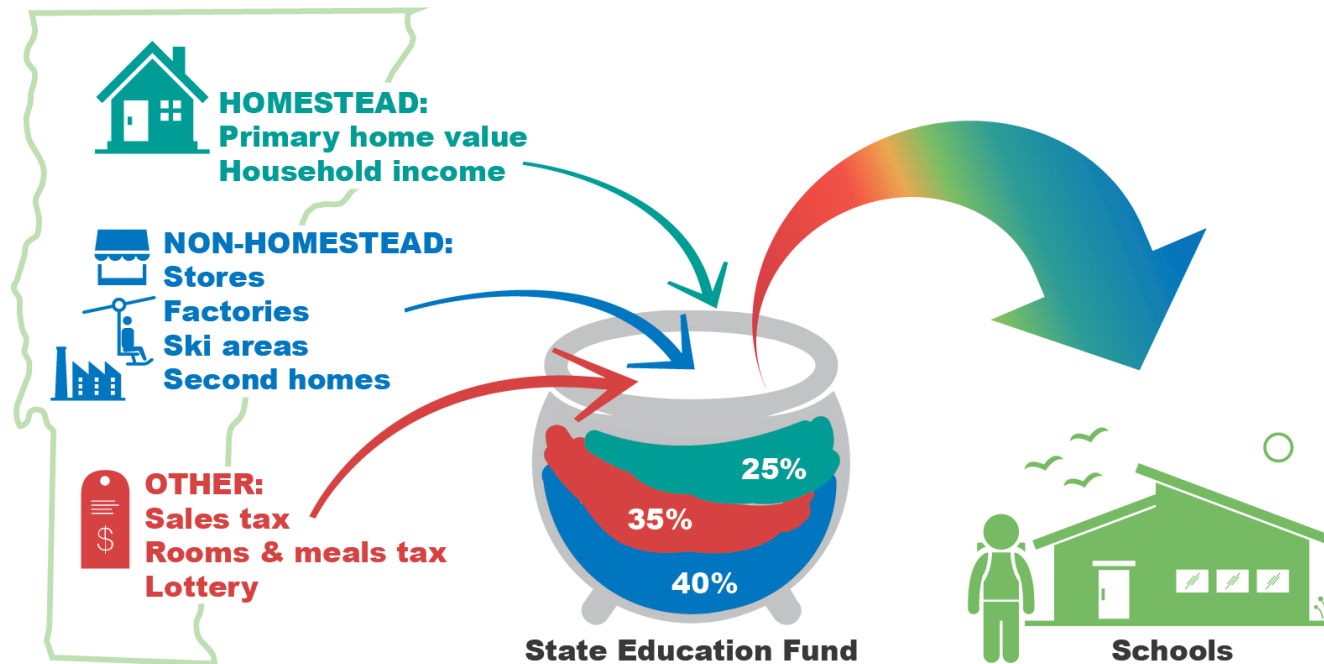


Overview of Vermont Education Finance



How are Vermont Schools Funded?

Fig 1. All school taxes go into a single pot—the state Education Fund Resources available to a school are not based on the dollars generated by the community



Snapshot – Cabot FY23

\$992k from
Cabot Homesteads
29% of education spending



Who pays on home value versus income?

<u>Homestead Income</u>	<u>Number of Households</u>	<u>Percentage of Households</u>	<u>Tax Rate / Method</u>
Under \$47,000	94	21%	Flat rate – 2.00% of income
\$47,000 - \$90,000	238	53%	Income sensitivity rate - 2.36% of income
\$90,000 - \$137,000	35	8%	Combination of income sensitivity rate and homestead tax rate
Over \$137,000	82	18%	Homestead tax rate - \$1.77 or \$1,770 per \$100,000 of homestead value
Total	449		

74% of Cabot Homesteads pay either 2.0% or 2.36% (projected FY24 rate) of their income in education property taxes – not by the homestead tax rate.

For years, the myth or misconception that the education tax rate is disproportionately impacting those on a fixed or limited income has persisted. This is simply not the case, so long as the Vermont Property Tax Credit is claimed as part of annual income tax filings.



Budget factors: home value v. income

- Assuming a budget below the excess spending threshold:
 - Reductions in education spending have **NO impact** for those paying on homestead income. Likewise, increases up to the excess spending threshold have **NO impact** on rate paid.
 - Those paying on home value will see increases or decreases based on education spending. In FY24, approximately \$19k in additional spending would increase the rate by \$0.01.
- Factors such as equalized pupil count, property yield, and common level of appraisal do not apply to income sensitivity rate – only to homestead rate.



**2023-2024 (FY 2024)
Proposed Budget**



What will Change from FY 23 to FY 24?

