

Foundation formula 1988-1997

Foundation Formula

- State set a base property tax rate
- State set a foundation amount – the amount needed to provide a minimally adequate education
- If a town could not raise the foundation amount on the base tax rate, the State provided a grant, up to the foundation amount

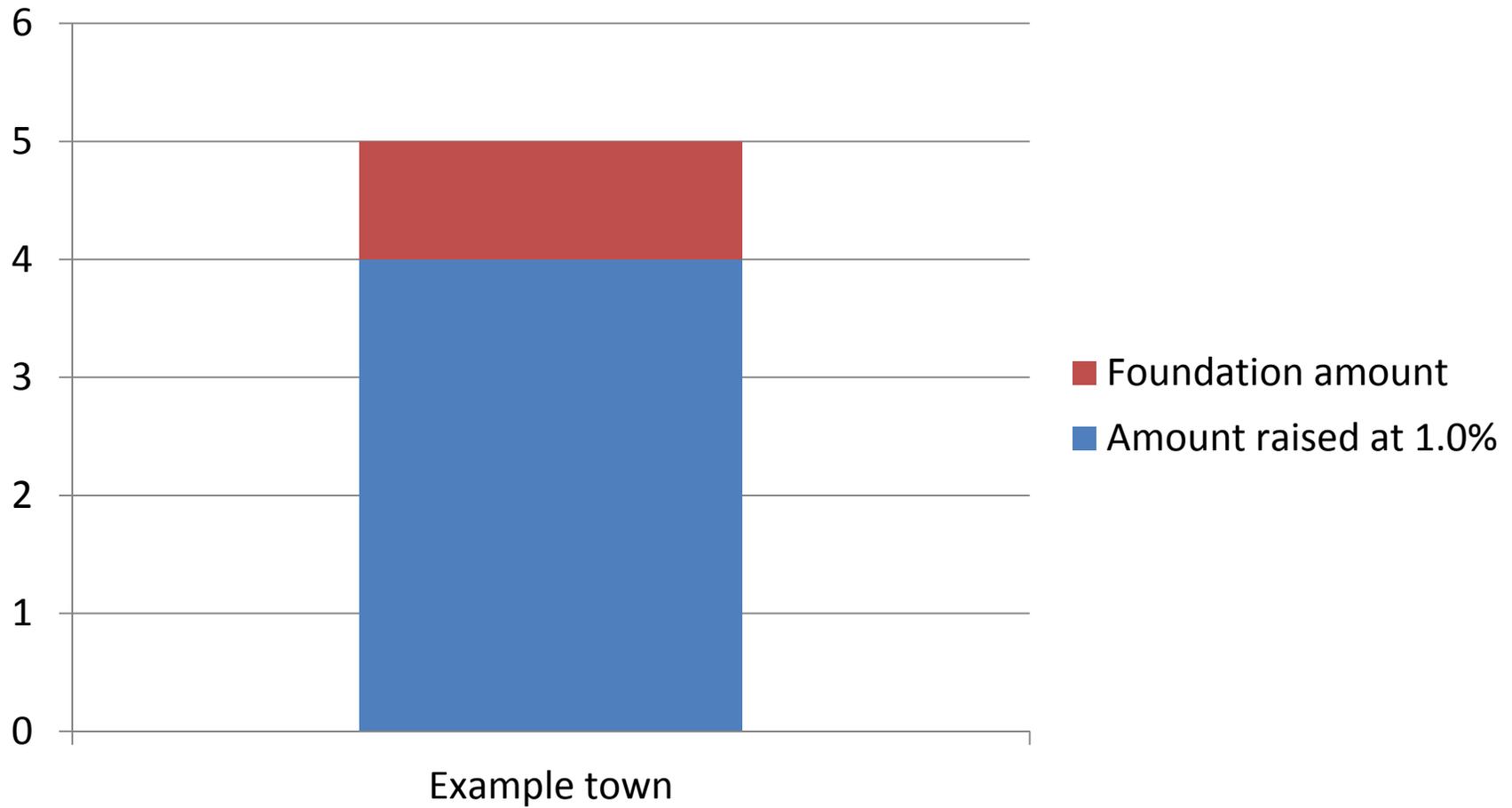
Example town

- Foundation amount is \$5,000
- Base rate is 1.0%
- Town can raise \$4,000 per pupil on a tax rate of 1.00%
- Under the foundation plan, the State gives a grant of \$1000 a student to bring that town up to \$5000 in per pupil spending.

