

Proposed Emergency Relief Fund for Vermont Schools

Preliminary Draft – Not for Distribution

1. “Normal” Education Property Tax Rates

Set the “normal” education property tax rates for FY2021 based on voter-approved education spending and the January revenue forecast. At these tax rates, total education property taxes would increase by about \$60.4 million over FY2020.*

	<u>FY2020</u>	<u>FY2021</u>	<u>Change</u>
• Average homestead property tax rate	\$1.510	\$1.542	\$0.032
• Nonhomestead property tax rate	\$1.594	\$1.628	\$0.034

2. Elementary & Secondary Education Emergency Relief Fund

Distribute Vermont’s \$31.1 million share of the U.S. Department of Education (USDOE) Education Emergency Relief Fund to Supervisory Unions after June 30th and subtract each school district’s allocation from its FY2021 education spending. Allowable use of these funds is defined broadly.

3. Coronavirus Relief Fund

Appropriate a *yet-to-be-determined* portion of Vermont’s \$1.25 billion allocation from the Coronavirus Relief Fund (CRF) to the newly-created Emergency Relief Fund for Vermont Schools. This fund would be administered by the Agency of Education (AOE).

4. FY2021 Education Payment

Reduce the education payment to school districts by a *yet to-be-determined* uniform percentage that falls within the CRF maintenance of effort requirements. In March, voters approved \$1,488 million in education spending for FY2021. Every one-percent reduction would lower the education payment by about \$14.9 million statewide.

5. Emergency Relief Fund for Vermont Schools

Allow every school district to apply to AOE for a grant to cover its spending that is eligible for CRF aid up to the amount that its education payment has been reduced. School districts would apply for a grant to the Secretary of AOE who would determine whether the expenditures meet the U.S. Treasury eligibility guidelines for use of the State’s CRF allocation.

6. U.S. Treasury Guidance

U.S. Treasury guidance indicates that it is permissible for the State to transfer a portion of its CRF allocation to local governments; however, the transfer must qualify as a “necessary expenditure incurred due to the public health emergency.”

In order to qualify for a grant from the State’s CRF allocation, school expenditures must meet the following three criteria:

- a. Are necessary expenditures incurred due to COVID-19
- b. Are not accounted for in the budget most recently approved as of March 27, 2020
- c. Are incurred during the period from March 1 to December 30, 2020

* These education property tax rate parameters are calculated with the support of a \$12.9 million surplus that was available prior to the outbreak of COVID-19 in March.