



Spaulding High School
Barre City Elementary and Middle School
Barre Town Middle and Elementary School

Chris Hennessey, M.Ed.
Superintendent of Schools

A rock solid education for a lifetime of discovery.

120 Ayers Street, Barre, VT 05641
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MEMORANDUM

TO: Barre Unified Union School District Finance Committee
Sonya Spaulding - Chair, Paul Malone - V. Chair, Emily Reynolds, Sarah Pregent,
John Lyons Jr, Michelle Hebert

DATE: December 28, 2023

RE: BUUSD Finance Committee Meeting
January 4, 2024 @ 6:00 p.m.
In-Person: SHS Library - 155 Ayers Street Barre VT 05641
Remote Options: Google Meet - Meeting ID: meet.google.com/xsm-kaba-zzj
Phone Number: (US)+1 269-718-3149; PIN: 682 130 412#

Please Note: If you attend the meeting remotely you must state your name for the record to satisfy the Open Meeting Law

AGENDA

1. Call to Order
2. Additions/Changes to Agenda
3. Public Comment
4. Review/Approval of Meeting Minutes
5. New Business
6. Old Business
 - 6.1 FY25 Budget Development
 - 6.2 FY24 Revenue/Expense
7. Items for Future Agenda
8. Next Meeting Date: February 19, 2023
9. Adjournment

PARKING LOT OF FUTURE ITEMS

- A) Policy F20 and F23/Associated Procedures (Policy Cmt discuss after VSBA review is complete)
- B) Procedure Review
- C) Total Compensation Package
- D) New Financial System Update
- E) Solar Analysis Update

BOARD/COMMITTEE MEETING NORMS

- Keep the best interest of the school and children in mind, while balancing the needs of the taxpayers
- Make decisions based on clear information
- Honor the board's decisions
- Keep meetings short and on time
- Stick to the agenda
- Keep remarks short and to the point
- Everyone gets a chance to talk before people take a second turn
- Respect others and their ideas



**Spaulding High School
Central Vermont Career Center
Barre City Elementary and Middle School
Barre Town Middle and Elementary School**

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January, 2024

Dear BUUSD Finance Committee,

As we prepare to present the FY25 BUUSD budget to the community, we thought it would be helpful to take the opportunity to provide a summary of how salaries and wages are set in our district. We shared a similar document with the board and the community last year, and it was warmly received. Please take a look, and if there are questions and/or suggestions, we can make changes before sharing this out with the community.

First, here are the basics of how salaries and benefits will impact the proposed FY25 budget:

BUUSD Salary, Wages, and Benefits Information

Salary, wages and benefits **\$40,825,760** are the highest contributing factor to the overall budget, **74%**. The BUUSD is the largest employer in Barre.

- **Salary & Wages (Proposed FY25 budget)**
 - Total salary/wages are **\$30,502,287** or an increase of **\$3,291,822**, this is a 12% increase from last year. This 12% reflects increases in our most recently ratified CBAs, increases for administrators and non-contracted positions, and any proposed new positions. This is an overall increase to the budget of 5.9%.
- **Benefits**
 - **Health premiums** increased **16.4%** based on recommendation from VEHI, **\$5,879,267** or an increase of **\$898,077**.
 - **Other benefits** (dental, HRA, HSA, Cash in lieu, life, LTD, FICA/Med, VMERS, VSTRS health assessment, etc.), **\$4,594,207** or an increase of **\$137,979**. The overall benefit increase is an increase to the budget of 1.9%.
 - Adjustments were made to reflect actual group health plans in each department, previously these were reflected in general instruction lines only.

Next, the following breaks down positions into specific categories while explaining how each of these categories is compensated.

Collectively Bargained Contracts

The first three categories are fairly straightforward as they are all part of negotiated collective bargaining agreements. These salaries and hourly wages are negotiated between the school board and each bargaining unit. The three categories are:

American Federation of State, County and Municipal Employees (AFSCME)

This bargaining unit consists primarily of our custodial and maintenance staff, though there are a few others who fall into this contract as well. I can report that these folks received wage increases in negotiations during the summer of 2022, and their new contract is good through 2026.

BUUSD Para Educators

These folks are our lowest paid employees in the district, and I can report that the para-educators and the school board settled on a new contract this past summer that will take us to 2026. I am happy to report that these negotiations resulted in more competitive wages for our paras that bring them more closely in line with our neighbors and provide them with a more livable wage.

BUUSD Teachers

The school board and teachers also settled on a new contract this summer that will take us to 2026. By "teachers," we mean all professional faculty who require an educators license to hold their position. In addition to teachers, this category includes counselors, academic interventionists, nurses, and various other licensed positions. Historically, our teacher's salaries have not been competitively in line with those of our neighbors, but this new contract is definitely a step in the right direction.

Non-Contracted Staff and BUUSD Administration

The next three categories are less straightforward, and their salaries and wages are not negotiated by the board and instead are set by the superintendent (with the exception of the superintendent salary, which is set by the school board.) Historically, these salaries and wages have not been competitive in relation to our neighbors, and there have been inconsistencies within each category as well. In addition to the challenge of recruiting new employees, there was a fairness issue. Because BUUSD rates did not keep up with the standard rates, we were hiring people that made as much or more than our existing staff. We have made significant progress in making these positions more competitively and fairly compensated in the last two years. The three categories are:

Non Contracted Hourly Staff

This category covers a wide variety of positions with different levels of skills and experience needed to be successful in the job. None of these positions fall under any of the Collective Bargaining Agreements. As such, these wages are set by the superintendent. We now have this category broken down into an hourly wage hiring metric with five sub categories, with category A being the lowest and category E being the highest.

