

# Vermont School Funding

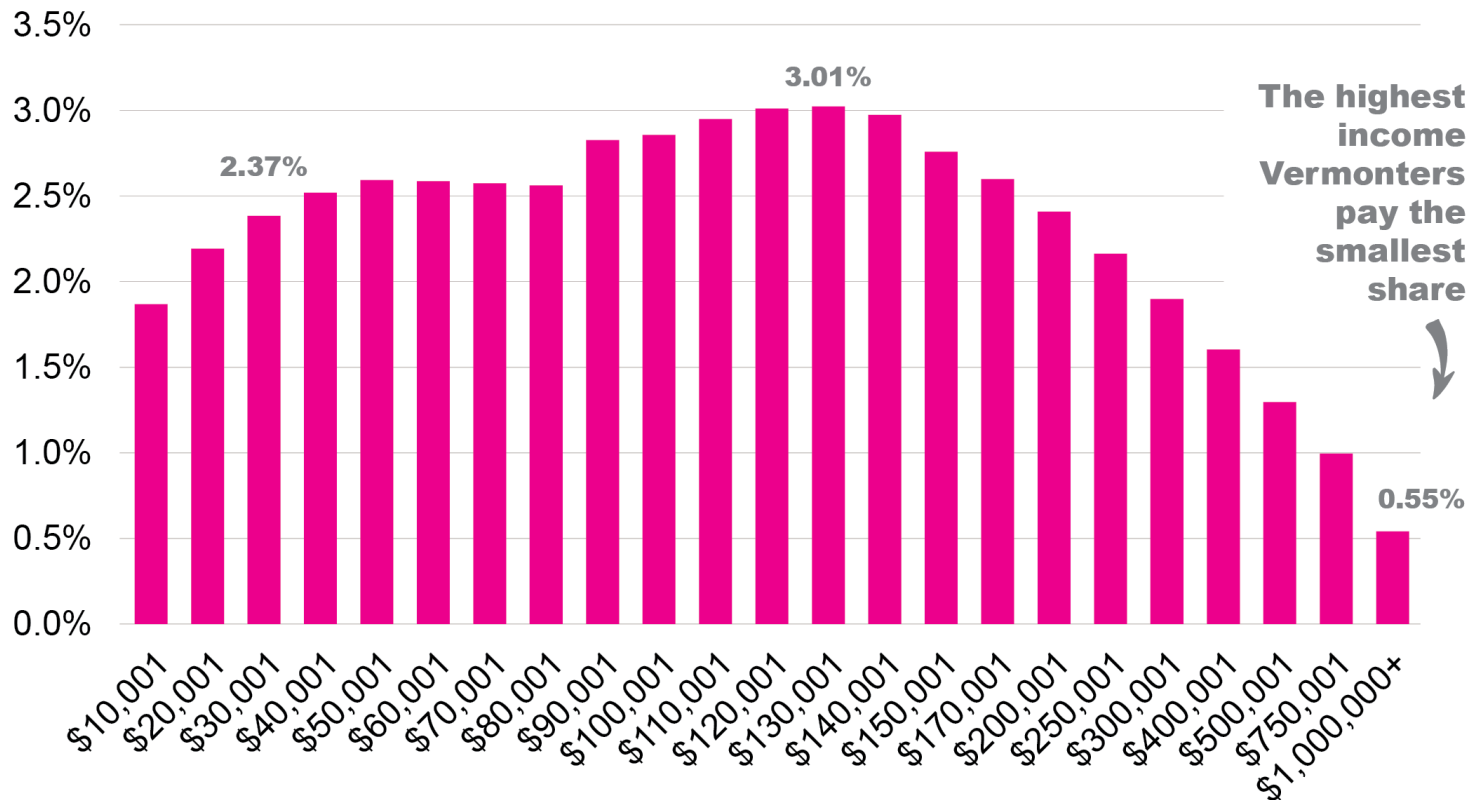
## Ensuring quality education and fair taxes

January 29, 2025



## Low- and middle-income Vermonters pay more in school taxes than high-income Vermonters

Education tax as a percentage of household income, 2017



Data source: Vermont Joint Fiscal Office  
 ©2024 Public Assets Institute

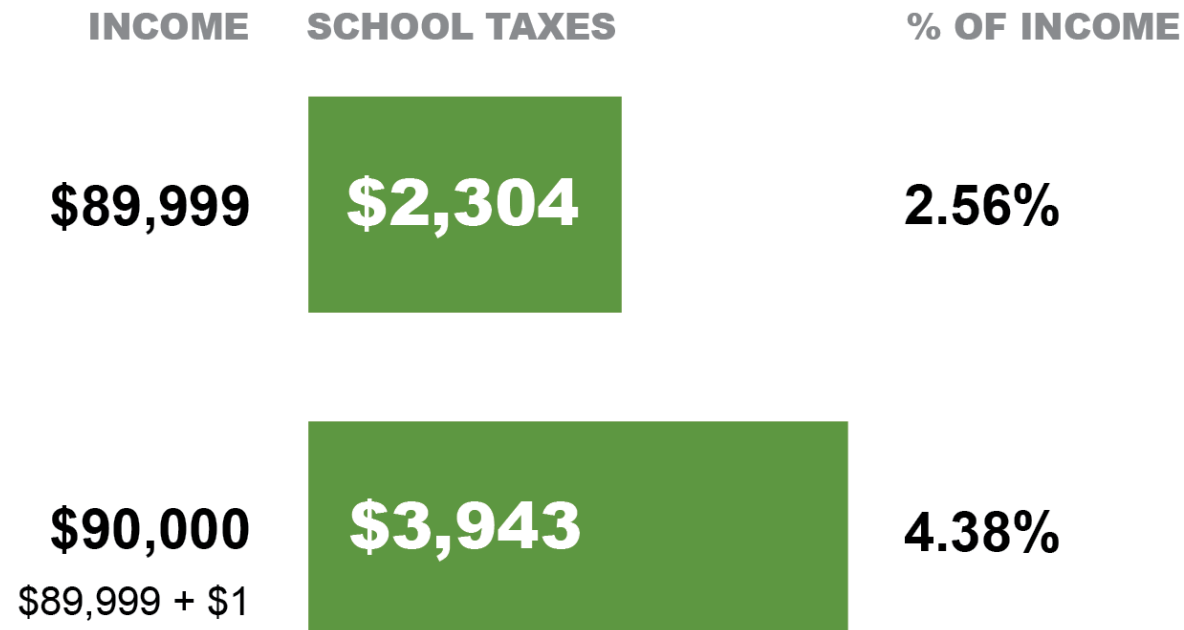
## How school taxes are calculated on housesites now

