

Vermont School Funding 101

November 1, 2017

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Public Assets Institute

Mission: To conduct research, perform fiscal analysis, disseminate information, and develop policies that apply the powers of government to improving the well being of ordinary citizens, especially the most vulnerable.

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The Dark Ages: Before Act 60 of 1997

- Local property taxes raised + foundation aid from the state
- Property-rich towns (ski resorts, lakes, big corporations, high-value homes) could spend more with a lower rate than property-poor towns

Town	Per pupil spending	Equalized Tax rate	Equalized Pupils
Addison	\$5,241	\$1.38	233
Dover	\$7,968	\$0.43	210

Brigham v. State of Vermont

“To keep a democracy competitive and thriving, students must be afforded equal access to all that our educational system has to offer. (p. 14)”

“Children who live in property-poor districts and children who live in property-rich districts should be afforded a substantially equal opportunity to have access to similar educational revenues. (p. 15)”

Common Benefits Clause

Article 7. That government is, or ought to be, instituted for the common benefit, protection, and security of the people, nation, or community, *and not for the particular emolument or advantage of any single person, family, or set of persons*, who are a part only of that community; and that the community hath an indubitable, unalienable, and indefeasible right, to reform or alter government, in such manner as shall be, by that community, judged most conducive to the public weal.

Principles of Vermont's School Funding System

- Fairness for taxpayers: All individuals and businesses are treated the same and higher per-pupil spending means proportionally higher tax rates.
- Local control: Local voters decide what their schools need.
- Fairness for students: All students have access to the same resources.

Fairness for students

All students have access to the same pot of funding

BEFORE ACT 60

A student's hometown tax base determined the resources available for their education