There were inconsistencies in terms of how people were being paid in these non contracted positions, and we set out to make the new wage metric fair and easy to understand. For example, if a person's position fell into Category C and they had five years related experience, they would be set at a rate of \$23.01 per hour. We discovered that some people's wages were about where they should be, and others were off and needed to be increased. As a result, some folks in this category got additional increases in the last few years, and some did not. This metric made things clear and fair for all, and made setting salaries upon hiring a much more objective process. Additionally, this wage metric puts these essential positions in the range of how similar positions are paid in our neighboring districts. However, the metric is now two years old and will need to be looked at again as we prepare for FY26.

Non Contracted Salaried Staff

This category also covers a fairly wide variety of positions, and the salary schedule for them is similar to that of the teachers contract. Employees in these professional positions do not require an educator's license to be in them, but the requirements of the position require a specific skill set unique to the job. Many people in these positions have training and backgrounds that are different from or go beyond the traditional bachelors/masters degree path typically needed to be a professional educator. Like the hourly positions above, we discovered discrepancies in fairness and in terms of how similar positions were paid in other districts and outside agencies. As a result, some folks in this category got additional increases in the last few years, and some did not. Though people in this category get similar benefits to those found in the teacher CBA, it's important to note that they do not qualify for contributions to the Vermont State Teachers Retirement System.

BUUSD Administration

Much like our non-contracted employees, we discovered that BUUSD administrative salaries were both inconsistent and too often not in a competitive place in relation to our neighbors. A salary metric based on administrative responsibilities and years of experience was put in place to correct this. Some administrators did indeed get additional increases for FY23 and FY24, and many did not. This topic had been discussed in the district for many years, and the current competitive nature of finding school leaders in Vermont and across the country forced us to no longer be able to kick this one down the road.

Salaries were compared to other similar positions within school districts in our region, and we continue to do so. In addition, the VT Department of Labor comparisons were used for those positions not directly related to academics (facilities, human resources, communications,

finance, etc.). As proposed, the BUUSD currently has administrative salaries at least in the ballpark of where our neighbors are for most positions, but not all. However, this metric is also two years old and will need to be looked at again as we prepare for FY26.

We hope this information is helpful. If you have any other questions or would like more information, please let me know.

