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## Beck Block Grant Ed Funding Proposal

This proposal would help districts that are homestead property poor, much like Act 60 does. It would also reward districts that hold down their education costs, unlike Act 60.

- Each district would receive \$18,000 for every equalized pupil from the Ed Fund, to be inflation adjusted on an annual basis.
- Using the yield proposal, each district's education tax rate would be \$2.41 in FY 2015 dollars, to be adjusted by CLA.
- Based on a district's spending per equalized pupil approved at Town Meeting(s), each district would likely have an unspent amount of education funding that would be held in a district budget reserve fund maintained by the Agency of Education.
- The district could use funds held in the district budget reserve fund for two purposes:
  1. Capital Construction
  2. Homestead Property Tax Abatement (in no case should a homestead property tax payers abatement exceed their liability in a given year)
- In the event that a district's unspent amount exceeds the homestead property tax liability in a district in a given year, a second district budget reserve fund:
  1. One half of the excess would be retained in the district budget reserve fund.
  2. One half of the excess would be used for the benefit of all Vermont students.
- Excess spending penalties currently in statute would no longer be necessary.

### Advantages:

The Legislature would no longer be the body that gets blamed for high education property tax rates. Other than mandates it would to a large degree shift to the local level.

This plan would encourage districts to control and possibly reduce their local education spending because **they retain control over the savings.**

The Legislature would no longer need to fund school construction spending; this would be paid out of the district budget reserve fund.

### Challenges

The transition year might be difficult for homestead taxpayers using income sensitivity – rebate would be based on a lower tax rate from the previous year. This could be mitigated by removing income sensitivity loopholes and disbursing credits on a per parcel basis.

Change is always hard.

A move to this type of proposal would change the dynamics around income sensitivity and renter rebate. My suspicion is that income sensitivity payments would go down, but renter rebate payments would increase.