

Executive Summary – Budget FY’25

The School Board approved the FY’25 budget in the amount of \$57,425,957. This is an increase over the current year by \$5,024,550 or 9.59%. The general education funding need increased by \$5,229,204 or 12.77%, which is slightly below the overall anticipated statewide education spending growth of 14.40%.

The proposed budget, if approved, results in per pupil spending of \$12,818, which is an increase from FY’24 per pupil spending of \$12,212 or 4.96%. This is well below the state’s projected average per pupil spending increase of 12.8%. The increase in spending on a per pupil basis results in a homestead tax increase of 16.65% increase. This means the homestead education tax rate would increase from \$1.5812 to \$1.8444. For a homeowner with a house valued at \$350,000, this increase would represent a \$921 increase annually. This does not consider any aspect of income sensitivity. Approximately sixty-one percent (61%) of homeowners received a property adjustment in 2023.

General education spending growth for the district increased to \$31,402,732, which is an increase of 10.09% or \$2,877,057. The primary drivers for the overall increase are salaries and benefits, which represent 80% of the overall budget.

Special education increased to \$13,804,645, which is an increase of 10.61% or \$1,324,140 due to anticipated demand. The increase can be attributed to employee compensation, benefits, and tuition costs for out of district placements.

Support of education increased to \$10,881,580, which is an increase of 7.47% or \$756,353. The most significant cost drivers in this area are compensation, benefits, building maintenance and operations and student transportation.

Below is a summary of the expenditures in each of the functional areas.

Function	2023-24	2024-25	Percent	Dollar
	Budget	Budget	Change	Change
Total General Education	\$28,525,675	\$31,402,732	10.09%	\$2,877,057
Total Special Education	\$12,480,505	\$13,804,645	10.61%	\$1,324,140
Total Support of Education	\$10,125,227	\$10,881,580	7.47%	\$756,353
Grants, Medicaid, Other	\$1,270,000	\$1,337,000	5.28%	\$67,000
Totals	\$52,401,407	\$57,425,957	9.59%	\$5,024,550

Note: The introduction of Act 127 changed the way in which pupils are weighted and thus inherently changed a major component of the education funding mechanism. The

introduction of Act 127 created what has been labeled “advantaged” and “disadvantaged” districts. In other words, with the introduction of the new weighting system, districts gained tax capacity whereas others (like Colchester) lost tax capacity. This means taxes increased without changing the district budget process fundamentally.

The parameters offered by the introduction of Act 127 changed the way students were weighted, however, it also established certain tax caps to limit the effects on homestead taxpayers. Act 127 called for a 5% cap in the equalized tax rate (pre-CLA) and a 10% tax cap on the increase in the per pupil spending. Exceeding the 10% tax cap on the per pupil spending would have triggered a budget review by the agency of education. This was supposed to ease the tax burden over the five (5) year phase in period.

Upon realizing the Act 127 capped parameters had unintended consequences, a law passed removing the caps and replacing it with a cent reduction based on lost tax capacity as it pertained to each district. **The numbers shown above are based on this new law, however, the budget that was passed in January 2024 was based on Act 127 in its original form.** The change resulted in the districts tax increase shifting from 15.50% to 16.65% at the latest suggested dollar yield of \$9,775.