

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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Budgeted Expenses	\$27,687,316	\$27,866,206 0.6% Increase
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What the headline doesn't tell you



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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

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

$$\begin{array}{l} \text{District Spending Adjustment} \\ \times \\ \text{Statewide Tax Rate} \end{array} = \text{Property Tax Rate}$$



Education Funding 101

Condensed Cliff Notes Version – Property Tax Rate Calculation

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

\$9,151

Set by Legislature

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



Education Funding 101

Condensed Cliff Notes Version – Property Tax Rate Calculation

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

\$9,151

Set by Legislature

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

Example #1a

- \$1,643,800 Budget
- 100 Students
- \$1 Billion Grand List



Education Funding 101

Condensed Cliff Notes Version – Property Tax Rate Calculation

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

\$9,151

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

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

\$9,151

Set by Legislature

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

Example #2a

- \$16,438,000 Budget
- 1,000 Students
- 1 Billion Grand List



Education Funding 101

Condensed Cliff Notes Version – Property Tax Rate Calculation

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

\$9,151

Set by Legislature

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

Example #2b

- \$16,438,000 Budget
- 1,000 Students

- 1 Million Grand List



Education Funding 101

Condensed Cliff Notes Version – Property Tax Rate Calculation

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

Per Pupil Spending Drives Tax Rate

Set by Legislature

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



Education Funding 101

Condensed Cliff Notes Version – Pay by Income Tax

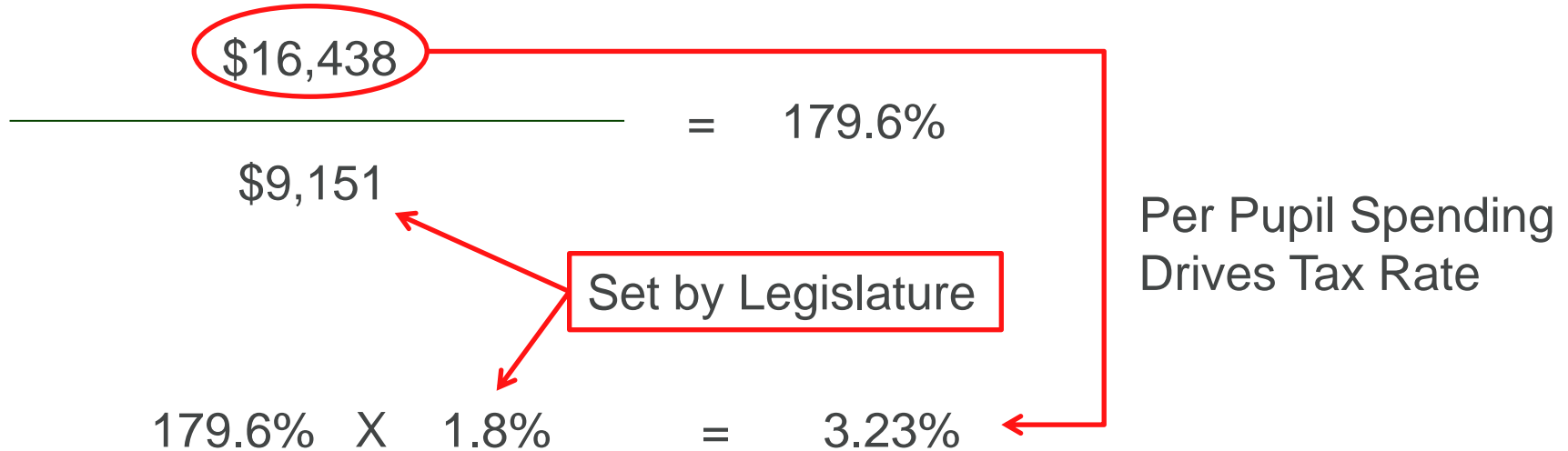
$$\frac{\text{Ed Spending Per Pupil}}{\text{State Spending Benchmark}} = \text{District Spending Adjustment}$$

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



Education Funding 101

Condensed Cliff Notes Version – Pay by Income Tax





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

Ed. Spending Per Pupil +amt.
exceeding allowable increase

State Spending Benchmark

= 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			

$$*16480-16280 = 200+16480= 16680$$