

# Vermont School Funding

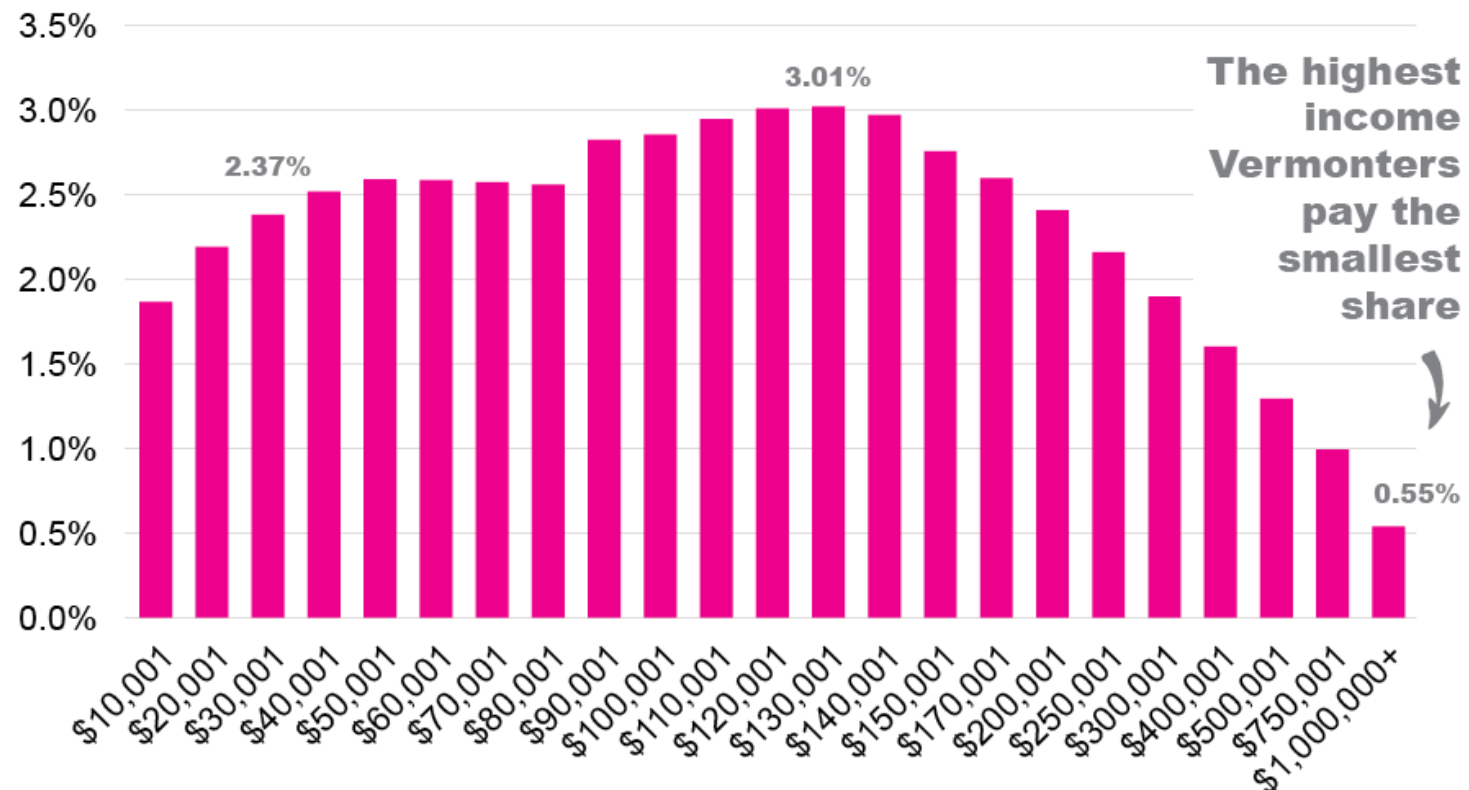
## Good public schools and fair taxes

April 10, 2025



# Low- and middle-income Vermonters pay more of their income in school taxes than the richest Vermonters

Education tax as a percentage of household income, 2017



Data source: Vermont Joint Fiscal Office  
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## 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.

