Accountable Education Funding Proposal

Executive Summary

The Accountable Education Funding (AEF) Working Group is a citizen led group that was formed to tackle Vermont's interrelated challenges of rising PK-12 education spending and exceptionally high property taxes. Participants have been focused on spending and property tax containment, but also on targeting investments to increase equity of education opportunity and academic return on investment.

While several education funding reform proposals are now in circulation and some do not inherently conflict with the ideas presented here, the AEF Proposal is unique in addressing the aforementioned challenges in an integrated manner and including provisions to establish greater transparency and accountability at every level of decision-making.

The AEF Proposal encompasses three core elements vital to cultivating greater equity of opportunity, sustainability and prioritization of education investments:

1. Establish a data-driven, reasonable cost standard for Vermont public education to target resources and inform voters
2. Increase predictability and expenditure controls with an equitable and sustainable approach to raising and distributing statewide revenue to school districts
3. Establish accountability mechanisms that incent local school districts to provide high quality educational opportunities at a reasonable cost, establish a floor on education opportunity and eliminate unfunded mandates.

We propose that the three core elements of this proposal be implemented in the following manner:

1. Establish a reasonable cost standard for Vermont public education
    a. Statewide education funding is limited based upon a determination of a reasonable per pupil cost to meet the state's commitment to provide an excellent, substantially equal educational opportunity to all students
    b. The state's education commitment to all Vermont students is no longer vague but expressly defined in phase one of AEF implementation
    c. Sufficient equity of opportunity and reasonable costs are defined through:
        i. A transparent and data-driven process that includes all stakeholders, including urban and rural students
        ii. Project leadership by experts with extensive experience crafting state education finance systems in sustainable operation today
        iii. Specification of Vermont's baseline education costs and cost adjustments for reasonable, sustainable responses to need-specific, urban and rural education delivery challenges
    d. Annual statewide funding is tied to populations and rates of inflation and not subject to political influence or budget dynamics

e. Statewide funding levels are periodically reviewed based upon current Vermont and regional cost data and progress toward the state's goals for student opportunity and outcomes rather than legislative politics and annual budget pressures

2. Implement an equitable and sustainable approach to raising and distributing statewide revenue to local school districts
   a. A single statewide property tax rate is set to raise a fixed percent of statewide education funding, while the balance is provided through the General Fund and other dedicated sources
   b. Income sensitivity protection for residential homesteads is maintained for raising funds up to statewide education funding levels
   c. Statewide education funds are dedicated exclusively to support PK-12 public education
   d. Total district education expenditures are still determined by voters, but spending above the reasonable cost standard funded statewide are supported through local taxes with no extension of income sensitivity

3. Establish accountability mechanisms
   a. Incentives to target investments, operate cost-effective schools and consolidate where appropriate are established as full responsibility falls to local voters for funding expenditures above the reasonable cost standard
   b. Where sufficient opportunity is in question, Education Commitment Certification by the AOE or a contracted certification agent (as is currently used to certify independent schools) is required to maintain statewide funding eligibility
   c. To prevent excessive spending disparities, a tiered luxury tax is applied to local education spending at defined percentages above the reasonable cost standard
   d. Any legislation that expands the work of schools must include cost analysis and define funding sources

This proposal offers the following key benefits:

- Leverages education finance best practices in use in top performing states
- Budgets statewide education funding for greater predictability and balanced investments
- Targets statewide education investments
- Promotes informed decision-making rather than elimination of local representation
- Increases equity of opportunity
- Contains externally driven property tax increases
- Establishes voter accountability for approving unreasonably high spending levels
- Aligns incentives for cost effective education delivery: right-sizing staffing and consolidating classrooms, schools and supervisory unions where appropriate

For further detail on this proposal and the logic behind it, consult the full AEF Proposal. Questions can be directed to Heidi Spear, the founder and coordinator of the AEF Working group: heidimspear@gmail.com