\$ LOCAL HOMEOWNER TAXES



A rural or bedroom community town like Walden or Topsham

\$ LOCAL HOMEOWNER TAXES

\$ RETAIL AND SMALL
MANUFACTURING TAXES



A factory town like Rutland Town

\$ LOCAL HOMEOWNER TAXES

\$ RETAIL TAXES
\$ SECOND HOME TAXES
\$ SKI RESORT TAXES



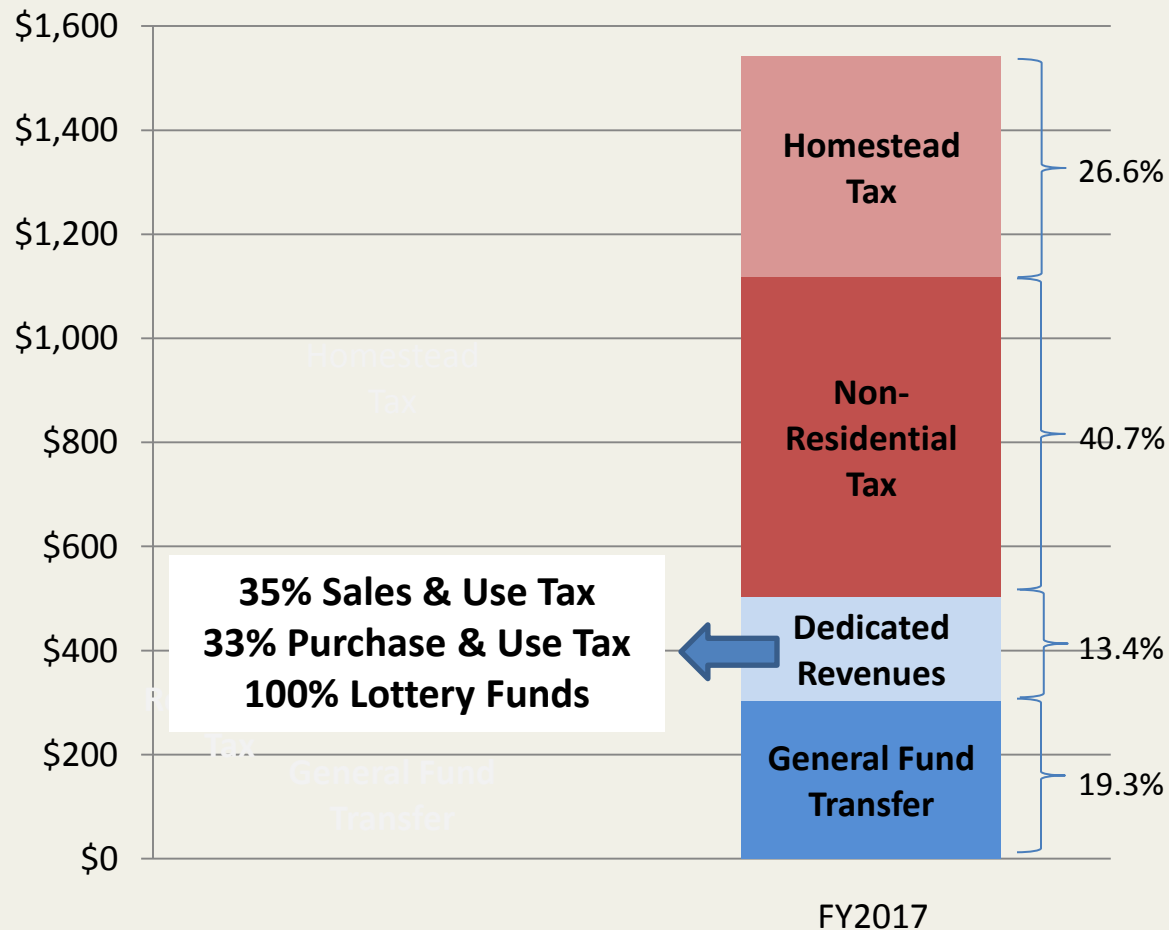
A ski town like Stowe or Killington

AFTER ACT 60

All Vermont's students have the same opportunity to access funding



Education Fund Revenue Sources

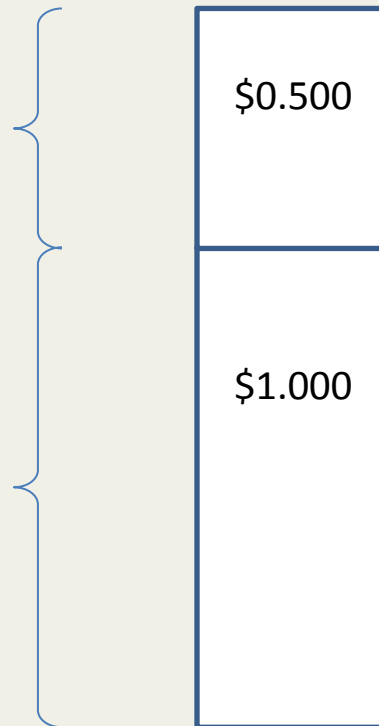


FY2017

Total Education
Spending per pupil
\$14,551

50% above base
