

FY 2012 Preliminary Budget Data Collection



Data Reporting Instructions

Board Approved Budgets Due February 1, 2011

Other districts should be submitted as soon as possible after board approval.



**Finance Team
(802) 828-0472**

TABLE OF CONTENTS

OBJECTIVES 1

WHAT’S NEW 1

GENERAL 1

DATA COLLECTION INSTRUCTIONS 2

 Introduction 2

DATA ELEMENTS..... 2

 Proposed Expenditures 2

 Proposed Local Revenues..... 3

 Eligible Principal and Interest for Capital Debt Hold Harmless Aid 3

 Estimated Revenues Offsetting Capital Debt 4

 Gross Eligible Capital Debt Expenditures 4

 Dedicated Eligible Capital Debt Revenues 4

 Proposed Act 144 Construction and Debt Service Expenditures 4

 Non-Property Tax Revenues Paying for Act 144 Expenditures..... 5

 Exemptions Offsetting Excess Spending..... 5

UNIFIED DISTRICT MEMBERS 5

OBJECTIVES

The Preliminary Budget Collection has the objective of collecting data necessary to calculate education spending for town districts and union districts. Data are used to:

1. provide spending estimates to the legislature; and
2. provide estimates of tax rates and tax liabilities to districts prior to budget votes.

WHAT'S NEW

There are no new reporting requirements for the FY2012 Preliminary budget collection. As a reminder, the exclusions to the excess spending provisions in 16 V.S.A. § 4001 (6)(B), effective in FY2011, are included in the FY2012 preliminary budget collection. The first two exclusions are clarifications for principal and interest payments or actual costs on approved projects, both before and during the construction aid suspension. Additionally, if a district with an approved project was required to borrow in anticipation of delayed state aid, the interest on that amount may be excluded. These exclusions should be included in function 8888. Principal and interest payments and other costs for approved projects (or offsetting revenues) are collected in cells 5 and 6.

The other exclusion effective in FY2011 is included as an aggregate number along with the exclusions from 32 V.S.A. § 5401 (12). All four of these exclusions are reported in aggregate in the last column. The four exclusions to aggregate are:

1. 2007, No. 66, § 12 removes costs when excess is due solely to new special education spending in districts with 20 or fewer equalized pupils that do not operate schools.
2. 32 V.S.A. § 5401(12)(A)(iii) removes local special education costs for any one student in excess of \$50,000 that were included two years prior.
3. 32 V.S.A. § 5402 (12)(A)(iv) removes tuition costs due to students who move into a district after a budget is passed if those costs are the sole cause of a deficit. This provision applies only to public school tuitions and only if the district must pay tuition for those students because it does not operate a school including the grades the students are attending.
4. 16 V.S.A. §§ 4001 (6)(B)(iii) spending attributable to the costs of planning the merger of a small school (average grade size of 20 or less) with one or more schools.

GENERAL

1. Districts must report Special Program Expenditures in their warned expenditure totals. Consequently, these expenditures and corresponding revenues should be reported in the preliminary budget collection. Since Special Program Revenues equal Special Program Expenditures, there will be no impact on Education Spending or tax rates.
2. Union members are no longer assessed for technical center tuition costs. Technical tuition for union high school students attending technical centers is included in union budgets. Districts tuitioning students to unions or other high schools will be billed by technical

centers for technical tuition costs associated with their students and need to include the costs in their budgets.

3. Unions receive state special education revenue and raise matching revenue on behalf of students from member districts. Districts tuitioning students to unions or other schools will be billed by the receiving school districts for special education costs associated with their students and need to include the costs in their budgets.
4. State Transportation Aid will go to the district that reported it on Supplemental Worksheet SW-6 in the FY 10 Annual Statistical Report. Business managers have received sheets with the amount eligible for reimbursement - not the amount to be reimbursed. It is possible for districts to purchase transportation services from other districts or from Supervisory Unions. Be sure estimated state transportation aid is only counted once.

DATA COLLECTION INSTRUCTIONS

Introduction

Submit only figures that have been approved by a district's school board. If the school board has not approved a budget by February 1st, submit the data as soon as possible after board approval.

Districts should include their best estimates of state revenues from Revenue Codes 3200 – 3799, federal revenues, Medicaid revenues, and associated expenditures.

