



## VERMONT

### Description of the Formula

Act 68 of 2003 revised Act 60 of 1997. Vermont now has a state funded educational system. A state education fund was created in Act 60 which was revised by Act 68. Revenue sources are a two part state property tax, a general fund transfer, allocations from the sales and purchase and use taxes, state lottery proceeds, and a few smaller pieces. The education fund pays categorical grants to schools such as special education and transportation and an “education spending” grant. In total it covers about 90% of all spending excluding that covered by federal sources, private foundations and other small sources.

All education fund taxes are assessed at the same rate statewide except the homestead property tax. The rate for this tax varies with the per pupil spending of the district. Per pupil spending is determined using a weighted pupil count. All districts with the same per pupil spending have the same homestead tax rate. Parameters for the homestead rate are set each year by the legislature. In FY 2015 the base per pupil spending amount is \$9285 and the base homestead tax rate is 0.98% of fair market property value. The tax rate increases in direct proportion to the amount the per pupil spending is over the base. Districts choose per pupil spending amounts via a local vote. Districts with per pupil spending that exceeds 123% of the prior year average have an additional tax rate to serve as a restraint on higher spending. All nonresidential property is taxed at one rate across the state.

Most homestead tax payers (about 60%) are eligible for an income adjustment to their homestead property tax. This works very similar to the homestead property tax rate. The base percentage of income a person is liable for in FY 2015 is 1.8% of household income. This rate goes up in direct proportion to the per pupil spending chosen by the district. Eligible tax payers have the taxes reduced by the difference between the property tax and the income tax.

### District-Based Components

### **Density/Sparsity of Small Schools**

Categorical grants are paid to schools in school districts with average grade sizes of 20 students or smaller. The smaller the average grade size the larger the grant. This helps to lower the remaining spending per pupil and thus the district's homestead tax rate

### **Grade Level Differences**

Secondary students (grades 7-12) count 13% more than elementary students.

### **Declining Enrollment or Growth**

Enrollment has been declining since 1997 at about 1% per year. This is expected to continue for several more years. The "equalized pupil" count used in determining the per pupil spending of a district is limited by law to no more than a 3.5% reduction in any year.

### **Capital Outlay and/or Debt Service**

State aid for school construction has been suspended indefinitely. Debt service payments for construction projects conducted by districts become part of a district's spending per pupil amount-

### **Transportation**

Transportation is reimbursed as a categorical grant and covers about 44.3% of a district's cost to transport students to and from school. The percentage reimbursement declines a little each year as transportation costs rise faster than the growth in the reimbursement fund.

### **Charter Schools**

Vermont does not have charter schools

## **Student-Based Components**

### **Special Education**

On average 60% of the costs of special education are reimbursed for each district. There are several pieces to the system. Basically it operates like insurance, districts submit detailed expenditure reports (claims) indicating how much was spent on special education each year. Approved student costs above \$50,000 are reimbursed at 90%. Most other allowed special education costs are reimbursed at a rate that varies each year between 56 and 58%.

### **Low Income / Comp Ed / At-Risk**

Part of the student count weighting system provides an additional 25% for students from families receiving food stamps. Also, certain costs for students who need support services but are not eligible for special education are covered by the special education reimbursement system.

### **Pupil Weights for Low Income / At-Risk**

Students age 6 – 17 from families receiving food stamps are given an additional weight of 25%

Students for whom English is not the pupil's primary language are given an additional 20% weight.

### **English Language Learner/Bilingual Education**

English language learning students are weighted an additional 20% in the pupil count formula.

### **Gifted and Talented Education**

No special provisions in the funding system.

### **Career and Technical Education**

All secondary students are entitled to a full year of career and technical education when in grades 11 or 12. Districts pay tuition for their students attending one of 16 technical centers in the state.

### **Preschool Education**

Beginning in FY2016, children ages 3 -5 are entitled to attend early education programs of up to 10 hours per week in a district run program or a state approved private provider program.

### **Other**

The weighted count is scaled back by a ratio with a numerator composed of the average daily membership averaged over the prior two years and the denominator composed of the weighted two year average. The ratio has been coming in at about 0.92. This means that all of the weighted categories, elementary @ 1.0, secondary @ 1.13, poverty @ 1.25, and English language learners @1.20 are reduced by multiplying by the ratio (about 0.92).

## **Revenue and Expenditure Information**

### **State Mandates Restricting Revenue or Expenditure Increases**

Districts that have spending per pupil exceeding 123% of the prior year average are assessed an additional tax. Basically the homestead property tax rate increases in direct proportion to the rate of increase in per pupil spending. Above the 123% threshold the tax rate increases twice as fast

### **Property Assessment Ratios Used/Legal Standards for Property Assessment**

All property is taxed at a percentage of its fair market value.

### **Measure of Local Ability to Support Schools**

The state taxing system provides the same tax base per pupil in all districts within Vermont. All districts with the same per pupil spending have the same tax rate. All homestead property owners with the same market value living in districts with the same per pupil spending pay the same tax amount within the accuracy limits of the property value assessment system of the state.

### **School District Budget and Tax Rate Procedures/Sources of Local Revenue**

Boards of directors for all school districts (273) adopt budgets as each determines is necessary. Each district then votes to adopt the board's budget. Voter adopted budgets are then converted to per pupil spending amounts using the weighted and scaled pupil count system which then

translates to a tax rate for homestead property owners. All school taxes are now state taxes and there are no local tax dollars going toward education in Vermont.

**State Support for Nonpublic Schools**

Certain school districts (104) do not operate all grade levels and must pay tuition to other public or approved independent schools for students in those grades. To that extent there is state funding of independent (private) schools.