

Colchester School District FY'25 Budget Information

November 7, 2023

Basic Homestead Tax Rate

Expenditures

-Offsetting Revenues

Education Spending

Education Spending is defined as all of the money that a school district has determined is necessary to spend in the school year, less any offsetting revenue.

Basic Homestead Tax Rate

Expenditures

-Offsetting Revenues

Education Spending

÷LTWADM

Per Pupil Spending

Long Term Weighted Average Daily Membership a two year weighted average of ADM (average daily membership).

Per pupil spending is how the state determines a district's cost to educate a student. This number has required to be printed on the article for the budget vote, but that requirement has been suspended as part of Act 127.

Basic Homestead Tax Rate

Expenditures

-Offsetting Revenues

Education Spending

÷LTWADM

Per Pupil Spending

÷Property Yield

Equalized Homestead Rate

The Property Yield is the amount of the per pupil spending covered by a \$1.00 tax rate. In other words, it is the value of \$1 on your property tax bill. This figure is largely determined by overall statewide education spending.

Basic Homestead Tax Rate

Expenditures

-Offsetting Revenues

Education Spending

÷LTWADM

Per Pupil Spending

÷Property Yield

Equalized Homestead Rate

÷Common Level of Appraisal

Actual Homestead Rate

The Common Level of Appraisal (CLA) is a method used by the state in an attempt to tax based on fair market value, since towns can go many years between re-appraisals.

**The Actual Homestead Rate is before any income sensitivity is applied.*

Colchester FY'24 Homestead Tax Calculation

Expenditures	\$52,401,407
<u>-Offsetting Revenues</u>	<u>-\$11,451,259</u>
Education Spending	\$40,950,148
	÷ <u>2,283.61</u>
÷Equalized Pupils	\$ 17,932 (10% Cap in FY'25 – FY'29)
Per Pupil Spending	÷\$ <u>15,443</u>
÷Property Yield	\$ 1.1612 (5% Cap in FY'25 – FY'29)
Equalized Homestead Rate	÷ <u>72.20%</u>
	\$ 1.6083
÷Common Level of Appraisal	
Actual Homestead Rate	

Act 127

An act relating to improving student equity by adjusting the school funding formula and providing education quality and funding oversight. This act influences the equalized pupil count in Districts.

Highlights of the Law

- Act 127 might limit tax rate increases to 5% from fiscal year 2025-2029
- If education spending per pupil spending increases by 10% or more, there will be a review by the Secretary of Education
- If the Secretary determines that the school district's budget contains excessive increases in spending, then the property tax rate of the school district shall be increased to its actual property tax rate (not limited to 5%)
- If a district does not receive the 5% rate cap in any given year, it is not available in subsequent years
- Suspends the excess spending penalty during fiscal years 2024–2029 and ballot language requirements during fiscal years 2025–2029

EPs vs LTW ADM

Old Weights

PreK	0.46
Elementary K-6	1.00
Secondary 7-12	1.13
Poverty	0.25
Multilingual Learners	0.20

New Weights

PreK	-0.54
Elementary K-5	0
Middle 6-8	0.36
Secondary 9-12	0.39
Poverty	1.03
Multilingual Learners	2.49
Sparsity <36 pop/sq mile	0.15
Sparsity 36<pop/sq mile	0.12
Sparsity 55<pop/sq mile	0.07
Small School <55 pop/sq mile, enrollment <100 students	0.21
Small School <55 pop/sq mile, enrollment >100, <250	0.07

FY25 per pupil spending
increase < 10% of equivalent
FY24 per pupil spending

FY25 Per pupil spending
increase \geq 10% of equivalent
FY24 per pupil spending

**FY25 district tax
rate increase is \leq
5.0% of FY24
district tax rate**

District tax rate is as calculated and no
Tax Rate Review

District tax rate is as calculated,
potentially subject to a Tax Rate
Review

**FY25 district tax
rate increase is >
5.0% of FY24
district tax rate**

District tax rate is capped at a 5.0%
increase and no Tax Rate Review.

District tax rate is capped at a 5.0%
increase and a Tax Rate Review is
held.

If the budget increase is deemed
justified, the district rate is capped at
5.0%.

If the budget increase is determined not
to be for good cause, the district rate as
calculated.