
Executive Summary

This study examines Vermont's education funding system, defined to include taxation, spending, and performance. It finds that

- Vermont's spending per student has risen dramatically in the last 15 years and today it is among the highest in the nation at 50% to 70% above the national average.
- The most important factor influencing the high level of spending is Vermont's low student-teacher ratio.
- Staffing levels and spending levels have both increased dramatically in the years since Act 60 was passed.
- The number of students in Vermont schools has been declining for 15 years and at the same time Vermont has experienced a very rapid rise in total spending on education, a rise that is greater than most other states, including those with rising enrollments.
- There is little evidence that low student-teacher ratios have any significant impact on student performance.
- Vermont student achievement levels are not appreciably better than other states with lower spending levels, especially after adjusting for income and demographic differences between Vermont and other states.
- The variation and differences in spending among towns have not been appreciably affected by Act 60, although that was one goal of the Act when it was passed in 1997.
- Vermont's education funding system benefitted tremendously from the rapid runup in housing values from the late 1990s through 2006. Without the additional property tax revenues that the housing boom generated, Vermont's education funding system has come under increasing stress. That stress will continue into FY15 and beyond unless current spending trends are limited.
- Vermont's education financing law encourages the growth of spending by removing the most important check to spending for a majority of voters, which is the tax increases which are required to finance rising spending levels.
- The increasing demands on public resources that come from education spending growth will put pressure on the financing of all other functions of government.
- There are options to control the rising cost of education, but all require leadership and political courage. There are no easy solutions.