Chris

Proposed FY25 Expenses Budget - 12/28/23

| | DRAFT 1 | | | | | | | DRAFT 2 | | | |
|-----------------------------|-------------|-------------|-------------|---------------|-------|--------|---|----------------|------|-------------------|--|
| | FY22 Actual | FY23 Actual | FY24 BUDGET | FY25 PROPOSED | YOY | 3Y Chg | Proposed Changes | FY25 w/Changes | YOY | Payment Plan | |
| 1 BUUSD CURRICULUM | 160,923 | 289,732 | 305,110 | 510,106 | 67% | 217% | Reduce \$40,000 PD Lunches | 470,106 | | | |
| 2 BUUSD TECHNOLOGY | 1,253,014 | 1,463,024 | 1,375,366 | 1,517,789 | 10% | 21% | | 1,517,789 | | | |
| 3 BUUSD BOARD | 331,964 | 357,753 | 342,001 | 354,203 | 4% | 7% | | 354,203 | | | |
| 4 BUUSD SUPERINTENDENT | 281,204 | 325,108 | 329,743 | 407,407 | 24% | 45% | | 407,407 | | | |
| 5 BUUSD BUSINESS OFFICE | 432,047 | 487,479 | 466,193 | 522,488 | 12% | 21% | | 522,488 | | | |
| 6 BUUSD COPIERS | 89,985 | 116,414 | 90,000 | 110,000 | 22% | 22% | | 110,000 | | | |
| 7 BUUSD COMMUNICATIONS | 94,199 | 78,183 | 50,000 | 0 | -100% | -100% | | 0 | | | |
| 8 BUUSD HUMAN RESOURCES | 274,576 | 294,030 | 314,129 | 359,071 | 14% | 31% | | 359,071 | | | |
| 9 BUUSD FACILITIES | 263,052 | 268,009 | 289,818 | 405,973 | 40% | 54% | | 405,973 | | | |
| 10 BUUSD TRANSP - LEASE | 40,099 | 47,361 | 42,500 | 88,000 | 107% | 119% | | 88,000 | | | |
| 11 BCEMS PRESCHOOL | 524,053 | 522,194 | 578,039 | 613,923 | 6% | 17% | | 613,923 | | | |
| 12 BTMES PRESCHOOL | 465,313 | 437,561 | 490,383 | 514,402 | 5% | 11% | | 514,402 | | | |
| 13 BCEMS DIRECT INSTRUCT | 5,176,741 | 5,202,020 | 5,455,482 | 5,949,961 | 9% | 15% | Reduce \$7500 for Musical Instruments and PE Mats | 5,939,861 | 8.9% | FY24 General Fund | |
| 14 BTMES DIRECT INSTRUCT | 5,272,797 | 5,671,676 | 5,876,600 | 5,317,049 | -10% | 1% | | 5,317,049 | | | |
| 15 SHS DIRECT INSTRUCT | 3,998,672 | 4,071,515 | 4,096,448 | 4,709,211 | 15% | 18% | | 4,709,211 | | | |
| 16 BCEMS EXTRA CURRIC | 48,422 | 75,388 | 65,850 | 65,850 | 0% | 36% | | 65,850 | | | |
| 17 BTMES EXTRA CURRIC | 70,864 | 85,462 | 64,600 | 66,100 | 2% | -7% | | 66,100 | | | |
| 18 SHS EXTRA CURRIC | 70,255 | 81,132 | 79,050 | 79,050 | 0% | 13% | | 79,050 | | | |
| 19 BCEMS BEHAVIOR SUPPORT | 577,011 | 703,563 | 744,027 | 1,140,977 | 53% | 98% | | 1,140,977 | | | |
| 20 BTMES BEHAVIOR SUPPORT | 89,374 | 112,148 | 160,449 | 162,309 | 1% | 82% | | 162,309 | | | |
| 21 SHS BEHAVIOR SUPPORT | 80,159 | 67,780 | 195,967 | 224,169 | 14% | 180% | | 224,169 | | | |
| 22 BTMES HHB COORD | 0 | 0 | 0 | 79,965 | 100% | 100% | | 79,965 | | | |
| 23 BCEMS SCHOOL COUNSELOR | 326,497 | 333,060 | 348,112 | 580,118 | 67% | 78% | | 580,118 | | | |
| 24 BTMES SCHOOL COUNSELOR | 153,063 | 166,066 | 172,702 | 267,774 | 55% | 75% | | 267,774 | | | |
| 25 SHS SCHOOL COUNSELOR | 517,121 | 584,602 | 573,618 | 595,869 | 4% | 15% | 595,869 | | | | |
| 26 BCEMS HEALTH | 108,991 | 96,536 | 155,044 | 154,443 | 0% | 42% | 154,443 | | | | |
| 27 BTMES HEALTH | 172,384 | 185,035 | 189,520 | 169,412 | -11% | -2% | 169,412 | | | | |
| 28 SHS HEALTH | 133,593 | 174,011 | 167,333 | 212,025 | 27% | 59% | 212,025 | | | | |
| 29 BCEMS PSYCHOLOGICAL | 0 | 5,113 | 30,000 | 10,000 | -67% | 100% | 10,000 | | | | |
| 30 BCEMS LIBRARY | 106,777 | 113,154 | 108,258 | 125,373 | 16% | 17% | 125,373 | | | | |
| 31 BTMES LIBRARY | 146,836 | 157,026 | 172,736 | 184,280 | 7% | 26% | 184,280 | | | | |
| 32 SHS LIBRARY | 135,231 | 160,366 | 167,389 | 181,884 | 9% | 34% | 181,884 | | | | |
| 33 BCEMS TECH EQUIP | 96,367 | 92,000 | 90,000 | 95,000 | 6% | -1% | 95,000 | | | | |
| 34 BTMES TECH EQUIP | 102,878 | 96,142 | 90,000 | 95,000 | 6% | -8% | 95,000 | | | | |
| 35 SHS TECH EQUIP | 111,627 | 114,883 | 100,000 | 115,000 | 15% | 3% | 115,000 | | | | |
| 36 EARLY EDUCATION ADMIN | 125,893 | 125,230 | 137,617 | 133,262 | -3% | 6% | 133,262 | | | | |
| 37 BCEMS PRINCIPALS' OFFICE | 522,068 | 601,121 | 656,052 | 694,069 | 6% | 33% | 694,069 | | | | |
| 38 BTMES PRINCIPALS' OFFICE | 711,153 | 816,836 | 856,078 | 927,537 | 8% | 30% | 927,537 | | | | |
| 39 SHS PRINCIPALS' OFFICE | 640,227 | 692,999 | 736,834 | 749,294 | 2% | 17% | 749,294 | | | | |
| 40 BCEMS SRO | 79,570 | 86,519 | 85,000 | 85,000 | 0% | 7% | 85,000 | | | | |

[illegible]

Budget Modeling

| | | FY24 | DRAFT 1 FY25-11.7% | DRAFT 2 FY25-11.62 (40,898) | FY25-11% (348,077) |
|------------------------------|-------------|------------|-----------------------|--------------------------------|--------------------|
| GENERAL FUND | | 49,615,633 | 55,421,430 | 55,380,532 | 55,073,353 |
| | increase \$ | | 5,805,797 | 5,764,899 | 5,457,720 |
| | increase % | | 11.7% | 11.6% | 11.0% |
| GRANTS | | 6,000,000 | 3,500,000 | 3,500,000 | 3,500,000 |
| TOTAL | | 55,615,633 | 58,921,430 | 58,880,532 | 58,573,353 |
| EXPENSES | | 55,615,633 | 58,921,430 | 58,880,532 | 58,573,353 |
| Less REVENUES | | 15,970,237 | 15,200,486 | 15,200,486 | 15,200,486 |
| Equals EDUCATION SPENDING | | 39,645,396 | 43,720,944 | 43,680,046 | 43,372,867 |
| Divide by LTWADM | | 2205.25 | 3675.33 | 3,675.33 | 3675.33 |
| Equals PER PUPIL SPENDING | | 17,978 | 11,896 | 11,885 | 11,801 |
| Divide by YIELD | | 15,443 | 9,452 | 9,452 | 9,452 |
| Equals TAX RATE | | 1.16 | 1.259 | 1.257 | 1.249 |
| TAX RATE CAP | | | 1.222 | 1.222 | 1.222 |
| Divide by BC CLA | | 82.76% | 82.76% | 82.76% | 82.76% |
| Equals BC HOMESTEAD TAX RATE | | 1.407 | 1.477 | 1.477 | 1.477 |
| Divide by BT CLA | | 95.87% | 95.87% | 95.87% | 95.87% |
| Equals BT HOMESTEAD TAX RATE | | 1.214 | 1.275 | 1.275 | 1.275 |

| | | | |
|---------------------------------|-------|-------|-------|
| HOMESTEAD TAX RATE W/BC CLA 80% | 1.528 | 1.528 | 1.528 |
| HOMESTEAD TAX RATE W/BT CLA 90% | 1.358 | 1.358 | 1.358 |
| HOMESTEAD TAX RATE W/BC CLA 78% | 1.567 | 1.567 | 1.567 |
| HOMESTEAD TAX RATE W/BT CLA 88% | 1.389 | 1.389 | 1.389 |

