

Vermont

Funding Basics

Formula Type

Vermont has a primarily student-based funding formula. It assigns a cost to the education of a student with no special needs or services, called a base amount, and provides increased funding to educate specific categories of students. The categories of students considered in Vermont's funding policy are students in certain grade levels, English-language learners, low-income students, students with disabilities, students in career and technical education (CTE) programs, students in high-poverty school districts, and students in small districts.

Vermont does not expect districts to contribute revenue to their public schools. Districts in Vermont are permitted to raise and keep additional local revenues for regular district operations.

Supplemental funding for students in certain grade levels, English-language learners, students from low-income households, and students in high-poverty school districts is generated through the application of multipliers to the base amount. Services for students with disabilities, students in CTE programs, and students in small districts are funded through program-specific allocations.

Base Amount

Vermont does not use a fixed base funding amount per student.

An average student with no special needs or disadvantages is funded at a level that varies depending on the district, as determined by the per-pupil spending approved by voters in the school district (see "Property Tax Floors and Ceilings" for more information on how property tax rates in Vermont are set). For the purposes of generating additional funding for students with particular disadvantages, multipliers are applied to the student count.

However, a constant base amount is used to distribute funding for certain program-specific allocations, such as for career and technical education centers and support of small schools.

Local Revenue

Expected Local Share

Vermont does not expect districts to contribute revenue to their public schools. Instead, the state imposes an education property tax that supports education costs, less federal and state grants and other sources of revenue to a school district.

The state imposes a uniform tax rate on non-homestead property and a minimum tax rate on homestead residential property (see "Property Tax Floors and Ceilings"). With voter approval, school districts may choose a higher level of per-pupil spending than the level called for in the funding formula. When higher per-pupil spending is approved, district residents are subject to a higher state tax rate on homestead property, as follows: The state calculates the per-pupil revenue expected from a property tax of $10.00 per $1,000 of assessed homestead property wealth statewide ($11,317 in FY2022). Residents of districts that approve a per-pupil spending amount above this level must pay a state tax rate on homestead property that is commensurately higher; for example, if the allocation exceeds the calculated per-pupil dollar amount by 10%, then district residents must pay a state tax rate that is 10% higher, or $11.00 per $1,000 of assessed residential property wealth. For households with annual incomes below $90,000, the state education tax rate remains related to the local school district's approved per-pupil amount, but the amount due is based on income rather than property value. In FY2022, these taxpayers must pay 2% of their household income for every $13,770 of their district's approved per-pupil spending. Tax rates are further limited for households with annual incomes under $47,000.

All education taxes, whether paid on non-homestead property, homestead property, or household income, are paid into the state education fund. Once all district budgets are adopted and tax rates computed, the state provides each district with its funding amount in the form of state education aid.

Property Tax Floors and Ceilings

Vermont sets a floor for property tax rates. Property owners in all towns pay a uniform property tax rate on non-homestead properties ($16.12 for every $1,000 of assessed local property wealth in FY2022), and a rate of at least $10.00 for every $1,000 of assessed state property wealth on homestead properties.

The state imposes these property taxes, but voters have some control over the tax rates they pay on homestead property. Each town approves a per-pupil spending level for its school district. If voters approve per-pupil spending levels that exceed a state-calculated number ($11,317 in FY2022), then the residents of that town must pay a homestead property tax rate that is commensurately higher than the minimum rate of $10.00 per $1,000 of assessed property wealth. Households making less than $90,000 per year pay the state education tax in the form of an income tax rather than a property tax. (See "Expected Local Share" for more information about the computation of these tax rates.)

The state does not set a ceiling for property tax rates for education or for education spending levels. Until FY2022, residents of towns that approved per-pupil spending levels that exceeded the state average by a certain percentage had their tax rate increased as a result. However, a moratorium was placed on this policy for FY2022 and FY2023.

Other Local Taxes for Education

School districts in Vermont do not receive local revenue. School districts in Vermont do not have the authority to directly levy any kind of tax. However, residents of each town vote on a per-pupil spending level, which affects the property tax rate and income tax rate imposed by the state on that town's taxpayers.

Vermont's statewide education tax takes the form of a property tax, or an income tax, depending on household income. Households making less than $90,000 per year pay the statewide education tax in the form of an income tax, rather than as a property tax. All other households pay a property tax partly determined by local referenda (see "Property Tax Floors and Ceilings").