The collection accounts for districts making use of the provisions of Act 144 of the 2002 Legislative session. The form is designed so that districts not using Act 144 ignore the cells associated with Act 144. This act allows districts to remove expenditures and revenues for construction and debt service on approved projects from the Education Spending calculation. Projects funded under Act 144 were not eligible for state construction aid except in the case of interstate districts. Districts using Act 144 need to fill out cells in the Act 144 columns as needed. Expenditures and revenues reported in the Act 144 cells should be included in Proposed Expenditures and Proposed Revenues respectively. Act 144 Property Tax Revenues should also be included in Proposed Revenues.

DATA ELEMENTS

Proposed Expenditures – should include all dollars spent on publicly funded students. This includes assessments for Supervisory Unions and tuitions. Districts, whether town or union districts, should budget for technical center tuition if they pay technical centers directly. Union members are no longer assessed for tuition paid by unions to tech centers.

1. Full technical tuitions should include payments by the state directly to technical centers on behalf of districts, (i.e. “on behalf” payments) plus any costs paid directly by a district.
2. Do NOT include payments to the Education Fund. (This caveat now applies only to incorporated districts. For other districts, the municipality makes all payments to the Education Fund.)

3. The **Proposed Budget Expenditures** figure includes all expenditures except those included in capital project funds (i.e., expenditures paid with long-term debt, state construction aid, reserve funds and federal funds for multi-year construction projects) and expenditures associated with enterprise funds. An expenditure equal to any Education Spending Revenue that will be transferred to balance enterprise funds **must be** included. All expenditures that will be paid with Education Spending Revenue **must be** included.
4. Act 144 expenditures are included.
5. A district's supervisory union assessments are included.

Proposed Local Revenues should NOT include:

1. Education Spending Revenue (RevCode 3110).
2. **Do not include revenue paid to a tech center on behalf of the district (RevCode 3114).** These revenues are not local revenues.
3. Do not include estimated Capital Debt Hold Harmless Aid (RevCode 3160).
4. Tax revenues from incorporated districts sent to the Education Fund are NOT included.
5. Revenues used to pay for expenditures in capital project funds, such as revenues from the sale of bonds, and revenues that cover expenditures not included in **Proposed Budget Expenditures** are not included in this figure.

All other revenues used to pay for expenditures in **Proposed Budget Expenditures** should be included. **All revenues paying for Act 144 expenditures including Property Tax Revenue raised outside of the Education Spending parameters and Other Revenues Paying for Act 144 Expenditures (if any) should be included here.** Act 144 Expenditures included in Proposed Expenditures should equal the total of all Act 144 Revenues. Act 144 Revenues raised through separate local property tax assessments are not broken out elsewhere in this collection. This amount can be calculated by subtracting **Other Revenues Paying for Act 144 Expenditures** from **Proposed Act 144 Construction and Debt Service Expenditures**.

Eligible Principal and Interest for Capital Debt Hold Harmless Aid (Function 8887 in the June collection). Local districts with principal and interest payments on long-term debt for local projects or their share of a union project (**unions do not report union district projects**) approved by the district before July 1, 1997 and approved by the State Board of Education should report data here. Capital Debt incurred after July 1, 1997 is ineligible unless it was grandfathered. Local district expenditures reported here are ALSO included in the local district's Proposed Budget Expenditures.

Local districts must report these figures regardless of whether a district anticipates receiving hold harmless aid.

Union districts do not report Capital Debt Hold Harmless expenditures in the Capital Debt Hold Harmless section of the preliminary budget collection although those expenditures are in the union budget. Union districts will allocate expenditures eligible for Hold Harmless Aid to

member districts using equalized pupil ratios. The amount allocated by unions among members should be net of offsetting revenues. (See Estimated Revenues Offsetting Capital Debt below.) Member districts will include their share of the union's Capital Debt Hold Harmless expenditures in their **Eligible Principal and Interest for Capital Debt Hold Harmless Aid**. **Union amounts reported by member districts should not be reported in the member district's local Proposed Budget Expenditures**. Tuitioning districts that pay a portion of any district's Capital Debt Hold-Harmless expenditures should be notified of the amount by the receiving district and report the expenditures in Function 8887.

