

# The Foundation of Equity Vermont School Funding

November 1, 2017

Paul Cillo & Stephanie Yu

Public Assets Institute

# Five Principles of Vermont's School Funding System

1. Local control
2. Fairness for students
3. Fairness for taxpayers
4. Simplicity & transparency
5. Taxes based on ability to pay

# 1. Local Control

Decision-making happens at the local level

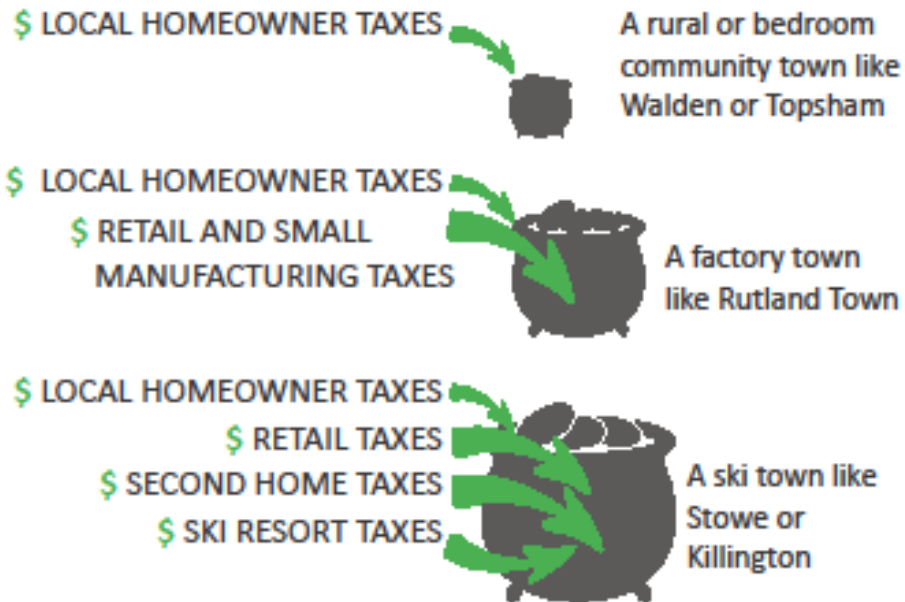
- Local school boards develop school budgets
- District voters decide school budgets