- “Steady state” in programs and staffing level – with transition of some grant funded positions to budgeted positions.
- Slight increase in equalized pupil count.
- Increases in salary and benefit costs – Statewide health insurance costs up by 12%
- Board decision to replenish prior \$40k drawdown of capital reserve fund – anticipated need and contingencies in upcoming year.



What we didn't ask for in the budget...

- Direct funding for elementary playground.
- Additional funds in the event state contributions to PCB mitigation are less than anticipated.
- New positions.
- Significant capital investment in facilities.

New pupil weighting in FY25 will give greater flexibility and spending capacity without increasing taxes.



Proposed Budget Overview

	FY22	FY23*	FY24 Proposal	Tax Impact
Education Spending	\$3,022,944	\$3,225,087	\$3,398,333	+\$0.06
Equalized Pupils	158.32	162.52	163.49	-\$0.01
Common Level of Appraisal (CLA)	97.25%	87.95%	75.69%	+\$0.18
Excess Spending Threshold	\$18,789	\$19,977	\$22,204	
Yield (set by Legislature)	\$11,385	\$12,937	\$12,937	-\$0.16
Homestead tax rate	\$1.00	\$1.00	\$1.00	
Spending per pupil	\$19,094	\$19,844	\$20,768	
+ Penalty per Pupil	N/A	N/A	N/A	N/A
Local Tax Rate	\$1.73	\$1.74	\$1.77	+\$0.03
State Income Sensitivity Rate	2.77%	2.49%	2.36%	-0.13%

* The legislature's modification of the FY23 yield rate, based on the drawdown of a State Education Fund surplus, reduced Cabot's actual tax rate to \$1.69. The figures above represent the voter approved amounts.



Factors Impacting the Tax Rate

Favorable	Unfavorable
State Yield Rate	Common Level of Appraisal
\$13,314 → \$15,479	87.95% → 75.69%
Equalized Pupils	Education Spending per Pupil
162.52 → 163.49 (+2.6%)	\$19,844 → \$20,786

- CLA offset the potential benefit from changes in the state yield rate; CLA decrease based on actual value of homes exceeding the appraised values.
- Reappraisal required under law based on CLA decrease.



Proposed Budget Overview

- Proposed Budgeted Expenditures for 2023-2024: **\$3,620,061**
- an increase of \$169,684 (4.9%) versus 2022-2023.

- Proposed Education Spending for 2022-2023: **\$3,398,333**
- an increase of \$173,246 (5.3%) versus 2022-2023

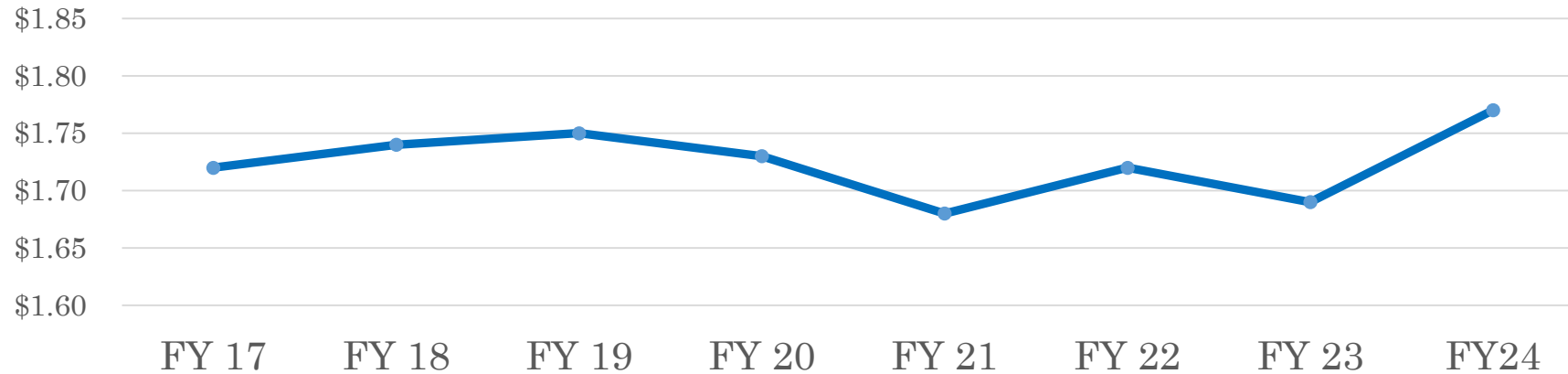


Tax Impact of Proposed Budget

- The proposed budget will increase the Local Homestead Tax from approved FY23 rate of \$1.74* to \$1.77.
 - Actual rate was \$1.69 based on change to property tax yield after approval – based on State drawdown of Education Fund surplus.
- For those paying on income, a favorable change in the income yield reduces the rate from 2.49% to 2.36%.
 - For a homestead with \$90,000 of income this would amount to a reduction of approximately \$120 in tax liability.