\$4,850

Base amount
\$9,701



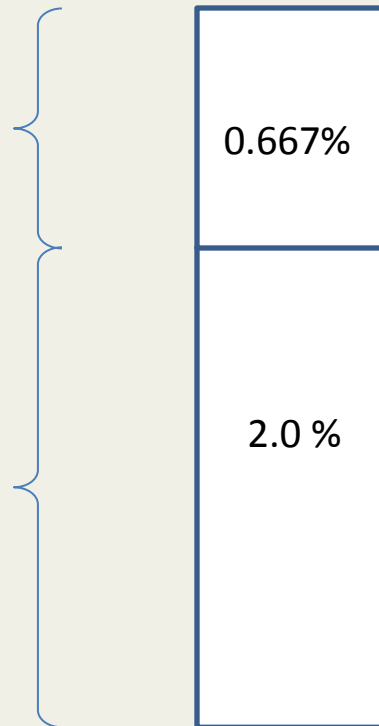
Total Homestead Tax Rate
\$1.500

FY2017

Total Education
Spending per pupil
\$14,550

.33% above base
\$3,680

Base amount
\$10,870



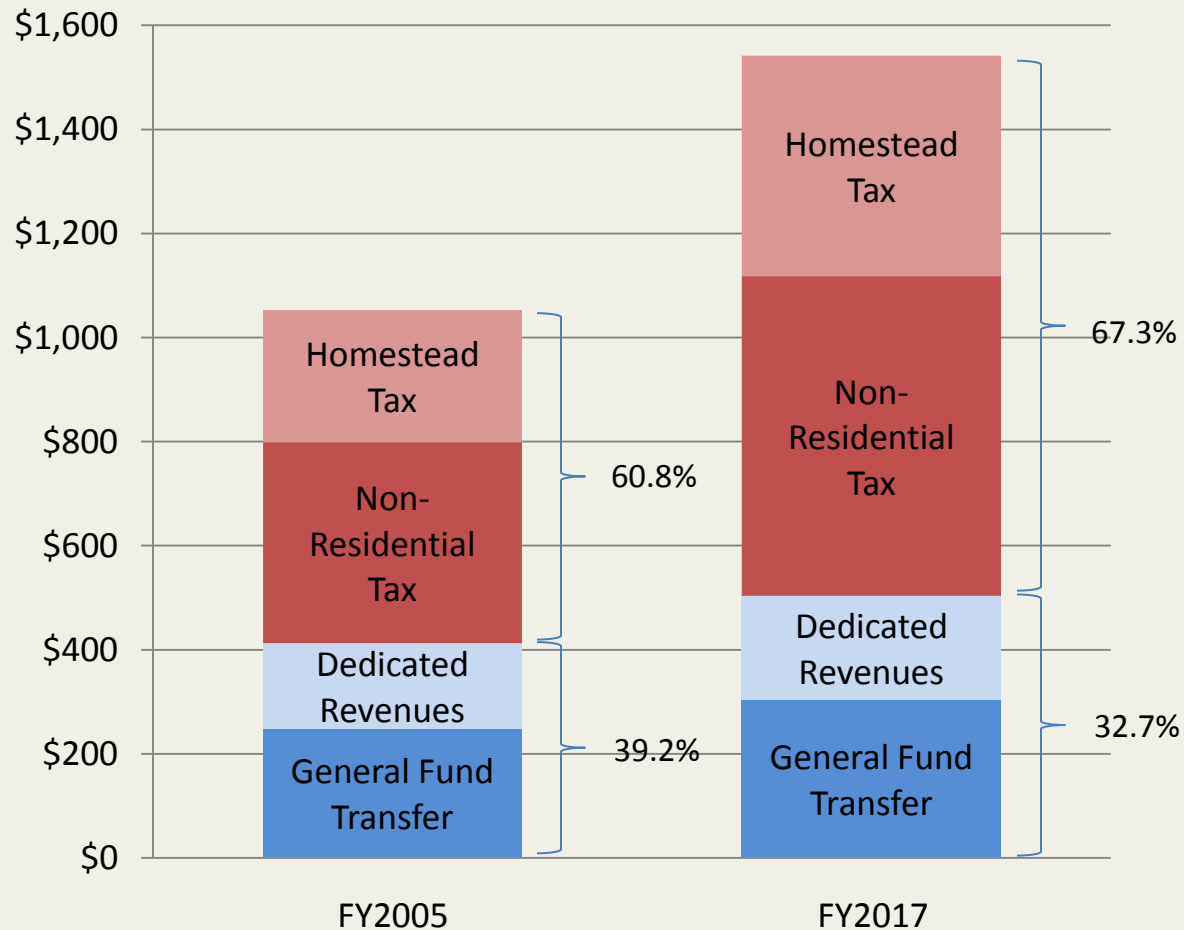
Total Income Tax Rate
2.667%

Chittenden County Towns FY2017

	Per Pupil Spending	Equalized Homestead Rate	Income Rate
St. George	\$16,570	1.71	3.05%
Charlotte	\$15,477	1.60	2.85%
Westford	\$15,033	1.55	2.77%
Hinesburg	\$14,699	1.52	2.70%
Williston	\$14,353	1.48	2.64%
Shelburne	\$14,344	1.48	2.64%
Burlington	\$14,133	1.46	2.60%