## 2. Fairness for students

All students have access to the same pot of funding

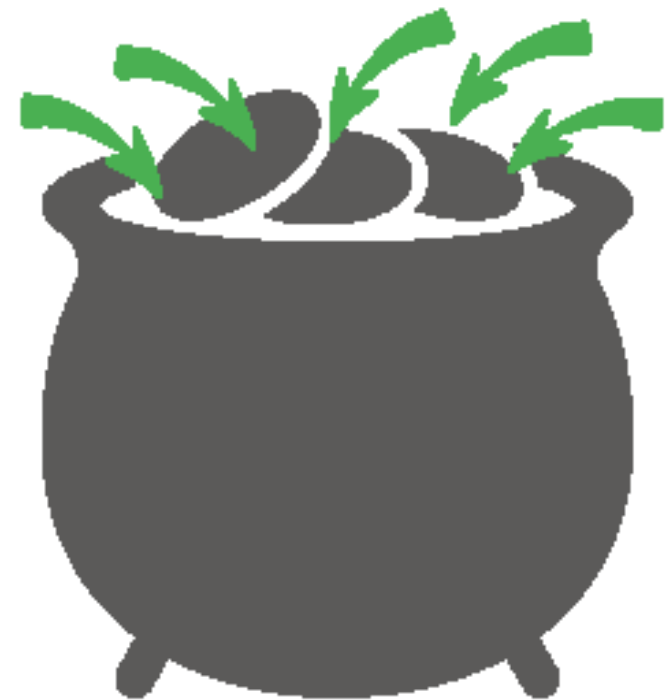
### BEFORE ACT 60

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



### AFTER ACT 60

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

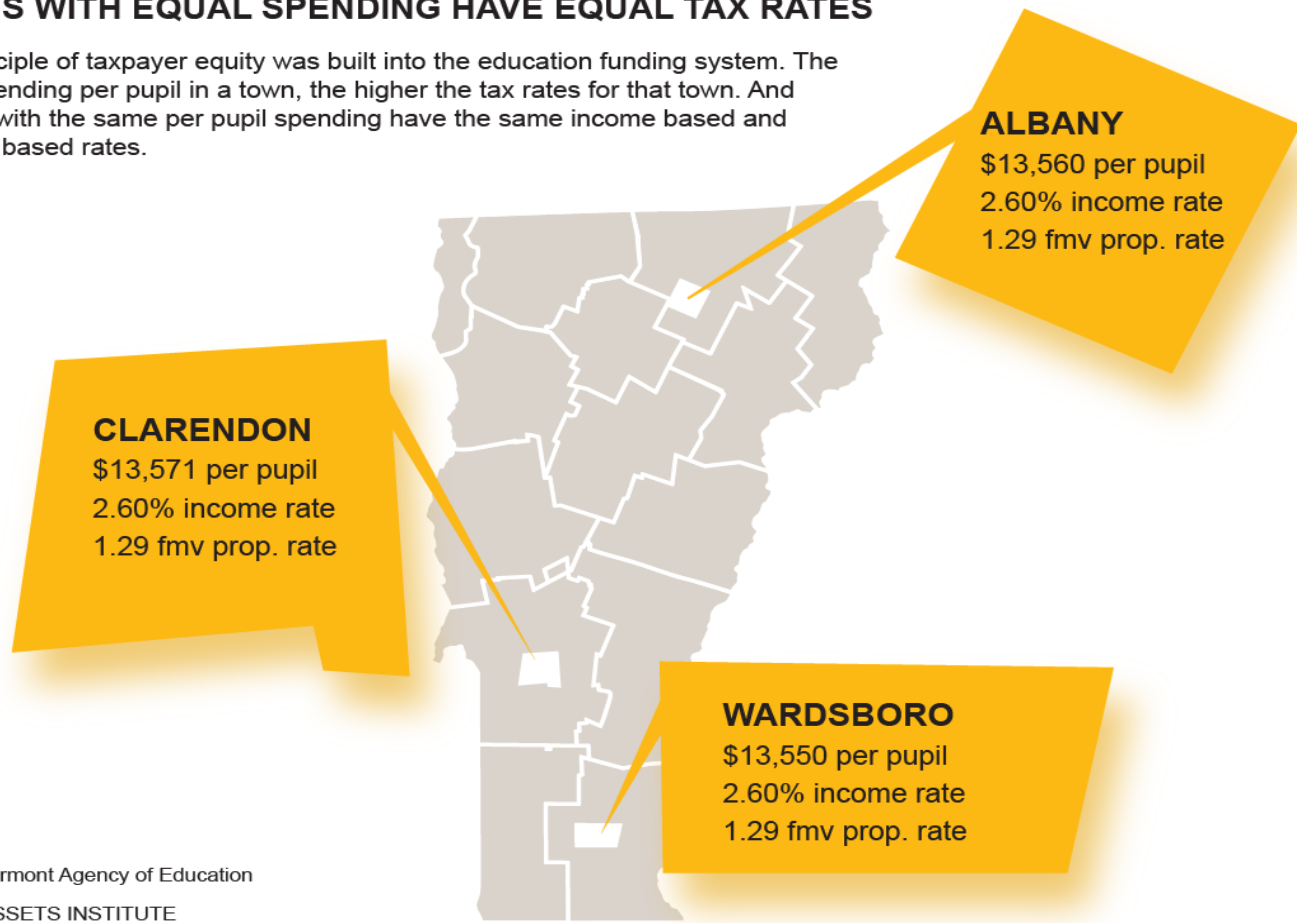


# 3. Fairness for taxpayers

Taxpayers in different towns with the same per-pupil spending have the same tax rates

## TOWNS WITH EQUAL SPENDING HAVE EQUAL TAX RATES

The principle of taxpayer equity was built into the education funding system. The more spending per pupil in a town, the higher the tax rates for that town. And districts with the same per pupil spending have the same income based and property based rates.