| Household income  | School taxes on:                          |    |                               |
|-------------------|---|----|-------------------------------|
| \$0 - \$47,000    | Capped at .5 to 2% of income              | +  | Property value over \$400,000 |
| \$47,001-\$89,999 | HH income (FY25 rates 2.0%-3.3%*)         | +  | Property value over \$400,000 |
| \$90,000+         | <b>The lower of:</b>                      |    |                               |
|                   | HH income + property value over \$225,000 | OR | Entire property value         |

\*Note: The income and homestead property tax rates vary by town based on per-pupil spending.

# \$1 more in income nearly doubles tax bill on a \$350,000 house

Education tax bill on a median priced Vermont home, by income, FY25



## How school taxes would be calculated on housesites with proposed reforms

| Household income   | School taxes on:  |                                   |
|--------------------|---|-----------------------------------|
| \$0 - \$60,000     | Capped at .5 to 2.5% of income  | + Property value over \$1,000,000 |
| \$60,001-\$129,999 | HH income (FY25 rates 2.0%-3.3%*)   | + Property value over \$1,000,000 |
| \$130,000+         | The lower of:<br>HH income + property value over \$400,000      OR      Entire property value |                                   |

\*Note: The income and homestead property tax rates vary by town based on per-pupil spending.

# Average school taxes under current law as share of income by housesite value and household income

FY25 average rates\*: property \$1.31, income 2.56%

## Income sensitized

- Income sensitivity
- Cliff 1: Circuit breaker (Income-based cap)
- Cliff 2: Income sensitivity but over \$90,000 household income/\$225,000 housesite value
- Cliff 3: Income sensitivity but over \$400,000 housesite value

