**To:** MMUUSD Finance and Facilities Committee
**From:** Nicole Fortier and John Alberghini
**Date:** February 9, 2024
**Re:** 2024-25 (FY25) Budget Revisions and Changes to Act 127

This memo provides a concise summary of the changes between the FY25 Proposed Budget (warned 1/15/24) and the revised FY25 Budget V2 as well as anticipated modifications to Act 127.

On 2/6/24, the House Ways & Means Committee presented a change to section 7 of Act 127, i.e., Calculation of Tax Rates and Tax Rate Review. Legislative language has been created to change the transition mechanism for Act 127. It calls for repealing section 7 and retroactively instituting a 5-year tapered, targeted, tax rate discount, effective FY25. The tax rate review, 5% cap and 10% ed spending per pupil threshold are eliminated in the proposal.

The proposal uses an initial calculation comparing districts to statewide total pupil changes from FY25 pre-Act 127 weighting to FY25 Act 127 weighting. Districts that experience a decrease in percent share, rounded to 1 or greater will receive a discount. That initial negative percent difference is being converted to cents. A 12.75% negative percent change in share will convert to a $0.13 discount in the first year.

| FY25 pre Act 127 Share of Mt. Mansfield Unified Union School District compared to statewide pupils | FY25 Act 127 Share of Mt. Mansfield Unified Union School District compared to statewide pupils | Percent change in statewide share |
|---|---|---|
| 2.950% | 2.574% | -12.75% |

This new proposal applied to our currently warned FY25 Budget would result in a year-over-year increase of $.20 in MMUUSD's pre-CLA homestead tax. Based on this and pending Act 127 changes, we recommend the follow revisions to the FY25 Budget proposal:

- Removed the $5.5 million in additional one-time facilities money
    - This results in a **discounted** homestead tax rate of $1.2570, a decrease of $.01 from the currently warned budget and an increase of $.05 from our current FY24 homestead tax rate. Changes are highlighted in the summary and detail.

The Ways and Mean Committee has drafted and approved terms that allow school districts to cancel their budget vote on an article or articles related to the fiscal year 2025 budget for the sole purpose of amending the proposed budget. A district that cancels the vote on its budget articles will amend the warning for its annual district vote to state that the budget vote is canceled and will move the date of the budget vote to a date on or before April 15, 2024. $500,000.00 is appropriated from the General Fund to the Secretary of State in fiscal year 2024 for the purpose of offsetting election costs incurred by school districts as a direct result of postponing a school district budget vote. As of 2/9/24, the Ways and Means Committee has passed the committee bill 12-0-0 and it will move to House Appropriations next due to the $500k in election costs.

Due to the significant impact the pending changes to Act 127 will have on MMUUSD's tax rate, we recommend the Finance and Facilities committee consider the revisions to the FY25 budget represented in this memorandum and postpone the vote to a date before April 15th.