

An Overview of Current Education Funding

How Funding Works – a Four Step Process

1. School boards of districts create budgets

How Funding Works – a Four Step Process

1. School boards of districts create budgets
 - a. Expenditure budget includes every dollar the district will spend

How Funding Works – a Four Step Process

1. School boards of districts create budgets
 - a. Expenditure budget includes every dollar the district will spend
 - b. Revenue budget is from all sources and equals the expenditure budget

How Funding Works – a Four Step Process

1. School boards of districts create budgets
2. Voter approved budgets are submitted to AOE

How Funding Works – a Four Step Process

1. School boards of districts create budgets
2. Voter approved budgets are submitted to AOE
3. AOE determines the district education spending amount

How Funding Works – a Four Step Process

1. School boards of districts create budgets
2. Voter approved budgets are submitted to AOE
3. AOE determines the district education spending amount
 - a. Education spending = Total expenditures minus Offsetting revenues

How Funding Works – a Four Step Process

1. School boards of districts create budgets
2. Voter approved budgets are submitted to AOE
3. AOE determines the district education spending amount
 - a. Education spending = Total expenditures minus Offsetting revenues
 - b. Offsetting revenues are those from a source other than education property taxes – federal grants, State categorical aid, tuitions, surplus, interest bearing accounts, donations, etc.

How Funding Works – a Four Step Process

1. School boards of districts create budgets
2. Voter approved budgets are submitted to AOE
3. AOE determines the district education spending amount
4. AOE pays districts the education spending amount from the Education Fund, plus any categorical grants

Note: Both homestead and non-residential property taxes are part of the Education Fund.

Important Points to Remember

1. Vermont does not have a per pupil funding system for school districts.
2. The State owes a school district its education spending, plus any categorical grants:
 - a. Special education and essential early education aid
 - b. Transportation aid
 - c. Small school or merger support grants
 - d. Career technical education aid
 - e. State-placed student aid

What Is Education Spending?

Budget adopted by Town or Union School District

+ Deficit from prior year (if any)

+ District share of regional CTE School District budget (if any)

Total Expenditures

Total Expenditures

– Expected revenues, state categorical grants,
federal revenues, etc., (i.e., non-property tax)

Education Spending

(Statewide total: about \$1,429 million in FY2020, about \$1,490 million in FY2021, and about \$1,497 million in FY2022)

Education Fund, estimated revenues

Fixed sources, estimates in millions

	FY2021	FY2022
Net homestead property tax	\$ 467	\$ 466
Non-homestead property tax	\$ 733	\$ 748
100% sales and use tax	\$ 488	\$ 506
1/3 purchase and use tax	\$ 40	\$ 42
25% meals and rooms tax	\$ 32	\$ 42
Lottery	\$ 29	\$ 31
Medicaid Transfer	\$ 10	\$ 10
Other (wind, solar tax, etc.)	\$ 2	\$ 2
Total	\$ 1,802	\$ 1,847