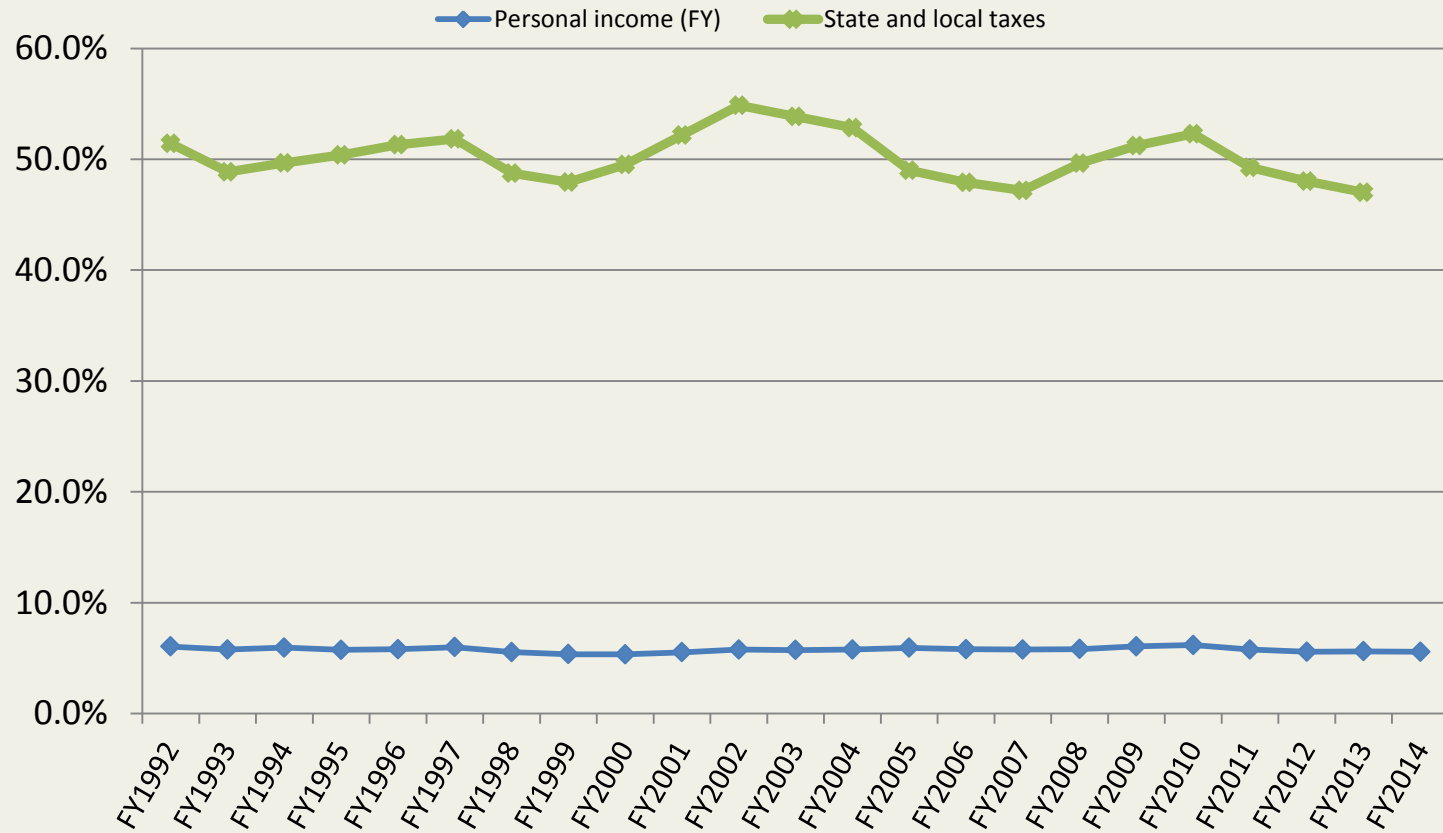
General Fund share has been shrinking

If General Fund share remained constant, property taxes would be \$102 million less