## Not income sensitized

- Pay based on property value

|                  |         | HOUSESITE VALUE |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |           |           |           |           |
|------------------|---------|-----------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|-----------|-----------|-----------|
|                  |         | 100,000         | 150,000 | 200,000 | 250,000 | 300,000 | 350,000 | 400,000 | 450,000 | 500,000 | 550,000 | 600,000 | 650,000 | 700,000 | 750,000 | 800,000 | 850,000 | 900,000 | 950,000 | 1,000,000 | 1,050,000 | 1,100,000 | 1,150,000 |
| HOUSEHOLD INCOME | 30,000  | 2.00%           | 2.00%   | 2.00%   | 2.00%   | 2.00%   | 2.00%   | 2.00%   | 4.19%   | 6.37%   | 8.56%   | 10.74%  | 12.93%  | 15.11%  | 17.30%  | 19.48%  | 21.67%  | 23.85%  | 26.04%  | 28.22%    | 30.41%    | 32.59%    | 34.78%    |
|                  | 40,000  | 2.00%           | 2.00%   | 2.00%   | 2.00%   | 2.00%   | 2.00%   | 2.00%   | 3.64%   | 5.28%   | 6.92%   | 8.56%   | 10.19%  | 11.83%  | 13.47%  | 15.11%  | 16.75%  | 18.39%  | 20.03%  | 21.67%    | 23.30%    | 24.94%    | 26.58%    |
|                  | 50,000  | 2.56%           | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 3.87%   | 5.18%   | 6.49%   | 7.80%   | 9.12%   | 10.43%  | 11.74%  | 13.05%  | 14.36%  | 15.67%  | 16.98%  | 18.29%    | 19.60%    | 20.91%    | 22.23%    |
|                  | 60,000  | 2.19%           | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 3.65%   | 4.75%   | 5.84%   | 6.93%   | 8.02%   | 9.12%   | 10.21%  | 11.30%  | 12.39%  | 13.49%  | 14.58%  | 15.67%    | 16.76%    | 17.86%    | 18.95%    |
|                  | 70,000  | 1.87%           | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 3.50%   | 4.43%   | 5.37%   | 6.31%   | 7.24%   | 8.18%   | 9.12%   | 10.05%  | 10.99%  | 11.92%  | 12.86%  | 13.80%    | 14.73%    | 15.67%    | 16.61%    |
|                  | 80,000  | 1.64%           | 2.46%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 3.38%   | 4.20%   | 5.02%   | 5.84%   | 6.66%   | 7.48%   | 8.30%   | 9.12%   | 9.93%   | 10.75%  | 11.57%  | 12.39%    | 13.21%    | 14.03%    | 14.85%    |
|                  | 90,000  | 1.46%           | 2.19%   | 2.56%   | 2.92%   | 3.65%   | 4.38%   | 5.11%   | 5.84%   | 6.57%   | 7.29%   | 8.02%   | 8.75%   | 9.48%   | 10.21%  | 10.94%  | 11.66%  | 12.39%  | 13.12%  | 13.85%    | 14.58%    | 15.31%    | 16.03%    |
|                  | 100,000 | 1.31%           | 1.97%   | 2.56%   | 2.89%   | 3.54%   | 4.20%   | 4.85%   | 5.51%   | 6.17%   | 6.82%   | 7.48%   | 8.13%   | 8.79%   | 9.44%   | 10.10%  | 10.75%  | 11.41%  | 12.06%  | 12.72%    | 13.38%    | 14.03%    | 14.69%    |
|                  | 110,000 | 1.19%           | 1.79%   | 2.38%   | 2.86%   | 3.45%   | 4.05%   | 4.65%   | 5.24%   | 5.84%   | 6.43%   | 7.03%   | 7.63%   | 8.22%   | 8.82%   | 9.41%   | 10.01%  | 10.60%  | 11.20%  | 11.80%    | 12.39%    | 12.99%    | 13.58%    |
|                  | 120,000 | 1.09%           | 1.64%   | 2.19%   | 2.73%   | 3.28%   | 3.82%   | 4.37%   | 4.92%   | 5.46%   | 6.01%   | 6.56%   | 7.10%   | 7.65%   | 8.19%   | 8.74%   | 9.29%   | 9.83%   | 10.38%  | 10.93%    | 11.47%    | 12.02%    | 12.56%    |
|                  | 130,000 | 1.01%           | 1.51%   | 2.02%   | 2.52%   | 3.03%   | 3.53%   | 4.03%   | 4.54%   | 5.04%   | 5.55%   | 6.05%   | 6.56%   | 7.06%   | 7.56%   | 8.07%   | 8.57%   | 9.08%   | 9.58%   | 10.08%    | 10.59%    | 11.09%    | 11.60%    |
|                  | 140,000 | 0.94%           | 1.40%   | 1.87%   | 2.34%   | 2.81%   | 3.28%   | 3.75%   | 4.21%   | 4.68%   | 5.15%   | 5.62%   | 6.09%   | 6.56%   | 7.02%   | 7.49%   | 7.96%   | 8.43%   | 8.90%   | 9.36%     | 9.83%     | 10.30%    | 10.77%    |
|                  | 150,000 | 0.87%           | 1.31%   | 1.75%   | 2.19%   | 2.62%   | 3.06%   | 3.50%   | 3.93%   | 4.37%   | 4.81%   | 5.24%   | 5.68%   | 6.12%   | 6.56%   | 6.99%   | 7.43%   | 7.87%   | 8.30%   | 8.74%     | 9.18%     | 9.61%     | 10.05%    |
|                  | 160,000 | 0.82%           | 1.23%   | 1.64%   | 2.05%   | 2.46%   | 2.87%   | 3.28%   | 3.69%   | 4.10%   | 4.51%   | 4.92%   | 5.33%   | 5.74%   | 6.15%   | 6.56%   | 6.96%   | 7.37%   | 7.78%   | 8.19%     | 8.60%     | 9.01%     | 9.42%     |
|                  | 170,000 | 0.77%           | 1.16%   | 1.54%   | 1.93%   | 2.31%   | 2.70%   | 3.08%   | 3.47%   | 3.86%   | 4.24%   | 4.63%   | 5.01%   | 5.40%   | 5.78%   | 6.17%   | 6.56%   | 6.94%   | 7.33%   | 7.71%     | 8.10%     | 8.48%     | 8.87%     |
|                  | 180,000 | 0.73%           | 1.09%   | 1.46%   | 1.82%   | 2.19%   | 2.55%   | 2.91%   | 3.28%   | 3.64%   | 4.01%   | 4.37%   | 4.73%   | 5.10%   | 5.46%   | 5.83%   | 6.19%   | 6.56%   | 6.92%   | 7.28%     | 7.65%     | 8.01%     | 8.38%     |
|                  | 190,000 | 0.69%           | 1.04%   | 1.38%   | 1.73%   | 2.07%   | 2.42%   | 2.76%   | 3.11%   | 3.45%   | 3.80%   | 4.14%   | 4.49%   | 4.83%   | 5.18%   | 5.52%   | 5.87%   | 6.21%   | 6.56%   | 6.90%     | 7.25%     | 7.59%     | 7.94%     |
|                  | 200,000 | 0.66%           | 0.98%   | 1.31%   | 1.64%   | 1.97%   | 2.29%   | 2.62%   | 2.95%   | 3.28%   | 3.61%   | 3.93%   | 4.26%   | 4.59%   | 4.92%   | 5.24%   | 5.57%   | 5.90%   | 6.23%   | 6.56%     | 6.88%     | 7.21%     | 7.54%     |
|                  | 210,000 | 0.62%           | 0.94%   | 1.25%   | 1.56%   | 1.87%   | 2.19%   | 2.50%   | 2.81%   | 3.12%   | 3.43%   | 3.75%   | 4.06%   | 4.37%   | 4.68%   | 4.99%   | 5.31%   | 5.62%   | 5.93%   | 6.24%     | 6.56%     | 6.87%     | 7.18%     |
|                  | 220,000 | 0.60%           | 0.89%   | 1.19%   | 1.49%   | 1.79%   | 2.09%   | 2.38%   | 2.68%   | 2.98%   | 3.28%   | 3.58%   | 3.87%   | 4.17%   | 4.47%   | 4.77%   | 5.07%   | 5.36%   | 5.66%   | 5.96%     | 6.26%     | 6.56%     | 6.85%     |
|                  | 230,000 | 0.57%           | 0.86%   | 1.14%   | 1.43%   | 1.71%   | 2.00%   | 2.28%   | 2.57%   | 2.85%   | 3.14%   | 3.42%   | 3.71%   | 3.99%   | 4.28%   | 4.56%   | 4.85%   | 5.13%   | 5.42%   | 5.70%     | 5.99%     | 6.27%     | 6.56%     |
|                  | 240,000 | 0.55%           | 0.82%   | 1.09%   | 1.37%   | 1.64%   | 1.91%   | 2.19%   | 2.46%   | 2.73%   | 3.00%   | 3.28%   | 3.55%   | 3.82%   | 4.10%   | 4.37%   | 4.64%   | 4.92%   | 5.19%   | 5.46%     | 5.74%     | 6.01%     | 6.28%     |
|                  | 250,000 | 0.52%           | 0.79%   | 1.05%   | 1.31%   | 1.57%   | 1.84%   | 2.10%   | 2.36%   | 2.62%   | 2.88%   | 3.15%   | 3.41%   | 3.67%   | 3.93%   | 4.20%   | 4.46%   | 4.72%   | 4.98%   | 5.24%     | 5.51%     | 5.77%     | 6.03%     |