Cabot Residential Tax Rate History



- Even with this year's proposed increase, the current rate is projected to be just \$0.02 above the FY19 rate.
- The tax rate has remained fairly stable, despite year-to-year variances in spending and other state metrics.



Calculating the Cabot Homestead Tax Rate

Education Spending
per Equalized Pupil
\$20,786

Vermont Base Education
Tax Rate
\$1.00

X

VT Property Yield
\$15,479

Cabot C.L.A.
75.69%

= \$1.77 / \$100 of appraised value



CABOT SCHOOL DISTRICT FY24 BUDGET INFORMATION

Contextualizing the Tax Rate

2.00% → 2.36% → \$1.77

CABOT	Homestead Income					
Homestead Value	\$ 35,000	\$ 47,000	\$ 60,000	\$ 90,000	\$ 120,000	\$ 137,001
\$ 50,000	\$ 700	\$ 940	\$ 1,416	\$ 2,124	\$ 2,832	\$ 885
\$ 100,000	\$ 700	\$ 940	\$ 1,416	\$ 2,124	\$ 2,832	\$ 1,770
\$ 150,000	\$ 700	\$ 940	\$ 1,416	\$ 2,124	\$ 2,832	\$ 2,655
\$ 200,000	\$ 700	\$ 940	\$ 1,416	\$ 2,124	\$ 2,832	\$ 3,540
\$ 225,000	\$ 700	\$ 940	\$ 1,416	\$ 2,124	\$ 2,832	\$ 3,983
\$ 250,000	\$ 700	\$ 940	\$ 1,416	\$ 2,124	\$ 3,275	\$ 4,425
\$ 300,000	\$ 700	\$ 940	\$ 1,416	\$ 2,124	\$ 4,160	\$ 5,310
\$ 350,000	\$ 700	\$ 940	\$ 1,416	\$ 2,124	\$ 5,045	\$ 6,195
\$ 400,000	\$ 700	\$ 940	\$ 1,416	\$ 2,124	\$ 5,930	\$ 7,080
\$ 450,000	\$ 1,585	\$ 1,825	\$ 2,301	\$ 3,009	\$ 6,815	\$ 7,965
\$ 500,000	\$ 2,470	\$ 2,710	\$ 3,186	\$ 3,894	\$ 7,700	\$ 8,850
\$ 550,000	\$ 3,355	\$ 3,595	\$ 4,071	\$ 4,779	\$ 8,585	\$ 9,735
\$ 600,000	\$ 4,240	\$ 4,480	\$ 4,956	\$ 5,664	\$ 9,470	\$ 10,620

\$1.77
↓

74% of Cabot Residents pay Either 2.0% or 2.36% of their Income for Property Taxes



How does Cabot compare to other districts?

District	Per Pupil Spending
U32	\$23,022
Caledonia Cooperative*	\$22,841
Peacham*	\$22,797
Craftsbury	\$22,699
Twinfield Union*	\$22,555
<i>Excess Spending Threshold</i>	<i>\$22,204</i>
Danville*	\$21,241
Hazen Union	\$21,145
Cabot*	\$20,786
Montpelier	\$19,670

*Member district of Caledonia Central Supervisory Union

- All school districts are fighting the challenges of inflation and rising health care costs.
- HS choice districts are facing increased tuition costs that they cannot control.
- Every district is making tough choices to balance cost with bona fide educational need.
- Excess spending threshold and penalty are presently suspended.



Summary of What's Ahead in FY24

- School board and administration will focus on how to budget in response to positive changes in pupil weighting.
- Further exploration of collaboration with other districts within the Supervisory Union – academic, social, and community.
- Large emphasis on facilities and deferred maintenance of school infrastructure – PCB mitigation, heating system, roofing, etc.
- Hope for stability – space and opportunity for faculty/staff to implement positive changes in post-pandemic environment.



Central Vermont Career Center

This year, the newly created Central Vermont Career Center School District is asking for your continued support at the polls. We have drafted and approved our first budget - one that for the first time, each of our six sending districts have had direct input to. While our district is new, our budget process remains the same: It is embedded in each town's annual school district spending, just as it has always been. By supporting your local school district budget, you will be supporting the Central Vermont Career Center. **Since tuition to the Center has already been included in your local school district budget, there will be no additional impact on your taxes.**

The approved Central Vermont Career Center tuition is \$18,748 per full time student. After applying federal and state grants and on behalf payments, the remaining (anticipated) **tuition billed directly to our sending schools will be \$8,278.** For more information about the Center, its offerings, and its budget, we invite you to look through our Annual Report. You'll find the report here:

https://view.publitas.com/p222-2239/2023ar_alt_cvcc/page/1



Questions & Discussion