

FY 2021 Preliminary Budget Data Collection

Data Reporting Instructions

Due

Board Approved Budgets Due February 1, 2020

Other districts should submit as soon as possible after board approval.

Finance Team

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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 FY2021 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 E.

Transportation aid now goes to supervisory unions.

Special education funding also goes to supervisory unions unless a school district has employed special education paraprofessionals at the district level as currently allowed.

The excess spending calculation uses FY2015 data as the base year.

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 supervisory union as per statute. It is possible for districts to purchase transportation services from other districts or from Supervisory Unions.

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, 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.

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. 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. Tax revenues from incorporated districts sent to the Education Fund are NOT included.

4. 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.

C - 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.

Eligible capital costs are budgeted construction costs required to calculate the excess spending provision under Act 68. These costs include the 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.

Note: The above amounts include the capital debt payment 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.

D - Dedicated Eligible Capital Debt Revenues (RevCode 8888 in the June Collection).

Any revenues received to pay for expenditures reported in C - Gross Eligible Capital Debt Expenditures, including principal and interest (except education spending revenue), 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.

E - Exemptions Offsetting Excess Spending is an aggregate total of the following 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.
 - xi. Costs incurred when sampling or retesting drinking water for lead or for lead remediation.

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

F – 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.