# Average school taxes with proposed cliff reforms as share of income by housesite value and household income FY25 average rates\*: property \$1.31, income 2.56%

## Income sensitized

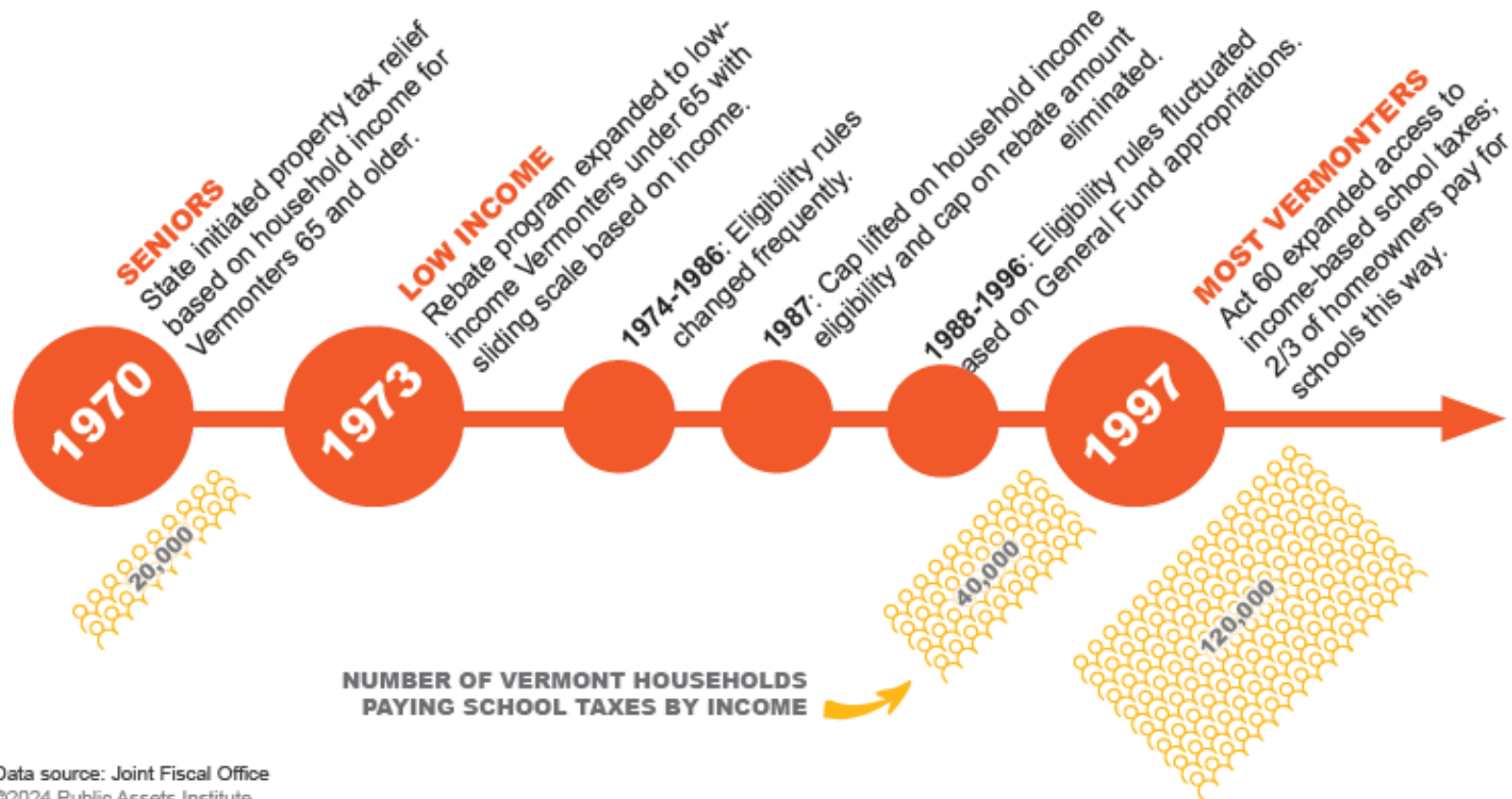
- Expanded income sensitivity
- Expanded circuit breaker (Income-based cap)
- Income sensitivity with \$1,000,000+ housesite value cliff