150k Assessed Home, Education Taxes

| | | | |
|---------------|-------|-------|-------|
| BC CLA 82.76% | 2,215 | 2,215 | 2,215 |
| BC CLA 80% | 2,292 | 2,291 | 2,292 |
| BC CLA 78% | 2,351 | 2,350 | 2,351 |
| BT CLA 95.87% | 1,912 | 1,912 | 1,912 |
| BT CLA 90% | 2,037 | 2,037 | 2,037 |
| BT CLA 88% | 2,084 | 2,083 | 2,084 |

200k Assessed Home, Education Taxes

| | | | |
|---------------|-------|-------|-------|
| BC CLA 82.76% | 2,954 | 2,953 | 2,954 |
| BC CLA 80% | 3,056 | 3,055 | 3,056 |
| BC CLA 78% | 3,134 | 3,133 | 3,134 |
| BT CLA 95.87% | 2,550 | 2,549 | 2,550 |
| BT CLA 90% | 2,716 | 2,716 | 2,716 |
| BT CLA 88% | 2,778 | 2,777 | 2,778 |

300k Assessed Home, Education Taxes

| | | | |
|---------------|-------|-------|-------|
| BC CLA 82.76% | 4,431 | 4,430 | 4,431 |
| BC CLA 80% | 4,584 | 4,583 | 4,584 |
| BC CLA 78% | 4,701 | 4,700 | 4,701 |
| BT CLA 95.87% | 3,825 | 3,824 | 3,825 |
| BT CLA 90% | 4,074 | 4,073 | 4,074 |
| BT CLA 88% | 4,167 | 4,166 | 4,167 |

400k Assessed Home, Education Taxes

| | | | |
|---------------|-------|-------|-------|
| BC CLA 82.76% | 5,908 | 5,906 | 5,908 |
| BC CLA 80% | 6,112 | 6,110 | 6,112 |
| BC CLA 78% | 6,268 | 6,267 | 6,268 |
| BT CLA 95.87% | 5,100 | 5,099 | 5,100 |
| BT CLA 90% | 5,433 | 5,431 | 5,433 |
| BT CLA 88% | 5,556 | 5,555 | 5,556 |



VERMONT LEGISLATIVE Joint Fiscal Office

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Issue Brief

November 16, 2023

Julia Richter, Senior Fiscal Analyst

Frequently Asked Questions of Pupil Weights in Vermont's Education Funding Formula and Act 127 (2022) Changes

Executive Summary

Pupil weights are a mechanism in Vermont's statewide education funding formula to adjust for variation in the cost of educating students. Pupil weights are relevant to all school districts and homestead property taxpayers because they directly influence a school district's locally adjusted homestead property tax rate. Act 127 (2022) made noteworthy changes to pupil weights that may significantly impact local taxes rates. Because of these upcoming changes and their relevance to local school budgets and property tax rates, the Joint Fiscal Office (JFO) compiled this issue brief to address frequently asked questions regarding pupil weights. This issue brief is meant to help legislators and Vermonters understand the mechanics of pupil weights and the changes made by Act 127. Specific points addressed in this issue brief include:

Pupil weights are relevant to all school districts and homestead property taxpayers because they directly influence a school district's locally adjusted homestead property tax rate.

- Pupil weights adjust student counts according to different student needs or circumstances. Pupil weights are added to a school district's pupil count to account for the potentially higher costs of educating these students.
- While pupil weights only change through legislation, a school district's weighted pupil count changes each year based on the prior year's student body.
- A school district's weighted pupil count is determined through a multi-step process.
- In the context of Vermont's statewide education finance system, tax capacity refers to the amount of funds that a school district receives from the Education Fund for a certain tax rate.
- Pupil weights do not determine the amount of funding a school district receives, nor do they limit how district funds must be spent. Pupil weights simply adjust the tax capacity of a school district.¹
- Act 127 made multiple changes to pupil weights in Vermont's education funding formula.
- With the implementation of new pupil weights in fiscal year 2025, some school districts will have increased tax capacity while others will have decreased tax capacity. Act 127 includes a transition provision to smooth significant decreases in tax capacity over the next five years.

¹ This manner of using pupil weights is unique to Vermont – many states use weights to directly influence the amount of state aid a district receives.

Questions addressed in this issue brief

The following questions will be answered in this issue brief.

