

An Annotated Guide to the Education Fund Outlook

Last updated: December 2023

The Education Fund Outlook (EF Outlook) is a summary sheet used to track the revenues, expenditures, and balances within Vermont's statewide Education Fund (EF).

EF Outlook (millions of dollars)			Fiscal Years		
			FY20XX Actual	FY20XX Projected	
<p><i>With the exception of the summary lines (a - i), all amounts are in the EF Outlook are reported in</i></p>					
Line #	Actual Row in EF Outlook	Relevant Notes and Description			
Summary lines (Lines a - i)	a	Average Homestead Property Tax Rate	<p>These are <u>statewide</u> average tax rates. Towns' tax rates differ from these averages because they are adjusted based on local spending decisions.</p> <p>These are set annually by the legislature.</p> <p>This is the equalized, uniform nonhomestead property tax rate. The higher the statewide property yield, the lower homestead property tax rates. The higher the statewide income yield, the lower the income tax rate used to calculate the property tax credit.</p> <p>This reflects the total number of pupils in the state.</p> <p>This is the <u>statewide</u> average percentage change in tax bills.</p> <p>This reflects the statewide growth in Education Spending compared to the prior year (see line 10).</p> <p>This reflects the statewide growth in Grand List values compared to the prior year.</p>	Amounts reflect actual summaries for the relevant fiscal year.	Amounts are projected based on the latest forecasts and estimates.
	b	Average Tax Rate on Household Income			
	c	Uniform Nonhomestead Property Tax Rate			
	d	Property Yield Per Equalized Pupil			
	e	Income Yield Per Equalized Pupil			
	f	Statewide Pupil Count			
	g	Est. Average Percentage Bill Change Compared to Prior Year			
	h	Statewide Education Spending Growth			
	i	Statewide Education Grand List Growth			
Sources			Lines 1a - 8 reflect all revenue sources for the Education Fund in a given fiscal year		
Property Tax Revenues (Lines 1-2)	1a	Homestead Education Property Tax	Total amount raised from the Homestead Property Tax	Amounts reflect actual revenues for the relevant fiscal year.	Amounts correspond with latest forecasts, estimates, and policy decisions. Figures are calculated by economists, JFO, Dept. of Taxes, and AOE.
	1b	Property Tax Credit	Total Property Tax Credits received statewide. Property Tax Credits are considered a negative revenue.		
Non-property Tax Revenues (Lines 3-8)	2	Non-Homestead Education Property Tax	Total amount raised from non-homestead property tax.		
	3	Sales & Use Tax	<p>All revenue from statewide Sales & Use Tax is deposited into EF. One third of statewide Purchase & Use Tax is deposited into EF. One quarter of statewide Meals & Rooms Tax is deposited into EF. Net proceeds from State lotteries and multi-jurisdictional lottery games. Earned federal receipts for qualified services provided to Medicaid enrolled students. Other revenue sources that reflect less than 1% of EF revenues.</p>		
	4	Purchase & Use Tax (33.3%)			
	5	Meals & Rooms Tax (25%)			
	6	Lottery Transfer			
	7	Medicaid Transfer			
	8	Other Sources (Wind & Solar, Fund Interest)			
9	Total Sources	The sum of lines 1a through line 8			
Appropriations			Lines 10 - 21 reflect all appropriations from the Education Fund in a given fiscal year		
Categorical Aid (Lines 11 - 18)	10	Education Payment	Total Education Spending for all school districts statewide. Calculated as the sum of all school district budgets less all offsetting revenues.	Amounts reflect actual appropriations for the relevant fiscal year.	Amounts correspond with latest forecasts, estimates, and policy decisions. Figures are calculated by economists, JFO, Dept. of Taxes, and AOE.
	11	Special Education Aid	<p>Categorical aid is determined at the State level and is generally calculated from statutory requirements</p> <p>Aid for special education from a census block grant model and other special education support. Aid to provide education for students placed outside of guardians' district of residence. Aid to provide 50% cost share of prior year transportation costs for school districts. Aid to CTE centers based on statutory formulas and policy decisions. Aid to small schools based on statutory provisions and merger decisions. Aid for preschool special education services based on a statutory formula. Aid for programs including Dual Enrollment and Early College. Aid for the funding of breakfast and lunch meals to all publicly-funded students.</p>		
	12	State-Placed Students			
	13	Transportation Aid			
	14	Technical Education Aid			
	15	Small School Support			
	16	Essential Early Education Aid			
	17	Flexible Pathways			
	18	Universal School Meals			
	Retirement Costs (Lines 19-20)	19			
20		VSTRS OPEB Normal Cost		Normal cost of teacher's Other Post Employment Benefits (OPEB) - subsidized retirement health care.	
21		Other Uses (Accounting & Auditing, Financial Systems)	Administrative costs associated with managing the EF.		
22		Total Uses	The sum of line 10 through line 21.		
Allocation of Revenue Surplus/(Deficit)			Lines 23 - 27 provide an overview of how the Education Fund comes into balance through transfers to/(from) reserves and unallocated funds		
	23	Revenue Surplus/(Deficit)	Net revenue, calculated as line 9 minus line 22.	Amounts reflect actuals for the relevant fiscal year.	Amounts reflect current estimates, forecasts, and policy decisions.
	24	Prior Year Reversions	Unspent/unobligated balances from prior fiscal years that revert back to the EF.		
	25	Transfer to/(from) Stabilization Reserve	Funds transferred to line 30 to ensure Stabilization Reserve meets statutory requirement.		
	26	Transfer to/(from) Additional Reserves	Funds transferred to Additional Reserves (lines 33 through 35).		
27	Transfer to/(from) Unreserved/Unallocated	Funds transferred to line 37. Calculated as net revenue and reversions (lines 23 and 24) minus transfers to reserves (lines 25 and 26).			
Stabilization Reserve					
	28	Prior Year Stabilization Reserve	Funds in Stabilization Reserve in the prior fiscal year.	Amounts reflect actuals for the relevant fiscal year.	Amounts reflect current estimates, forecasts, and policy decisions.
	29	Current Year Stabilization Reserve	Funds in Stabilization Reserve in the current fiscal year (reflects funds transferred in line 25).		
	30	Percent of Prior Year Net Appropriations	Stabilization Reserve funding generally equals 5% of prior year EF appropriations minus funds distributed from municipalities to school districts.		
	31	Reserve Target	Amount required in stabilization reserve to meet the 5% target.		
Additional Reserves					
	33	Current Year Reserve for Future COLA Provisions	Sometimes the General Assembly will establish dedicated reserves for specific purposes. These reserves are often restricted for specific use at a later date. These reserves are carried on the Education Fund Outlook until they are liquidated.		
	34	Current Year PCB Reserve			
	35	Current Year Tax Rate Offset Reserve			
Available Funds					
	36	Prior-Year Unreserved/Unallocated	Balance in the EF at the close of the prior fiscal year. Carried forward into the next year as available funds.	Amounts reflect actuals.	Amounts reflect current estimates.
	37	Current-Year Unreserved/Unallocated	Funds available in the Education Fund after accounting for all else. Calculated as line 27 plus line 36.		

Notes:

- Line numbers will change to reflect policy changes. While line numbers change, the layout of the Education Fund Outlook stays consistent with the layout presented in this document.