## Not income sensitized

- Pay based on property value

|                  |         | HOUSESITE VALUE |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |           |           |           |           |
|------------------|---------|-----------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|-----------|-----------|-----------|
|                  |         | 100,000         | 150,000 | 200,000 | 250,000 | 300,000 | 350,000 | 400,000 | 450,000 | 500,000 | 550,000 | 600,000 | 650,000 | 700,000 | 750,000 | 800,000 | 850,000 | 900,000 | 950,000 | 1,000,000 | 1,050,000 | 1,100,000 | 1,150,000 |
| HOUSEHOLD INCOME | 30,000  | 2.00%           | 2.00%   | 2.00%   | 2.00%   | 2.00%   | 2.00%   | 2.00%   | 2.00%   | 2.00%   | 2.00%   | 2.00%   | 2.00%   | 2.00%   | 2.00%   | 2.00%   | 2.00%   | 2.00%   | 2.00%   | 2.00%     | 4.19%     | 6.37%     | 8.56%     |
|                  | 40,000  | 2.00%           | 2.00%   | 2.00%   | 2.00%   | 2.00%   | 2.00%   | 2.00%   | 2.00%   | 2.00%   | 2.00%   | 2.00%   | 2.00%   | 2.00%   | 2.00%   | 2.00%   | 2.00%   | 2.00%   | 2.00%   | 2.00%     | 3.64%     | 5.28%     | 6.92%     |
|                  | 50,000  | 2.50%           | 2.50%   | 2.50%   | 2.50%   | 2.50%   | 2.50%   | 2.50%   | 2.50%   | 2.50%   | 2.50%   | 2.50%   | 2.50%   | 2.50%   | 2.50%   | 2.50%   | 2.50%   | 2.50%   | 2.50%   | 2.50%     | 3.81%     | 5.12%     | 6.43%     |
|                  | 60,000  | 2.19%           | 2.50%   | 2.50%   | 2.50%   | 2.50%   | 2.50%   | 2.50%   | 2.50%   | 2.50%   | 2.50%   | 2.50%   | 2.50%   | 2.50%   | 2.50%   | 2.50%   | 2.50%   | 2.50%   | 2.50%   | 2.50%     | 3.59%     | 4.69%     | 5.78%     |
|                  | 70,000  | 1.87%           | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%     | 3.50%     | 4.43%     | 5.37%     |
|                  | 80,000  | 1.64%           | 2.46%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%     | 3.38%     | 4.20%     | 5.02%     |
|                  | 90,000  | 1.46%           | 2.19%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%     | 3.29%     | 4.02%     | 4.75%     |
|                  | 100,000 | 1.31%           | 1.97%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%     | 3.22%     | 3.87%     | 4.53%     |
|                  | 110,000 | 1.19%           | 1.79%   | 2.38%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%     | 3.16%     | 3.75%     | 4.35%     |
|                  | 120,000 | 1.09%           | 1.64%   | 2.19%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%   | 2.56%     | 3.11%     | 3.65%     | 4.20%     |
|                  | 130,000 | 1.01%           | 1.51%   | 2.02%   | 2.52%   | 2.56%   | 2.56%   | 2.56%   | 3.06%   | 3.57%   | 4.07%   | 4.58%   | 5.08%   | 5.59%   | 6.09%   | 6.59%   | 7.10%   | 7.60%   | 8.11%   | 8.61%     | 9.12%     | 9.62%     | 10.12%    |
|                  | 140,000 | 0.94%           | 1.40%   | 1.87%   | 2.34%   | 2.56%   | 2.56%   | 2.56%   | 3.03%   | 3.50%   | 3.96%   | 4.43%   | 4.90%   | 5.37%   | 5.84%   | 6.31%   | 6.77%   | 7.24%   | 7.71%   | 8.18%     | 8.65%     | 9.12%     | 9.58%     |
|                  | 150,000 | 0.87%           | 1.31%   | 1.75%   | 2.19%   | 2.56%   | 2.56%   | 2.56%   | 3.00%   | 3.43%   | 3.87%   | 4.31%   | 4.75%   | 5.18%   | 5.62%   | 6.06%   | 6.49%   | 6.93%   | 7.37%   | 7.80%     | 8.24%     | 8.68%     | 9.12%     |
|                  | 160,000 | 0.82%           | 1.23%   | 1.64%   | 2.05%   | 2.46%   | 2.56%   | 2.56%   | 2.97%   | 3.38%   | 3.79%   | 4.20%   | 4.61%   | 5.02%   | 5.43%   | 5.84%   | 6.25%   | 6.66%   | 7.07%   | 7.48%     | 7.89%     | 8.30%     | 8.71%     |
|                  | 170,000 | 0.77%           | 1.16%   | 1.54%   | 1.93%   | 2.31%   | 2.56%   | 2.56%   | 2.95%   | 3.33%   | 3.72%   | 4.10%   | 4.49%   | 4.87%   | 5.26%   | 5.64%   | 6.03%   | 6.42%   | 6.80%   | 7.19%     | 7.57%     | 7.96%     | 8.34%     |
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|                  | 200,000 | 0.66%           | 0.98%   | 1.31%   | 1.64%   | 1.97%   | 2.29%   | 2.56%   | 2.89%   | 3.22%   | 3.54%   | 3.87%   | 4.20%   | 4.53%   | 4.85%   | 5.18%   | 5.51%   | 5.84%   | 6.17%   | 6.49%     | 6.82%     | 7.15%     | 7.48%     |
|                  | 210,000 | 0.62%           | 0.94%   | 1.25%   | 1.56%   | 1.87%   | 2.19%   | 2.50%   | 2.81%   | 3.12%   | 3.43%   | 3.75%   | 4.06%   | 4.37%   | 4.68%   | 4.99%   | 5.31%   | 5.62%   | 5.93%   | 6.24%     | 6.56%     | 6.87%     | 7.18%     |
|                  | 220,000 | 0.60%           | 0.89%   | 1.19%   | 1.49%   | 1.79%   | 2.09%   | 2.38%   | 2.68%   | 2.98%   | 3.28%   | 3.58%   | 3.87%   | 4.17%   | 4.47%   | 4.77%   | 5.07%   | 5.36%   | 5.66%   | 5.96%     | 6.26%     | 6.56%     | 6.85%     |
| 230,000          | 0.57%   | 0.86%           | 1.14%   | 1.43%   | 1.71%   | 2.00%   | 2.28%   | 2.57%   | 2.85%   | 3.14%   | 3.42%   | 3.71%   | 3.99%   | 4.28%   | 4.56%   | 4.85%   | 5.13%   | 5.42%   | 5.70%   | 5.99%     | 6.27%     | 6.56%     |           |
| 240,000          | 0.55%   | 0.82%           | 1.09%   | 1.37%   | 1.64%   | 1.91%   | 2.19%   | 2.46%   | 2.73%   | 3.00%   | 3.28%   | 3.55%   | 3.82%   | 4.10%   | 4.37%   | 4.64%   | 4.92%   | 5.19%   | 5.46%   | 5.74%     | 6.01%     | 6.28%     |           |
| 250,000          | 0.52%   | 0.79%           | 1.05%   | 1.31%   | 1.57%   | 1.84%   | 2.10%   | 2.36%   | 2.62%   | 2.88%   | 3.15%   | 3.41%   | 3.67%   | 3.93%   | 4.20%   | 4.46%   | 4.72%   | 4.98%   | 5.24%   | 5.51%     | 5.77%     | 6.03%     |           |

