

Foundation Formula and Brigham

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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

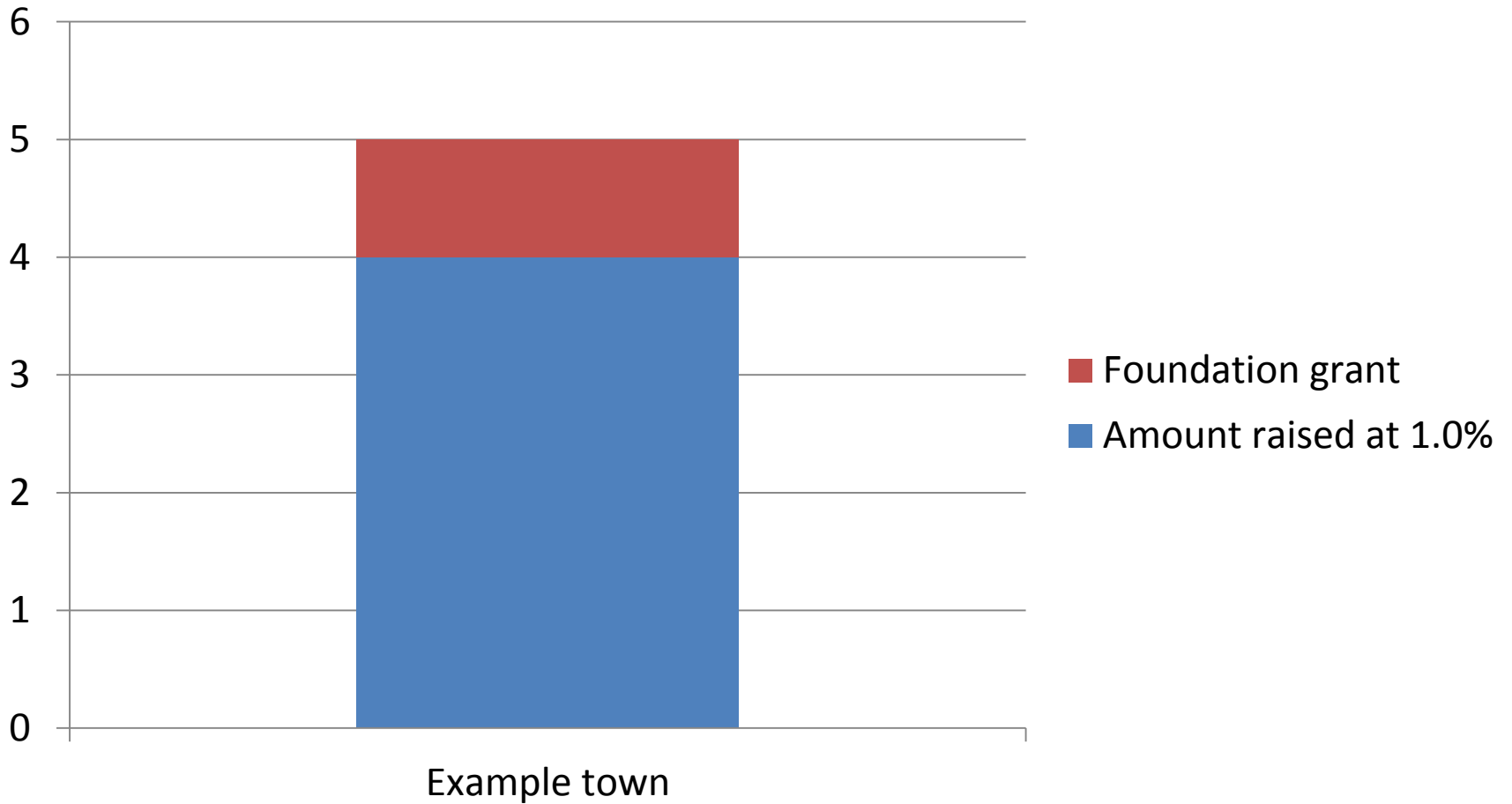
- Foundation amount is \$5,000.
- Base tax rate is 1.00%.
- Town has a grand list of \$400,000, at a base tax rate of 1.00% it can raise \$4,000 per pupil.
- Under the foundation plan, the State gives a grant of \$1000/student to bring that town up to \$5000 in per pupil spending.

