

Flowchart: How Vermont Education Tax Rates are Calculated

Purpose

The flowchart on page two of this document illustrates the process the Agency of Education uses to calculate Vermont education tax rates.



School boards develop expenditure and revenue budgets

1. Expenditures are every

dedicated to specific

purposes - federal

grants and special

surplus, interest,

revenues.

education aid; others are

state grants, tuition, a

donations, etc. These

are called offsetting

of source.

2. Some revenues are

dollar spent, regardless



Voters approve the expenditure budget

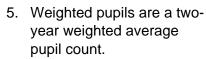


Budget data are submitted to AOE. **AOE** calculates education spending.



AOF divides a district's education spending by its weighted pupil count to determine education spending per weighted pupil.

- 3. Education spending is the difference between the expenditures and offsetting revenues: Exp - OffRev = Ed
 - **Spending**
- 4. Education spending is the amount used to calculate the homestead tax rate.



6. Weighted pupils allot more weight to specific pupil categories that empirically have higher costs, bringing those costs per pupil down.

Town equalized rates are divided by the CLA to determine the actual tax rate as seen on a homestead property tax bill.



District tax rates are allocated back to the town(s) that belong to those districts.



- 9. If a town belongs only to one school district, its equalized tax rate is the same as the district's.
- 10. If a town belongs to more than one school district, the rates for each district are prorated based on the percentage of weighted pupils from the town attending each district.
- a. If 60% of a town's weighted pupils attend the local elementary school, the town receives 60% of the elementary district's rate.
- b. The remaining 40% is from the union high school district's rate.

- 11. The CLA (common level of appraisal) is the ratio of the town's listed grand list versus the State's value at fair market value.
 - a. A CLA below 100% means the town has undervalued the grand list.
 - b. A CLA over 100% means the town has overvalued its grand list.
- 12. Properties are taxed at fair market value.



7. The property yield is the amount \$1.00 of tax will raise per pupil statewide.

Education spending per weighted pupil is divided by

the property yield to determine

a district's equalized tax rate.

- a. The FY2025 yield is \$9,893.
- b. An easier way to think of it is, if a district spends \$9,893 per weighted pupil, its tax rate will be \$1.00.
- c. If a district spends 10% more than the yield per pupil, its rate will be 10% higher, or \$1.10; 20% higher gives a rate of \$1.20, etc.
- 8. The equalized tax rate is the rate as if all properties were listed at fair market value.