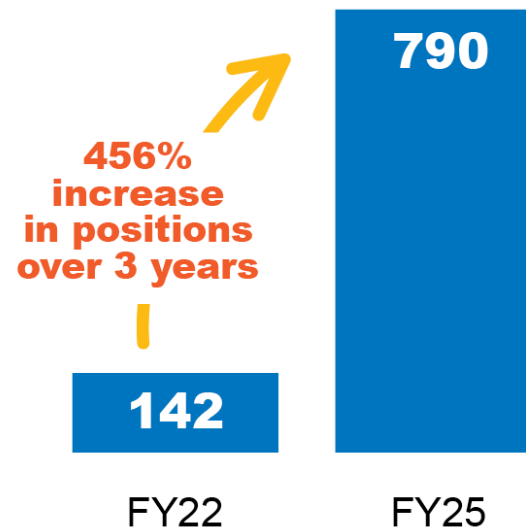
# Vermont has been moving toward income-based school taxes for 50 years





## Demand for mental health services in schools is surging

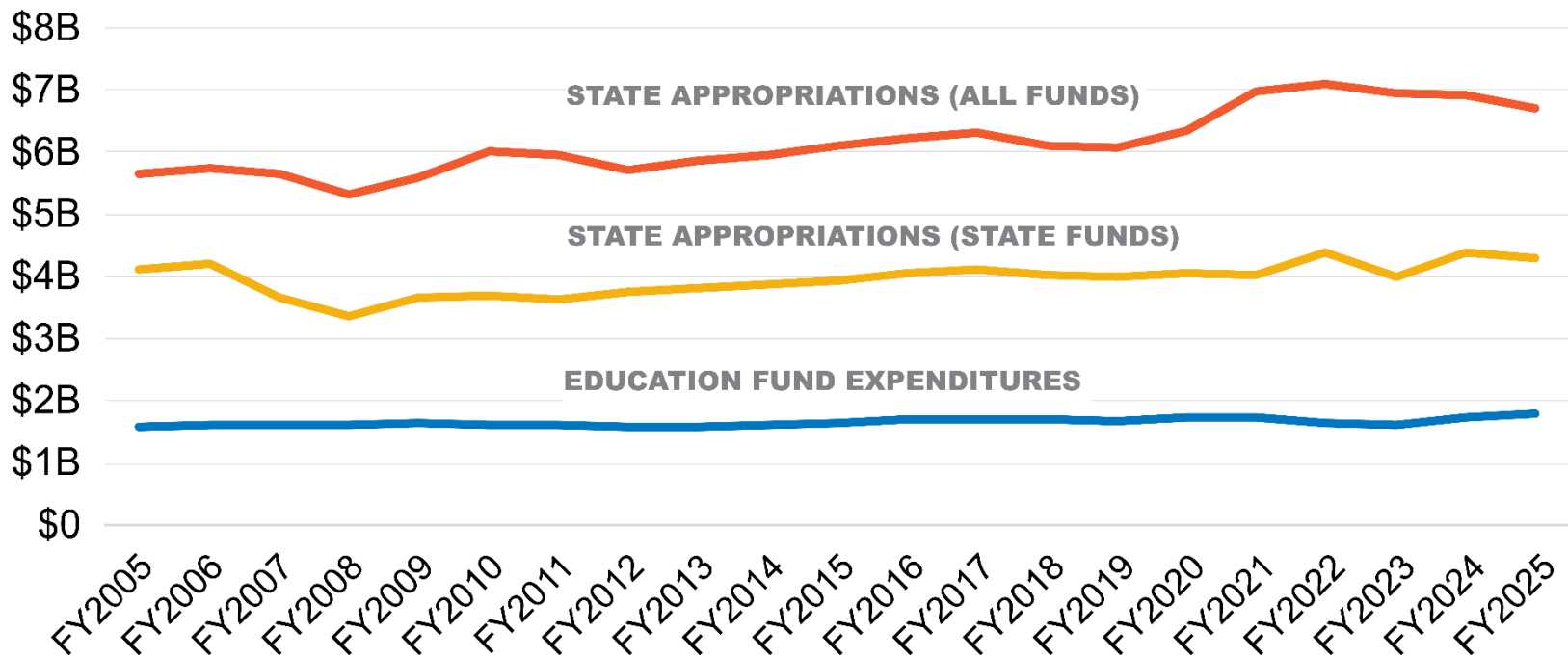
Mental and behavioral health positions, Vermont school districts, FY2022 to FY2025



Note: These numbers captured mental health positions in schools surveyed by AOE. Contracted providers and positions in schools not surveyed are not reflected.

