

2025 Acts and Resolves No. 73

High-Level Summary

- GA intent in 2026 session to enact updates to CTE and prek systems and enact new, larger school districts that would become operational on 7/1/2028
- Re-focuses the charge of the Commission on the Future of Public Education
- Creates the School District Redistricting Task Force
- Creates the School District Voting Ward Working Group
- Sets class size minimums for both public schools and approved independent schools that wish to be eligible to accept public tuition
- Requires the SBE to update EQS to reflect class size minimums and new statewide graduation requirements as well as review all existing rules and make recommendations to the GA regarding rules updates and sunsets
- Requires AOE to create a statewide school calendar for the 28-29 school year, recommend statewide grad requirements to the SBE, and report back to the GA regarding several topics, including the state of special education delivery and funding
- Creates the State Aid for School Construction Program, to be administered by AOE with advice from the State Aid for School Construction Advisory Board (program effective July 1, 2026)
- Requires approved independent schools to meet certain criteria in order to be eligible to receive public tuition, including being located in a nonoperating district or supervisory union with nonoperating district(s) and complying with class size minimums
- Requires school districts, under the new foundation formula that will contingently take effect on July 1, 2028, to pay tuition in an amount of the base amount plus any applicable weights, to a receiving school. It also allows receiving schools to charge an additional five percent fee for secondary students if certain criteria are met and requires school districts to pay the full tuition charged its students attending an approved independent school in Vermont functioning as an approved area career and technical center
- Requires the AOE to create a three-year strategic plan for the delivery of special education services and establishes one new permanent classified position within AOE to support the development of the strategic plan
- Appropriates \$2,865,000.00 to AOE to support education transformation and establishes five limited service positions within AOE to support education transformation work
- As contingently effective July 1, 2028, replaces Vermont's existing education finance system with a foundation formula that provides school districts with a fixed, inflation-adjusted base amount of \$15,033.00 per pupil, adjusted for student weighting (the Educational Opportunity Payment/EOP), funded through a statewide education tax on homestead and nonhomestead property that may be adjusted by statutory factors based on the new tax classification system, that will be set each year by the General Assembly
- Amends Vermont's student weighting provisions to provide weights for prekindergarten, economic disadvantage, English learners distinguished by both proficiency level and formal education level, and special education distinguished by disability cost, and replaces existing sparsity and small-school weights with small schools and sparse schools support grants

- Repeals certain existing education finance provisions, such as census block grants for special education, categorical aid for English learners' services, and merger support
- Authorizes school districts to vote additional funds beyond their EOPs (supplemental district spending/SDS), subject to a cap of 5% of the product of the school district's unweighted pupil count and the base amount, with funds raised through a locally imposed SDS tax and creates an SDS yield to equalize this local tax rate for any locally voted spending that results in the application of the rate that would be required to raise that spending in the school district with the lowest taxing capacity, regardless of property wealth
- Recaptures any locally raised funds in excess of the school district's supplemental district spending resulting from use of the supplemental district spending yield and holds those funds in a newly established Supplemental District Spending Reserve within the Education Fund to be used to buy down statewide education property tax rates in the following fiscal year
- Amends the December 1 letter to require the Commissioner of Taxes to annually recommend the statewide education property tax rate and supplemental district spending yield
- Creates a transition mechanism to gradually move school districts to the foundation formula
- Tasks JFO with contracting with an expert in Vermont's education funding system to recommend updates to the foundation formula, including related to sparsity measures, secondary student costs, and CTE, on or before December 1, 2026
- Provisions governing the new foundation formula are effective July 1, 2028, contingent upon operationalization of new school districts and receipt of the foundation formula report
- As contingently effective July 1, 2028, repeals the statewide property tax credit and replaces it with a capped homestead exemption that reduces the portion of housesite value subject to the statewide education tax and supplemental district spending tax
- Establishes income sensitivity measures for households that do not exceed \$115,000.00 in household income that provide an increasing homestead exemption as household income declines, with households at or below \$25,000.00 in household income entitled to a homestead property tax exemption of 95 percent of the first \$425,000.00 of housesite value, with conforming changes to provide the benefits of the homestead exemption to households that indirectly pay property taxes as is currently done for the statewide property tax credit
- Tasks the Department of Taxes with submitting an alternative homestead exemption structure proposal to the GA on or before December 15, 2026, that includes appropriate inflationary measures and analyzes the implications of moving to income sensitivity measures that provide benefits to households with household income of up to \$175,000.00
- As contingently effective July 1, 2028, creates a new property tax classification for nonhomestead residential properties that will be repealed on July 1, 2028, if the General Assembly does not create a new tax rate multiplier for tax classifications before that date and requires the Department of Taxes to study the implementation of a new tax classification and report back for the 2026 legislative session
- As contingently effective January 1, 2029, creates regional assessment districts for the purpose of full reappraisal of grand list properties in a designated region, which will replace the current system of having individual municipalities responsible for full reappraisals and creates a stakeholder working group, to be managed by the Department of Taxes, to recommend future changes to the regional assessment district system