1. [General explanation of pupil weights in Vermont's education funding formula](#)
 - a. [Why does Vermont use pupil weights in its education funding formula?](#)
 - b. [How do pupil weights impact local homestead property tax rates?](#)
 - c. [How do pupil weights impact property tax credits?](#)
 - d. [What is tax capacity?](#)
 - e. [Do pupil weights determine a school district's funding?](#)
2. [The mechanics of pupil weights in Vermont](#)
 - a. [How is the weighted pupil count calculated for a school district?](#)
 - b. [Do pupil weights change every year?](#)
 - c. [How is a school district's weighted pupil count determined?](#)
3. [Upcoming changes from the implementation of Act 127 \(2022\)](#)
 - a. [What will change in Vermont's education funding formula with the implementation of Act 127?](#)
 - b. [How will pupil weight changes from Act 127 impact homestead property taxpayers, including those who receive a property tax credit?](#)
 - c. [How will pupil weight changes from Act 127 impact nonhomestead property taxpayers?](#)
 - d. [What is the impact of eliminating the equalization ratio?](#)
 - e. [How will the yield change?](#)
4. [Understanding the transition provision for Act 127 \(2022\)](#)
 - a. [What is the transition provision for Act 127?](#)
 - b. [What is the Tax Rate Review?](#)
 - c. [What is the trigger for the Tax Rate Review?](#)
 - d. [Who serves on the Tax Rate Review Board?](#)

This issue brief focuses on one factor of Vermont's education finance formula and aims to serve as a high-level background document. For a full overview of the funding formula, please see JFO's 2023 Report on Vermont's Education Financing.²

² https://ljfo.vermont.gov/assets/Subjects/2023-Session-Documents/5c1b5b9886/GENERAL-366459-v2-2023_Report_on_Education_Financing.pdf#page=6

General Explanation of Pupil Weights in Vermont's Education Funding Formula

Pupil weights are used in Vermont's education funding formula to account for potentially higher or lower costs of educating certain students. Pupil weights play a role in local homestead education property tax rates, but do not directly impact the amount of funding a school district receives. The following section explains pupil weights in greater detail and how they fit into Vermont's education funding formula.

Why does Vermont use pupil weights in its education funding formula?

The demographics of student populations vary between school districts. For instance, schools have varying percentages of students in different grades, students for whom English is a second language, and students with economic backgrounds at or below the poverty line.

Since the demographics of a student body can vary significantly from one school district to the next, so too can the costs to provide education. To account for these differing costs, Vermont integrates pupil weights into the education funding formula. The pupil weights adjust school districts' student counts according to the particular needs or circumstances of its student body.³

Pupil weights adjust student counts according to different student needs or circumstances and are used to account for the potentially higher costs of educating these students.

Vermont uses pupil weights to adjust school district student counts based on the number of students in each school district who are:

- in certain grades,
- from economically deprived backgrounds,
- English language learners,
- living in a school district with a sparse population; and/or
- attending a geographically necessary small school.⁴

The weighting categories and their application are explained in greater detail on page six of this issue brief.

How do pupil weights impact local homestead property tax rates?

When all else is equal, the more pupil weights applied to a school district's pupil count, the lower its corresponding homestead property tax rate.

Vermont's education funding formula distributes money to schools using a statewide fund, the Education Fund (EF), coupled with local and statewide spending decisions. After accounting for non-property tax revenues, property tax rates are set to ensure enough revenue is raised to fund all education expenditures from the EF.

³ Almost all pupil weights increase a district's pupil count to account for higher costs of educating certain students. The only pupil weight that decreases a district's pupil count is applied to prekindergarten students.

⁴ The weight for a small school is only applicable to districts that also qualify for specific sparsity weights.

There are two types of property taxes in Vermont – nonhomestead and homestead.⁵ The equalized nonhomestead property tax rate is uniform across the state, regardless of which school district the property is located. The homestead rate varies across districts and is dependent on the school district’s education spending and its weighted pupil count.

Pupil weights impact local homestead property tax rates but do not directly impact the amount of funding a school district receives.

Specifically, a district’s homestead property tax rate is determined by the district’s education spending per weighted pupil divided by the statewide yield.⁶ The following equation shows the calculation of a district’s homestead property tax rate per every \$100 of homestead property value:

$$\text{District's homestead property tax rate} = \$1.00 * \frac{\text{District's Education Spending} / \text{District's Weighted Pupils}}{\text{Statewide property yield}}$$

As can be seen in the above equation, **the higher the education spending per weighted pupil, the higher the tax rate. The lower the education spending, the lower the tax rate.**

In other words, pupil weights do not determine the amount of funding a school district receives, nor do they limit how district funds must be spent. Unlike other states’ education funding formulas, **Vermont uses pupil weights as part of the education funding equation to determine a school district’s tax rate and not the amount of money a school district spends.** When all else is equal, the more pupil weights applied to a school district’s pupil count, the lower its corresponding homestead property tax rate.

How do pupil weights impact property tax credits?

Pupil weights impact the tax rates and tax bills of households who receive a property tax credit.

Approximately 70 percent of Vermont households have their property taxes adjusted based on their income through an adjustment referred to as a “property tax credit.” In essence, the property tax credit represents the difference between the education property taxes paid based on the housesite’s value and the education taxes that would be owed if they were paid based on income.⁷

A district’s income education tax rate starts at two percent and is calculated much like the homestead property education tax rate. The equation used for calculating district rates is the following:

$$\text{District's income education tax rate} = 2\% * \frac{\text{District's Education Spending} / \text{District's Weighted Pupils}}{\text{Statewide income yield}}$$

⁵ Nonhomestead property taxes apply to all taxable real property that does not qualify as a “homestead.” “Homestead” means the principal dwelling and parcel of land surround the dwelling, owned and occupied by a resident individual as the individual’s domicile...” (32 V.S.A. § 5401). Nonhomestead property includes everything from commercial and industrial property to second homes and rental units.