Education spending: steady for more than 20 years

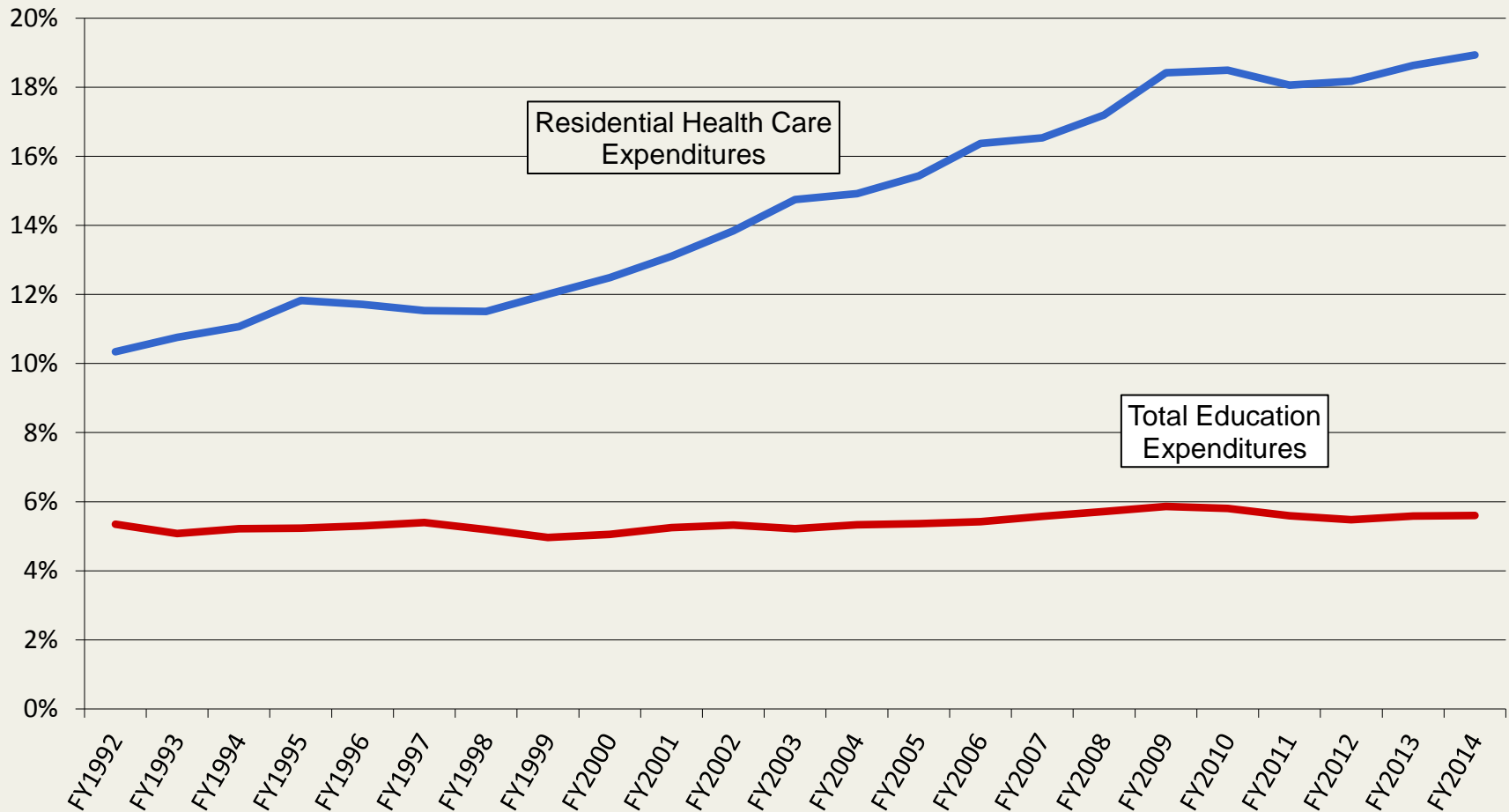
Education spending as a percentage of personal income, state and local taxes



Data source: U.S. Bureau of Economic Analysis, U.S. Census, Vermont Public School Finance Data

