



MEMORANDUM

TO: House Committee on Ways & Means
FROM: Jeff Fannon, Vermont-NEA Executive Director
DATE: February 1, 2018
RE: Education Fund Ideas

Thank you for allowing me a few minutes to talk with you about the ideas you've been discussing surrounding how we fund schools. My baseline understanding of the concepts being discussed are as follows:

- A reduced statewide variable residential property tax
- A fixed statewide progressive education income tax
- Base Education Payment Amount
- Increased property taxes on expenditures above the base education amount
 - o The higher the amount over the base education amount the more property taxes a resident pays
 - o Lower income earners pay more up to approximately \$90,000 (*see Beck chart*)

Vermont-NEA has long advocated for an income tax to pay for education because it considers one's ability to pay, i.e., we think it's the fairest way to fund education. We believe, therefore, that the Committee's concept of creating a progressive income tax to pay for education is a good start but it doesn't go far enough. As you are well aware, this concept is partially baked into our current funding system through a different mechanism – income sensitivity.

Establishing and making sure that the most vulnerable are protected as well as ensuring that those at the top end of income pay their fair share is critical to any proposal to fund public education. As such, these two core principles must be part of any proposal. We believe our current funding system provides Vermonters with an understanding and acknowledgement of their connection to education spending, but increasing equity and fairness of a new system should be driving factors in any new education funding proposal.

Because the concepts being discussed so far are not yet fully fleshed out, Vermont-NEA does not support or reject the Committee's proposal. We are open-minded to the discussion and want to remain active in it; indeed, we would like to speak again once the concepts are finalized.