⁶ The statewide yield is essentially the per pupil spending amount the State can support with a \$1 tax rate on homestead property and is typically set to ensure there are sufficient revenues raised to fund all expenditures.

⁷ Not all Vermont households receive a property tax credit, primarily because of income level restrictions. Household income both determines if a household may use the credit and, if so, the value of the home on which the credit can be used. A full overview of the calculation of the homestead property tax credit is available starting on page 10 of JFO’s 2023 Report on Education Financing: https://ljfo.vermont.gov/assets/Subjects/2023-Session-Documents/5c1b5b9886/GENERAL-366459-v2-2023_Report_on_Education_Financing.pdf#page=10

As can be seen in the above equation, the income tax rate for the property tax credit calculation follows the same local adjustment as the homestead property tax rate. This means that when all else is equal, **the higher the education spending per weighted pupil, the higher the tax rate and total tax liability (including when the property tax credit is factored in).**

The property tax credit calculation follows the same local adjustment as the homestead property tax rate

What is tax capacity?

In the context of education funding, **tax capacity** refers to the total amount of funding a school district will draw from the Education Fund for a certain tax rate.

As previously noted, local homestead property tax rates are adjusted based on local education spending per weighted pupil divided by the statewide yield. When all else is equal, the more education spending per weighted pupil the school district draws from the statewide Education Fund, the higher its local homestead property tax rate.

Tax capacity refers to the amount that a school district will draw from the Education Fund for a certain tax rate.

The district can only receive from the Education Fund what the local voters approve. Since the local tax rate is dependent on the amount of approved spending per weighted pupil, the more weighted pupils a district has the more funding it can receive from the Education Fund at the same tax rate.

At the statewide level, Vermont's education finance system includes pupil weights to acknowledge the potentially different costs of educating certain students. School budgets are prepared by school districts and approved by local voters. Therefore, school districts (and their voters) ultimately decide how to use tax capacity. For example, consider a district that has an increase in its weighted pupil count. All else being equal, this district would see increased tax capacity. With an increase in tax capacity, the district may choose to:

- increase its education spending without changing the local tax rate,⁸
- maintain its current education spending for a lower tax rate; or
- do some combination of both.⁹

The converse is also true. When all else is equal, a school district that has a decrease in pupil weights will see a decrease in tax capacity. If that district spends the same amount as the prior year, its tax rate will increase. If it wants to maintain the same tax rate it had prior to the weighting change (and the decrease of its tax capacity), the district must decrease its spending level.

Do pupil weights determine a school district's funding?

Pupil weights do not determine the amount of funding a school district receives, nor do they limit how district funds must be spent. Vermont uses pupil weights to determine tax capacity, *not* funding

⁸ When compared with what their tax rate would be if they had less tax capacity.

⁹ Technically, the school district may also choose to draw even more funds from the Education Fund and see a smaller increase in their local tax rate than what the rate would have been without the increased tax capacity.

amounts.¹⁰

The Mechanics of Pupil Weights in Vermont

Pupil weights are used in Vermont's education finance formula to account for the potentially higher costs of educating certain types of students. The following section outlines the mechanics of pupil weights and their application in greater detail.

How is the weighted pupil count calculated for a school district?

School districts are required to submit their Average Daily Membership (ADM) to the Agency of Education (AOE) every year.¹¹ ADM is used as the basis for calculating the number of pupils in each school district and includes information about student grade level, economic background, and English learners. AOE uses this information to calculate long term average daily membership (LT ADM) and applies weights to certain types of students to account for the potentially higher costs of educating them.¹² Starting in fiscal year 2025 (school year 2024-2025), new or updated pupil weights are applied for grade levels, students from economically deprived backgrounds, English language learners, students from low population density districts, and small schools in sparsely populated districts.

Table 1 summarizes the pupil weights that are added to the LT ADM of a district to calculate the total weighted pupil count:

Table 1: Pupil Weights by Weighting Category

| Weighting category | | Weight |
|---|--------------------------------------|--------|
| Grade level weights | PreK/Essential Early Education (EEE) | -0.54 |
| | K-5 | 0 |
| | 6-8 | 0.36 |
| | 7-12 | 0.39 |
| Economically deprived background weight | | 1.03 |
| English language learners (EL) weight | | 2.49 |
| Sparsity weight (Number of people in district) | < 36 persons | 0.15 |
| | 36 – 54 persons | 0.12 |
| | 55 – 100 persons | 0.07 |
| Small school (Only applicable for districts also receiving sparsity weight < 55 persons) | < 100 pupils | 0.21 |
| | 100 – 249 pupils | 0.07 |

¹⁰ Other parts of Vermont's funding formula do use pupil counts for funding amounts. For example, depending on the number of English language learners, some school districts receive categorical aid.

¹¹ Average Daily Membership (ADM) is a count of resident and State-placed students who receive an elementary or secondary education at public expense (16 V.S.A. § 4001).

¹² More details on the calculation of a school district's pupil count are provided on page seven of this issue brief.

Do pupil weights change every year?

Pupil weights only change through legislation. However, a school district's weighted pupil count will likely change each year based on changes in its student body.

A school district's weighted pupil count changes every year based on changes in its student body.

Act 127 established new pupil weights to be implemented in fiscal year 2025 (school year 2024 – 2025) after the General Assembly, in Act 173 (2018), requested that they be studied.¹³

How is a school district's weighted pupil count determined?