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## \$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



INCOME	SCHOOL TAXES	% OF INCOME
\$89,999	\$2,304	2.56%
\$90,000 \$89,999 + \$1	\$3,943	4.38%

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

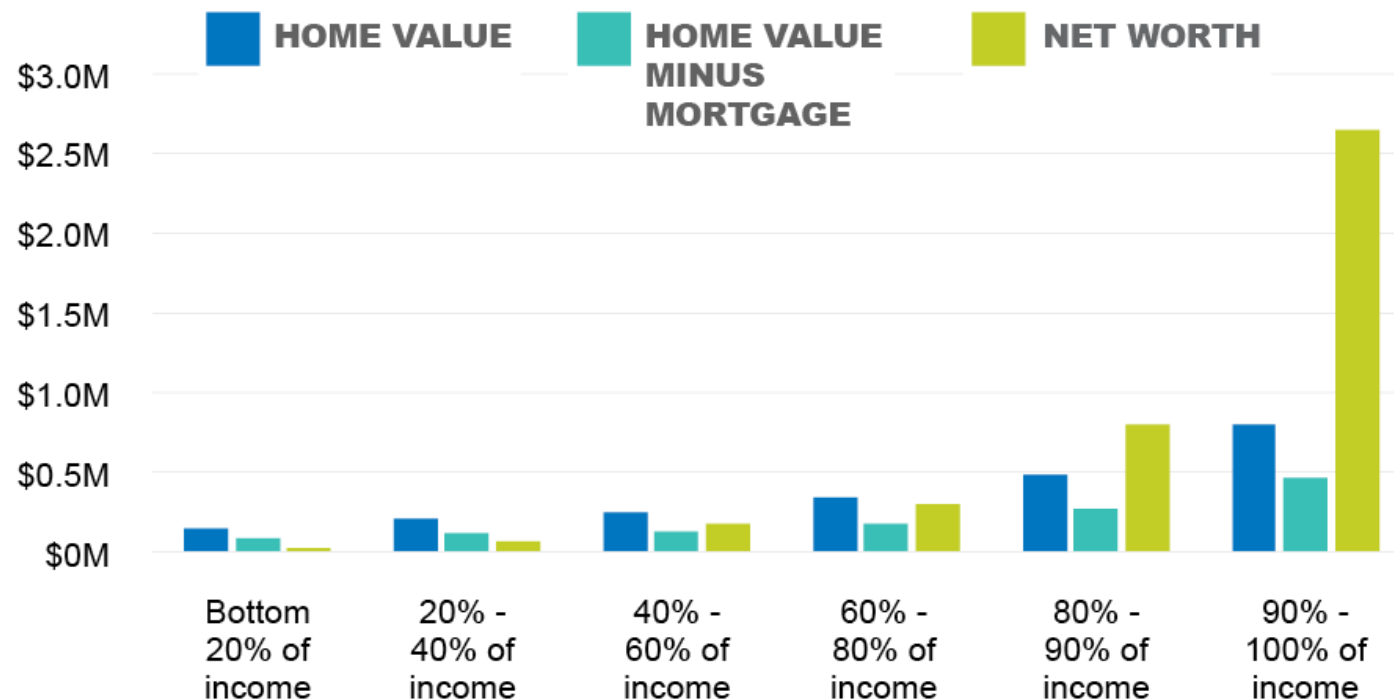
Household income	School taxes on:	
\$0 - \$60,000	Capped at .5 to 2.5% of income	+ Property value over \$1,000,000
\$60,001-\$129,999	HH income (FY25 rates 2.0%-3.3%*)	+ Property value over \$1,000,000
\$130,000+	<b>The lower of:</b> HH income + property value over \$400,000      OR      Entire property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

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

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## Primary home value overstates wealth for lower-income households, and understates it for the wealthy

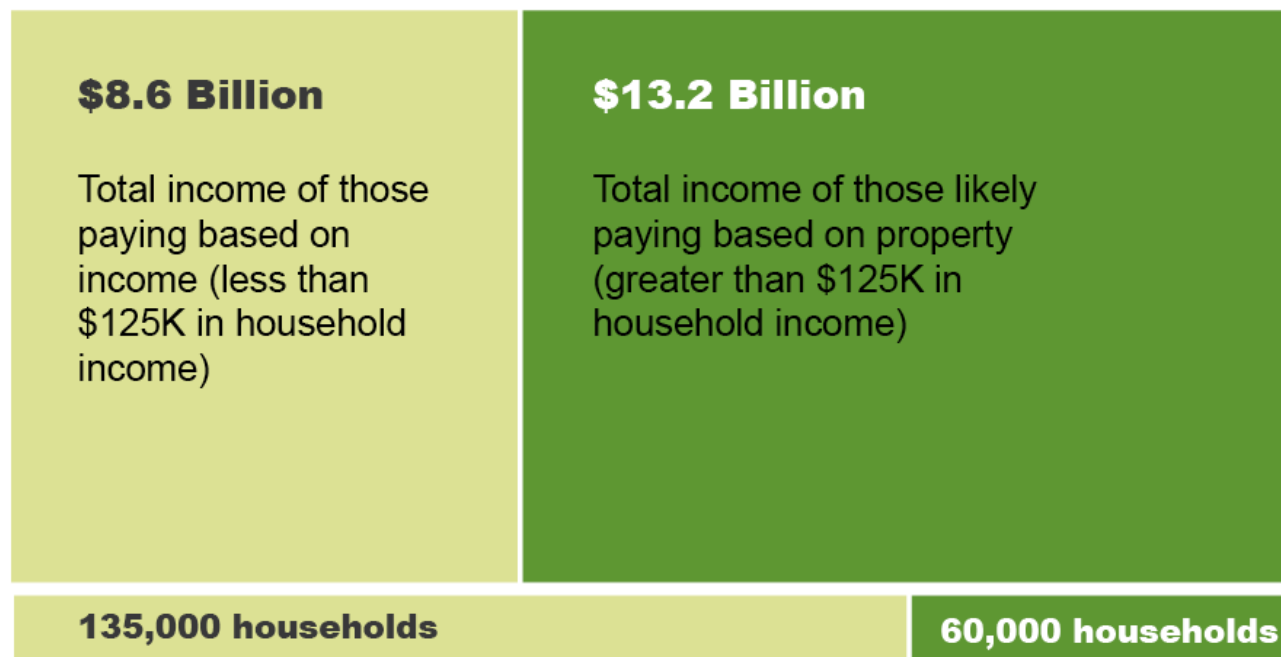
Median home value, median home equity and median net worth, by income percentile, 2022



