

**State Board of Education
December 20, 2011
Item G**

Team: Commissioner's Office; Finance Team

Discussion Topic: FY 13 Budget Development

Alignment with Goals:

Goal One – Educational Leadership

Goal Five – Policy and Governance

Statutory Authority: 16 VSA § 164(4): “Biennially or as required by the governor cause to be prepared a budget for all money to be expended by the department of education.”

Purpose of Discussion:

This is the third discussion of the State Board of Education's annual budget submission.

Background Information

We have not yet received our official budget targets from the Administration but based on our meeting with the Finance Commissioner we expect our general fund to be level funded. This is good news given earlier indications of a four percent reduction. We will also need to receive the latest benefit factors before the budget can be completed.

We expect our federal funds to be reduced in FY 2013 but have not had any clear indication what the reductions might be. The FY 12 federal award is enclosed for reference.

Three initiatives will be included: funding for the Learning Network of Vermont, the Instructional Resources and Collaboration site project (Intrafinity license) and SU merger studies will be budgeted with additional funds in our Medicaid administration funds.

The Education Fund shows an increase reflecting our estimate of the education portion of school budgets increasing by 1.7%, the remainder due to formula increases. The attached sheet provides the detail. Under current law the base spending amount will increase from \$8544 where it has been for the last three years to \$8891. Assuming our estimate of education spending is correct, the base homestead tax rate will need to be raised \$0.02 from \$0.87 to \$0.89 to balance the education fund. The Governor would like to see the base homestead tax rate remain at \$0.87. In order to achieve this he is recommending an increase in the base amount to \$8723 and has asked districts to level fund as they have the past two years. Detail for the education fund is attached.

We will update the Board with any additional information we receive between now and the 20th.

Cost Implications:

Monetary Resources – General Fund; Education Fund; Federal Funds; Licensing Fees

Staff Available: Armando Vilaseca, Bill Talbott