A school district's weighted pupil count is determined through the following multi-step process:

1. First, each school district's long-term average daily membership (LT ADM) is determined.
 - LT ADM is the average of the district's ADM over two years plus the full-time equivalent enrollment of State-placed students for the most recent of the two years.
2. Next, weights are applied to the LT ADM of certain groups of students to account for the potentially varied costs incurred by schools serving their particular needs or circumstances (see *Table 1 for weights*).
3. Finally, the LT ADM (calculated in Step 1) is added to the weighted pupil count (calculated in Step 2) to calculate the total weighted long-term average daily membership (WLT ADM)

Upcoming Changes from the Implementation of Act 127 (2022)

Act 127 (2022) made multiple changes to Vermont's education funding formula.¹⁴ The following section outlines and explains the changes of Act 127.

What will change in Vermont's education funding formula with the implementation of Act 127?

Act 127 made multiple changes to Vermont's education financing system over a two-year period.

In fiscal year 2024, the excess spending adjustment was suspended through fiscal year 2029. The excess spending adjustment is used to discourage school district spending that is significantly higher than other school districts by increasing a district's tax rate if it spends above a certain level.

Beginning in fiscal year 2025, the following changes to Vermont's education funding formula will be implemented:

- New pupil weight categories added for sparsely populated districts and small schools.
- Existing weights adjusted for grade levels, students from economically deprived backgrounds, and English language learners. These pupil weights are outlined in *Table 1*.

¹³ Act 173 (2018) commissioned a study to determine if the current school funding formula sufficiently weighted certain categories of students. A report titled "Pupil Weighting Factors Report" was published in 2019. Following its publication, Act 59 (2021) created the "Pupil Weighting Task Force" to recommend an implementation plan for changes to the pupil weights. This report and corresponding task force were the basis for the weights adopted through Act 127 (2022).

¹⁴ Act 127 (2022):

<https://legislature.vermont.gov/Documents/2022/Docs/ACTS/ACT127/ACT127%20As%20Enacted.pdf>

- Because these updated weights will impact school districts' tax rates differently, there is a transition provision that limits a district's annual tax rate increase to five percent over a maximum of five years.¹⁵ A detailed explanation of the transition provision is on page nine of this issue brief.
- Categorical aid is established for school districts with fewer than 26 English language learner (EL) students enrolled.¹⁶
 - Each school district with one to five EL students enrolled will receive categorical aid of \$25,000 for EL services; and
 - Each school district with six to 25 EL students enrolled will receive categorical aid of \$50,000 for EL services.
- The equalization ratio for weighted pupils is eliminated.¹⁷

How will pupil weight changes from Act 127 impact homestead property taxpayers, including those who receive a property tax credit?

Since a district's homestead property tax rate is driven by its per pupil education spending decisions, **when all else is equal, a decrease in a school district's weighted pupils increases that district's homestead property tax bills (including the bills of those who receive a property tax credit).**

The converse is also true. When all else is equal, an increase in a school district's weighted pupils decreases that district's homestead property tax bills, including the bills of those who receive a property tax credit.

How will pupil weight changes from Act 127 impact nonhomestead property taxpayers?

Since the nonhomestead property tax rate is uniform across the state, changes to pupil weights will not have a direct impact on the nonhomestead property tax rate.

What is the impact of eliminating the equalization ratio?

The equalization ratio was applied to all school districts' weighted pupil counts, so that the total statewide weighted pupil count equaled the statewide pupil count. After the equalization ratio is applied to a school district's weighted pupils, they are referred to as "equalized pupils." Beginning in fiscal year 2025, the equalization ratio for weighted pupils is eliminated. With the elimination of the equalization ratio, local homestead property tax rates will be adjusted based on education spending per weighted pupil, not education spending per equalized pupil.

The equalization ratio is eliminated in fiscal year 2025. Its elimination has no impact on tax rates.

Since the equalization ratio is a uniform ratio applied to all school districts, **its elimination, in and of itself, will have no impact on school district tax rates.**

However, because the elimination of the equalization ratio will change the local adjustment, there will need to be mathematical adjustments to other parts of the education funding formula. Specifically, when all else

¹⁵ Sec. 7 of Act 127 (2022):

<https://legislature.vermont.gov/Documents/2022/Docs/ACTS/ACT127/ACT127%20As%20Enacted.pdf#page=13>

¹⁶ Categorical aid is State aid to school districts, supervisory unions, or schools for specific purposes. In other words, categorical aid grants offset direct expenditures for explicit purposes.

¹⁷ The equalization ratio is calculated by dividing the total number of pupils in the state by the number of weighted pupils in the state.

is equal, the statewide homestead property yield will be lower due to the elimination of the equalization ratio.

How will the yield change?

The property yield can be thought of as the amount of per pupil spending that would result in a \$1 equalized tax rate in that year.¹⁸ Since Act 127 changes the pupil weights and eliminates the equalization ratio, **comparison of the yield pre- and post- Act 127 will not be meaningful. To account for the elimination of the equalization process, the yield will need to be much lower to achieve the same tax rates.**

Understanding the Transition Provision for Act 127 (2022)

With the implementation of new pupil weights in fiscal year 2025, some school districts will have increased tax capacity while others will have decreased tax capacity.¹⁹ In other words, with constant education spending, some districts' tax rates would increase, while other districts' tax rates would decrease following the implementation of the new weights.

Since the changes in tax capacity will vary across districts, a transition provision was included in Act 127 to incrementally increase some districts' tax rates.²⁰

What is the transition provision for Act 127?

