

The “State Guarantee” Mechanism

For Elective District Education Spending Above the Foundation Formula

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What is the “State Guarantee”?

- The state guarantee is a mechanism to compensate for different property tax bases between school districts if they chose to raise funds beyond what the state provides through the foundation formula
- Based on Long Term Average Daily Membership and Projected Grand List Values (both available in early January), the tax dept. could communicate to districts what their state guarantee will be in the coming year
- For example, a district would know that if it’s planning to spend \$10M beyond the foundation formula and its match rate is 20%, \$8M would be raised locally and the state would provide \$2M

Determining the State Guarantee (FY25 Hypothetical)

Region	ADM	Net Taxable Grand List*	GL per ADM	Match Rate**
Northeast Region	10,175	9,333,427,460	917,317	28.1%
Southwest Region	12,580	14,859,694,619	1,181,238	7.5%
Champlain Valley Region	34,105	43,535,729,809	1,276,529	median (NA)
Winooski Valley Region	14,660	19,972,073,471	1,362,387	over median
Southeast Region	11,849	22,961,934,044	1,937,837	over median

*the grand list amount shown is equalized and incorporates the proposed homestead exemption

**the match rate reflects the difference between the district's grand list per student and the median district's

State Guarantee Example (FY25 Hypothetical)

Region	Match Rate	Spending Over Foundation	Local Revenue	State Guarantee
Northeast Region	28.1%	\$10,000,000	\$7,190,000	\$2,810,000
Southwest Region	7.5%	\$10,000,000	\$9,250,000	\$750,000
Champlain Valley Region	median (NA)	\$10,000,000	\$10,000,000	NA
Winooski Valley Region	over median	\$10,000,000	\$10,000,000	NA
Southeast Region	over median	\$10,000,000	\$10,000,000	NA

The state guarantee will be paid as an appropriation from the Education Fund