

PHILIP B. SCOTT
GOVERNOR



State of Vermont
OFFICE OF THE GOVERNOR

September 9, 2024

Dear Local School Leaders:

First, I want to thank you for your service. It's important and appreciated.

As you know, getting education spending growth and property taxes back on a sustainable path will require collaboration between school boards and state government. This is an imperative – for our kids, communities and economy.

It will take all of us to stabilize both spending and taxes, so we can focus on making our schools – and our education system as a whole – into the best in the nation from cradle to career.

A [recent memo](#) from the Vermont School Boards Association, the Vermont Association of School Business Officers, and the Vermont Superintendents Association contained important context and information. As their memo highlights, the Legislature created the Vermont Commission on the Future of Public Education, which is just embarking on work that is expected to take through the legislative session of 2026 to complete. This is not the first commission of its kind. History teaches us this work will take several years and whatever reforms survive a legislative process, will likely take additional time to implement.

In the meantime, as the memo also notes, action is necessary *this* year to avoid more budgets failing to pass and “leading to statewide proposals designed to suppress spending rather than address costs.”

One challenge is that our system requires you to build a budget before you know how spending will impact property tax bills, which is first officially forecasted in the so-called “December 1 letter” required by law. To help avoid another round of historic property tax increases next year (fiscal year 2026), my Administration is taking the unusual step of engaging in the earliest stages of your budget development process to express our commitment to collaboration; to share what we know; and to offer additional technical assistance.

While it's too early to know what budget decisions you will make, please consider the following:

On July 30, the Emergency Board adopted an updated consensus revenue forecast. The forecast for the Education Fund for FY25 was increased by \$10.4 million. However, Act 183 used \$69 million of one-time money to lower property tax rates for FY25, and over my full objection did not include structural reforms or tools to help you mitigate increases. As a result, we are starting FY26 with a \$60 million gap. Additionally, while VEHI will not have data on school health insurance costs until later this fall, if rate increases are comparable to the commercial rate requests submitted to the Green Mountain Care Board, that increase could create approximately \$50 million of education spending pressure – a nearly 3% spending increase.

So, if school spending on your part is flat, and there is no significant change to the revenue numbers or projected grand list growth, these two pressures alone could result in an average property tax bill increase of 7% next year.

You are not alone in facing large, fundamental budget challenges. State government is also confronting many of the same issues – including spending and tax increases that are unaffordable for many and unsustainable for Vermont’s future. To do our part to prevent additional burdens for Vermonters, I’ve directed my Administration to begin our own budget development process by limiting spending growth to no more than 3.0%, a growth rate well below level service costs.

I acknowledge some feel frustrated by the attention I’ve put on the issue of property taxes and affordability. But please know, I recognize many factors contributing to this challenging situation are outside of your control, and we can’t expect school boards to address it alone. If we work together, we can stabilize the school budget process, reduce the risk of historically high school budget defeats and revotes, and create capacity for all of us to focus on improving student outcomes and implementing longer-term improvements.

More specifically, we will need boards to consider all options to contain education spending growth. To support you, the Agency of Education will provide information sessions on the Education Fund and variables driving spending, as well as technical support to schools and school boards through regional planning, improved data reporting, and one-on-one support when requested.

While you have the support of your associations, Superintendents and Business Managers are also encouraged to contact the Agency directly throughout the budget cycle. Interim Secretary Saunders will continue to make herself available to communities, education leadership and school boards to support local work on these sensitive issues.

Again, I recognize the State (both the Executive and Legislative branches), and local boards will need to work together to prevent another property tax cliff and make the improvements necessary to achieve long-term sustainability and better results.

If we face the situation with courage and civility, we will better meet the needs of students and taxpayers. Though it’s challenging, there is a path forward, and I’m hopeful we can walk it together.

Since

A handwritten signature in black ink, appearing to read "Phil Scott", with a long horizontal line extending to the right from the end of the signature.

Ph
G

PBS/kp