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Excess Spending Threshold

Under Act 68, a district with an education spending amount per equalized pupil (less approved construction costs and other specific exclusions) greater than the excess spending threshold incurs an additional tax for the amount over the threshold. The threshold amount is based on statewide data from the prior year.

OVERVIEW

With the passage of Act 68 in 2003, the Vermont Legislature included an excess spending provision to encourage districts with high per pupil costs to examine why costs were so high. This provision set a threshold over which any spending was deemed to be in excess. Districts spending over the annual threshold are taxed a second time on the excess spending amount. The threshold amount is calculated annually using statewide data from the prior fiscal year, multiplied by a given percentage.

The prior year data used for the threshold are the totals for statewide education spending, equalized pupils and approved exclusions:

Excess spending exclusions:

16 V.S.A. § 4001 (6)(B)

- i.) Principal and interest payments for capital projects begun and paid for under the State construction aid suspension provided no reimbursement or aid from the State shall be received.
- ii.) For capital projects begun before the suspension and that received state construction aid, P&I plus any interest on an anticipation note while awaiting State aid.
- iii.) Principal and interest payments for approved capital construction spending, deposits into a reserve account for such future approved spending, and the portion of tuition to a designated independent high school attributable to such P&I costs that received preliminary State approval.
- iv.) Planning costs for the merger of a small school (average grade size of 20 or less) with one or more schools.
- v.) the district's share of special education spending in excess of \$50,000 for any one student two years prior (FY2009 costs for FY2011 exclusions)
- vi.) a deficit solely attributable to tuition paid for one or more students moving into the district after the budget was approved if the district tuitions all of its resident students to public schools or approved independent schools.
- vii.) For a district that pays tuition for all of its resident students and which had students move in after the 20-day census period, the average tuition times the number of students that exceeds the most recent average daily membership count for which the district will pay tuition in the subsequent year.
- viii.) Tuition paid by a district that does not operate a school and pays tuition for all resident students in grades K - 12 unless the electorate of the district has approved payment to an approved independent school of a higher tuition rate than the average announced tuition for union elementary or high schools.

2007, No. 66, § 12

Any excess spending attributable SOLELY to new special education spending in a district with 20 or fewer equalized pupils that does not maintain an elementary or high school.

These data are used to calculate the statewide average education spending number per equalized pupil, less approved exclusions. Approved construction costs are considered to be costs for projects eligible for state construction aid as