

# **FY 2018 Preliminary Budget Data Collection**

## **Data Reporting Instructions**

**Due**

**Board Approved Budgets Due February 1, 2017**  
Other districts should submit as soon as possible after board approval.

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## OBJECTIVES

The Preliminary Budget Collection has the objective of collecting data necessary to calculate education spending for town school districts and union school districts. This is a voluntary collection but we urge you to submit data. Data are used to:

1. Provide spending estimates to the Legislature for determining both the property and income yields, the non-residential education tax rate, and the education spending appropriation.
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 FY2018 Preliminary Budget Collection. The exclusions for excess spending are found in 16 V.S.A. § 4001 (6) (B) and are discussed in sections C and I. There is one new exclusion added: (x) school district costs associated with dual enrollment and early college.

Transportation aid will go to supervisory unions unless a district has received a waiver for the FY2016 transportation costs.

The excess spending calculation has reverted back to the prior formula but using FY2015 data as the base year as opposed to FY2014 data. There is no longer an allowable growth provision.

## GENERAL

1. Districts must report Special Program Expenditures (CFP) 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. 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 full costs in their budgets.
3. 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 entity that reported transportation costs on *Supplemental Worksheet SW-6* in the *FY2016 Annual Statistical Report*. That will either be the supervisory union as per statute or a district if a waiver was

received. Business managers have received sheets with 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 1<sup>st</sup>, please submit the data as soon as possible after board approval.

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

This collection accounts for the two districts making use of the provisions of Act 144 of the 2002 Legislative session (Manchester and West Windsor). The form is designed so that districts not using Act 144 can ignore cells associated with Act 144. Act 144 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.

## DATA ELEMENTS

### A - Proposed Expenditures

Proposed Expenditures should include all dollars spent on publicly funded students. This includes assessments for Supervisory Unions and tuitions as well as federal dollars. Districts, whether town or union districts, should budget for the full technical center tuition if they pay technical centers directly.

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. **NOTE:** these "on behalf" payments by the State **are not** offsetting revenues – money owed to the district by the State is reduced by the "on behalf" payment. The district pays the full amount indirectly.
2. If an incorporated district has a payment to the Education Fund, it is not included as an expenditure. For other districts, the town makes all payments to the Education Fund, if any.
3. The Proposed Budget Expenditures figure includes all expenditures except those included in capital project funds (fund 6 - 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 (Manchester and West Windsor only).
5. A district's supervisory union assessments are included.

**B - 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 but are part of education spending.
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 (fund 6), such as revenues from the sale of bonds, and **revenues covering 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 any other revenues paying for Act 144 Expenditures (if any) should be included here** (Manchester and West Windsor only). The total of all Act 144 Revenues should equal Act 144 Expenditures included in Proposed Expenditures. 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.

**C - 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 for hold harmless aid unless it was grandfathered. Local district expenditures (but not any share of a union project) reported here are ALSO included in the local district's Proposed Budget Expenditures (box A).

**Local districts must report these figures regardless of whether a district anticipates receiving hold-harmless aid or not.**

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 [D - Estimated Revenues Offsetting Capital Debt.](#))

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 (box C). Union amounts reported by member districts should not be reported in the member district's local Proposed Budget Expenditures.** The union district is making those 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.

### **D - Estimated Revenues Offsetting Hold-Harmless Capital Debt (RevCode 8887 in the June Collection).**

Any revenues received to pay for expenditures reported in C - Eligible Principal and Interest for Capital Debt Hold-Harmless Aid (function 8887), should be reported by local districts. Union member districts should net this revenue with eligible expenditures before allocating to members.

An example of revenue to be reported is the capital debt portion of tuition payments received that are used to pay for principal and interest reported in Eligible Principal and Interest. Districts that include long term facility cost in their allowable tuition should have offsetting revenue to report here.

Districts, including unions, should allocate revenues received from tuitioning districts paying for Function 8887 to those same districts for inclusion as net expenditures in Function 8887.

### **E - Gross Eligible Capital Debt Expenditures (Function 8888 in the June Collection) - approved Capital Construction Spending, including Principal and Interest.**

**Include only those costs** associated with the approved portions of construction projects by the State Board included in A - 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 that have received State Board preliminary approval or met those requirements as confirmed by AOE. **In function 8888, union districts include the figures included in C - Eligible Principal and Interest allocated to members for the capital debt hold-harmless calculation – i.e., an aggregation of Function 8887 for the member districts.** 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 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.

**Note:** The above amounts include the capital debt payments exclusions allowed by 16 V.S.A. § 4001 (6) (B) for the excess spending calculation. Subsections (i) and (ii) are clarifications for principal and interest payments or actual costs on approved projects, both before and during the construction aid suspension period. Additionally, subsection (ii) (II) allows a district with an approved project that was required to borrow in anticipation of delayed state aid to exclude the interest on that amount. These exclusions should be included in function 8888.

