



Education Funding

FY2015 data

Four Step Process

1. Districts adopt budgets
2. Districts submit budget data
3. AOE determines district education spending amount
4. AOE pays districts the education spending amount from Education Fund plus any categorical grants

What Is Education Spending?

Budget adopted by Town or Union District
 + Deficit from prior year (if any)
Budgeted Expenditures

Budgeted Expenditures
 – Expected revenues, state categorical grants,
federal revenues, etc., (i.e., non-prop. tax)

Education Spending

(Statewide total about \$ 1,259 million in FY2015)

What Are Categorical Grants?

FY2015 data, in millions

Special Education Aid	\$ 173
Transportation Aid	\$ 17
Aid for State-Placed Students	\$ 17
Technical Education Aid	\$ 14
Small School Grants	\$ 8
Essential Early Education Aid	\$ 6
Total	\$ 235

Education Fund Pays to Districts

Categorical Grants ~ \$ 235 Million
 + Education Spending ~ \$ 1,259 Million
Total payments ~ \$ 1,494 Million

Other uses ~ \$ 20 Million
 Adult education & literacy Community High School of Vermont Renter rebate
 Reappraisal & listing Accounting & auditing

Education Fund, FY2015

Sources, estimates in millions

Non-residential property tax	\$ 597
General Fund transfer	\$ 296
35% sales and use tax	\$ 127
1/3 purchase and use tax	\$ 32
Lottery	\$ 23
Medicaid transfer	\$ 6
Other sources (wind & solar property tax)	\$ 1
Total	\$ 1,082

Where's the Missing Money?

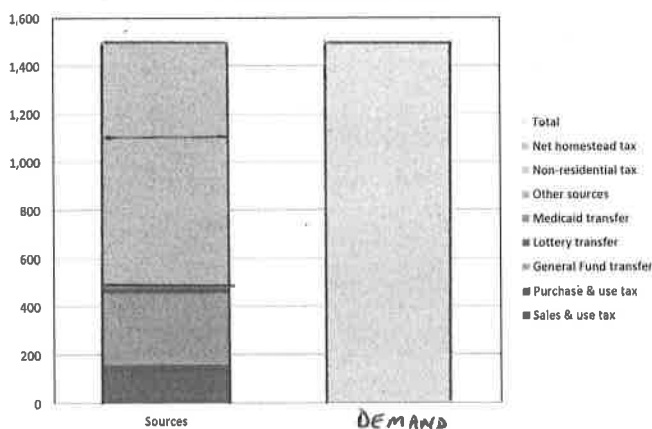
Sources, estimates in millions

- Homestead property tax = \$ 426 million
 - Homestead taxes, gross = \$ 578 million
 - Homestead tax adjustments = \$ 152 million
(Includes renter rebates)

- Tax rates are based on per pupil spending;
- Taxes paid are based on:
 1. 1% percent of homestead market value
 2. percentage of household income

7

FY2015 Education Fund



5

Basic Homestead Tax Rate Derivation

		FY2015		
1.	Expenditures	2,800,000		
2.	- Offsetting Revenues	<u>200,000</u>		
3.	Education Spending	2,600,000		
4.	÷ Equalized Pupils	<u>200.00</u>		
5.	Ed Spend / EqPup	13,000.00		
6.	÷ Base amount (divisor for tax rate)	<u>9,285</u>		
7.	District Spending Adjustment	140.011%		
8.	x Base Homestead Rate	<u>0.98</u>	1.94%	Base household income percent
9.	Equalized Homestead Rate	1.3721	2.72%	Household income percent for following year
10.	÷ CLA	<u>90.00%</u>		
11.	Actual Homestead Rate	1.5246		

Line notes:

1. Expenditures are all dollars a school district plans to spend - i.e., the budget.
2. Local revenues are money the school district already has or is owed: federal dollars, state aid for special education, transportation, small schools, tuitions, surplus, interest bearing accounts, private donations, etc.
3. Education spending is the amount that needs to be raised by education property taxes, augmented by other Education Fund revenues.
4. Equalized pupils are a two-year weighted average.
5. Education spending per equalized pupil determines the education homestead tax rate.
6. Base amount is statutorily set by a CPI index and is used as a comparison to a district's education spending per equalized pupil.
7. District spending adjustment is the percentage the district spends over the base amount.
8. Base homestead tax rate is set annually by the Legislature and approved by the Governor. Base household income percent is proportional to the base tax rate but has a floor it cannot exceed.
9. Equalized homestead tax rate is the rate a district would have if all properties were assessed at fair market value.
10. Common level of appraisal (CLA) is the ratio of the town's listed values versus the State's listed value. The State's listed value is comprised of actual sales, generally averaged over three years. The State's fair market value is the equalized education grand list.
11. Actual homestead rate is the education tax rate seen on a property tax bill of a resident homeowner.

6

Homestead Tax Rate Derivation Union Members

		Local Elementary School	Union High School
		<u>FY2015</u>	<u>FY2015</u>
1.	Expenditures	2,800,000	10,600,000
2.	- Offsetting Revenues	<u>200,000</u>	<u>2,200,000</u>
3.	Education Spending	2,600,000	8,400,000
4.	+ Equalized Pupils	<u>200.00</u>	<u>700.00</u>
5.	Ed Spend / EqPup	13,000.00	12,000.00
6.	+ Base amount (divisor for tax rate)	<u>9,285</u>	<u>9,285</u>
7.	District Spending Adjustment	140.011%	129.241%
8.	x Base Homestead Rate	<u>0.98</u>	<u>0.98</u>
9.	Equalized Homestead Rate	1.3721	1.2666
<hr/>			
10.	x Percent equalized pupils	<u>40.00%</u>	<u>60.00%</u>
11.	Actual rate attributable to local school district	0.5488	0.7600
12.	Total Eq Homestead Rate	1.3088	
13.	+ CLA	<u>90.00%</u>	
14.	Actual Homestead Rate	1.4542	

District: **Bridport**
 County: **Addison Central**

LEA: **T029**
 S.U.: **Addison**

1.	Local budgeted expenditures including any separate articles		1,464,069	1.
2.	Act 144 expenditures	-		2.
3.	Obligation to a regional technical center school district if any	-		3.
4.	Obligation to repay a deficit per 24 V.S.A. § 1523(b)	-		4.
5.	Obligation to repay difference between allowable and announced tuition	-		5.
6.	Total Expenditures net of Act 144 dollars	(lines 1 + 3 + 4 + 5) - line 2	1,464,069	6.
7.	Total local revenues (do NOT include revcode 3114, the on-behalf payment)		198,961	7.
8.	Act 144 dedicated revenues	-		8.
9.	Act 144 expenditures to raise locally	line 2 - line 8	-	9.
10.	Local revenues less Act 144 revenues	line 7 - (lines 8 + 9)	198,961	10.
11.	Initial Education Spending	line 6 - line 10	1,265,108	11.
12.	Capital debt hold-harmless aid	line 16, "CDaid" page	-	12.
13.	Education Spending	line 11 - line 12	1,265,108	13.
14.	Equalized pupils		75.03	14.
15.	Education spending per equalized pupil	line 13 / line 14	16,861.36	15.

Excess Spending Calculation

16.	NET Eligible FY2015 construction costs, including P&I		55,905	16.
17.	Borrowing in anticipation of delayed state construction aid due district	-		17.
18.	P&I for approved construction or payment into reserve fund (24 V.S.A. § 2804)	-		18.
19.	Cost of planning the merger of a small school (average grade size ≤ 20 students)	-		19.
20.	SpEd costs, two years prior, in excess of \$50,000 per pupil	-		20.
21.	If tuitioning all students, a deficit due SOLELY to the cost of new students moving in after the budget vote	-		21.
22.	If tuitioning all students and new students move in after census period, student number greater than ADM times average tuition rate	-		22.
23.	Total tuitions if tuitioning all K - 12 students unless electorate has authorized payments greater than average announced tuitions	-		23.
24.	If a district has ≤ 20 equip and tuitions grades K - 12, any excess spending due SOLELY to new special education spending (2007, No. 66, § 12)	-		24.
25.	Total eligible exclusions	Sum of lines 16 - 24	55,905.00	25.
26.	Eligible FY2015 exclusions per pupil, including P&I	line 25 / line 14	745.10	26.
27.	Per pupil figure to use for Excess Spending	line 15 - line 26	16,116.26	27.
28.	Excess spending threshold		16,166	28.
29.	Per pupil spending above the threshold	line 27 - line 28	NA	29.