Data source: Board of Governors of the Federal Reserve, Survey of Consumer Finances, 2022  
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## **The Vermonters with the most income pay school taxes based on property rather than income**

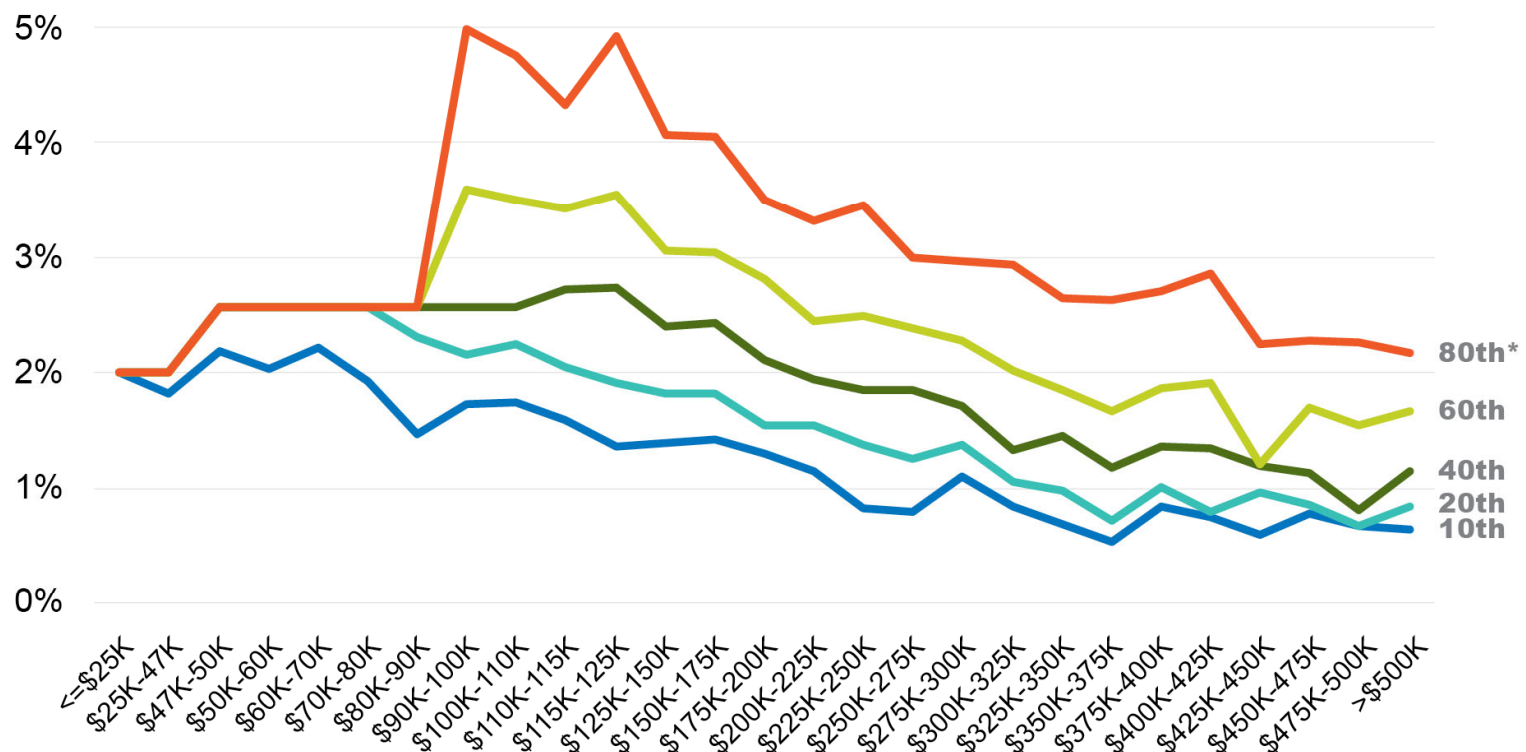
Share of adjusted gross income for homeowners above and below \$125,000 in household income, 2023