#### **F - Dedicated Eligible Capital Debt Revenues (RevCode 8888 in the June Collection).**

Any revenues received to pay for expenditures reported in E - Gross Eligible Capital Debt Expenditures, 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 E - Gross Eligible Capital Debt Expenditures. Districts that include long term facility cost in their allowable tuition should have offsetting revenue to report here. Offsetting revenue received from tuitioning districts should be allocated to those same 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 A - Proposed Expenditures and B - Proposed Local Revenues.

#### **G - Proposed Act 144 Construction and Debt Service Expenditures**

This applies only to Manchester and West Windsor. 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 of 2002. Property tax revenue for these expenditures is generated by taxing the grand list outside the Act 68 calculation.

#### **H - Non-Property Tax Revenues Paying for Act 144 Expenditures**

This applies only to Manchester and West Windsor. Non-property tax revenues paying for Act 144 expenditures include any revenues other than property tax revenues used to pay for expenditures reported in G - 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. The **total** of non-property tax revenues and property tax revenues for Act 144 expenditures are included in B - Proposed Local Revenues.

#### **I - Exemptions Offsetting Excess Spending is an aggregate total of the following six exemptions:**

1. 2007, No. 66, § 12 excludes new special education costs when excess spending is due solely to new special education spending in districts that do not operate schools and have 20 or fewer equalized pupils.
2. From 16 V.S.A. § 4001 (6)(B), subsections:
  - iv. Cost of planning the merger of a small school (avg grade size  $\leq$  20 students)
  - v. SpEd costs in excess of \$50,000 per pupil, two years prior
  - vi. If tuitioning all students, a deficit due SOLELY to the cost of new students moving in after the budget vote
  - vii. If tuitioning all students and new students move in after census period, number greater than ADM times average tuition rate
  - viii. Tuition paid by a district that does not operate a school and pays tuition for all resident students in kindergarten through grade 12, except in a district in which the electorate has authorized payment of an amount higher than the statutory rate pursuant to subsection 823(b) or 824(c) of this title.
  - ix. Teacher retirement assessment for new members of Vermont State Teachers' Retirement System on or after July 1, 2015
  - x. School district costs associated with dual enrollment and early college.

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

### **J – Statutory exclusions for excess spending calculation**

16 V.S.A. § 4001 (6):

- (B) For purposes of calculating excess spending pursuant to 32 V.S.A. {5401(12), "education spending" shall not include:
- (i) Spending during the budget year for approved school capital construction for a project that received preliminary approval under section 3448 of this title, including interest paid on the debt; provided the district shall not be reimbursed or otherwise receive state construction aid for the approved school capital construction.
  - (ii) For a project that received final approval for state construction aid under chapter 123 of this title:
    - (I) Spending for approved school capital construction during the budget year that represents the district's share of the project, including interest paid on the debt;
    - (II) Payment during the budget year of interest on funds borrowed under subdivision 563(21) of this title in anticipation of receiving state aid for the project.

- (iii) Spending that is approved school capital construction spending or deposited into a reserve fund under 24 V.S.A. { 2804 to pay future approved school capital construction costs, including that portion of tuition paid to an independent school designated as the public high school of the school district pursuant to section 827 of this title for capital construction costs by the independent school that has received approval from the state board of education, using the processes for preliminary approval of public school construction costs pursuant to subdivision 3448(a)(2) of this title.
- (iv) Spending attributable to the cost of planning the merger of a small school, which for purposes of this subdivision means a school with an average grade size of 20 or fewer students, with one or more other schools.
- (v) Spending attributable to the district's share of special education spending in excess of \$50,000.00 for any one student in the fiscal year occurring two years prior.
- (vi) A budget deficit in a district that pays tuition to a public school or an approved independent school or both for all of its resident students in any year in which the deficit is solely attributable to tuition paid for one or more new students who moved into the district after the budget for the year creating the deficit was passed.
- (vii) For a district that pays tuition for all of its resident students and into which additional students move after the end of the census period defined in subdivision (1) (A) of this section, the number of students that exceeds the district's most recent average daily membership and for whom the district will pay tuition in the subsequent year multiplied by the district's average rate of tuition paid in that year.
- (viii) Tuition paid by a district that does not operate a school and pays tuition for all resident students in kindergarten through grade 12, except in a district in which the electorate has authorized payment of an amount higher than the statutory rate pursuant to subsection 823(b) or 824(c) of this title.
- (ix) The assessment paid by the employer of teachers who become members of the State Teachers' Retirement System of Vermont on or after July 1, 2015, pursuant to section 1944d of this title.
- (x) School district costs associated with dual enrollment and early college programs.

2007, No. 66, § 12

Sec. 12. HOMESTEAD PROPERTY TAX RATE; DISTRICTS PAYING TUITION FOR VERY SMALL NUMBER OF PUPILS; SPECIAL EDUCATION COSTS

When calculating the homestead property tax rate pursuant to 32 V.S.A. § 5402(a) (2), the district spending adjustment shall not include excess spending in any district with a total of 20 or fewer equalized pupils that does not maintain an elementary or high school, in any year in which the district's excess spending was solely attributable to new special education spending.