30.	Per pupil figure used for calculating District Spending Adjustment	line 15 + line 29	16,861.36	30.
31.	District spending adjustment	max of 100% or (line 30 / 9,285)	181.598%	31.
32.	Equalized homestead tax rate to be prorated	line 31 x \$0.98	1.7797	32.
33.	Percent of Bridport equalized pupils not in a union school district		40.96%	33.
34.	Portion of equalized homestead tax rate to be assessed by town	lines 32 x line 33	0.7290	34.
35.	Common level of appraisal		95.57%	35.
36.	Estimated actual homestead tax rate of district to be assessed	lines 34 / line 35	0.7628	36.
37.	Equalized homestead rate from Middlebury UHSD #3		1.7377	37.
38.	Percent of Bridport equalized pupils at Middlebury UHSD #3		59.04%	38.
39.	Prorated equalized rate from Middlebury UHSD #3		1.0259	39.
40.	Estimated actual rate from Middlebury UHSD #3 to be assessed	lines 39 / line 35	1.0735	40.
41.				41.
42.				42.
43.				43.
44.				44.
45.	Total equalized homestead rate for Bridport	lines 34 + 39 + 43	1.7549	45.
46.	Total estimated actual homestead rate for Bridport	lines 36 + 40 + 44	1.8363	46.
47.	Equalized non-residential tax rate		1.515	47.
48.	Estimated actual non-residential tax rate	lines 47 / line 35	1.5852	48.

49.	Education spending	line 13	1,265,108	49.
50.	Tech FTE's		-	50.
51.	Base education amount for tech FTE's, paid on behalf of district (This is not a local revenue. It reduces the education spending a district is owed)	line 50 x 9,285 x 87%	-	51.
52.	Adjusted education spending due the district from Ed Fund	lines 49 - 51	1,265,108	52.

53. Amount to raise locally for Act 144 - 53.

54.	Prorated income cap percentage for Bridport education property tax if eligible	1.94% x 0.00% x 0.00% (lines 31 & 33)	1.44%	54.
55.	Spending adjustment from Middlebury UHSD #3	"FY14EstUnion", line 20	177.32%	55.
56.	Prorated income cap percentage from Middlebury UHSD #3	1.94% x 59.04% x 177.32%	2.03%	56.
57.		"FY14EstUnion", line 20 (%)	-	57.
58.			-	58.
59.	Estimated income cap percentage for Bridport education property tax		3.47%	59.

8

District: **Weybridge**
County: **Addison Central**

LEA: **T239**
S.U.: **Addison**

1.	Local budgeted expenditures including any separate articles		1,042,710	1.
2.	Act 144 expenditures	-		2.
3.	Obligation to a regional technical center school district if any	-		3.
4.	Obligation to repay a deficit per 24 V.S.A. § 1523(b)	-		4.
5.	Obligation to repay difference between allowable and announced tuition	-		5.
6.	Total Expenditures net of Act 144 dollars	(lines 1 + 3 + 4 + 5) - line 2	1,042,710	6.
7.	Total local revenues (do NOT include revcode 3114, the on-behalf payment)		260,622	7.
8.	Act 144 dedicated revenues	-		8.
9.	Act 144 expenditures to raise locally	-		9.
10.	Local revenues less Act 144 revenues	line 2 - line 8 line 7 - (lines 8 + 9)	260,622	10.
11.	Initial Education Spending	line 6 - line 10	782,088	11.
12.	Capital debt hold-harmless aid	line 16, "CDaid" page	-	12.
13.	Education Spending	line 11 - line 12	782,088	13.
14.	Equalized pupils		40.84	14.
15.	Education spending per equalized pupil	line 13 / line 14	19,150.05	15.

