



Vermont  
Superintendents  
Association

To: Members of the Income-Based Education Tax Study Committee

From: Sue Ceglowski, Executive Director, Vermont School Boards Association  
Jeffrey Francis, Executive Director, Vermont Superintendents Association

Date: September 27, 2023

Re: Preliminary Comments on the Work of the Committee

Thank you for the invitation to provide testimony to the Committee, with a particular emphasis on considerations that the Committee might keep in mind when contemplating an income-based education tax system.

We both regret that we are not able to join the committee in person due to previously scheduled commitments but we appreciate the opportunity to send along some preliminary thoughts.

Neither of our Associations has a formal position on the specific topic under consideration<sup>1</sup>, but both have an understandably keen interest in the matter. Vermont's education funding system, including the methods for generating necessary revenues, is a subject of significant interest to local school officials, and therefore of interest to our Associations.

We have talked together about the themes that each of us would have emphasized had we been available to meet with the Committee, and we also conducted some online research which reinforced what we believe are useful characteristics of any taxation system, and should be kept in mind by the Committee.

In general, any modifications to the current system of taxation in support of public education should improve upon the following elements of the current system.

- Fairness and Equity - perhaps this goes without saying, but any changes to the current system of taxation should be intended to accomplish greater fairness and equity and should be supported by a clear and irrefutable explanation of how the changes will make the system more fair and equitable.

---

1 »

The VSBA has a related resolution which states "The General Assembly should examine alternative funding sources for our education system that are more equitable and sustainable, rather than continue a system that predominantly relies on the property tax for revenue.

- Simplicity - despite the elegant simplicity of Vermont's current education funding system's basic features, its mechanics, ancillary parts and somewhat complicated evolution have contributed to its complexity and opaqueness. Any changes to the current system should be pointed toward making the system more simple and more understandable.
- Administrative Ease - Administrative ease should be a significant and recognizable feature of any adjustment to the current system. Just like claims of user complexity, observations by local and state officials that the system is complicated and can be difficult to administer have validity. From state officials to local school and municipal officials, a significant amount of time and effort is devoted to administering and applying the system. If time and effort demands can be reduced through modifications to the overall system, it will be beneficial to all involved.
- Adequacy - the system needs to meet the goal of providing sufficient revenues to support Vermont's public education system. From our vantage point and with an understanding of the Education Fund, this means that the blend of revenues sources and the adequacy of those sources - in combination - should be calibrated to not put undue pressure on any single component of the revenue basis. This includes either the property tax, or alternatively an income tax or some hybrid approach.
- Transparency - to us, transparency, and the need for transparency is multi-dimensional. We hear transparency sometimes used in ways that are synonymous with the terms simplicity and comprehensibility. Another context is the ability to easily understand who is being taxed and how much and how the revenues are being utilized. In our observation, the funding system would benefit from transparency in terms of the drivers behind increasing costs and increasing taxes. In our experience, nearly every year the General Assembly takes measures that add, directly or indirectly, to the overall cost of education. Oftentimes, these costs find their way to increasing education spending per pupil. If the effect of a revised system for funding education is to foster more taxpayer understanding and engagement, and that engagement results in more school budget defeats because taxpayers don't understand that new costs are being brought about by actions of state rather than local officials, then efforts at transparency and overall system improvement will have failed.

Thank you for the opportunity to provide these preliminary comments. We would be happy to provide "in-person" testimony at a future meeting of the Committee.