

Fiscal Policy Work Group – Commission to Study School Funding

DRAFT Principles for Discussion

11/2/20

- The opportunity for an adequate education is based on student needs and community characteristic and can best be made equitable through differentiated state funding
 - Accountability and performance measures should be created to assure that districts are performing up to standards set by the legislature and DOE
- To the extent that the state contribution to education is funded through a statewide non-utility property tax, the State Property Tax is a state tax and should be remitted to the state treasury/education trust fund.
 - Tax dollars should be collected locally to avoid complications and duplicative collection processes
 - The state should not provide exemptions/rebates to those in certain municipalities, but rather directly to taxpayers statewide
 - The existing low- and moderate-income property tax relief program should be improved
- The state should enhance taxpayer equity through property tax relief targeted to homeowners and renters through a low- and moderate-income property tax relief program. This program should include updated limits to income and home value and be satisfactorily funded by the state. A property tax deferral program managed by the state for residents with limited ability to pay should also be introduced.
- Changes should be phased-in, with an emphasis on student equity and targeted tax relief

11/29 Marked Up Version:

- The State Property Tax is a state tax and should be remitted to the state treasury/ETF
 - Tax dollars should be collected locally to avoid complications and duplicative collection processes
 - The state should not provide exemptions/rebates to those in certain municipalities
 - Improve the low- and moderate-income property tax relief program
- Taxpayer equity targeted to homeowners and renters through a low- and moderate-income property tax relief program with updated limits to income and home value and satisfactorily funded by the state. Introduction of a property tax deferral program managed by the state for residents with limited ability to pay. Be more explicit that state should be considering local and state tax relief
- The proportion of state spending on education driven by consideration for student and taxpayer equity
- With an appropriate distribution system, student equity can be achieved with a first last dollar funding of the cost of an adequate education
- Student equity can best be achieved with targeted funding of the cost of an adequate education, based on the municipal equalized valuation per pupil, and community characteristics, provided the local school district will raise and appropriate the additional funds necessary through a local mandatory minimum.
- The opportunity for an adequate education is based on student needs and community characteristic and can best be made equitable through differentiated state funding
 - Accountability and performance measures to assure that districts are performing up to standards (wording)
- Local taxes raised above the estimated cost results in a contribution to the state's education trust fund (Vermont)
- Changes should be phased-in, with an emphasis on student equity and targeted tax relief

Commented [HJ2]: Previous language in 2008 report "To the extent that the state contribution to education is funded through non-utility property..." Same rate throughout state Shouldn't provide exemptions or rebates to taxpayers only in certain municipalities
Implementation

Careful wording
Tax relief as part of SWEPT
Predicated on relief

State should end the practice/no longer provide additional grants to municipalities that provide statewide revenue beyond the cost of adequacy in those municipalities

Commented [HJ3]: Stands alone?
Thresholds

If there is a state property tax, there should be low and moderate income and net worth program

Commented [HJ4]: Kenyon: circuit breaker
Distinction between tax mechanisms and distribution mechanisms
Picking arbitrary state share not
State share doesn't have to be 100% of spending.

Commented [HJ5]: If your distribution formula says that you'll take state funding and distribute it on a flat per pupil basis, that is not equity. Could have a 100% state share and still produce inequitable results. What matters first is that t

Commented [HJ6R5]: Consideration of Londonderry case:
"Any definition of constitutional adequacy crafted by the political branches must be sufficiently clear to permit common understanding and allow for an objective

Commented [HJ7R5]: Is it a principle to build on?
Theoretical vs practical

Commented [HJ8]: Costing inclusive of targeting
Cost model and funding model trying not to overlap – equalized cost per pupil vs what goes into differential costs

Commented [HJ9]: Dick: 1 – an adequate education formula based on appropriate weights for student need to ensure that all students achieve adequate outcomes, and 2 – is designed to counter taxpayer inequities that arise due to unequal valuations in municipalities

Commented [HJ10]: Formula changing to account for changing local factors

Defining accountability; specifying performance measures

Commented [HJ13]: Don't want to force localities to reduce spending if already high spending. Want overall high achievement to continue.
Need to be aware of negative consequences