Excess Spending Calculation				
16.	NET Eligible FY2015 construction costs, including P&I		49,145	16.
17.	Borrowing in anticipation of delayed state construction aid due district		-	17.
18.	P&I for approved construction or payment into reserve fund (24 V.S.A. § 2804)		-	18.
19.	Cost of planning the merger of a small school (average grade size ≤ 20 students)		-	19.
20.	SpEd costs, two years prior, in excess of \$50,000 per pupil		-	20.
21.	If tuitioning all students, a deficit due SOLELY to the cost of new students moving in after the budget vote		-	21.
22.	If tuitioning all students and new students move in after census period, student number greater than ADM times average tuition rate		-	22.
23.	Total tuitions if tuitioning all K - 12 students unless electorate has authorized payments greater than average announced tuitions		-	23.
24.	If a district has ≤ 20 equpup and tuitions grades K - 12, any excess spending due SOLELY to new special education spending (2007, No. 66, § 12)		-	24.
25.	Total eligible exclusions	Sum of lines 16 - 24	49,145.00	25.
26.	Eligible FY2015 exclusions per pupil, including P&I	line 25 / line 14	1,203.35	26.
27.	Per pupil figure to use for Excess Spending	line 15 - line 26	17,946.70	27.
28.	Excess spending threshold		16,166	28.
29.	Per pupil spending above the threshold	line 27 - line 28	1,780.70	29.

30.	Per pupil figure used for calculating District Spending Adjustment	line 15 + line 29	20,930.75	30.
31.	District spending adjustment	max of 100% or (line 30 / 9,285)	225.425%	31.
32.	Equalized homestead tax rate to be prorated	line 31 x \$0.98	2.2092	32.
33.	Percent of Weybridge equalized pupils not in a union school district		30.30%	33.
34.	Portion of equalized homestead tax rate to be assessed by town	lines 32 x line 33	0.6694	34.
35.	Common level of appraisal		94.51%	35.
36.	Estimated actual homestead tax rate of district to be assessed	lines 34 / line 35	0.7083	36.
37.	Equalized homestead rate from Middlebury UHSD #3		1.7377	37.
38.	Percent of Weybridge equalized pupils at Middlebury UHSD #3		69.70%	38.
39.	Prorated equalized rate from Middlebury UHSD #3		1.2112	39.
40.	Estimated actual rate from Middlebury UHSD #3 to be assessed	lines 39 / line 35	1.2816	40.
41.				41.
42.				42.
43.				43.
44.				44.
45.	Total equalized homestead rate for Weybridge	lines 34 + 39 + 43	1.8806	45.
46.	Total estimated actual homestead rate for Weybridge	lines 36 + 40 + 44	1.9899	46.
47.	Equalized non-residential tax rate		1.515	47.
48.	Estimated actual non-residential tax rate	lines 47 / line 35	1.6030	48.

49.	Education spending	line 13	782,088	49.
50.	Tech FTE's		-	50.
51.	Base education amount for tech FTE's, paid on behalf of district (This is not a local revenue. It reduces the education spending a district is owed.)	line 50 x 9,285 x 87%	-	51.
52.	Adjusted education spending due the district from Ed Fund	lines 49 - 51	782,088	52.

53.	Amount to raise locally for Act 144	line 9	-	53.
-----	-------------------------------------	--------	---	-----

54.	Prorated income cap percentage for Weybridge education property tax if eligible	1.94% x 0.00% x 0.00% (lines 31 & 33)	1.33%	54.
55.	Spending adjustment from Middlebury UHSD #3	"FY14EstUnion", line 20	177.32%	55.
56.	Prorated income cap percentage from Middlebury UHSD #3	1.94% x 69.70% x 177.32%	2.40%	56.
57.		"FY14EstUnion", line 20 (1%)	-	57.
58.			-	58.
59.	Estimated income cap percentage for Weybridge education property tax		3.73%	59.

Why does my tax rate go up even though the school district budget is flat?

Possibility 1

The student count may have dropped while the budget has remained flat.

Tax rates are dependent on spending per pupil, not the overall budget.

Why does my tax rate go up even though the school district budget is flat?

Possibility 2

Revenue sources may have changed and less offsetting revenues are available to reduce education spending.

Therefore, as education spending increases, tax rates increase, all else being constant.

Why does my tax rate go up even though the school district budget is flat?

Possibility 3

Property values may have increased without a town-wide reappraisal, as reflected by a lower CLA.

Education property tax rates are assessed on the fair market value for properties.