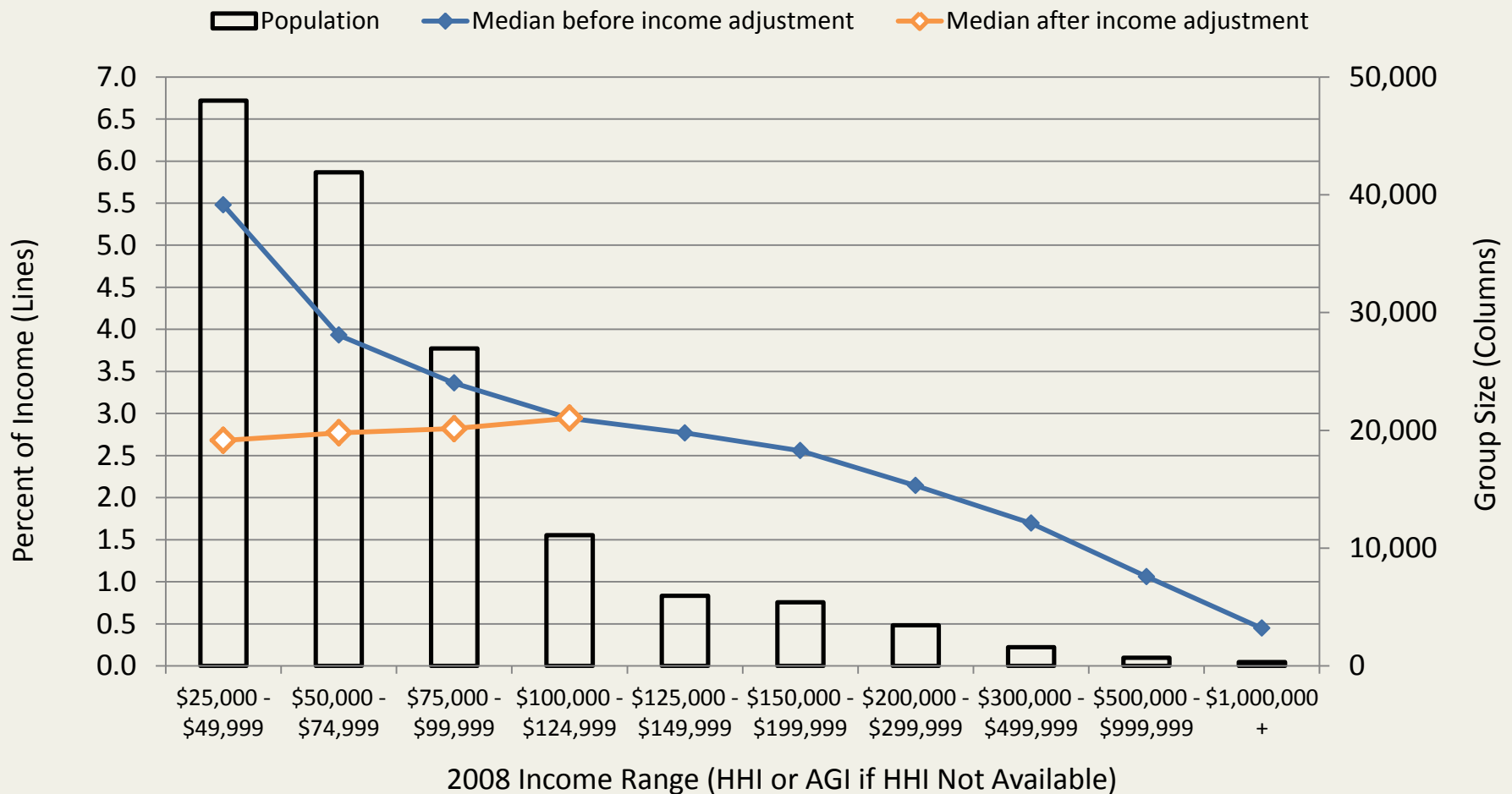
Unsustainable vs. Sustainable Growth

Residential health care expenditures and total pre-K to 12 education expenditures as a percentage of gross state product



Vermont school taxes are still regressive

Homestead taxes as a percentage of income

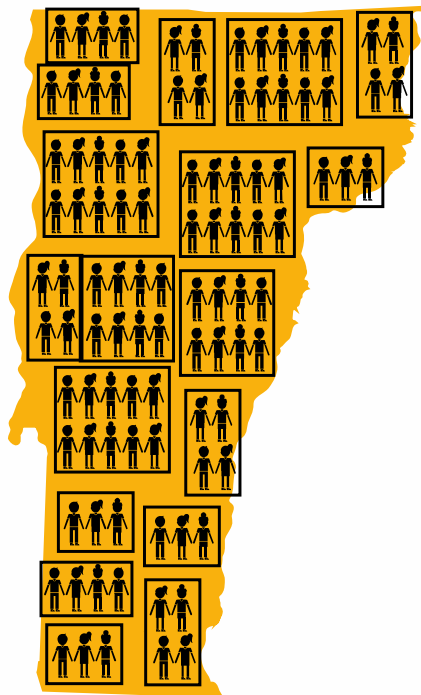


Summary: What's Changed

Before Act 60	After Act 60
Taxes stayed local	Statewide education fund
Non-residential taxes only benefitted local community	Non-residential taxes shared statewide
Towns had different tax rates to raise the same \$	Towns with same per-pupil spending have same tax rate
"my town's" kids	Vermont kids
Local school districts set school budgets & make school spending decisions	Same
Weighted pupil count	Same
Taxing based on ability to pay	Same
Property tax rebate based on income	Option to pay school taxes based on income

We all have a stake in every child's future

Before Act 60 'our kids' meant the kids in our own town



Since Act 60 'our kids' includes all the children in Vermont