## Recent education increases were not the norm

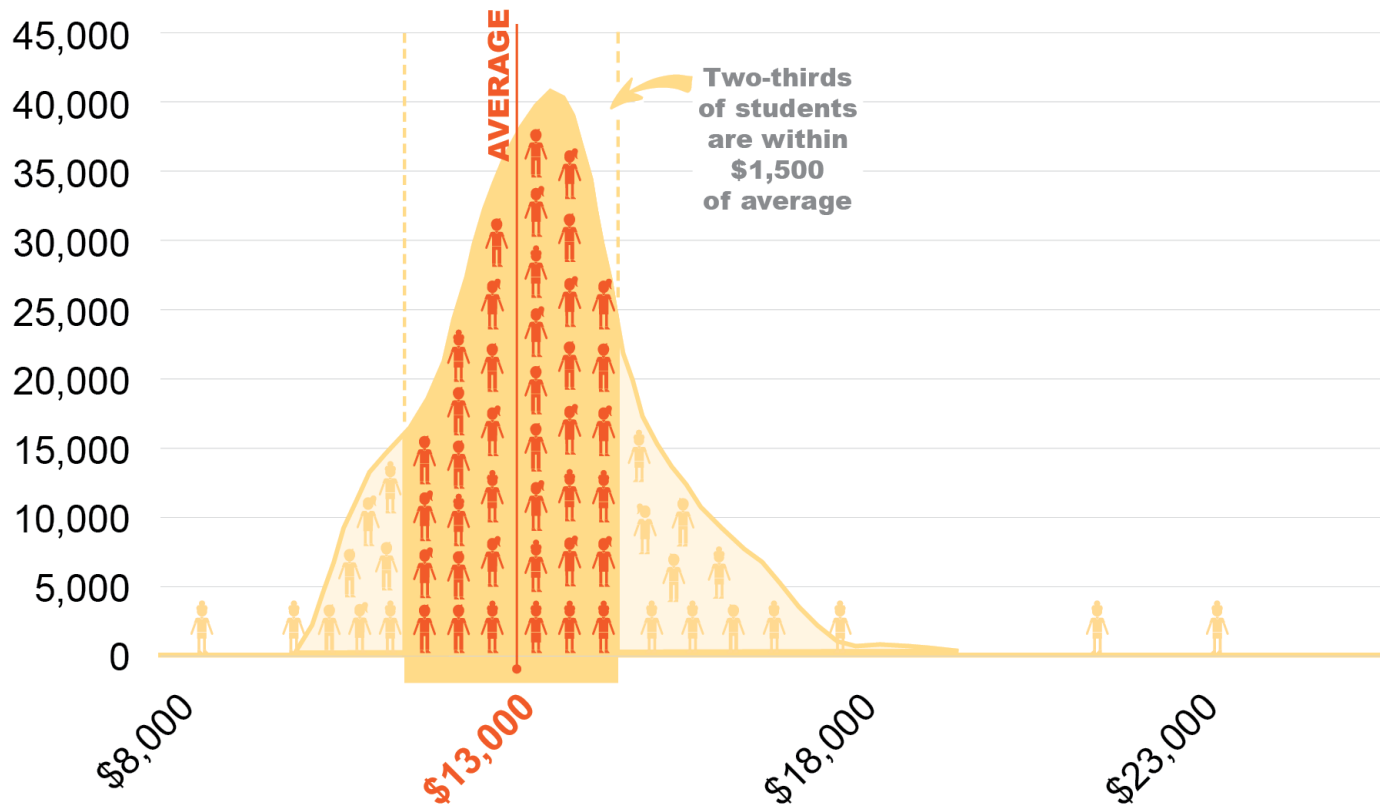
State appropriations and education spending, adjusted for inflation (2020\$), FY2005-FY2025