Student Characteristics

Grade Level

Vermont provides a greater amount of funding for students in secondary grades only. It does so by applying a multiplier of 1.13 to the student count for students in these grades to generate additional funding for these students.

English-Language Learner

Vermont provides increased funding for English-language learners. It does so by applying a multiplier of 1.2 to the student count of these students to generate additional funding for English-language learners.

Additionally, the state's multiplier for low-income students is also applied to the student count for non-low-income students whose primary language is not English (see "Poverty" for a description of this calculation).

Poverty

Vermont provides increased funding for students from low-income households. It does so by applying a multiplier of 1.25 to the student count of these students and then funding the district in accordance with the inflated student count.

Students aged 6-17 are eligible for this supplemental funding if they qualify for free or reduced-price lunch (FRL) under the National School Lunch Program.

The state also applies this multiplier to the student count for non-FRL-eligible students whose primary language is not English. This supplemental funding is therefore provided for all FRL-eligible students, as well as non-FRL-eligible students whose primary language is not English. Because Vermont also has a separate supplemental funding allocation for students who are English-language learners, all English-language learner students in Vermont are automatically weighted for both FRL eligibility and English-language learner status.

Special Education

Vermont funds special education using a hybrid system incorporating resource-based allocations and partial reimbursements.

Each school district receives a grant based on salary costs: The state provides an amount equal to 60% of the district's special education units (that is, the number of teachers to which a district is entitled based on a ratio of 9.75 special education teachers per 1,000 enrolled students) for the previous year times its average special education teacher salary for that year, plus the average special education administrator salary in the state for the previous year, for school districts with more than 1,500 students, prorated based on a statutory formula. School districts also receive partial reimbursements for all special education expenditures not covered by federal aid; the reimbursement rate is set annually by the state in an effort to produce an outcome in which the total nonfederal cost of special education in the state is shouldered 60% by the state and 40% by localities.

Extraordinary costs (those over $60,000 for any one student with disabilities) are reimbursed at a rate of 95%. There is also 100% reimbursement for education of state-placed students, including those with out-of-state placements.

Gifted

Vermont does not provide increased funding for gifted and talented students.

However, the state secretary of education administers the Challenge to Excellence Grant Program, which provides grants of up to $50,000 for various educational goals, including programs for gifted students.

Career and Technical Education

Vermont provides increased funding for career and technical education (CTE) programs. It does so through a program-specific allocation for students enrolled in CTE centers and through funding salaries for some dedicated CTE program staff.

CTE centers serving students from a school district receive 87% of the base amount from the students' home districts' per-pupil state funding allocation. As a supplement, the state provides CTE centers with a grant equal to 35% of the base amount per full-time student for that year and a further grant for CTE centers where the enrollment grows by 20% or more over the previous year. Vermont also pays the full or partial salary of directors and assistant directors of CTE centers.

Additionally, the state secretary of education administers the Challenge to Excellence Grant Program, which provides grants of up to $50,000 for various educational goals, including career planning.

District Characteristics

Concentrated Poverty

Vermont provides increased funding for districts based on the concentrations of students from low-income households they serve. It does so by applying a multiplier to the count of students from low-income households that varies based on the district's share of such students, and then funding the district in accordance with the inflated student count.

The poverty ratio is calculated by dividing the average number of children aged 6-17 who qualify for free or reduced-price lunch under the National School Lunch Program or who are English-language learners by the district's student count. This ratio is then applied to the district's student count in calculating funding.

Sparsity and/or Small Size

Vermont provides increased funding for very small districts by distributing a per-student grant of up to $2,500 per student. The precise amount of the grant is calculated through a formula that considers a district's enrollment. The state also provides assistance to districts facing high transportation costs due to geographic dispersion.

School districts are eligible if they operate at least one school with a grade size of 20 or fewer and meet other factors determined by the state board of education, such as driving times to the nearest school (with capacity to enroll additional students), a school's academic excellence, or a school's operational efficiency. The amount of the per-student grant varies depending on a district's enrollment. School districts that received small schools grant in FY2020 will continue to receive the grant.

The state also provides assistance to districts for transportation, reimbursing up to 50% of costs, depending on the legislative appropriation. Support for extraordinary transportation costs of up to 50% of costs in geographically sparse districts is provided upon application by the district and is subject to the availability of funds, which were capped in statute at $250,000 statewide in FY1997 and have been increased since then only for inflation.

Charter Funding

Vermont does not have a law establishing charter schools.

For a complete list of primary sources, please see the appropriate state page at funded.edbuild.org