

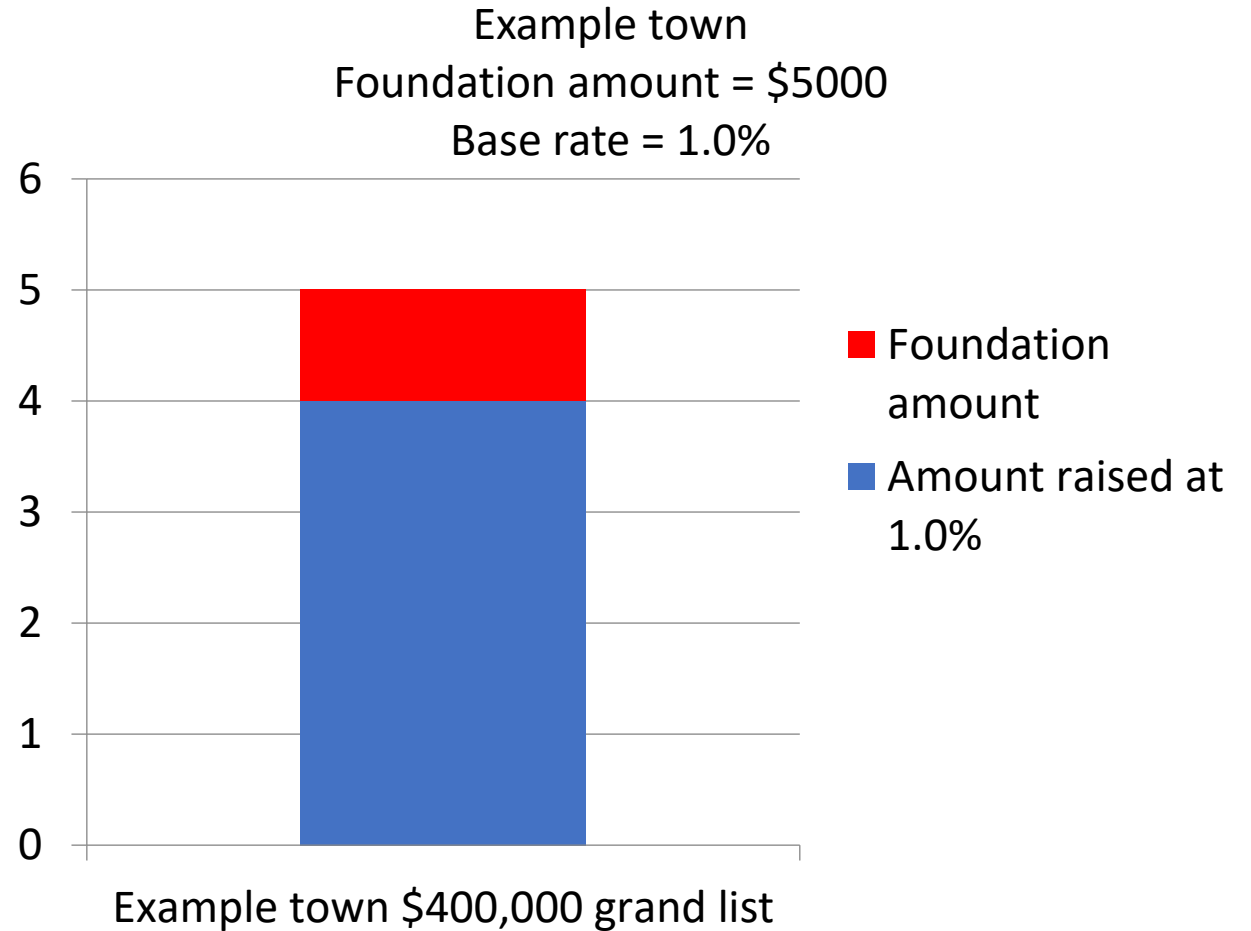
# The Foundation Plan, *Brigham*, and Acts 60 & 68

