

Excess Spending Threshold Changes

Current Law: Excess spending is any spending beyond 121% of the FY15 average district education spending per pupil increased by the New England Economic Project (NEEP) Cumulative Price Index (CPI) as of November 15th. Any excess spending is double-counted in the calculation of district tax rates .32 V.S.A. § 5401 (12) and (13).

“Aggregated Exclusions” are certain categories of spending that are not included in the double-counting penalty. These include things like: spending related to some capital construction projects, spending related to the merger of a small school, some extraordinary special ed. costs, some tuition costs, some employer assessments on teacher retirement costs, and costs associated with dual enrollment and early college programs. 16 V.S.A. § 4001 (6).

Proposal: Under the administration’s proposal, the excess spending threshold would gradually decrease, and the percentage of aggregated exclusions allowed would also gradually decrease as follows:

Fiscal Year	Excess Spending Threshold (EST)	Aggregated Exclusions
2019	121% (no change)	100% (no change)
2020	119%	90%
2021	117%	80%
2022	115%	70%
2023	113%	60%
2024	111%	50%
2025...	110%	50%

Estimated Savings: The Excess Spending Threshold is one of the most effective cost-containment levers that exists in the current law tax rate calculation process, preserves local control, and is consistent with the Brigham decision. Every year, districts design budgets to avoid the double-counting penalty. Only a few districts exceed the threshold each year.

The administration’s estimated savings come from running the policy change on FY18 district spending data and again on FY19 spending data and then averaging the results. The assumption is that districts will adjust their spending to avoid the new thresholds.

The table on the following page is the districts which, based on FY19 spending data, theoretically could be impacted by the new thresholds at some point between FY20 and FY25 (based on FY18 data, more districts would have been impacted because FY18 was generally a higher spending year).

District	Education Spending	Equalized Pupils	Per Pupil Spending	Total Aggregated Exclusions	Ed Spending Less Exclusions per EqPup
Winhall	\$ 3,690,520	175.59	\$ 21,018	\$ 235,437	\$ 19,677
Twin Valley USD	\$ 8,267,625	415.69	\$ 19,889	\$ 562,675	\$ 18,535
Buel's Gore	\$ 84,186	4.26	\$ 19,762	\$ -	\$ 19,762
East Montpelier	\$ 3,807,332	193.81	\$ 19,645	\$ 501,724	\$ 17,056
Leland & Gray UHSD	\$ 5,165,479	267.41	\$ 19,317	\$ 204,538	\$ 18,552
Middlesex	\$ 3,086,159	160.01	\$ 19,287	\$ 267,336	\$ 17,617
Rochester-Stockbridge	\$ 3,530,371	184.19	\$ 19,167	\$ 11,689	\$ 19,104
Townshend	\$ 1,365,214	71.93	\$ 18,980	\$ -	\$ 18,980
Cabot	\$ 3,317,577	176.46	\$ 18,801	\$ 14,830	\$ 18,717
West Windsor	\$ 2,578,283	138.81	\$ 18,574	\$ 14,409	\$ 18,470
Thetford	\$ 7,929,990	428.16	\$ 18,521	\$ 516,679	\$ 17,314
Norwich	\$ 10,963,553	595.74	\$ 18,403	\$ 904,979	\$ 16,884
Rivendell Interstate USD	\$ 5,790,199	317.97	\$ 18,210	\$ 420,521	\$ 16,887
U-32 UHSD	\$ 13,245,698	733.58	\$ 18,056	\$ 654,260	\$ 17,164
Peacham	\$ 1,755,910	98.56	\$ 17,816	\$ 3,132	\$ 17,784
Hazen UHSD	\$ 6,172,512	346.49	\$ 17,814	\$ 19,095	\$ 17,759
Dummerston	\$ 2,722,758	152.95	\$ 17,802	\$ 9,956	\$ 17,737
Windham	\$ 299,343	16.83	\$ 17,786	\$ -	\$ 17,786
Addison NW USD #054	\$ 17,293,731	979.12	\$ 17,663	\$ 807,562	\$ 16,838
Black River USD	\$ 6,294,544	357.00	\$ 17,632	\$ 82,958	\$ 17,399
Granville-Hanock	\$ 1,716,303	97.46	\$ 17,610	\$ 2,256	\$ 17,587
Putney	\$ 3,043,578	173.10	\$ 17,583	\$ 121,740	\$ 16,879
Guilford	\$ 2,631,051	149.65	\$ 17,581	\$ 9,363	\$ 17,519
Windsor Central MUSD	\$ 7,875,578	448.79	\$ 17,548	\$ 34,526	\$ 17,472
Arlington	\$ 6,210,333	354.64	\$ 17,512	\$ 150,852	\$ 17,086
Alburgh	\$ 5,461,376	312.74	\$ 17,463	\$ 3,028	\$ 17,453
Jamaica	\$ 968,493	55.63	\$ 17,410	\$ -	\$ 17,410
Twinfield USD	\$ 6,363,278	365.63	\$ 17,404	\$ 44,124	\$ 17,283
Windsor Central MUSD	\$ 6,415,122	369.25	\$ 17,373	\$ 34,526	\$ 17,280
Worcester	\$ 1,215,766	70.46	\$ 17,255	\$ -	\$ 17,255
Canaan	\$ 2,278,046	132.42	\$ 17,203	\$ -	\$ 17,203
Bellows Falls UHSD	\$ 6,953,173	404.40	\$ 17,194	\$ 2,092	\$ 17,189