Estimated Revenues Offsetting Capital Debt (RevCode 8887 in the June Collection). Any revenues received to pay for expenditures reported in **Eligible Principal and Interest** (function 8887), except Education Spending Revenue or Hold Harmless Aid, should be reported here by local districts. Union member districts should have netted this revenue before allocating expenditures to members. An example of revenue to be reported here is the capital debt portion of tuition payments used to pay for principal and interest reported in **Eligible Principal and Interest**. We would expect districts that include long term facility cost in their allowable tuition to have offsetting revenue to report here. Districts, including unions, should allocate revenues received from tuitioning districts paying for Function 8887 to those districts for inclusion as expenditures in Function 8887.

Gross Eligible Capital Debt Expenditures (Function 8888 in the June Collection) - Approved Capital Construction Spending, including Principal and Interest. **Include those costs** associated with the State Board approved portions of construction projects included in "Proposed Expenditures." **Do not include Act 144 costs**. Eligible capital costs are budgeted construction costs required to calculate the excess spending provision under Act 68. These costs include the amount eligible for hold-harmless construction aid as well as costs for any projects begun since the inception of Act 60. **In function 8888, union districts include the figures included in Eligible Principal and Interest allocated to members for the Capital Debt Hold-Harmless Calculation**. Union members **do not** include any **Eligible Principal and Interest** allocated to the member district by the union for the **Capital Debt Hold-Harmless Calculation** (function 8887). For all districts, **Gross Eligible Capital Debt Expenditures are all of the district's own** approved capital construction spending figures including principal and interest regardless of whether a portion of the amount is eligible for **Capital Debt Hold-Harmless Aid**.

Dedicated Eligible Capital Debt Revenues (RevCode 8888 in the June Collection). Any revenues received to pay for expenditures reported in **Approved Capital Construction Spending, including principal and interest** except Education Spending Revenue or Hold Harmless Aid, should be reported here. An example of revenue to be reported here is the capital debt portion of tuition payments used to pay for principal and interest reported in Eligible Principal and Interest. We would expect districts that include long term facility cost in their allowable tuition to have offsetting revenue to report here. Offsetting revenue received from tuitioning districts should be allocated to these districts and reported by them as Gross Eligible Capital Debt Expenditures (function 8888).

Expenditures and revenues that comprise these figures must be reported above in **Proposed Expenditures** and **Proposed Local Revenues**.

Proposed Act 144 Construction and Debt Service Expenditures are expenditures made to pay for construction and debt service on approved projects under the provisions of Act 144. Property

tax revenue for these expenditures is generated by taxing the grand list outside the Act 68 calculation. Projects financed under Act 144 were not eligible for state construction aid except in interstate districts

Non-Property Tax Revenues Paying for Act 144 Expenditures include any revenues other than property tax revenues used to pay for Act 144 Construction and Debt Service Expenditures. Such revenues could include fund raising revenue and impact fees.

Note: *Subtracting Other Revenues paying for Act 144 Expenditures* from this figure produces the revenue that will be raised in a separate local property tax outside the Education Spending calculation, Act 144 Property Tax Revenues, an amount not broken out in this collection **but included in Proposed Local Revenues**.

Exemptions Offsetting Excess Spending is an aggregate total of the four following exemptions:

1. 2007, No. 66, § 12 removes costs when excess is due solely to new special education spending in districts with 20 or fewer equalized pupils that do not operate schools.
2. 32 V.S.A. § 5401(12)(A)(iii) removes local special education costs for any one student in excess of \$50,000 that were included two years prior.
3. 32 V.S.A. § 5402 (12)(A)(iv) removes tuition costs due to students who move into a district after a budget is passed if those costs are **the sole cause** of a deficit. This provision applies only to **public school tuitions** and only if the district must pay tuition for those students because it does not operate a school including the grades the students are attending.
4. 16 V.S.A. §§ 4001 (6)(B)(iii) spending attributable to the costs of planning the merger of a small school (average grade size of 20 or less) with one or more schools.

Enter the aggregate figure for the total of any exemptions that are relevant.

UNIFIED DISTRICT MEMBERS

It is generally unnecessary for members of unified districts to submit preliminary budgets. There are circumstances where such submissions would be required. Examples would include a situation where a member of a unified district, rather than the unified district, is providing transportation for its residents to the school, or where a member is still paying interest and principal on debt that is not the responsibility of the unified union, **such as under Act 144**. Unified union member IDs are included in the collection.

It would be wise to call if you believe you have a unified union member that should report a preliminary budget.