Data source: IPUMS-USA, University of Minnesota, [www.ipums.org](http://www.ipums.org), ACS 2023 5-yr estimates  
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## The current funding system favors the wealthy

Taxes as a percent of median income by percentile of house value, 2023



\* Percentile of house value for income bracket

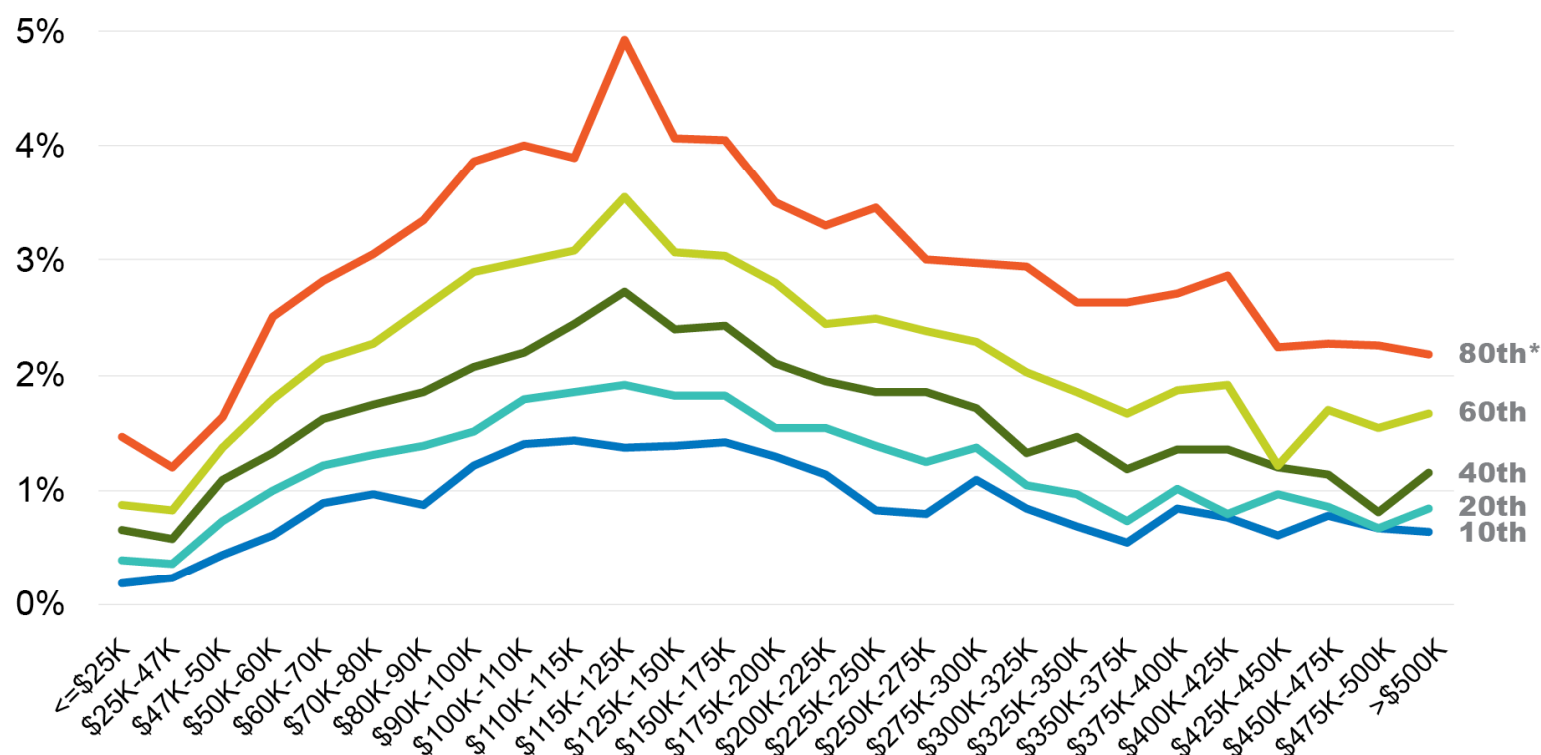
Data source: IPUMS American Community Survey, 2023 5-yr estimates

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## Proposed system would still favor wealthy, even with exemptions

Taxes as a percent of median income by percentile of house value, 2023



\* Percentile of house value for income bracket

Data source: IPUMS American Community Survey, 2023 5-yr estimates

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