

Letter to Norwich Listserv from Norwich School Board Chair Garrett Palm  
February 9, 2024

The Norwich School Board would like to provide an update on Act 127 and the serious consequences it will have on our property tax rates and the Marion Cross School (MCS) in particular.

In 2022, the Vermont State Legislature passed Act 127. It is being implemented this budget season. Its intent is to improve student equity across the State by adjusting the school funding formula. The new formula gives more “weight” to districts with lower population density, higher levels of poverty and greater numbers of English language learners. For Norwich, the adjusted formula results in an extraordinary tax increase of over 30% and as high as 40% based on the education fund figures we have received from the State.

For perspective of how this could impact our current budget, by our Board’s calculation, to keep property taxes flat with 2023-24 we would need to cut \$3.5 million from our proposed 2024-25 budget. This amount is nearly the entire MCS Regular Education portion of the budget – all teacher salaries, benefits, and classroom supplies. And while we could evaluate spreading some budget cuts to the Dresden portion of our budget, because of the interstate agreement, we would need to cut \$3 million from the Dresden budget for Norwich to realize \$1 million in savings.

The Legislature had added a 5% tax increase cap provision for the first 5 years of Act 127’s implementation. The intent was to give districts like Norwich time to significantly reduce their school budgets – since the essence of Act 127 is that it should cost less to educate the students in the Norwich community because far fewer of them meet the weighting criteria compared to other districts in Vermont.

However, as budget season unfolded the Legislature realized that every District in Vermont was taking advantage of this cap which would have resulted in even more extreme tax increases. As a result, the Legislature is now introducing a bill that will remove the 5% cap and replace it with a “Tax Rate Discount” mechanism.

The discount is based on the ratio of our student count before and after the implementation of the student weightings from Act 127. The discount will apply but be reduced every year for the next five years. The net result is still an 18% increase in our Homestead tax rate this year based on the latest figures provided by the State. Although for now the discount is giving us some relief, it is important to remember the discount is decreasing in each of the next 5 years. By that time Town residents will have seen a 30%-40% tax rate increase and this increase does not account for other increasing costs (e.g. teacher contracts, health care fees, etc).

Cutting our way out of this is going to be very challenging. Board members have poured over the budget and there is no good news to report. We have run exercises trying to cut \$1-1.5M from the budget. Even if we consolidate every class at MCS to a single section with an average of 42 students per class, that measure would only be able to cut a fraction - taxes would still have increased 20% to 25% once the discounts expire.

The severity of Act 127’s impact has led both past and current Board members to petition State Legislators to reconsider the plan. We recently testified in the House Ways and Means Committee to explain the impact Act 127 will have on the residents and students of Norwich. We can only hope our feedback, and that of other VT towns facing a similar grim tax future, is heard and that more substantial changes are made to Act 127 or the Education Funding system overall over the next couple of years.

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This proposed change to the law has implications for Town Meeting. School boards are being provided the option to reconsider budgets and move voting to a later date. In the next couple of weeks, the Norwich School Board will consider this option. If we do decide to move the Norwich budget vote to a later date, we will share that information with our community. Unfortunately, we do not have this same option with the Dresden School budget. Our Dresden Interstate school district agreement requires that we hold the budget vote on March 5<sup>th</sup>. We understand that this is confusing and wish there was a better solution.

None of our Norwich School Board members wanted to be put in this position. We joined the school board to help create responsible budgets and continue to build the best school system that we can with the resources that we have to serve our community and its students. We will continue to work hard to advocate on Norwich's behalf and encourage you as residents, tax payers and parents to do so as well.

For the latest information on this situation please visit the SAU 70 website at <https://www.sau70.org>