Example town

Grand List = \$400,000

Foundation amount = \$5000

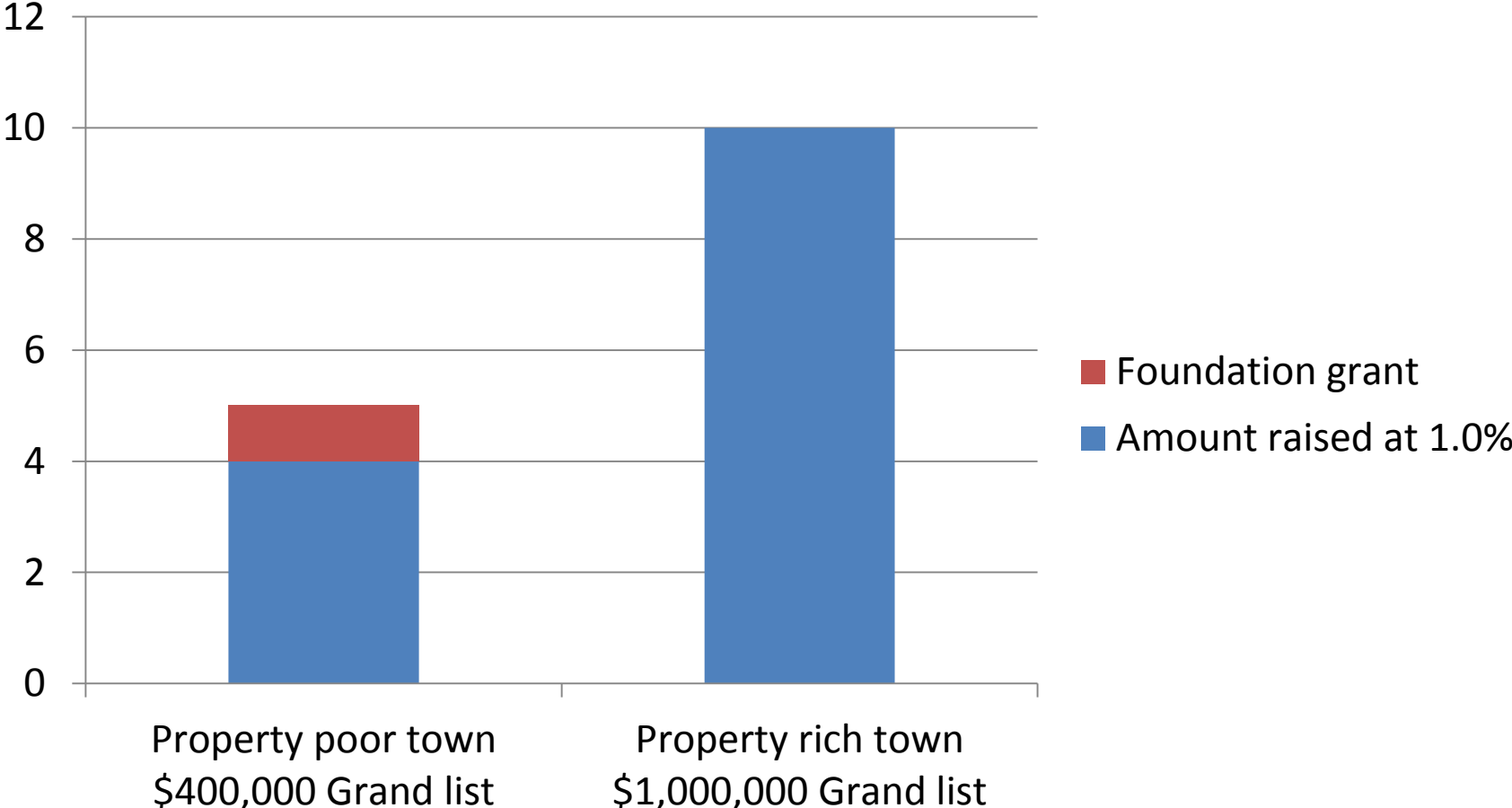
Base rate = 1.0%



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



Brigham

- Held that the State (not towns) was responsible for providing a public education to its citizens.
- But Vermont Constitution is silent on how this right must be financed.
- The Court rejected the State's assertion that the primary rationale for the financing system was the fostering of local control, stating that "there is no necessary or logical connection between local control over the raising of educational funds, and local decisionmaking with respect to educational policy."

Brigham

- The *Brigham* Court held that the then-current education financing system, “with its substantial dependence on local property taxes and resultant wide disparities in revenues available to local school districts, deprive[d] children of an equal educational opportunity in violation” of the Vermont Constitution.
- “We find no authority for the proposition that discrimination in the distribution of a constitutionally mandated right such as education may be excused merely because a “minimal” level of opportunity is provided to all...”

Brigham

- The Court noted, however, that “[D]ifferences among school districts in terms of size, special education needs, transportation costs, and other factors will invariably create unavoidable differences in per-pupil expenditures. Equal opportunity does not necessarily require precisely equal per-capita expenditures, nor does it prohibit cities and towns from spending more on education if they choose, *but it does not allow a system in which educational opportunity is necessarily a function of district wealth.*”
- “[To] fulfill its constitutional obligation the state must ensure *substantial* equality of educational opportunity throughout Vermont.”

Act 60/68

- Retained local control over spending decisions, but created a system of tax rate equity.
- Set a statewide homestead base rate, adjusted to reflect local spending decisions, and applied it to an equalized grand list.
- Two towns with the same per pupil spending have the same spending adjusted tax rate.
- Two homes, one in each town, would pay the same in property taxes, if they had the same fair market value.