



219 North Main Street, Suite 402
Barre, VT 05641 (p) 802-479-1030 | (f) 802-479-1835

MEMORANDUM

TO: Senate Finance Committee
FROM: Rebecca Holcombe, Ed.D., Secretary of Education 
Bill Talbott, Deputy Secretary
SUBJECT: "School Budgeted Expenditures" versus "Education Spending"
DATE: February 14, 2017

The district's budgeted expenditures consists of every dollar a school district expects to spend and is the amount the voters vote on (appropriate) at the annual school district meeting.

When a school district builds an expenditure budget, it also develops a revenue budget. A budget is balanced when the two are equal.

Some of those revenues are dedicated to specific expenditures, such as state and federal categorical grants.

State categorical grants are paid from the Education Fund for specific programs such as special education, transportation, and small schools.

A school district may have further revenues from a surplus, tuitions received, interest bearing accounts, private donations, etc. All of these revenues are grouped together under the generic term "offsetting revenues".

"Education spending" is the difference between the expenditure budget and the offsetting revenues and is roughly 80% of the total budget.

Education spending will increase or decrease depending on how the total budget changes and how the offsetting revenues change. For example,

If the total budget does not increase (e.g. is constant) but the offsetting revenues decrease, education spending will increase even if budgeted expenditures do not change.

If revenues increase while the budget does not change, education spending will decrease.

Education spending is used to determine the homestead tax rates, both for property and household income.

The homestead tax rate is based on both a district's education spending and its equalized pupil count.

The tax rate is proportional to the education spending per equalized pupil, often referred to as spending per pupil for brevity.

The higher the spending per pupil the higher the tax rate.

Districts with the same education spending per pupil have the same tax rate, even if they have different budgeted expenditures.