

What changes under Act 73?

Act 73 aims to transform Vermont's education governance, quality, and finance systems

	Current system	Act 73	Effective date
Governance			
School/district consolidation	Vermont currently has 120 school districts and 52 supervisory unions. Local voters or school boards decide whether to close a school.	Established a School Redistricting Task Force to propose three possible plans for districts of 4000-8000 kids. The group began meeting in August.	3 proposals by 12/1/25; to be voted on and in place by 7/1/26
School boards	900 school board members across 120 districts	Likely reduced to 10-20 districts with boards; voting wards TBD by a working group	7/1/26 contingent on new districts
Graduation requirements	Proficiency-based requirements in place beginning with the class of 2020.	Requires the State Board of Education (BOE) to establish new statewide requirements.	BOE recommendations by 1/1/26. To take effect for the 2027-28 school year and apply to the class of 2031.
Statewide calendar	N/A	To be established by the Agency of Education (AOE).	2028-29 school year
Finance			
Income sensitivity for property taxpayers	Provides credits against property taxes so school taxes for most primary homeowners are tied more closely to their income. Failure to adjust for inflation and changing real estate values have reduced the effect of the credits over the years.	Returns education funding to a property tax-based system. Homestead exemptions , based on income, will exclude a portion of primary home value from school property taxes for low- and moderate-income homeowners. However, property values will be the main driver of school taxes.	July 2028, contingent on analysis from the Vermont Department of Taxes and new school district configuration.

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Finance			
Reverting to a foundation system where the state decides how much to spend	Local school administrators and boards build budgets based on the needs of their kids with regular opportunities for community members to weigh in. Local voters then vote on those budgets , typically on Town Meeting Day. Those voter decisions determine primary homeowners' tax rates and the amount to be received from the state Education Fund.	The AOE and the Legislature will calculate an annual foundation grant, a fixed amount per student in all school districts , with supplemental funding for certain categories of students (rural, low-income, etc.). The Legislature also will set a uniform state property tax rate each year. The law also anticipates allowing districts to raise and spend fund beyond the foundation grants, with details to be worked out in the 2026 Legislative session.	7/1/28 contingent on the establishment of new districts
Property classifications	There are now two categories of property: homestead and non-homestead. Homestead property includes a primary residence and all contiguous land. Non-homestead includes everything else—commercial and industrial property, second homes, open land, etc. There is a uniform state tax rate on non-homestead property, while homestead rates vary town to town based on per-pupil spending.	Divides nonhomestead property into two categories: nonhomestead non-residential and nonhomestead residential. This would allow the Legislature to set tax rates higher for second homes than for commercial, industrial, or other nonhomestead property.	July 1, 2028, deadline for Tax Department and Legislature to devise a tiered tax schedule for non-homestead property. Otherwise, the new categories are repealed.
State aid for school construction	n/a	Establishes a program administered by AOE and an advisory board to provide construction aid covering 20-40% of the project costs. The source of funding for construction aid has yet to be determined.	July 1, 2026.

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Pupil weighting	Act 127 of 2022 established a new system of weighting students to provide supplemental funding for those deemed to need additional resources: children from families in poverty, English language learners, middle school and high school students, and students in small, rural schools. These new weights took effect in the 2024-25 year.	Revises the newly adopted weights , and may make further changes after additional research has been completed.	Weights for 2026-27 school year to be calculated by January 1, 2026. (Then weights to be updated every five years.)
Special education funding	Act 173 of 2018 changed special education funding to block grants based on total student population, which reduced funding for districts with a disproportionate share of special education students. This change took effect for the 2023-24 school year, so there is limited information about the impact .	Converts block grant to a new student weight based on type of disability; AOE to review and make recommendations for additional changes to special education funding.	September 1, 2025, deadline for AOE report. January 1, 2026, deadline for calculating new disability weight to take effect for 2026-27 school year.
Regional assessment districts	individual municipalities responsible for full reappraisals	Creates regional assessment districts for the purpose of full reappraisal of grand list properties in a designated region and creates a stakeholder working group, overseen by Tax Department to recommend future changes	January 1, 2029, contingent on Tax Department analysis.
Quality			
Education standards	The independent State Board of Education handles rulemaking.	The AOE handles rulemaking, including standards for school sizes and class sizes.	
Class size minimums	n/a	<ul style="list-style-type: none"> • grade 1: 10 students; • grades 2-5: 12 students; • grades 6-8: 15 students; • grades 9-12: 18 students; and • multiage classrooms for grades K-8 would be limited to two grades per classroom. 	July 1, 2026