The transition provision limits equalized school district homestead property tax rate increases to a maximum of five percent per year for fiscal years 2025 through 2029. This means that **each year, a school district's tax rate cannot increase by more than five percent before the Common Level of Appraisal has been applied.**²¹

A five percent growth in tax rates could be caused by multiple things at both the district and State level, such as:

- a decrease in the district's tax capacity,
- an increase in the district's education spending,
- changes in the grand list values,
- statewide education expenditure growth; and
- performance of non-property tax revenue streams to the Education Fund.

This transition provision includes a "Tax Rate Review" to determine if school districts should not be eligible for the tax rate cap. This review only happens if a district's *per pupil* education spending increases

¹⁸ This means a \$1 tax rate per every \$100 of property value. See 32 V.S.A. § 5401(15).

¹⁹ See page five of this issue brief for an explanation of tax capacity.

²⁰ The transition provision is included in Section 7 of Act 127 (2022).

<https://legislature.vermont.gov/Documents/2022/Docs/ACTS/ACT127/ACT127%20As%20Enacted.pdf#page=13>

²¹ The common level of appraisal (CLA) adjusts the locally assessed property values to the estimated fair market value. The CLA ensures that each town is treated equally and uniformly – regardless of when they last appraised. The CLA is unique in each town and is calculated annually by the Department of Taxes. For additional information, see JFO's issue brief "Understanding the Common Level of Appraisal": https://jfo.vermont.gov/assets/Subjects/Final-Education-Property-Tax-Rates/54c1b5c471/Understanding_the_Common_Level_of_Appraisal.pdf

by more than ten percent year over year when calculated under the same funding formula. The Tax Rate Review, performed by a board appointed by the AOE, analyzes whether a school district's increase in per pupil education spending is beyond the school district's control or for other good cause. **If at any point during the transition provision a school district does not qualify for the five percent cap, it will be ineligible for the cap in future years.** The Tax Rate Review process is explained in detail in the following section.

What is the Tax Rate Review?

The Tax Rate Review is set up to determine if a school district should be eligible for the tax rate cap when their education spending per pupil increases by more than ten percent year over year (when calculated with the same formula).

In essence, the Review aims to determine if a “a school district’s budget contains excessive increases in per pupil education spending that are within the school district’s control and are not supported by good cause.”²² If the Secretary determines the increases in spending *were* excessive, then the increase in the school district’s tax rate will not be capped at five percent. Otherwise, the district will still be awarded the tax rate cap.

What is the trigger for the Tax Rate Review?

If a school district’s per pupil education spending increases by at least ten percent, then the Secretary of Education may request that the district submit its budget for a Tax Rate Review. For comparability, the Secretary will use the same funding formula to calculate the per pupil education spending for the two years being compared.

Because the education funding formula is changing from fiscal year 2024 to fiscal year 2025, the Secretary will use the same funding formula to calculate the per pupil education spending in both years.

1. First, the Secretary will calculate the fiscal year 2024 per pupil education spending of each school district as though the Act 127 reforms happened in fiscal year 2024.
 - a. This means the Secretary will use fiscal year 2024’s education spending and the new pupil weights.
2. Then, the Secretary will calculate the fiscal year 2025 per pupil spending of each school district using the Act 127 reform.
3. Finally, the Secretary will compare the calculation of fiscal year 2024’s per pupil spending to fiscal year 2025’s per pupil spending to see the percent change from fiscal year 2024 to fiscal year 2025.
 - a. If, when using the same formula, the percent change is greater than ten percent, then the Secretary will request that the district submit its budget for the Tax Rate Review.

Who serves on the Tax Rate Review Board?

The Review will be conducted by the Secretary, three appointed business managers, and three superintendents to “determine whether its increase in per pupil education spending was beyond the school district’s control or for other good cause.”²³

²²<https://legislature.vermont.gov/Documents/2022/Docs/ACTS/ACT127/ACT127%20As%20Enacted.pdf#page=15>

²³ <https://legislature.vermont.gov/Documents/2022/Docs/ACTS/ACT127/ACT127 As Enacted.pdf#page=14>

Additional Resources:

There are a number of additional resources available for further education and insight regarding education finance in Vermont and Act 127.

Resources regarding education finance in Vermont:

- **Introduction to Education Finance in Vermont** – Joint Fiscal Office presentation
https://ljfo.vermont.gov/assets/Subjects/2023-Session-Documents/f8ce800b5a/GENERAL-364387-v1-Ed_Finance_101_W+Ms.pdf
- **2023 Report on Vermont's Education Financing** – Joint Fiscal Office report
https://ljfo.vermont.gov/assets/Subjects/2023-Session-Documents/5c1b5b9886/GENERAL-366459-v2-2023_Report_on_Education_Financing.pdf

Resources regarding pupil weights and Act 127 (2022):

- **Act 127 (2022)** – An act relating to improving student equity by adjusting the school funding formula and providing education quality and funding oversight.
<https://legislature.vermont.gov/Documents/2022/Docs/ACTS/ACT127/ACT127%20As%20Enacted.pdf>
- **Review of Act 127 (2022)** – Joint Fiscal Office presentation
<https://ljfo.vermont.gov/assets/Subjects/2023-Session-Documents/83659292cb/Review-of-Act-127-of-20221-12-2023.pdf>
- **Task Force on the Implementation of the Pupil Weighting Factors Report**
https://ljfo.vermont.gov/assets/Uploads/e11b031427/Final-Report-Weighting-Study-Task-Force-12_17_21.pdf