Data source: Vermont Joint Fiscal Office  
 ©2024 Public Assets Institute

## Most students fall in narrow spending range

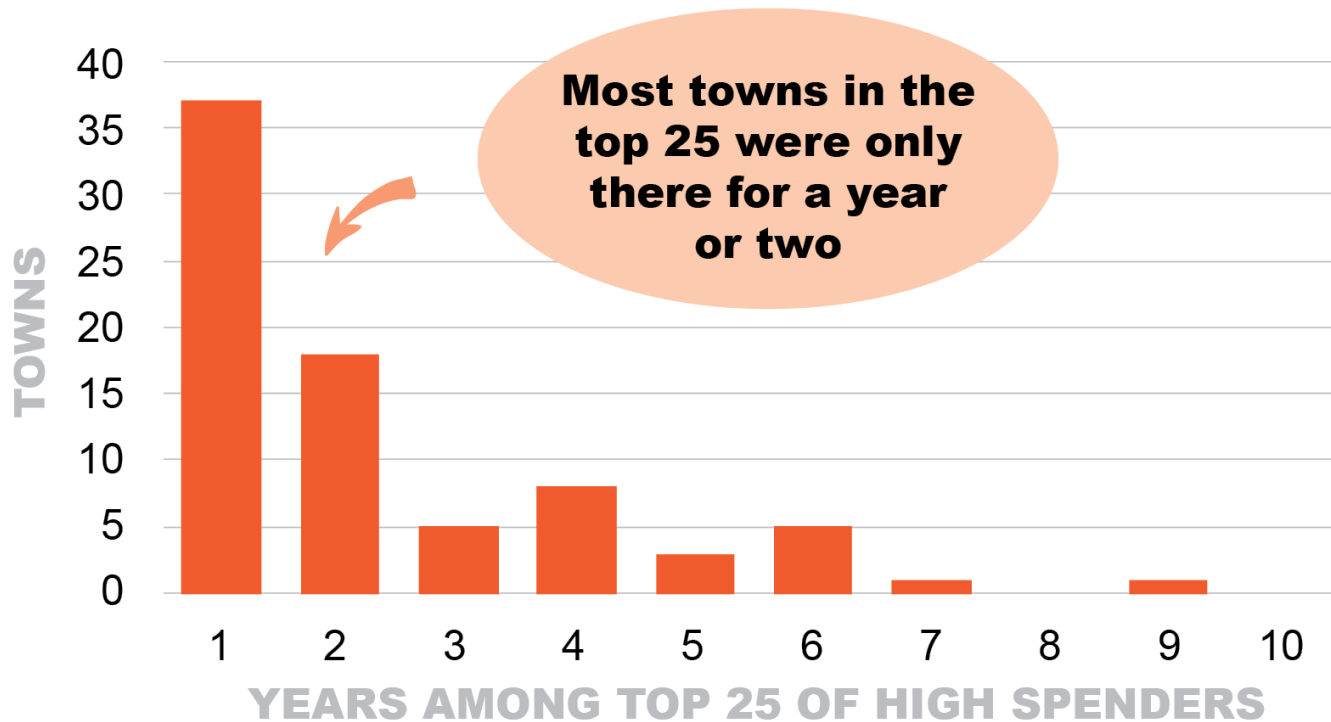
Distribution of per-pupil spending per weighted pupil, FY25



Data source: Vermont Agency of Education  
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## Few towns were consistently high spenders over the last decade

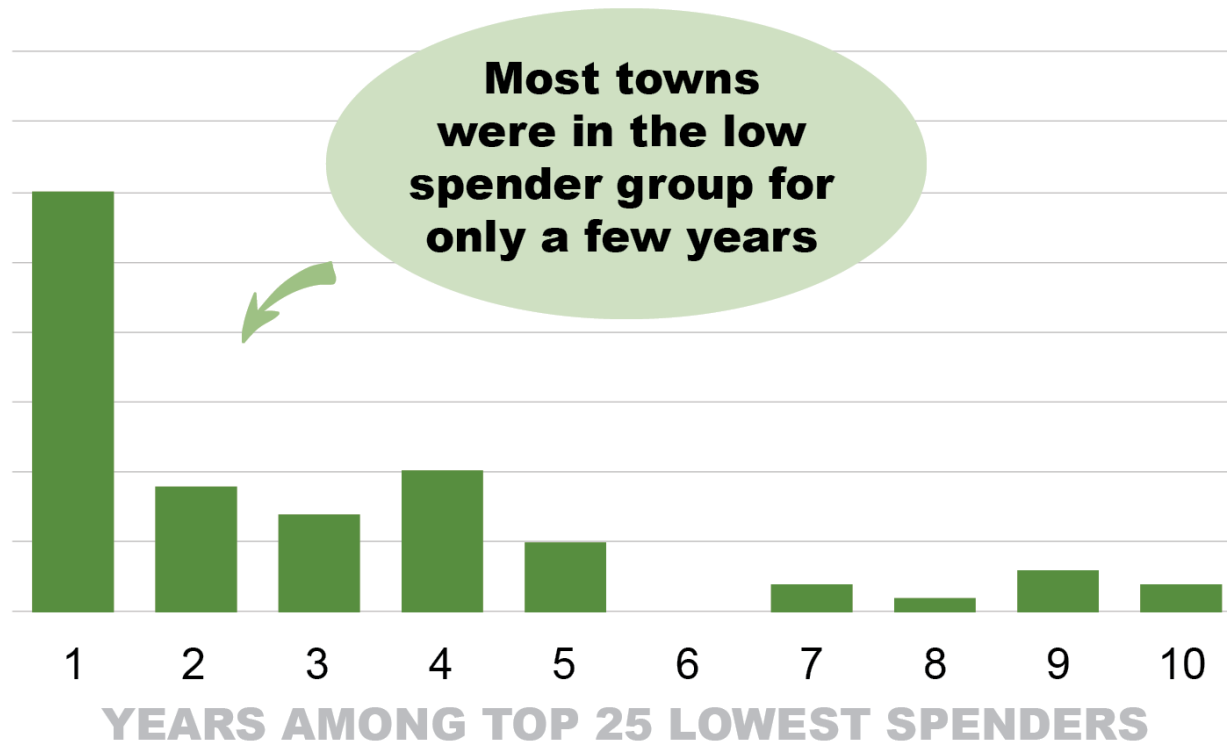
Frequency of towns among top 25 in per-pupil spending, FY2016-25



Data source: Vermont Agency of Education  
 ©2025 Public Assets Institute

## Few towns were consistently low spenders over the last decade

Frequency of towns among 25 lowest per-pupil spending, FY2016-25



## *Brigham v. State of Vermont*

“To keep a democracy competitive and thriving, students must be afforded equal access to all that our educational system has to offer. (p. 14)”

“Children who live in property-poor districts and children who live in property-rich districts should be afforded a substantially equal opportunity to have access to similar educational revenues. (p. 15)”

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