

**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) ← <i>With the exception of the summary lines (a - i), all amounts are in the EF Outlook are reported in</i>			Fiscal Years			
			FY20XX Actual	FY20XX Projected		
Line #	Actual Row in EF Outlook	Relevant Notes and Description				
<b>Summary lines (Lines a - i)</b>						
a	Average Homestead Property Tax Rate	These are <u>statewide</u> average tax rates. Towns' tax rates differ from these averages because they are adjusted based on local spending decisions.	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	These are set annually by the legislature. This is the equalized, uniform nonhomestead property tax rate.				
d	Property Yield Per Equalized Pupil	The higher the statewide property yield, the lower homestead property tax rates.				
e	Income Yield Per Equalized Pupil	The higher the statewide income yield, the lower the income tax rate used to calculate the property tax credit.				
f	Statewide Pupil Count	This reflects the total number of pupils in the state.				
g	Est. Average Percentage Bill Change Compared to Prior Year	This is the <u>statewide</u> average percentage change in tax bills.				
h	Statewide Education Spending Growth	This reflects the statewide growth in Education Spending compared to the prior year (see line 10).				
i	Statewide Education Grand List Growth	This reflects the statewide growth in Grand List values compared to the prior year.				
<b>Sources</b>						
<i>Lines 1a - 8 reflect all revenue sources for the Education Fund in a given fiscal year</i>						
<b>Property Tax Revenues (Lines 1-2)</b>						
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.				
2	Non-Homestead Education Property Tax	Total amount raised from non-homestead property tax.				
<b>Non-property Tax Revenues (Lines 3-8)</b>						
3	Sales & Use Tax	All revenue from statewide Sales & Use Tax is deposited into EF.				
4	Purchase & Use Tax (33.3%)	One third of statewide Purchase & Use Tax is deposited into EF.				
5	Meals & Rooms Tax (25%)	One quarter of statewide Meals & Rooms Tax is deposited into EF.				
6	Lottery Transfer	Net proceeds from State lotteries and multi-jurisdictional lottery games.				
7	Medicaid Transfer	Earned federal receipts for qualified services provided to Medicaid enrolled students.				
8	Other Sources (Wind & Solar, Fund Interest)	Other revenue sources that reflect less than 1% of EF revenues.				
9	<b>Total Sources</b>	The sum of lines 1a through line 8				
<b>Appropriations</b>						
<i>Lines 10 - 21 reflect all appropriations from the Education Fund in a given fiscal year</i>						
<b>Categorical Aid (Lines 11 - 18)</b>						
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	Aid for special education costs based on a census block grant model.				
12	State-Placed Students	Aid to provide education for students placed outside of guardians' district of residence.				
13	Transportation Aid	Aid to provide 50% cost share of prior year transportations costs for school districts.				
14	Technical Education Aid	Aid to CTE centers based on statutory formulas and policy decisions.				
15	Small School Support	Aid to small schools based on statutory provisions and merger decisions.				
16	Essential Early Education Aid	Aid for preschool special education services based on a statutory formula.				
17	Flexible Pathways	Aid for programs including Dual Enrollment and Early College.				
18	Universal School Meals	Aid for the funding of breakfast and lunch meals to all publicly-funded students.				
<b>Retirement Costs</b>						
19	VSTRS Pension Normal Cost	Normal cost of teacher's pension system.				
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	<b>Total Uses</b>	The sum of line 10 through line 21.				
<b>Allocation of Revenue Surplus/(Deficit)</b>						
<i>Lines 23 - 27 provide an overview of how the Education Fund comes into balance through transfers to/(from) reserves and unallocated funds</i>						
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).				
<b>Stabilization Reserve</b>						
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.				
<b>Additional Reserves</b>						
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					
<b>Available Funds</b>						
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.