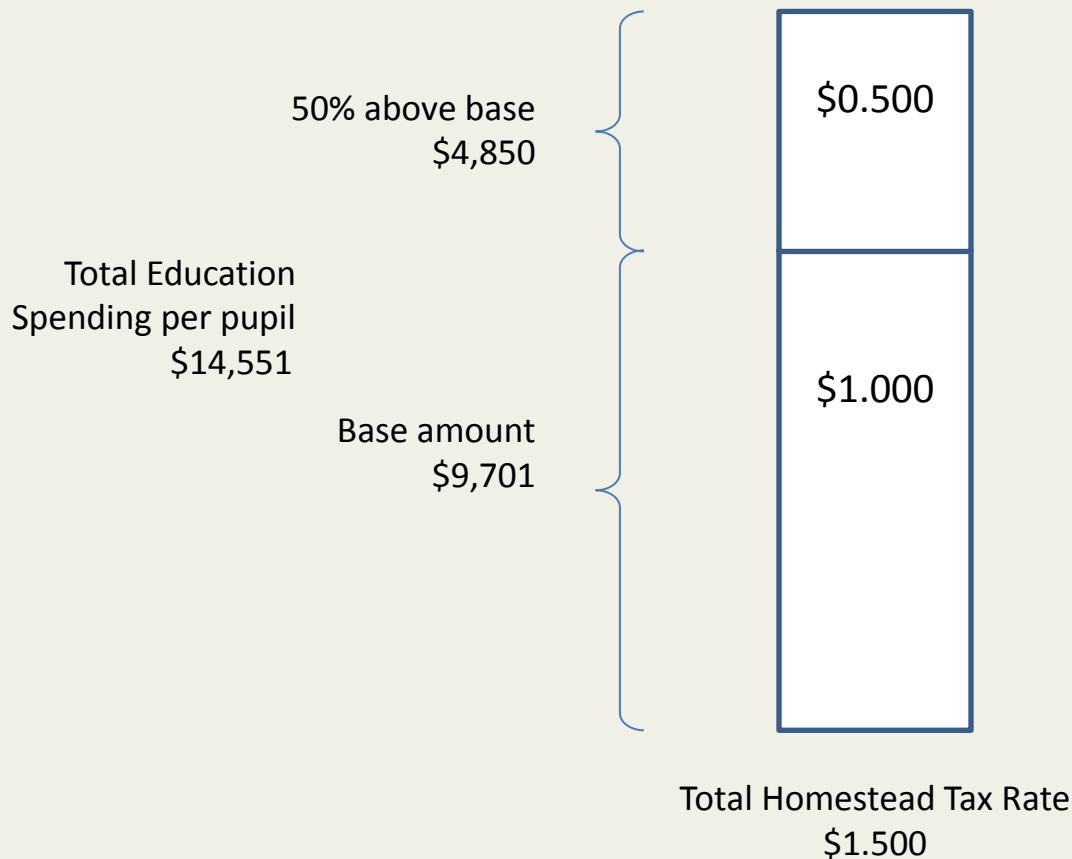


## 4. Simplicity & transparency

- Democracy requires clarity for voters
  - There are tax consequences for spending decisions
  - The tax consequences are clear to the voter
- Both income-based & property-based tax rates increase with spending per pupil
- State tax yields should be set before Town Meeting Day
- New policies should make the system less complicated to use, not more

# 4. Simplicity & transparency

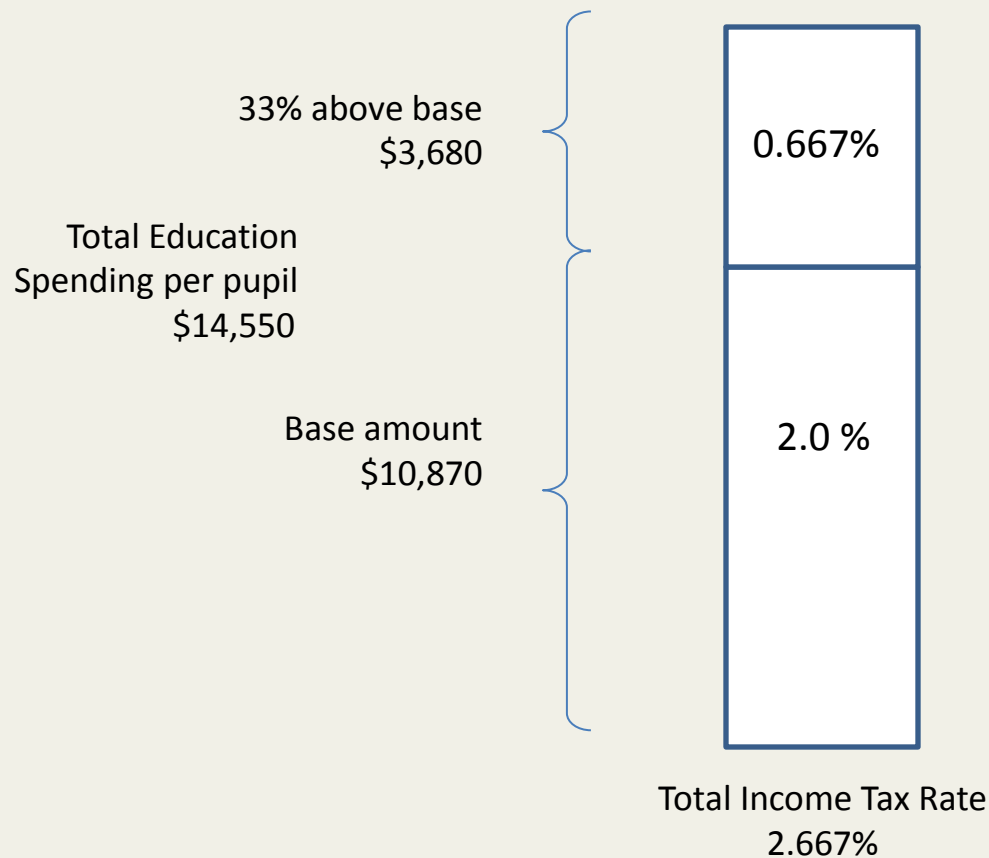
Spending above the base means a proportionally higher rate whether you pay by property value....



