

1 S.220

2 Introduced by Senator Baruth

3 Referred to Committee on Finance

4 Date: January 8, 2026

5 Subject: Taxation and finance; education property tax; education; State

6 funding of public education; education spending; per pupil education

7 spending; allowable growth

8 Statement of purpose of bill as introduced: This bill proposes to limit the
9 growth in each school district's per pupil education spending in fiscal years
10 2028 and 2029 to a specified allowable growth percentage of the district's
11 prior year per pupil education spending.

12 ~~An act relating to limiting per pupil education spending in fiscal years 2028 and~~
13 ~~2029.~~

An act relating to the excess spending threshold

14 It is hereby enacted by the General Assembly of the State of Vermont:

15 ~~Sec. 1. ALLOWABLE GROWTH IN EDUCATION SPENDING FOR~~

16 ~~FISCAL YEARS 2028 AND 2029~~

17 ~~(a) Notwithstanding any other provision of law, for fiscal years 2028 and~~
18 ~~2029 only, a school district's per pupil education spending, as defined in~~
19 ~~16 V.S.A. § 4001(14), shall not exceed the sum of the district's per pupil~~
20 ~~education spending in the prior fiscal year and the district's allowable growth.~~

21 ~~(b) As used in this section:~~

1 ~~(1) “Allowable growth” for a school district means the product of the~~
2 ~~district’s allowable growth percentage and the district’s per pupil education~~
3 ~~spending in the prior fiscal year.~~

4 ~~(2)(A) “Allowable growth percentage” for a school district means nine~~
5 ~~percent of the difference in per pupil education spending in the prior fiscal~~
6 ~~year between the district and the highest spending district, excluding gores,~~
7 ~~expressed as a percentage of the district’s per pupil education spending in the~~
8 ~~prior fiscal year, provided that the minimum allowable growth percentage shall~~
9 ~~be three percent.~~

10 ~~(B) A school district’s “allowable growth percentage” is calculated as~~
11 ~~follows:~~

12 ~~(i) subtract the district’s per pupil education spending in the prior~~
13 ~~fiscal year from the highest per pupil education spending in any district,~~
14 ~~excluding gores, in the prior fiscal year;~~

15 ~~(ii) divide the difference determined under subdivision (i) of this~~
16 ~~subdivision (2)(B) by the district’s per pupil education spending in the prior~~
17 ~~fiscal year; and~~

18 ~~(iii) multiply the percentage determined under subdivision (ii) of~~
19 ~~this subdivision (2)(B) by nine percent.~~

20 Sec.2. EFFECTIVE DATE

21 ~~This act shall take effect on July 1, 2026.~~

Sec. 1. 16 V.S.A. § 4001 is amended to read:

§ 4001. DEFINITIONS

As used in this chapter:

** * **

(6) “Education spending” means the amount of the school district budget, any assessment for a joint contract school, career technical center payments made on behalf of the district under subsection 1561(b) of this title, and any amount added to pay a deficit pursuant to 24 V.S.A. § 1523(b) that is paid for by the school district, but excluding any portion of the school budget paid for from any other sources such as endowments, parental fundraising, federal funds, nongovernmental grants, or other State funds such as special education funds paid under chapter 101 of this title.

(A) [Repealed.]

(B) ~~For all bonds approved by voters prior to July 1, 2024, voter-approved~~ Voter-approved bond payments toward principal and interest shall not be included in “education spending” for purposes of calculating excess spending pursuant to 32 V.S.A. § 5401(12).

** * **

Sec. 2. 32 V.S.A. § 5401 is amended to read:

§ 5401. DEFINITIONS

As used in this chapter:

** * **

(12) “Excess spending” means:

(A) The per pupil spending amount of the district’s education spending, as defined in 16 V.S.A. § 4001(6), plus any amount required to be added from a capital construction reserve fund under 24 V.S.A. § 2804(b).

(B) In excess of ~~H8~~ 112 percent of the statewide average district per pupil education spending increased by inflation, as determined by the Secretary of Education on or before November 15 of each year based on the passed budgets to date. As used in this subdivision (B), “increased by inflation” means increasing the statewide average district per pupil education spending for fiscal year 2025 by the most recent New England Economic Project cumulative price index, as of November 15, for state and local government purchases of goods and services, from fiscal year 2025 through the fiscal year for which the amount is being determined.

(C) A school district's excess spending shall be zero if any of the following conditions is met:

(i) the district's education spending is not greater than the district's educating spending for the preceding school year;

(ii) the district's per pupil education spending is not greater than the district's per pupil education spending for the preceding school year; or

(iii) the Secretary of Education, with the advice of three business managers and three superintendents selected by the Secretary, determines that the increase in the district's per pupil education spending above the excess spending threshold was for good cause or beyond the district's control, such as due to emergency capital expenditures or substantial loss of pupils or offsetting revenues.

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Sec. 3. EFFECTIVE DATE

This act shall take effect on July 1, 2026.