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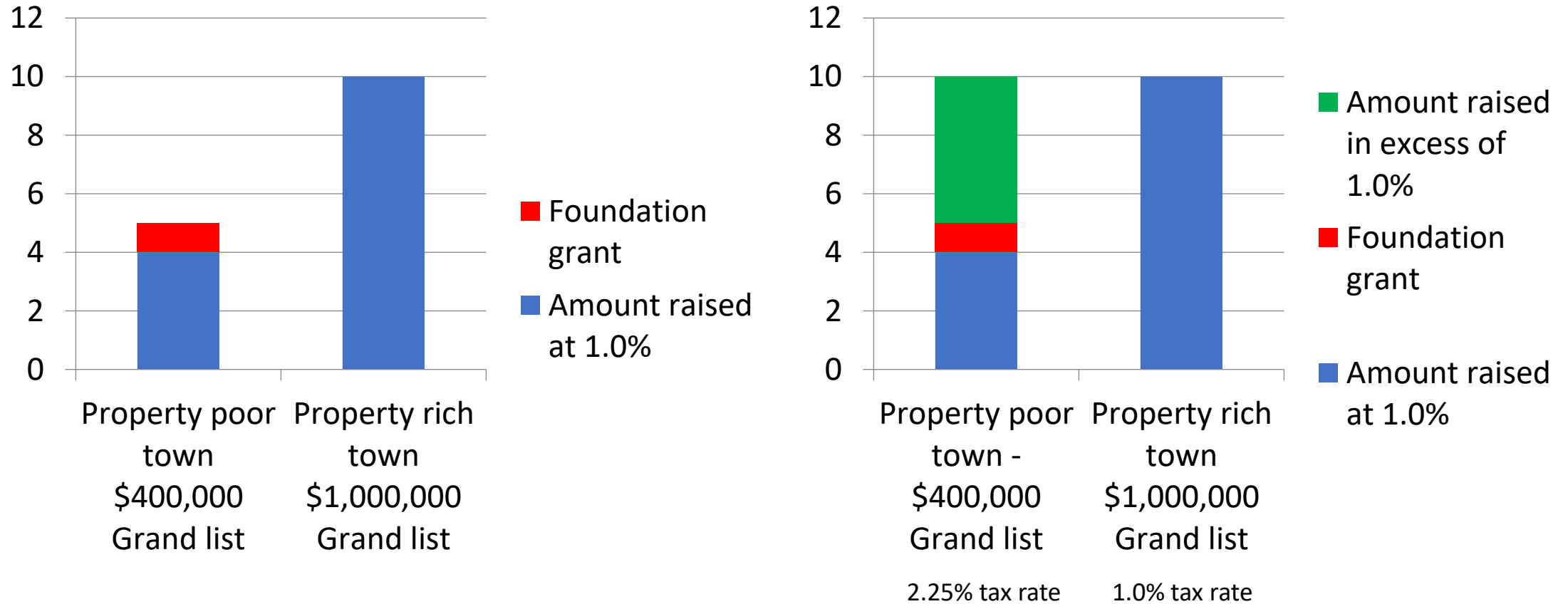
# Foundation Plan

- State set a foundation property tax rate annually, which was meant to be a reasonable rate of local property taxation to raise...
- ...the foundation amount/cost—the amount needed to provide a minimum-quality education (set by the State)
- The State provided a grant, up to the foundation amount, to cover the amount a town was unable to raise with the base tax rate
- Example town
  - Foundation amount = \$5,000
  - Base tax rate = 1%
  - Town grand list is \$400,000
  - State grant = \$1,000



# Equity example

Two towns—one with lots of property wealth, one with little  
 Both towns want to spend \$10,000 per pupil  
 State's foundation amount is \$5,000 and the base tax rate is 1%



# Vermont Constitution

- **Education Clause**, Ch. II, § 68: “...a competent number of schools ought to be maintained in each town unless the general assembly permits other provisions to the convenient instruction of youth.”
- **Common Benefits Clause**, Ch. I, Art. 7: “...government is, or ought to be, instituted for the common benefit, protection, and security of the people, nation, or community, and not for the particular emolument or advantage of any single person, family, or set of persons, who are a part only of that community...”

# *Brigham v. State*, 166 Vt. 246 (1997)

- Plaintiffs brought suit against the State, arguing that the Foundation Plan violated the Vermont Constitution by creating inequities between property rich towns and property poor towns.
- The Vermont Supreme Court held that the education financing system in place at the time, “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 both the Education Clause and the Common Benefits Clause of the Vermont Constitution.
- “[To] fulfill its constitutional obligation the *state* must ensure substantial equality of educational opportunity throughout Vermont.”
- The Vermont Constitution is silent on how this obligation (education) must be funded: “Although the Legislature should act under the Vermont Constitution to make educational opportunity available on substantially equal terms, the specific means of discharging this broadly defined duty is properly left to its discretion.”

# Post-*Brigham*

## 1997 Acts and Resolves No. 60

- No change to way education spending is determined (local decision)
- Moved funding of education from local funding to State funding—Created the Education Fund, which funds all school district education spending
- Created a uniform tax rate across the state that supported a minimum block grant
- Any spending above the block grant resulted in a higher tax rate for that town
- Revenues raised went into a state-level share pool to be redistributed based on spending
  - Town A has \$1,500 of property value per pupil, Town B has \$500, both approved \$1,000 in per-pupil spending above the State block grant
  - Both towns have the same tax rate
  - Town A will generate \$1,500 per pupil, which is \$500 above their \$1,000 approved per-pupil spending
  - Town B will generate \$500 per pupil, which is less than they approved to spend
  - Town A's excess \$500 would go into the Education Fund and redistributed to subsidize Town B's approved spending

## 2003 Acts and Resolves No. 68

- Split the grand list into homestead and nonresidential property
- Created a homestead property tax rate that varied based on education spending
- Created a nonresidential tax rate that was uniform across the state, which means it did not change based on local education spending decisions
- Made a town's education property tax rate proportional to the spending approved by its residents, not on spending above the block grant approved by all towns