FY2017

# 4. Simplicity & transparency

or by income

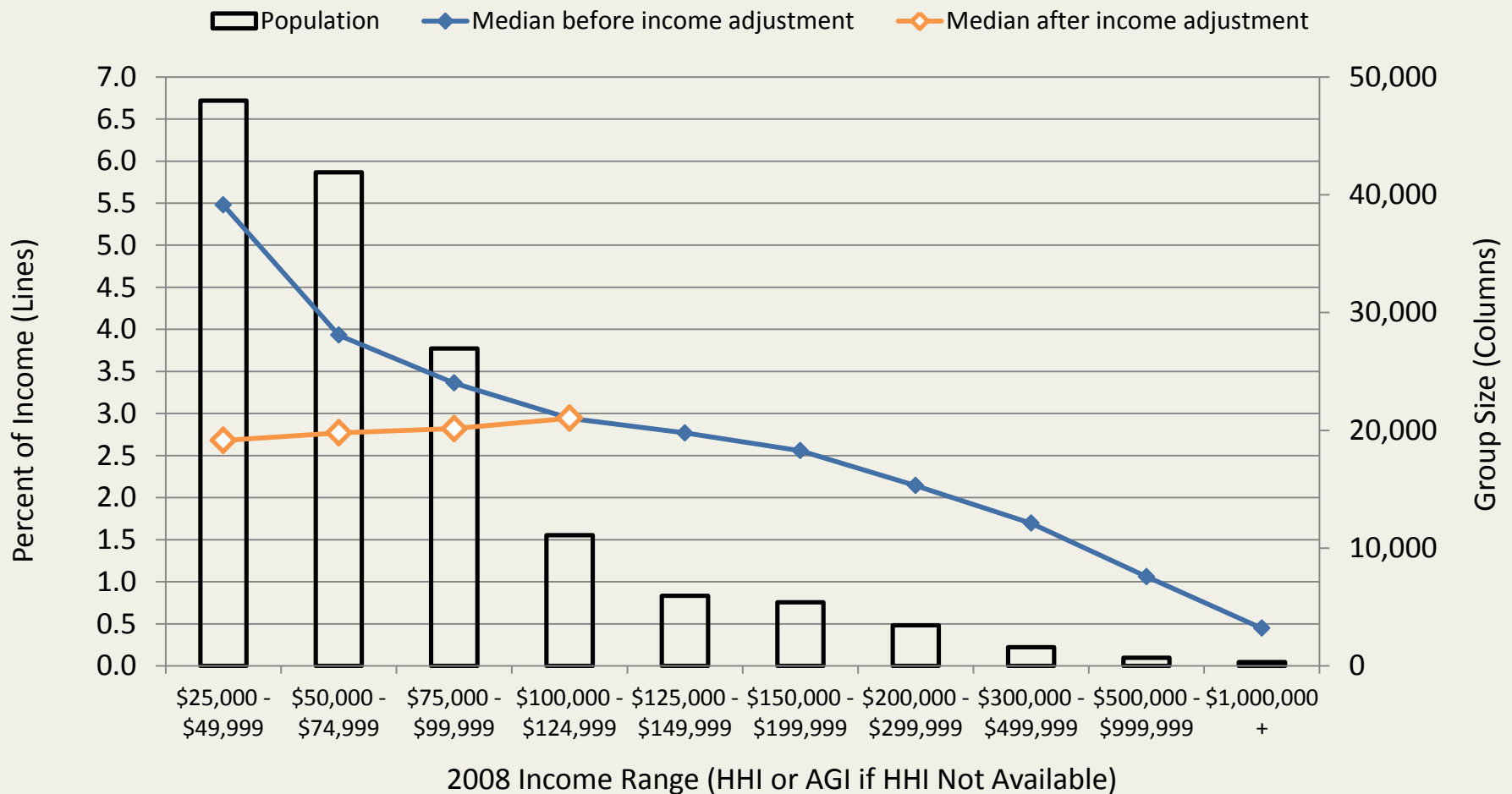


FY2017



# 5. Taxes based on ability to pay

Homestead taxes as a percentage of income



# Summary: What 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
Property tax rebate based on income	Option to pay school taxes based on income