Vermont Education Finance

A Primer

Public Perception vs. Reality

Digging Into the Details

School budget up less than 1 percent

	FY14	FY15
Budgeted Expenses	$27,687,316	$27,866,206 **0.6% Increase**
Equalized Pupils	1,200.00	1,160.49

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What the headline doesn't tell you

Public Perception vs. Reality

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Budgeted Expenses	$27,687,316	$27,866,206 **0.6% Increase**
Equalized Pupils	1,200.00	1,160.49
Ed Spending per Eq. Pupil	$15,883	$16,438 **3.5% Increase**

The number that counts, but almost never reported in the local news

Education Funding 101

Condensed Cliff Notes Version

- Key Local Variables:
  - Total budgeted expenses
  - Equalized pupils (rolling 3 year weighted average of pupil counts)
  - Non-property tax revenues (e.g. fundraising, small school grant, etc.)

Education Funding 101

Condensed Cliff Notes Version – Property Tax Rate Calculation

$$\frac{\text{Ed Spending Per Pupil}}{\text{State Spending Benchmark}} = \text{District Spending Adjustment}$$

District Spending Adjustment
X
Statewide Tax Rate

= Property Tax Rate

Education Funding 101

Condensed Cliff Notes Version – Property Tax Rate Calculation

$$\frac{\$16{,}438}{\$9{,}151} = 179.6\%$$

Set by Legislature

$$179.6\% \times 0.94 = \$1.688$$

Education Funding 101

Condensed Cliff Notes Version – Property Tax Rate Calculation

Example #1a
- $1,643,800 Budget
- 100 Students

- $1 **Billion** Grand List

$$\frac{\$16{,}438}{\$9{,}151} = 179.6\%$$

Set by Legislature

179.6% X 0.94 = $1.688

Education Funding 101
Condensed Cliff Notes Version – Property Tax Rate Calculation

$$\frac{\$16,438}{\$9,151} = 179.6\%$$

Set by Legislature

$$179.6\% \times 0.94 = \$1.688$$

Example #1b
- $1,643,800 Budget
- 100 Students

- $1 Million Grand List

Education Funding 101

Condensed Cliff Notes Version – Property Tax Rate Calculation

$$\frac{\$16,438}{\$9,151} = 179.6\%$$

Set by Legislature

179.6% X 0.94 = $1.688

Example #2a
- $16,438,000 Budget
- 1,000 Students

- 1 Billion Grand List

Education Funding 101

Condensed Cliff Notes Version – Property Tax Rate Calculation

Example #2b
- $16,438,000 Budget
- 1,000 Students

- 1 Million Grand List

$$\frac{\$16,438}{\$9,151} = 179.6\%$$

Set by Legislature

$$179.6\% \times 0.94 = \$1.688$$

Education Funding 101

Condensed Cliff Notes Version – Property Tax Rate Calculation

$$\frac{\$16{,}438}{\$9{,}151} = 179.6\%$$

Set by Legislature

Per Pupil Spending
Drives Tax Rate

$$179.6\% \times 0.94 = \$1.688$$

Education Funding 101
Condensed Cliff Notes Version – Pay by Income Tax

$$\frac{\text{Ed Spending Per Pupil}}{\text{State Spending Benchmark}} = \text{District Spending Adjustment}$$

$$\text{District Spending Adjustment} \times \text{Statewide Income Sensitivity} = \text{Income Tax Rate}$$

Education Funding 101

Condensed Cliff Notes Version – Pay by Income Tax

$$\frac{\$16,438}{\$9,151} = 179.6\%$$

Set by Legislature

Per Pupil Spending
Drives Tax Rate

179.6%   X   1.8%   =   3.23%

H.849 Changes to District Spending Adjustment

- Create an "Allowable increase" by taking the statewide average education spending per equalized pupil for current fiscal year increased by the most recent New England Economic Project cumulative price index.   Example:

  - Assume statewide average = 14,000

  - NEEPC Price Index = 2%

  - Allowable increase would then be $280

H.849 Changes to District Spending Adjustment

$$\frac{\text{Ed. Spending Per Pupil +amt. exceeding allowable increase}}{\text{State Spending Benchmark}} = \text{District Spending Adjustment}$$

District Spending Adjustment
X
Statewide Tax Rate

= Property Tax Rate

H.849 Changes to District Spending Adjustment
Example with Assumptions

School x– 2013 Ed. Spending Per Pupil   = $16,000
School x – 2014 Proposed Ed. Spending P/Pupil = $16,480 (3% increase)
1-2013 Average Ed Spending Per Pupil   = $14,000
2-Base Spending Benchmark   = $ 9,100
3-Tax Rate   = $ .94
4-NEEP Price Index   =   2%
Allowable Increase (#1x #4)   = $ 280

H.849 Changes to District Spending Adjustment

Examples

		/9100 Sp.Adj.	x.94 Prop.Tax Rate	Per 100K Property			
	16000	1.75	1.65	1,650			
	16280	1.79	1.68	1,680			
	16480	1.81	1.70	1,700			
*16480	16680	1.83	1.72	1,720			

*16480-16280 = 200+16480= 16680