Why does my tax rate go up even though the school district budget is flat?

Possibility 4

The majority of the other districts in the state may have increased their overall education spending.

It is a statewide system and local decisions are felt throughout the state via the base education tax rates.

**FY2015 Education Funding Cash Flow for Municipality, Phase I
Based on PRELIMINARY Education Grand Lists sent to PV&R as of 02-Sep-14**

District: **Stowe**
s.u.: **Lamoille South S.U.**

Equalized tax rate = \$1.483
Actual tax rate = \$1.489

LEA ID: **T198**
County: **Lamoille**

FY2015 Education Spending Summary

Local

1. Total Education Grant Owed to the School Districts	line 19, Page 2	9,685,295	-	-	1.
2. Percent of equalized pupils at school district(s) from Stowe		100%	0.00%	0.00%	2.
3. Education spending Stowe is responsible for	line 1 x line 2	9,685,295	-	-	3.

	Reference	Municipal Treasury	School District Treasury	State Treasury	
Homestead Education Tax					
4. Homestead Education Grand List		4,801,823.00			4.
5. Homestead tax rate (base rate is \$0.98, adjusted by district spending per pupil and CLA)		1.4886			5.
6. Homestead education property tax liability	Homestead EDL x Homestead tax rate	7,147,994.00			6.
7. Total tax credit for tax bills	32 V.S.A. § 6066a(e)	1,481,189.81			7.
8. Municipal portion of tax credit		57,487.35			8.
9. Education portion of homestead tax credit		1,423,702.46			9.
10.					10.
11. Amount raised on homestead properties	line 6 - line 9	5,724,291.54			11.
12. 0.225 of 1.0% of homestead liability retained by municipality	32 V.S.A. § 5402(c)		12,879.66		12.
13. Net homestead education taxes available for school districts & Education Fund		6,711,411.88			13.
14. Local amount of homestead tax liability for education spending plus categorical grants		100.00%	5,711,411.88		14.
15.					15.
16.					16.
17. Homestead education tax liability to the state treasury					17.
18. Subtotals		6,724,291.54	12,879.66	5,711,411.88	18.
Non-Residential Education Tax					
19. Non-Residential education grand list		15,593,342.00			19.
20. Non-Residential tax rate (base rate is \$1.515, adjusted by the CLA)		1.5205			20.
21. Non-residential education liability	Non-residential EGL x non-residential tax rate	23,709,677.00			21.
22.					22.
23. Amount Raised on Non-Residential properties		23,709,677.00			23.
24. 0.225 of 1.0% of non-residential liability retained by municipality	32 V.S.A. § 5402(c)		53,347.00		24.
25. Net non-residential education taxes available for school districts & Education Fund		23,656,330.00			25.
26. Local amount of non-residential tax liability for education spending plus categorical grants		100.00%	3,973,883.12		26.
27.					27.
28.					28.
29. Non-residential education liability to the State Treasury				19,682,446.88	29.
30. Subtotals		23,709,677.00	53,347.00	3,973,883.12	30.
31. Totals	line 18 + line 30	29,433,968.54	66,226.66	9,685,295.00	31.

**FY2015 Municipality Payment Schedule TO the State Treasury
(Homestead payments are based on line 18, non-residential payments on line 30)**

	September 10, 2014	December 1, 2014	December 10, 2014	April 30, 2015	June 1, 2015
Homestead taxes		0.00			0.00
Non-residential taxes		9,841,223.00			9,841,223.88

A. Payments to the School District by the Town Treasurer		16 V.S.A. §§ 426(a)(b); 32 V.S.A. § 6066a(a)		School District Subtotals	
32. Homestead taxes to the local school district	line 14	5,711,411.88			32.
33. Non-residential taxes to the local school district	line 26	3,973,883.12			33.
				9,685,295.00	
34.	line 15	-			34.
35.	line 27	-			35.
36.	line 16	-			36.
37.	line 28	-			37.
38. Act 144 local construction property tax sent to the school district by Stowe					38.
39. Total education tax dollars sent to the school district by Stowe	Total	9,685,295.00			39.

If you have any questions about these data, please contact Sean Cousino at 479-1026.
If he cannot be reached, contact Brad James at 479-1043.

