

# FundEd: Vermont Report

## A Detailed Look at Vermont's Funding Policies



## 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. It then accounts for the additional cost of educating specific categories of students both through program-specific allocations and by applying multipliers to the base amount to generate supplemental funding for certain students.

The categories of students generating supplemental funding in Vermont are students in certain grade levels, low-income students, and English-language learners. Services for students with disabilities 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 will be 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 set.) For the purposes of generating additional funding for students with particular disadvantages, multipliers are applied to the student count.

However, a base amount from a previous incarnation of the funding formula is used to distribute funding for certain program-specific allocations, such as for career and technical education centers and support of small schools (see “Career and Technical Education”).

### Local Revenue

## Expected Local Share

Vermont does not expect districts to contribute revenue to their public schools. Instead, education in the state is supported through a statewide 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 non-residential tax rate and a minimum residential tax rate. (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. The state sets a district-specific residential tax rate based on the level of per pupil spending approved by voters in the district and based on the expected revenue for a property tax of \$10.00 per \$1,000 of assessed property wealth statewide. (Because towns approve a per pupil spending level, multipliers applied to the student count for students with particular disadvantages reduce the tax rate towns would pay.) For FY2018, the expected revenue for a property tax of \$10.00 per \$1,000 of assessed property wealth statewide is \$10,160. For households with incomes below \$90,000, the statewide education tax is based on income rather than property value. The state sets an income yield, \$11,990 in FY2018, meaning that for every \$11,990 per pupil a district sets as its budget, eligible taxpayers pay 2% of their household income. Tax rates are further limited for households with incomes under \$47,000.

Once the state calculates the total amount of funding necessary to educate students within a district, it provides that 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 of \$15.90 for every \$1,000 of assessed local property wealth on non-residential properties, and a rate of at least \$10.00 for every \$1,000 of assessed state property wealth on residential properties.

The state imposes these property taxes, but voters have some control over the residential tax rates they pay. Each town approves a per-pupil spending level for their school district. This per-pupil spending level, based on the district’s student count, weighted for grade level, English language learners, and poverty, and the statewide measure of property wealth, the statewide property yield, are used to determine the residential property tax rate for that town. 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.

To determine the rate that taxpayers in each town will pay, Vermont sets a statewide yield to express how much the minimum residential property tax rate (and a set income tax rate) will generate per pupil. In FY2018, a property tax of \$10.00 for every \$1,000 of assessed property wealth generates \$10,160 per pupil, and an income tax of 2% generates \$11,990 per pupil. (Because towns approve a per pupil spending level, multipliers applied to the student count for students with particular disadvantages reduce the tax rate towns would pay.) In addition, for towns that approve a spending per pupil that is above a certain level compared to the state average, set at \$17,386 in FY2018, the excess will be counted twice in the per-pupil spending figure used in the tax rate determination, inflating the tax rate that the town will pay.

## 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”).

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## 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 (ELLs). It does so by applying a multiplier of 1.2 to the student count for these students to generate additional funding for ELLs.

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 for these students to generate additional funding for low-income students.

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 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 (ELLs), all ELL students in Vermont are automatically weighted for both FRL eligibility and ELL 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, 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 \$50,000 for any one student with disabilities) are reimbursed at a rate of 90%. Costs for programs operated by the Vermont Center for the Deaf and Hard of Hearing are reimbursed at 80%. 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.

## 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 district's 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.

## 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 the district's enrollment. The state also provides assistance to districts facing high transportation costs due to geographic dispersion.

School districts with fewer than one hundred students total and an average of at most twenty students per grade are eligible for small-district funding. The amount of the per-student grant varies depending on the district's enrollment. 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.

For a complete list of primary sources, please see the appropriate state page at [funded.edbuild.org](http://funded.edbuild.org)