Example town

Foundation amount = \$5000

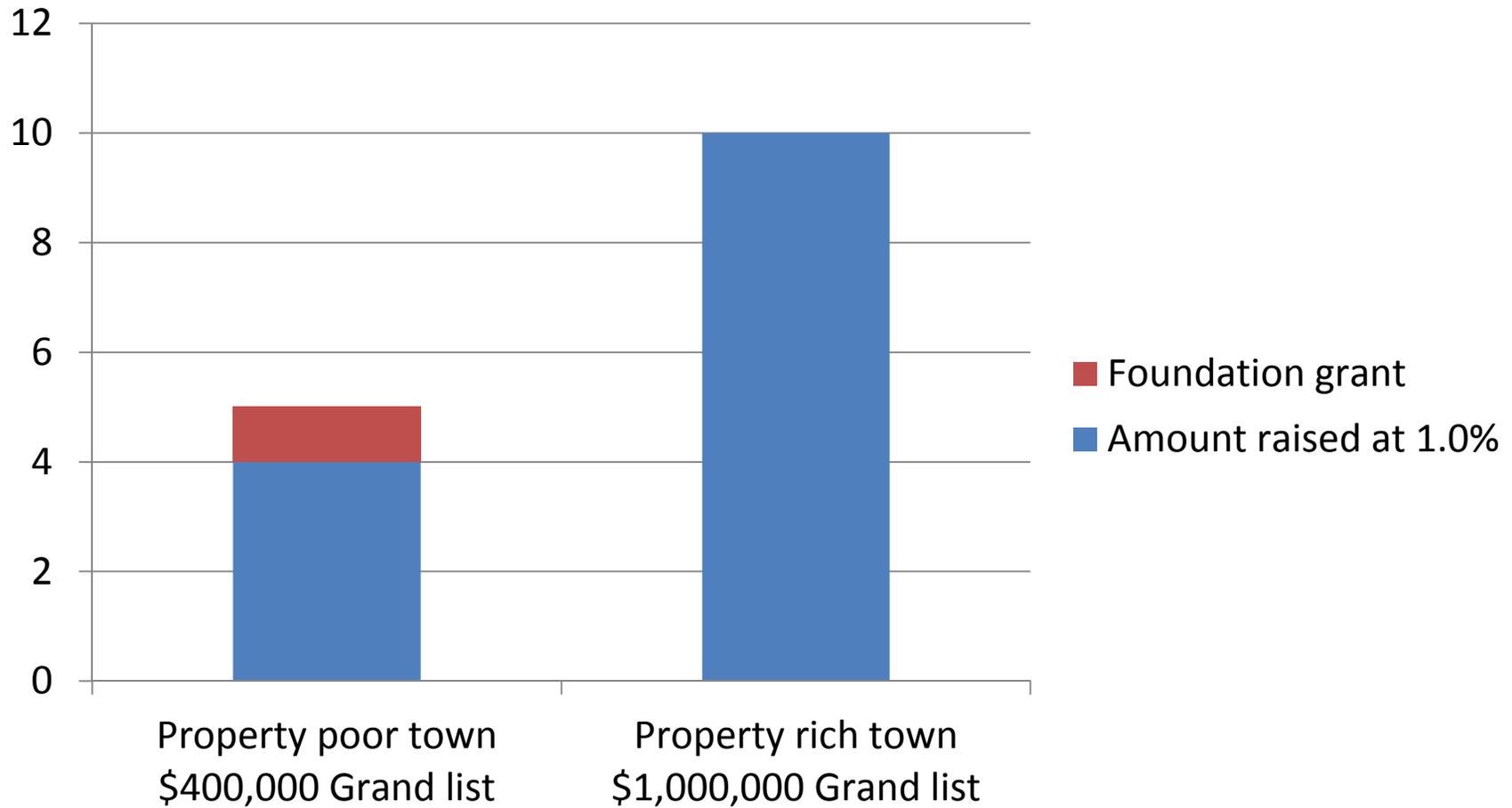
Base rate = 1.0%



Equity example

- Two towns – one with lots of property wealth, one with little property wealth
- Both towns want to spend \$10,000 per pupil
- Foundation amount is \$5000 and base rate is 1.00%

Foundation formula



Equity problem



Equity problem