FY2015 Education Funding Cash Flow for Municipality, Phase I
Based on PRELIMINARY Education Grand Lists sent to PV&R as of 02-Sep-14

District: **Hyde Park**
 s.u.: **Lamoille North S.U.**

Equalized tax rate = \$1.481

LEA ID: **T100**
 County: **Lamoille**

Actual tax rate = \$1.457

FY2015 Education Spending Summary

	Local	Lamoille UHSD	
1. Total Education Grant Owed to the School Districts	3,215,367	11,584,826	1.
2. Percent of equalized pupils at school district(s) from Hyde Park	100%	24.00%	2.
3. Education spending Hyde Park is responsible for	3,215,367	2,780,358.00	3.

	Reference	Municipal Treasury	School District Treasury	State Treasury	
4. Homestead Education Tax					
4. Homestead Education Grand List	1,839,925.00				4.
5. Homestead tax rate (base rate is \$0.99, adjusted by district spending per pupil and CLA)	1.4566				5.
6. Homestead education property tax liability	2,680,035.00				6.
	32 V.S.A. § 6066(a)	747,704.43			7.
7. Total tax credit for tax bills		84,634.57			8.
8. Municipal portion of tax credit		663,069.86			9.
9. Education portion of homestead tax credit					
10.					10.
11. Amount raised on homestead properties	line 6 - line 9	2,016,965.14			11.
12. 0.225 of 1.0% of homestead liability retained by municipality	32 V.S.A. § 5402(c)	4,538.17			12.
13. Net homestead education taxes available for school districts & Education Fund		2,012,426.97			13.
14. Local amount of homestead tax liability for education spending plus categorical grants		52.05%	1,047,468.24		14.
15. Lamoille UHSD amount of homestead tax liability for education spending plus categorical grants		47.95%	964,958.73		15.
16.					16.
17. Homestead education tax liability to the state treasury					17.
18. Subtotals		2,016,965.14	4,538.17	2,012,426.97	18.
19. Non-Residential Education Tax					
19. Non-Residential education grand list		924,182.00			19.
20. Non-Residential tax rate (base rate is \$1.515, adjusted by the CLA)		1.4900			20.
21. Non-residential education liability	Non-residential EGL x non-residential tax rate	1,377,031.00			21.
22.					22.
23. Amount Raised on Non-Residential properties		1,377,031.00			23.
24. 0.225 of 1.0% of non-residential liability retained by municipality	32 V.S.A. § 5402(c)	3,098.00			24.
25. Net non-residential education taxes available for school districts & Education Fund		1,373,933.00			25.
26. Local amount of non-residential tax liability for education spending plus categorical grants		52.05%	715,132.13		26.
27. Lamoille UHSD amount of non-residential tax liability for education spending plus categorical grants		47.95%	658,800.87		27.
28.					28.
29. Non-residential education liability to the State Treasury					29.
30. Subtotals		1,377,031.00	3,098.00	1,373,933.00	30.
31. Totals	line 18 + line 30	3,393,996.14	7,636.17	3,386,359.97	31.

FY2015 Municipality Payment Schedule TO the State Treasury
 (Homestead payments are based on line 18, non-residential payments on line 30)

	September 10, 2014	December 1, 2014	December 10, 2014	April 30, 2015	June 1, 2015
Homestead taxes		0.00			0.00
Non-residential taxes		0.00			0.00

A. Payments to the School District by the Town Treasurer		School District Subtotals	
16 V.S.A. §§ 426(a)(b); 32 V.S.A. § 6066a(a)			
32. Homestead taxes to the local school district	line 14	1,047,468.24	
33. Non-residential taxes to the local school district	line 26	715,132.13	
			1,762,600.37
34. Homestead taxes to Lamoille UHSD	line 15	964,958.73	
35. Non-residential taxes to Lamoille UHSD	line 27	658,800.87	
			1,623,759.60
36.	line 16		
37.	line 28		
38. Act 144 local construction property tax sent to the school district by Hyde Park			
39. Total education tax dollars sent to the school district by Hyde Park	Total	3,386,359.97	

If you have any questions about these data, please contact Sean Cousino at 479-1026.
 If he cannot be reached, contact Brad James at 479-1043.